
TOWN OF BROOKLYN, CONNECTICUT

Annual Financial Statements

For the Year Ended June 30, 2021

TOWN OF BROOKLYN, CONNECTICUT

Table of Contents

For the Year Ended June 30, 2021

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Position	10
Statement of Activities	11
<i>Fund Financial Statements:</i>	
Governmental Funds	
Balance Sheet	12
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balances	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Proprietary Funds	
Statement of Fund Net Position	16
Statement of Revenues, Expenses and Changes in Fund Net Position	17
Statement of Cash Flows	18
Fiduciary Funds	
Statement of Fiduciary Net Position	19
Statement of Changes in Fiduciary Net Position	20
Notes to the Financial Statements	21
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual (Budgetary Basis) – General Fund	56
Schedule of Changes of Net Pension Liability and Related Ratios – Town Employee Retirement Plan	60
Schedule of Contributions – Town Employee Retirement Plan	61
Schedule of Investment Returns – Town Employee Retirement Plan	62
Schedule of Changes of Net Pension Liability – Fire Department Service Awards Plan	63
Schedule of Contributions – Fire Department Service Awards Plan	64

TOWN OF BROOKLYN, CONNECTICUT

Table of Contents

For the Year Ended June 30, 2021

	<u>Page</u>
State Teacher's Retirement System - Proportionate Share of Net Pension Liability	65
Schedule of Changes in the Total OPEB Liability and Related Ratios	66
State Teacher's Retirement System - Proportionate Share of Net OPEB Liability	67
 SUPPLEMENTAL AND COMBINING INDIVIDUAL NONMAJOR FUND STATEMENTS AND SCHEDULES	
 Nonmajor Governmental Funds	
Combining Balance Sheet	68
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	70
 Supplemental Schedules	
Schedule of Debt Limitation	72
Schedule of Property Taxes Levied, Collected, and Outstanding	73
Schedule of Capital Authorizations and Expenditures	
Capital Nonrecurring Fund	74

Financial Section

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, 2021, 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, 2021, 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.

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 56-59, and Pension and OPEB schedules on pages 60-67 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 February 16, 2022, 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 solely 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
February 16, 2022

TOWN OF BROOKLYN, CONNECTICUT

Management's Discussion and Analysis

June 30, 2021

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, 2021.

FINANCIAL HIGHLIGHTS

- The assets of the Town of Brooklyn, CT exceeded its liabilities at the close of the most recent fiscal year by \$26,952,287 (*net position*). Of this amount, \$(1,952,816) (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors. Restricted Net Position of \$922,870 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 increased by \$1,235,190.
- In the Town's business-type activities, total net position decreased by \$194,841.
- As of the close of the current fiscal year, the Town of Brooklyn, CT's governmental funds reported combined ending fund balances of \$4,396,688, an increase of \$6,428,689 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,532,475 or 5.9% of total General Fund expenditures. The total fund balance of the General Fund was \$1,705,418 or 6.6% 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, 2021

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 thirteen (13) 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, Capital Nonrecurring Fund and ARPA Grant 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, 2021

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 21-55 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 \$26,952,287 at the close of the most recent fiscal year.

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Current and Other Assets	\$ 6,305,498	\$ 5,798,730	\$ 725,226	\$ 784,114	\$ 7,030,724	\$ 6,582,844
Capital Assets	31,730,371	31,057,455	2,069,236	2,163,299	33,799,607	33,220,754
Total Assets	<u>38,035,869</u>	<u>36,856,185</u>	<u>2,794,462</u>	<u>2,947,413</u>	<u>40,830,331</u>	<u>39,803,598</u>
Deferred Outflows of Resources	1,890,184	1,054,071	-	-	1,890,184	1,054,071
Long-term Liabilities	11,208,306	5,586,480	1,023,559	1,042,670	12,231,865	6,629,150
Other Liabilities	1,623,888	7,500,477	68,876	7,875	1,692,764	7,508,352
Total Liabilities	<u>12,832,194</u>	<u>13,086,957</u>	<u>1,092,435</u>	<u>1,050,545</u>	<u>13,924,629</u>	<u>14,137,502</u>
Deferred Inflows of Resources	1,843,599	808,229	-	-	1,843,599	808,229
Net Position:						
Net Investment in Capital Assets	26,936,556	26,602,697	1,045,677	1,120,629	27,982,233	27,723,326
Restricted	922,870	965,715	-	-	922,870	965,715
Unrestricted	(2,609,166)	(3,553,342)	656,350	776,239	(1,952,816)	(2,777,103)
Total Net Position	<u>\$ 25,250,260</u>	<u>\$ 24,015,070</u>	<u>\$ 1,702,027</u>	<u>\$ 1,896,868</u>	<u>\$ 26,952,287</u>	<u>\$ 25,911,938</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 increased by \$258,907 during the current fiscal year.

The Town's restricted net position of \$922,870 decreased by \$42,845 compared to last years restricted net position of \$965,715.

The Town's unrestricted net position of (\$1,952,816) increased by \$824,287 compared to last years restated unrestricted net position of (\$2,777,103).

TOWN OF BROOKLYN, CONNECTICUT
Management's Discussion and Analysis
June 30, 2021

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
REVENUES						
<i>General Revenues:</i>						
Property Taxes	\$ 16,792,273	\$ 16,333,225	\$ -	\$ -	\$ 16,792,273	\$ 16,333,225
Unrestricted Grants & Contributions	393,006	303,860	-	-	393,006	303,860
Unrestricted Investment Income	3,986	18,654	1,377	2,245	5,363	20,899
Other General Revenues	125,752	123,719	-	-	125,752	123,719
<i>Program Revenues:</i>						
Charges for Services	847,719	756,361	519,327	554,608	1,367,046	1,310,969
Operating Grants and Contributions	13,155,308	11,425,244	-	-	13,155,308	11,425,244
Capital Grants and Contributions	784,070	-	-	-	784,070	-
Total Revenues	32,102,114	28,961,063	520,704	556,853	32,622,818	29,517,916
EXPENSES						
<i>Governmental Activities:</i>						
General Government	1,365,340	1,370,035	-	-	1,365,340	1,370,035
Public Safety	944,247	1,014,714	-	-	944,247	1,014,714
Public Works	1,806,868	1,670,142	-	-	1,806,868	1,670,142
Health and Human Services	79,596	69,294	-	-	79,596	69,294
Civic and Cultural	756,654	820,004	-	-	756,654	820,004
Development and Planning	180,861	195,500	-	-	180,861	195,500
Education	25,671,778	23,860,237	-	-	25,671,778	23,860,237
Interest on Long-Term Debt	145,893	110,167	-	-	145,893	110,167
<i>Business-Type Activities:</i>						
Water Pollution Control Authority	-	-	715,545	546,867	715,545	546,867
Total Expenses	30,951,237	29,110,093	715,545	546,867	31,666,782	29,656,960
Change in Net Position	1,150,877	(149,030)	(194,841)	9,986	956,036	(139,044)
Beginning Net Position, Restated	24,099,383	24,164,100	1,896,868	1,886,882	25,996,251	26,050,982
Adjustments (See Note 16)	-	84,313	-	-	-	84,313
Ending Net Position	\$ 25,250,260	\$ 24,099,383	\$ 1,702,027	\$ 1,896,868	\$ 26,952,287	\$ 25,996,251

Governmental activities. Governmental activities increased the Town of Brooklyn, CT's net position by \$1,150,877.

Key elements of this increase are as follows:

- Revenue from operating grants and contributions increased \$1,730,064 in the current fiscal year when compared to the previous year due to the actuarially determined adjustments for the State Teachers Retirement and TRB OPEB plan which are recognized as a revenue and expense along with an increase in grants received due to the COVID-19 pandemic.
- Property tax revenue increased by \$459,048 due to an increase in mil rate.

Fifty-two percent (52%) of the revenues of the Town were derived from property taxes, followed by forty-four percent (44%) 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-seven percent (77%) of the expenses of the Town were related to education, followed by three percent (3%) related to general government, six percent (6%) related to public works and fourteen percent (14%) related to the remainder of the government's expenses.

TOWN OF BROOKLYN, CONNECTICUT
Management's Discussion and Analysis
June 30, 2021

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 (\$194,841).

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 \$4,396,688, an increase of \$6,428,689 in comparison with the prior year.

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 \$1,532,475. 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 5.9 percent of total General Fund expenditures.

The fund balance of the Town of Brooklyn, CT's General Fund increased by \$649,711 during the current fiscal year. Key factors in this increase are as follows:

- Education expenditures coming in \$211,454 under budget.

Capital Nonrecurring Fund. The fund balance of the Capital Nonrecurring Fund increased by \$5,832,065 during the current fiscal year. This increase is primarily due to the restatement of the beginning fund balance and the issuance of Bond Anticipation Notes.

ARPA Grant Fund. There was no change in the fund balance of the ARPA Grant Fund as the money is held as an asset and unearned revenue until it is used for qualified expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

The actual net change in fund balance of the General Fund on a budgetary basis was \$639,469. Budgetary revenues were \$139,179 more than expected due primarily to property taxes of \$220,935 over budget and Building Permit fees of \$139,574 over budget being collected. Budgetary expenditures were \$500,290 less than expected due primarily to an under expenditure in the Education line of \$211,454.

TOWN OF BROOKLYN, CONNECTICUT
Management's Discussion and Analysis
June 30, 2021

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, 2021, amounts to \$33,799,607 (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 increase in the Town's investment in capital assets for the current fiscal year was \$578,853, which consisted of capital additions of \$2,133,630, offset by current year depreciation of \$1,554,777.

	2021	2020
<i>Governmental Activities:</i>		
Land	\$ 2,927,769	\$ 2,927,769
Construction in Progress	-	-
Buildings and Systems	22,341,614	21,530,490
Machinery and Equipment	1,184,795	1,674,420
Infrastructure	5,276,193	4,924,776
	\$ 31,730,371	\$ 31,057,455
	2021	2020
<i>Business-type Activities:</i>		
Buildings and Systems	\$ 2,060,518	\$ 2,124,614
Machinery and Equipment	8,718	38,685
	\$ 2,069,236	\$ 2,163,299

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

- Roads and road repair
- New Vehicle
- School Solar Panels
- Guardrails

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, 2021

Long-term debt. At the end of the current fiscal year, the Town of Brooklyn, CT had long-term debt outstanding of \$12,231,865.

	<u>2021</u>	<u>2020</u>
<i>Governmental Activities:</i>		
Loan Payable	\$ 120,000	\$ 120,000
Bond Anticipation Notes	6,144,250	-
Capital Lease Obligation	8,479	16,650
Compensated Absences	407,226	675,659
Post Closure Landfill Costs	72,000	90,000
Net Pension Liability	2,460,557	3,441,805
OPEB Liability	1,995,794	1,242,366
Total Governmental Activities	<u>\$ 11,208,306</u>	<u>\$ 5,586,480</u>
<i>Business-Type Activities:</i>		
General Obligation Bonds	<u>\$ 1,023,559</u>	<u>\$ 1,042,670</u>

The Town of Brooklyn, CT's total long-term debt increased by \$5,602,715 (45.8 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.

All of these factors were considered in preparing the Town of Brooklyn, CT's budget for the 2022 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.

Basic Financial Statements

TOWN OF BROOKLYN, CONNECTICUT

Statement of Net Position

June 30, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 5,389,585	\$ 693,717	\$ 6,083,302
Investments	165,113	-	165,113
Receivables, Net	743,829	31,509	775,338
Inventories	6,971	-	6,971
Capital Assets:			
Assets Not Being Depreciated	2,927,769	-	2,927,769
Assets Being Depreciated, Net	28,802,602	2,069,236	30,871,838
Total Assets	<u>38,035,869</u>	<u>2,794,462</u>	<u>40,830,331</u>
Deferred Outflows of Resources			
Deferred Outflows - Pension	1,100,456	-	1,100,456
Deferred Outflows - OPEB	789,728	-	789,728
Total Deferred Outflows of Resources	<u>1,890,184</u>	<u>-</u>	<u>1,890,184</u>
Liabilities			
Accounts Payable and Accrued Items	384,460	68,876	453,336
Unearned Revenue	1,239,428	-	1,239,428
Noncurrent Liabilities:			
Due Within One Year	6,240,641	19,541	6,260,182
Due In More Than One Year	4,967,665	1,004,018	5,971,683
Total Liabilities	<u>12,832,194</u>	<u>1,092,435</u>	<u>13,924,629</u>
Deferred Inflows of Resources			
Deferred Inflows - Pension	1,187,398	-	1,187,398
Deferred Inflows - OPEB	656,201	-	656,201
Total Deferred Inflows of Resources	<u>1,843,599</u>	<u>-</u>	<u>1,843,599</u>
Net Position			
Net Investment in Capital Assets	26,936,556	1,045,677	27,982,233
Restricted:			
Expendable	922,870	-	922,870
Unrestricted	(2,604,130)	656,350	(1,947,780)
Total Net Position	<u>\$ 25,255,296</u>	<u>\$ 1,702,027</u>	<u>\$ 26,957,323</u>

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, 2021

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Program Activities							
Governmental Activities:							
General Government	\$ 1,365,340	\$ 309,631	\$ -	\$ -	\$ (1,055,709)	\$ -	\$ (1,055,709)
Public Safety	939,211	12,345	-	-	(926,866)	-	(926,866)
Public Works	1,806,868	115,291	423,128	-	(1,268,449)	-	(1,268,449)
Health and Human Services	79,596	-	1,138	-	(78,458)	-	(78,458)
Civic and Cultural	756,654	117,402	-	-	(639,252)	-	(639,252)
Development and Planning	180,861	243,294	-	-	62,433	-	62,433
Education	25,671,778	49,756	12,731,042	784,070	(12,106,910)	-	(12,106,910)
Interest on Long-Term Debt	145,893	-	-	-	(145,893)	-	(145,893)
Total Governmental Activities	<u>30,946,201</u>	<u>847,719</u>	<u>13,155,308</u>	<u>784,070</u>	<u>(16,159,104)</u>	<u>-</u>	<u>(16,159,104)</u>
Business-Type Activities:							
WPCA	<u>715,545</u>	<u>519,327</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(196,218)</u>	<u>(196,218)</u>
Total Primary Government	<u>\$ 31,661,746</u>	<u>\$ 1,367,046</u>	<u>\$ 13,155,308</u>	<u>\$ 784,070</u>	<u>(16,159,104)</u>	<u>(196,218)</u>	<u>(16,355,322)</u>
General Revenues:							
Property Taxes					16,792,273	-	16,792,273
Grants not Restricted to Specific Programs					393,006	-	393,006
Unrestricted Investment Earnings					3,986	1,377	5,363
Other General Revenues					<u>125,752</u>	<u>-</u>	<u>125,752</u>
Total General Revenues					<u>17,315,017</u>	<u>1,377</u>	<u>17,316,394</u>
Change in Net Position					1,155,913	(194,841)	961,072
Net Position - Beginning of Year, as Restated					<u>24,099,383</u>	<u>1,896,868</u>	<u>25,996,251</u>
Net Position - End of Year					<u>\$ 25,255,296</u>	<u>\$ 1,702,027</u>	<u>\$ 26,957,323</u>

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

TOWN OF BROOKLYN, CONNECTICUT

Balance Sheet
Governmental Funds
June 30, 2021

	General Fund	Capital Nonrecurring Fund	ARPA Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and Cash Equivalents	\$ 2,210,558	\$ 1,358,914	\$ 1,224,086	\$ 596,027	\$ 5,389,585
Investments	160,000	-	-	5,113	165,113
Receivables, Net of Allowance	329,139	-	-	414,690	743,829
Inventories	-	-	-	6,971	6,971
Due from Other Funds	180,000	497,173	-	32,384	709,557
Total Assets	<u>\$ 2,879,697</u>	<u>\$ 1,856,087</u>	<u>\$ 1,224,086</u>	<u>\$ 1,055,185</u>	<u>\$ 7,015,055</u>
Liabilities					
Accounts Payable and Accrued Items	\$ 377,711	\$ -	\$ -	\$ 6,749	\$ 384,460
Unearned Revenue	-	-	1,224,052	15,376	1,239,428
Due to Other Funds	511,646	-	-	197,911	709,557
Total Liabilities	<u>889,357</u>	<u>-</u>	<u>1,224,052</u>	<u>220,036</u>	<u>2,333,445</u>
Deferred Inflows of Resources					
Unavailable Revenues:					
Property Taxes and Interest	284,922	-	-	-	284,922
Total Deferred Inflows of Resources	<u>284,922</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>284,922</u>
Fund Balances					
Restricted	87,687	-	34	835,149	922,870
Committed	85,256	1,856,087	-	-	1,941,343
Unassigned	1,537,511	-	-	-	1,537,511
Total Fund Balances	<u>1,710,454</u>	<u>1,856,087</u>	<u>34</u>	<u>835,149</u>	<u>4,401,724</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,884,733</u>	<u>\$ 1,856,087</u>	<u>\$ 1,224,086</u>	<u>\$ 1,055,185</u>	<u>\$ 7,020,091</u>

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, 2021

Fund balances reported in governmental funds Balance Sheet \$ 4,401,724

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>	55,084,746
<i>Depreciation</i>	(23,354,375)

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>	284,922
--	---------

Certain changes related to pensions are deferred and amortized over time.

<i>Deferred Outflows - Pension</i>	1,100,456
<i>Deferred Outflows - OPEB</i>	789,728
<i>Deferred Inflows - Pension</i>	(1,187,398)
<i>Deferred Inflows - OPEB</i>	(656,201)

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

<i>Bond Anticipation Notes Payable</i>	(6,144,250)
<i>Capital leases payable</i>	(8,479)
<i>Compensated absences</i>	(407,226)
<i>Loan Payable</i>	(120,000)
<i>Post-closure landfill costs</i>	(72,000)
<i>Net pension liability</i>	(2,460,557)
<i>OPEB liability</i>	<u>(1,995,794)</u>

Net position of governmental activities \$ 25,255,296

TOWN OF BROOKLYN, CONNECTICUT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	General Fund	Capital Nonrecurring Fund	ARPA Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes, Interest and Lien Fees	\$ 16,837,605	\$ -	\$ -	\$ -	\$ 16,837,605
Intergovernmental Revenues	9,493,263	784,070	-	1,731,206	12,008,539
Licenses, Permits, and Charges for Services	784,869	-	-	78,126	862,995
Investment Income	3,026	592	34	334	3,986
Other Revenue	110,476	-	-	1,000	111,476
Total Revenues	<u>27,229,239</u>	<u>784,662</u>	<u>34</u>	<u>1,810,666</u>	<u>29,824,601</u>
Expenditures					
Current:					
General Government	925,580	-	-	-	925,580
Public Safety	701,304	-	-	-	701,304
Public Works	1,260,629	-	-	653,637	1,914,266
Health and Human Services	95,989	-	-	1,607	97,596
Civic and Cultural	628,049	-	-	8,679	636,728
Development and Planning	140,831	-	-	-	140,831
Sundry	789,955	-	-	-	789,955
Education	21,453,833	-	-	1,292,385	22,746,218
Debt Service	29,439	124,625	-	-	154,064
Capital Outlay	-	1,512,897	-	-	1,512,897
Total Expenditures	<u>26,025,609</u>	<u>1,637,522</u>	<u>-</u>	<u>1,956,308</u>	<u>29,619,439</u>
Excess/(Deficiency) of Revenues over Expenditures	1,203,630	(852,860)	34	(145,642)	205,162
Other Financing Sources/(Uses)					
Issuance of Bond Anticipation Notes	-	6,144,250	-	-	6,144,250
Transfers In	-	540,675	-	8,208	548,883
Transfers Out	(548,883)	-	-	-	(548,883)
Total Other Financing Sources/(Uses)	<u>(548,883)</u>	<u>6,684,925</u>	<u>-</u>	<u>8,208</u>	<u>6,144,250</u>
Net Change in Fund Balances	654,747	5,832,065	34	(137,434)	6,349,412
Fund Balances at Beginning of Year, Restated	<u>1,055,707</u>	<u>(3,975,978)</u>	<u>-</u>	<u>972,583</u>	<u>(1,947,688)</u>
Fund Balances at End of Year	<u>\$ 1,710,454</u>	<u>\$ 1,856,087</u>	<u>\$ 34</u>	<u>\$ 835,149</u>	<u>\$ 4,401,724</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, 2021

Net Change in Fund Balances - Total Governmental Funds \$ 6,349,412

**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>	2,133,630
<i>Depreciation expense</i>	(1,460,714)

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>	(45,332)
---	----------

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>Issuance of long-term debt - bond anticipation notes</i>	(6,144,250)
<i>Principal payments on long-term debt - capital leases</i>	8,171

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>	268,433
<i>Post-closure landfill costs</i>	18,000
<i>Net pension liability and related deferred outflows/inflows</i>	83,087
<i>OPEB liability and related deferred outflows/inflows</i>	<u>(54,524)</u>

Change in net position of governmental activities \$ 1,155,913

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, 2021

	Water Pollution Control Authority Fund
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 693,717
Usage Receivable	31,509
Total Current Assets	<u>725,226</u>
Capital Assets:	
Buildings and Systems	3,283,434
Machinery and Equipment	157,718
Less Accumulated Depreciation	<u>(1,371,916)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>2,069,236</u>
Total Assets	<u><u>2,794,462</u></u>
Deferred Outflows of Resources	<u>-</u>
Liabilities	
Current Liabilities:	
Accounts Payable	68,876
Bonds Payable	<u>19,541</u>
Total Current Liabilities	<u>88,417</u>
Noncurrent Liabilities:	
Bonds Payable	<u>1,004,018</u>
Total Noncurrent Liabilities	<u>1,004,018</u>
Total Liabilities	<u>1,092,435</u>
Deferred Inflows of Resources	<u>-</u>
Net Position	
Net Investment in Capital Assets	1,045,677
Unrestricted	<u>656,350</u>
Total Net Position	<u>\$ 1,702,027</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, 2021

	Water Pollution Control Authority Fund
OPERATING REVENUES	
Charges for Services	\$ 519,327
OPERATING EXPENSES	
Contractual Services	549,555
Repairs and Maintenance	24,980
Other Supplies and Expenses	23,487
Depreciation Expense	94,063
Total Operating Expenses	692,085
Operating Income/(Loss)	(172,758)
NON-OPERATING REVENUES (EXPENSES)	
Interest Income	1,377
Interest Expense	(23,460)
Total Non-Operating Revenues (Expenses)	(22,083)
Change in Net Position	(194,841)
Net Position - Beginning of Year, Restated	1,896,868
Net Position - End of Year	\$ 1,702,027

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, 2021

	<u>Water Pollution Control Authority Fund</u>
Cash Flows from Operating Activities:	
Receipts from Customers and Users	\$ 526,303
Payments to Suppliers	(537,021)
Net Cash Provided by Operating Activities	<u>(10,718)</u>
Cash Flows from Capital and Related Financing Activities:	
Principal Payments on Debt	(19,111)
Interest Paid on Debt	(23,460)
Net Cash Used by Capital and Related Financing Activities	<u>(42,571)</u>
Cash Flows from Investing Activities:	
Interest Income	<u>1,377</u>
Net Cash Provided by Investing Activities	<u>1,377</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(51,912)
Cash and Cash Equivalents at Beginning of Year	<u>745,629</u>
Cash and Cash Equivalents at End of Year	<u>\$ 693,717</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by Operating Activities:	
Operating Income/(Loss)	<u>\$ (172,758)</u>
Adjustments to Reconcile Income/(Loss) to Net Cash Provided by Operating Activities:	
Depreciation	94,063
Change in Assets and Liabilities:	
(Increase) Decrease in Usage Receivable	6,976
Increase (Decrease) in Accounts Payable	61,001
Total Adjustments	<u>162,040</u>
Net Cash Provided by Operating Activities	<u>\$ (10,718)</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, 2021

	Pension Trust Fund
Assets	
Investments	
Short-Term Investments	\$ 99,050
Mutual Funds	<u>6,906,074</u>
Total Assets	<u><u>7,005,124</u></u>
Deferred Outflows of Resources	<u>-</u>
Liabilities	
Accounts Payable	<u>-</u>
Deferred Inflows of Resources	<u>-</u>
Net Position	
Restricted for Pension Benefits	<u><u>\$ 7,005,124</u></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, 2021

	<u>Pension Trust Fund</u>
Additions	
Contributions:	
Employer	\$ 400,294
Investment Income:	
Net Appreciation/(Depreciation) in Fair Value of Investments	1,312,757
Interest and Dividends	<u>194,236</u>
Total Investment Income	<u>1,506,993</u>
Total Additions	<u>1,907,287</u>
Deductions	
Pension Benefits	357,575
Administrative Expenses	<u>13,745</u>
Total Deductions	<u>371,320</u>
Change in Net Position	1,535,967
Net Position at Beginning of Year	<u>5,469,157</u>
Net Position at End of Year	<u>\$ 7,005,124</u>

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

TOWN OF BROOKLYN, CONNECTICUT
Notes to the Financial Statements

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 the 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

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.
- The *ARPA Grant Fund* is used to account for and report financial resources related to the federal American Rescue Plan Act grant.

TOWN OF BROOKLYN, CONNECTICUT

Notes to the Financial Statements

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 *LOCIP Grant Fund* is used to account for and report financial resources that are restricted or committed to expenditures for activities related to the Local Capital Improvement (LOCIP) Grant.
- 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 *Affordable Housing Plan Grant Fund* is used to account for and report grants received through the Affordable Housing Plan Technical Assistance Grant that are intended to enable the Town to undertake a proactive planning process and lay out a strategy for meeting the housing needs of existing and future residents and workers.
- 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 *Student Activities Fund* is used to account for revenues and expenditures relating to student activities.
- 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:

TOWN OF BROOKLYN, CONNECTICUT

Notes to the Financial Statements

- 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.

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 & Pools. 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

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 \$38,000. Property taxes are assessed on property values as of October 1st. The tax levy is divided into four billings: the following July 1st, October 1st, January 1st, and April 1st. This is used to finance the fiscal year from the first billing (July 1st) to June 30th 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 1st, November 1st, February 1st, and May 1st), 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

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

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

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

- **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

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, 2021.

	Governmental Funds	Proprietary Funds	Fiduciary Funds	Total
Cash	\$ 4,030,298	\$ 693,717	\$ -	\$ 4,724,015
Cash Equivalents	1,359,287	-	-	1,359,287
Total Cash and Cash Equivalents	\$ 5,389,585	\$ 693,717	\$ -	\$ 6,083,302

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	\$ 6,083,302
Less: Cash Equivalents (STIF)	(1,359,287)
Plus: Investments (CDs)	5,113
	\$ 4,729,128

At year-end, the Town’s carrying amount of deposits subject to custodial credit risk was \$4,729,128 and the bank balance was \$6,188,245. Of the bank balance, Federal Depository Insurance Corporation insured \$1,005,648.

As of June 30, 2021, \$5,182,597 of the Town’s bank balance of \$6,188,245 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 4,564,337
Uninsured and collateral held by pledging bank’s Trust department not in the Town’s name	618,260
Total	\$ 5,182,597

Cash Equivalents

At June 30, 2021, the Town’s cash equivalents (Short-Term Investment Fund “STIF”) amounted to \$1,359,287. 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

Investments

The following is a summary of investments at June 30, 2021:

	Governmental Funds	Fiduciary Funds	Total
Certificates of Deposit	\$ 5,113	\$ -	\$ 5,113
Short-Term Investments	-	99,050	99,050
Mutual Funds	-	6,906,074	6,906,074
Total Investments	\$ 5,113	\$ 7,005,124	\$ 7,010,237

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

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Description</u>	June 30, 2021			
Short-Term Investments	\$ 99,050	\$ 99,050	\$ -	\$ -
Mutual Funds	6,906,074	6,906,074	-	-
		\$ 7,005,124	\$ -	\$ -

Investments not included above:

Certificates of Deposit	5,113
Total Investments	\$ 7,010,237

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, 2021, the Town had the following investments subject to interest rate risk:

	Total	Investment Maturities (In Years)		
		Less Than 1	1 - 5	6 - 10
Certificates of Deposit	\$ 5,113	\$ 5,113	\$ -	\$ -

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	Nonmajor and Other Funds	Total
Receivables:				
Property taxes	\$ 267,530	\$ -	\$ -	\$ 267,530
Interest, Liens, and Fees	99,609	2,674	-	102,283
Usage Charges	-	30,835	-	30,835
Loans	-	-	176,386	176,386
Intergovernmental	-	-	238,304	238,304
Gross Receivables	367,139	33,509	414,690	815,338
Less allowance for uncollectibles:				
Property taxes, interest, liens, and fees	(38,000)	-	-	(38,000)
Usage Charges	-	(2,000)	-	(2,000)
Total allowance	(38,000)	(2,000)	-	(40,000)
Net Total Receivables	\$ 329,139	\$ 31,509	\$ 414,690	\$ 775,338

The loans receivable of \$176,386 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
Nonmajor Funds:	
Advances on Grants	15,376
Total Unearned Revenue	\$ 15,376

TOWN OF BROOKLYN, CONNECTICUT
Notes to the Financial Statements

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 \$34,374 will be received in twelve monthly payments of \$2,865. 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
2022	35,234	2025	\$ 37,943
2023	36,115	2026	38,891
2024	37,017		

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, 2021, the outstanding balances between funds were:

Due From:	Due To:	Total
General Fund	Capital Nonrecurring	\$ 497,173
General Fund	Nonmajor Governmental Funds	\$ 14,473
Nonmajor Governmental Funds	General Fund	\$ 180,000
Nonmajor Governmental Funds	Nonmajor Governmental Funds	\$ 17,911

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, 2021 were as follows:

Transfer In:	Transfer Out:	Total
Capital Nonrecurring Fund	General Fund	\$ 540,675
Nonmajor Governmental Funds	General Fund	\$ 8,208

TOWN OF BROOKLYN, CONNECTICUT
Notes to the Financial Statements

NOTE 6 – CAPITAL ASSETS

The following is a summary of the change in capital assets as of June 30, 2021:

	Beginning Balance	Increases	Decreases	Ending Balances
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 2,927,769	\$ -	\$ -	\$ 2,927,769
Construction in Progress	-	-	-	-
Total capital assets, not being depreciated	<u>2,927,769</u>	<u>-</u>	<u>-</u>	<u>2,927,769</u>
Capital assets, being depreciated				
Buildings and Systems	33,455,999	1,295,681	-	34,751,680
Machinery and Equipment	4,372,249	39,960	-	4,412,209
Infrastructure	12,195,099	797,989	-	12,993,088
Total capital assets, being depreciated	<u>50,023,347</u>	<u>2,133,630</u>	<u>-</u>	<u>52,156,977</u>
Less accumulated depreciation for:				
Buildings and Systems	11,667,493	742,573	-	12,410,066
Machinery and Equipment	2,925,434	301,980	-	3,227,414
Infrastructure	7,300,734	416,161	-	7,716,895
Total accumulated depreciation	<u>21,893,661</u>	<u>1,460,714</u>	<u>-</u>	<u>23,354,375</u>
Total capital assets, being depreciated	<u>28,129,686</u>	<u>672,916</u>	<u>-</u>	<u>28,802,602</u>
<i>Governmental Activities capital assets, net</i>	<u>\$ 31,057,455</u>	<u>\$ 672,916</u>	<u>\$ -</u>	<u>\$ 31,730,371</u>
Business-Type Activities				
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	1,158,820	64,096	-	1,222,916
Machinery and Equipment	119,033	29,967	-	149,000
Total accumulated depreciation	<u>1,277,853</u>	<u>94,063</u>	<u>-</u>	<u>1,371,916</u>
<i>Business-Type Activities capital assets, net</i>	<u>\$ 2,163,299</u>	<u>\$ (94,063)</u>	<u>\$ -</u>	<u>\$ 2,069,236</u>

The Town made reclassifications to its opening governmental activities capital asset categories. The reclassification had no effect on total opening capital assets or net position. Depreciation and amortization expense were charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 136,735
Public Safety	136,123
Public Works	520,829
Recreation	1,943
Education	<u>665,084</u>
Total Depreciation Expense	
Governmental Activities	<u>\$ 1,460,714</u>
Business-Type Activities:	
WPCA	<u>\$ 94,063</u>

TOWN OF BROOKLYN, CONNECTICUT
Notes to the Financial Statements

NOTE 7 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Loan Payable	\$ 120,000	\$ -	\$ -	\$ 120,000	\$ -
Capital Lease Obligation	16,650	-	8,171	8,479	8,479
Bond Anticipation Notes	-	6,144,250	-	6,144,250	6,144,250
Compensated Absences	675,659	-	268,433	407,226	69,912
Post Closure Landfill Costs	90,000	-	18,000	72,000	18,000
Net Pension Liability	3,441,805	-	981,248	2,460,557	-
OPEB Liability	1,242,366	753,428	-	1,995,794	-
Total Governmental Activities Long-Term Liabilities	<u>\$ 5,586,480</u>	<u>\$ 6,897,678</u>	<u>\$ 1,275,852</u>	<u>\$ 11,208,306</u>	<u>\$ 6,240,641</u>
Business-Type Activities					
General Obligation Bonds	\$ 1,042,670	\$ -	\$ 19,111	\$ 1,023,559	\$ 19,541
Total Business-Type Activities Long-Term Liabilities	<u>\$ 1,042,670</u>	<u>\$ -</u>	<u>\$ 19,111</u>	<u>\$ 1,023,559</u>	<u>\$ 19,541</u>

Each governmental fund's 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
2022	\$ 8,000	\$ 2,250	\$ 10,250
2023	8,000	2,100	10,100
2024	8,000	1,950	9,950
2025	8,000	1,800	9,800
2026	8,000	1,650	9,650
2027-2031	40,000	6,000	46,000
2032-2036	40,000	2,250	42,250
Total	<u>\$ 120,000</u>	<u>\$ 18,000</u>	<u>\$ 138,000</u>

The Town will be departing from this agreement with the Quinebaug Regional Technology Park Development next fiscal year.

TOWN OF BROOKLYN, CONNECTICUT
Notes to the Financial Statements

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:

	Governmental Activities
Assets:	
Equipment	\$ 40,910
Less accumulated depreciation	(7,287)
Total	\$ 33,623

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021, were as follows:

	Governmental Activities
Year ending June 30:	
2022	8,799
Total	8,799
Less amount representing interest	(320)
Total	\$ 8,479

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 \$18,000.

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, 2021 was \$246,026.

TOWN OF BROOKLYN, CONNECTICUT
Notes to the Financial Statements

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, 2021 consisted of the following:

<u>Purpose</u>	<u>Year of Issue</u>	<u>Original Amount</u>	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Principal Outstanding June 30, 2021</u>
Upgrades and improvements to the Towns sanitary sewer collection system.	2016	\$ 1,115,000	2.25%	2056	\$ 1,023,559

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

<u>Year(s)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 19,541	\$ 23,030	\$ 42,571
2023	19,981	22,590	42,571
2024	20,430	22,141	42,571
2025	20,890	21,681	42,571
2026	21,360	21,211	42,571
2027-2031	114,227	98,628	212,855
2032-2036	127,671	85,184	212,855
2037-2041	142,695	70,160	212,855
2042-2046	159,466	53,389	212,855
2047-2051	178,254	34,601	212,855
2052-2056	199,044	13,625	212,669
Total	<u>\$ 1,023,559</u>	<u>\$ 466,240</u>	<u>\$ 1,489,799</u>

Interest paid and expensed on general obligation bonds for the year ended June 30, 2021 totaled \$23,460.

NOTE 8 – 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 BAN obligations for the year ended June 30, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Bond Anticipation Notes	<u>\$ 6,612,300</u>	<u>\$ 6,144,250</u>	<u>\$ 6,612,300</u>	<u>\$ 6,144,250</u>

The outstanding bond anticipation note carries an interest rate of 1.098% and matures in August 2021. Total interest incurred and expensed on bond anticipation notes during the year was \$124,625. As described in Note 15, upon maturity the bond anticipation note was replaced with long-term general obligation bonds. Since the bond anticipation note was replaced with long-term financing subsequent to year-end, it will be reported with noncurrent liabilities in the government-wide financial statements.

TOWN OF BROOKLYN, CONNECTICUT
Notes to the Financial Statements

NOTE 9 - FUND BALANCE COMPONENTS

The components of fund balance for the governmental funds at June 30, 2021 are as follows:

	General Fund	Capital Nonrecurring Fund	ARPA Grant Fund	Other Governmental Funds	Total
Fund Balances:					
Restricted for:					
General Government	\$ 87,687	\$ -	\$ 34	\$ 160,927	\$ 248,648
Health and Human Services	-	-	-	296,134	296,134
Civic and Cultural	-	-	-	58,886	58,886
Education	-	-	-	319,202	319,202
Total Restricted	<u>\$ 87,687</u>	<u>\$ -</u>	<u>\$ 34</u>	<u>\$ 835,149</u>	<u>\$ 922,870</u>
Committed to:					
Capital Outlay	\$ -	\$ 1,856,087	\$ -	\$ -	\$ 1,856,087
Public Safety	85,256	-	-	-	85,256
Total Committed	<u>\$ 85,256</u>	<u>\$ 1,856,087</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,941,343</u>
Unassigned:	<u>\$ 1,532,475</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,532,475</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, 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

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, 2021, the certified teachers' contribution to the Connecticut Teachers Retirement Board was \$451,624. Covered payroll for the town for the year ended June 30, 2021 was approximately \$6,451,783.

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2021 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>27,507,188</u>
Total	<u>\$ 27,507,188</u>

The net pension liability was measured as of June 30, 2020, 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, 2021, the Town had no proportionate share of the net pension liability.

For the year ended June 30, 2021, the Town recognized benefits expense and contribution revenue of \$1,764,362 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized \$3,940,274 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

Actuarial Assumptions: The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2019. The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.50 %
Salary increases, including inflation	3.00-6.50 %
Long-term investment rate of return, net of pension investment expense, including inflation.	6.90 %

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

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 current capital market assumptions and the target asset allocation as provided by the Treasurer's Office are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity Fund	20.00%	5.60%
Developed Market Intl. Stock Fund	11.00%	6.00%
Emerging Market Intl. Stock Fund	9.00%	7.90%
Core Fixed Income Fund	16.00%	2.10%
Inflation Linked Bond Fund	5.00%	1.10%
Emerging Market Debt Fund	5.00%	2.70%
High Yield Bond Fund	6.00%	4.00%
Real Estate Fund	10.00%	4.50%
Private Equity	10.00%	7.30%
Alternative Investments	7.00%	2.90%
Liquidity Fund	1.00%	0.40%

TOWN OF BROOKLYN, CONNECTICUT

Notes to the Financial Statements

Discount Rate: The discount rate used to measure the total pension liability was 6.90%. 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; 10th 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	26
Active Members	59
Total Members	<u>130</u>

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, 2020 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, 2021:

Target Allocation and Expected Rate of Return

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Weighting</u>
U.S. Large Cap	34.00%	5.25%	1.79%
U.S. Mid/Small Cap	14.00%	5.75%	0.81%
Developed International Equities	9.00%	5.75%	0.52%
Emerging Market Equities	3.00%	7.75%	0.23%
International Bonds	2.00%	0.75%	0.02%
Intermediate Government/Corp	15.00%	1.25%	0.19%
Multisector Bonds	14.00%	1.75%	0.25%
Nontraditional Bonds	6.00%	1.75%	0.11%
High-Yield Bonds	2.00%	4.00%	0.08%
Inflation/Cash	1.00%	-0.25%	0.00%
	100.00%		4.00%
Long-Term Inflation Expectation			2.40%
Long-Term Expected Nominal Return			6.40%

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 6.50% was used.

TOWN OF BROOKLYN, CONNECTICUT

Notes to the Financial Statements

Net Pension Liability

The components of the net pension liability of the Town at June 30, 2021, were as follows:

	Town
Total pension liability	\$ 7,894,060
Plan fiduciary net position	7,005,124
Net pension liability (asset)	888,936
Plan fiduciary net position as a percentage of total pension liability	88.74%
Covered payroll	2,241,932
Net pension liability as a % of covered payroll	39.65%

Actuarial Methods and Significant Assumptions

The following actuarial methods and assumptions were used in the July 1, 2020 valuation and projected forward to a measurement date of June 30, 2021:

Actuarial cost method	Entry Age Normal
Amortization method	Level Cost
Asset valuation method	15 years, open
Smoothing period	5 year
Recognition method	20% per year
Inflation	2.40%
Payroll growth	3.85%
Investment rate of return	6.5%, net of investment and admin fees
Retirement age	The earlier of age 55 with 10 years of service or age 70
Post-retirement mortality	Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables for General Employees, non-annuitants and annuitants, projected to the valuation date with scale MP-2020

Changes of assumptions include a change in inflation from 2.60% to 2.40%, a change in the mortality table, and a change in the investment rate of return from 7.00% to 6.50%.

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 6.50% 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
	5.50%	6.50%	7.50%
Net Pension Liability	\$ 1,870,874	\$ 888,936	\$ 63,568

TOWN OF BROOKLYN, CONNECTICUT
Notes to the Financial Statements

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at June 30, 2020	\$ 7,325,037	\$ 5,469,157	\$ 1,855,880
Changes for the year:			
Service Cost	225,121	-	225,121
Interest	516,208	-	516,208
Differences Between Expected and Actual Experience	(421,923)	-	(421,923)
Changes in Assumptions	607,192	-	607,192
Employer Contributions	-	400,294	(400,294)
Member Contributions	-	-	-
Net Investment Income	-	1,497,479	(1,497,479)
Benefit Payments	(357,575)	(357,575)	-
Administrative Expenses	-	(4,231)	4,231
Net Changes	569,023	1,535,967	(966,944)
Balance at June 30, 2021	\$ 7,894,060	\$ 7,005,124	\$ 888,936
Plan fiduciary net position as a percentage of the total pension liability			88.74%
Covered Payroll			\$ 2,241,932
Net pension liability as a percentage of covered payroll			39.65%

For the year ended June 30, 2021, the total pension expense recognized was \$237,886. As of June 30, 2021, 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	\$ -	\$ 787,049
Differences between expected and actual experience	37,527	400,349
Changes of assumptions	611,335	-
Total	\$ 648,862	\$ 1,187,398

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:	
2022	\$ (106,153)
2023	(107,227)
2024	(150,376)
2025	(181,904)
Thereafter	7,124
	\$ (538,536)

TOWN OF BROOKLYN, CONNECTICUT

Notes to the Financial Statements

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	25
Inactive plan members entitled but not yet receiving payments	2
Active Members	53
Total Members	<u>80</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, 2021, contributions were \$61,200 for the Plan.

Net Pension Liability

The components of the net pension liability at June 30, 2021, were as follows:

	<u>Fire Service</u>
Total pension liability	\$ 1,571,621
Plan fiduciary net position	-
Net pension liability (asset)	<u>\$ 1,571,621</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, 2020 valuation and projected forward to a measurement date of June 30, 2021:

Inflation	2.40%
Investment rate of return	2.16% (2.21% previously) net of investment and admin fees
Retirement age	Age 65
Post-retirement mortality	Pub-2010 Public Retirement Plans Amount-Weighted Mortality Table projected to valuation date with Scale MP-2019.

Discount Rate – The discount rate used to measure the total pension liability was 2.16%. 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

Change in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at June 30, 2020	\$ 1,585,925	\$ 90,293	\$ 1,495,632
Changes for the year:			
Service Cost	-	-	-
Interest	34,376	-	34,376
Differences Between Expected and Actual Experience including Changes in Assumptions	-	-	-
Contributions - Employer	-	61,200	(61,200)
Benefit Payments	(61,200)	(61,200)	-
Net Changes	(14,304)	-	(14,304)
Balance at June 30, 2021	\$ 1,571,621	\$ 90,293	\$ 1,481,328

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% Decrease 1.16%	Current Discount Rate 2.16%	1% Increase 3.16%
Net Pension Liability	\$ 1,848,420	\$ 1,571,621	\$ 1,354,566

For the year ended June 30, 2021, the total pension expense recognized was \$140,521. As of June 30, 2021, 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	\$ 5,063	\$ -
Differences between expected and actual experience	164,762	-
Changes of assumptions	281,769	-
Total	\$ 451,594	\$ -

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:	
2022	\$ 107,925
2023	107,551
2024	106,954
2025	76,455
2026	50,923
Thereafter	1,786
	\$ 451,594

TOWN OF BROOKLYN, CONNECTICUT

Notes to the Financial Statements

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, 2021, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	4
Active plan members	74
	78
	78

Total OPEB Liability: The Town’s total OPEB liability of \$1,995,794 was measured as of June 30, 2021 and was determined by an actuarial valuation as July 1, 2020.

Actuarial Assumptions and Other Inputs: The total OPEB liability in the July 1, 2020 valuation was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	June 30, 2021 for June 30, 2021 Reporting Date
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Salary
Salary Increases	3.85%
Discount Rate	2.16% as of June 30, 2021 and 2.21% as of June 30, 2020 which is based on the 20-year AA municipal bond index.
Mortality Rates	Pub-2010 Public Retirement Plans Amount Weighted Mortality Tables projected to valuation date with Scale MP-2019.
Inflation	2.40%
Healthcare Cost Trend Rates	6.50% reducing by 0.25% each year to an ultimate rate of 4.4% per year for 2029 and later. Dental is assumed to increase by 4.00% per year.

TOWN OF BROOKLYN, CONNECTICUT

Notes to the Financial Statements

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 6/30/20	\$ 1,242,366
Changes for the year:	
Service Cost	69,870
Interest	28,606
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	464,281
Changes in Assumptions	226,541
Benefit Payments	<u>(35,870)</u>
Net Changes	<u>753,428</u>
Balance at 6/30/21	<u>\$ 1,995,794</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 (1.16%) or 1-percentage-point higher (3.16%) than the current discount rate:

	1% Decrease 1.16%	Current Discount Rate 2.16%	1% Increase 3.16%
Total OPEB Liability	<u>\$ 2,288,635</u>	<u>\$ 1,995,794</u>	<u>\$ 1,751,714</u>

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 (5.50% decreasing to 3.40%) or 1-percentage-point higher (7.50% decreasing to 5.40%) than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	<u>\$ 1,701,020</u>	<u>\$ 1,995,794</u>	<u>\$ 2,357,148</u>

OPEB Expense: For the year ended June 30, 2021, the Town recognized OPEB expense of \$86,874. As of June 30, 2021, 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	\$ 436,312	\$ 507,872
Changes of assumptions	353,416	148,329
Total	<u>\$ 789,728</u>	<u>\$ 656,201</u>

TOWN OF BROOKLYN, CONNECTICUT

Notes to the Financial Statements

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:		
2022	\$	(8,082)
2023		(8,082)
2024		(8,082)
2025		(8,082)
2026		(8,082)
Thereafter		173,937
	\$	<u>133,527</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.

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 \$42,580.

TOWN OF BROOKLYN, CONNECTICUT

Notes to the Financial Statements

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, 2020 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Inflation	2.50%
Real Wage Growth	0.50%
Wage Inflation	3.00%
Salary increases	3.00-6.50%, including inflation
Long-term investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
<u>Municipal bond index rate:</u>	
Measurement Date	2.21%
Prior Measurement Date	3.50%

The projected fiduciary net position is projected to be depleted in 2021.

Single equivalent interest rate

Measurement Date	2.21%, net of OPEB plan investment expense, including price inflation
Prior Measurement Date	3.50%, net of OPEB plan investment expense, Including price inflation

Healthcare cost trend rates:

Medicare	5.125% for 2020 decreasing to an ultimate Rate of 4.50% by 2023
----------	---

Mortality rates were based on the PubT-2010 Health Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

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

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%	-0.42%	1.78%
Price inflation		2.50%	
Expected rate of return (Rounded nearest 0.25%)		2.00%	

Discount Rate - The discount rate used to measure the total OPEB liability was 2.21%. 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, 2020. In addition to the actuarial methods and assumptions of the June 30, 2020 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 3.00%.
- 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.
- Annual State contributions were assumed to be equal to the most recent five-year average of state contributions toward the fund.

Based on those assumptions, the plan's fiduciary net position was projected to be depleted in 2021 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	4.125%	5.125%	6.125%
Ultimate Healthcare Cost Trend Rate	3.50%	4.50%	5.50%
Total OPEB Liability	\$ 3,352,732	\$ 4,102,698	\$ 5,141,850

TOWN OF BROOKLYN, CONNECTICUT
Notes to the Financial Statements

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 (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Net OPEB liability	\$ 5,010,337	\$ 4,102,698	\$ 3,398,077

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2021 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>4,102,698</u>
Total	<u>\$ 4,102,698</u>

The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. At June 30, 2021, the Town had no proportionate share of the net OPEB liability.

For the year ended June 30, 2021, the Town recognized OPEB expense and revenue of \$42,580 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized \$189,513 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

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, 2021 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 July 1, 2021.

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 July 1, 2021.

GASB Statement No. 91 – Conduit Debt Obligations – The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022.

TOWN OF BROOKLYN, CONNECTICUT

Notes to the Financial Statements

GASB Statement No. 92 – *Omnibus 2020* – The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics and the requirements of this statement are effective for the Town’s reporting period beginning July 1, 2021.

GASB Statement No. 93 – *Replacement of Interbank Offered Rates* – Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements in paragraphs 13 and 14 of this statement are effective for the Town’s reporting period beginning July 1, 2021.

GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this statement are effective for the Town’s reporting period beginning July 1, 2022.

GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements* – This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this statement are effective for the Town’s reporting period beginning July 1, 2022.

GASB Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* – The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this statement are effective for the Town’s reporting period beginning July 1, 2021.

TOWN OF BROOKLYN, CONNECTICUT

Notes to the Financial Statements

NOTE 15 – SUBSEQUENT EVENTS

On August 5, 2021, the Town paid off the maturing Bond Anticipation Notes of \$6,144,250 with the issuance of General Obligation Bonds in the amount of \$5,990,000. The bonds bear interest at 2.0% to 4.0% with interest payments due semiannually and the first principal payment is due in August 2022.

NOTE 16 – PRIOR PERIOD RESTATEMENT

The Town previously reported the activities of the Student Activities Fund as fiduciary activities. As a result of the implementation of GASB No. 84, *Fiduciary Activities*, as of July 1, 2020, the Town made the following reporting change: the Student Activities Fund is now reported as a special revenue fund. The government-wide and custodial funds net position and special revenue fund balance were restated as a result of the implementation of GASB No. 84 as follows:

	Governmental Activities	Nonmajor Governmental Funds	Custodial Funds
Net position/fund balance as previously reported at June 30, 2020	\$ 24,015,070	\$ 888,270	\$ 84,313
Reclassification of funds to proper fund type	84,313	84,313	(84,313)
Net position/fund balance as restated at July 1, 2020	\$ 24,099,383	\$ 972,583	\$ -

**Required
Supplementary
Information**

TOWN OF BROOKLYN, CONNECTICUT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Amended	Budgetary Basis	
REVENUES				
Property Taxes				
Current Year	\$ 16,065,298	\$ 16,065,298	\$ 16,286,233	\$ 220,935
Prior Years	175,000	175,000	167,127	(7,873)
Interest and Lien Fees	80,000	80,000	129,150	49,150
Supplemental Motor Vehicle Taxes	200,000	200,000	255,095	55,095
Total Property Taxes	<u>16,520,298</u>	<u>16,520,298</u>	<u>16,837,605</u>	<u>317,307</u>
Intergovernmental				
Education Assistance	6,926,095	6,926,095	6,950,876	24,781
Mashantucket Grant	191,703	191,703	191,703	-
PILOT - State Owned Property	79,919	79,919	79,919	-
PILOT - Disability	-	-	1,190	1,190
PILOT - Veterans Exemption	-	-	6,242	6,242
Motor Vehicle Fines	2,750	2,750	1,315	(1,435)
Telephone Tax	12,200	12,200	12,635	435
Z Recs	36,600	36,600	7,088	(29,512)
Other Grants	-	-	9,190	9,190
Municipal Revenue Sharing	10,379	10,379	10,379	-
Total Intergovernmental	<u>7,259,646</u>	<u>7,259,646</u>	<u>7,270,537</u>	<u>10,891</u>
Local Revenues				
Health Department Rent	35,060	35,060	34,894	(166)
Community Center Rental Fee	400	400	(70)	(470)
Recreation Fees	183,200	183,200	96,935	(86,265)
Pistol Permits	3,000	3,000	11,740	8,740
Town Clerk Fees	60,000	60,000	83,041	23,041
Conveyance Tax	105,000	105,000	152,835	47,835
Miscellaneous Income	1,000	1,000	110,476	109,476
Copier Fees	7,500	7,500	12,213	4,713
Apartment Inspections	800	800	240	(560)
Building Permits	80,000	80,000	219,574	139,574
Fire Marshal Fees	1,500	1,500	605	(895)
Zoning Board of Appeals	500	500	500	-
Bingo Permits	150	150	145	(5)
Planning and Zoning Fees	9,000	9,000	19,770	10,770
Wetland Fees	2,500	2,500	3,450	950

See accountant's report.

TOWN OF BROOKLYN, CONNECTICUT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Amended	Budgetary Basis	
Local Revenues (Continued)				
Transfer Station Fees	\$ 98,550	\$ 98,550	\$ 115,291	\$ 16,741
Insurance Dividend	14,000	14,000	15,876	1,876
Dog License/Fees	1,400	1,400	-	(1,400)
Total Local Revenues	<u>603,560</u>	<u>603,560</u>	<u>877,515</u>	<u>273,955</u>
Investment Income	<u>13,000</u>	<u>13,000</u>	<u>3,026</u>	<u>(9,974)</u>
Use of Fund Balance	<u>453,000</u>	<u>453,000</u>	<u>-</u>	<u>(453,000)</u>
Total Revenues	<u>24,849,504</u>	<u>24,849,504</u>	<u>24,988,683</u>	<u>139,179</u>
EXPENDITURES				
General Government				
Board of Finance	33,750	42,206	40,748	1,458
Board of Selectmen	29,596	38,428	20,718	17,710
Administration	289,749	296,020	236,088	59,932
Revenue Collector	114,763	120,713	119,048	1,665
Assessor	154,722	158,096	141,065	17,031
Board of Assessment	550	610	461	149
Town Clerk	123,410	124,067	116,992	7,075
Elections	33,191	40,900	30,077	10,823
Legal	40,000	40,000	22,265	17,735
Probate	9,160	9,160	9,160	-
Town Hall	31,400	36,327	29,721	6,606
Central Supplies	80,500	93,978	87,473	6,505
Ethics	3,000	3,000	-	3,000
Total General Government	<u>943,791</u>	<u>1,003,505</u>	<u>853,816</u>	<u>149,689</u>
Public Safety				
Canine Control	26,082	26,467	26,467	-
Patrol Services	186,034	99,323	180,025	(80,702)
Fire Marshal	57,553	59,489	57,277	2,212
Fire Facilities	469,398	398,898	390,696	8,202
Emergency Services	35,478	44,892	44,892	-
Homeland Security	6,050	6,050	1,947	4,103
Total Public Safety	<u>780,595</u>	<u>635,119</u>	<u>701,304</u>	<u>(66,185)</u>
Public Works				
Roads and Drainage	584,659	619,252	606,976	12,276
Maintenance and Equipment	87,500	111,204	101,113	10,091
Snow Removal	97,700	65,780	51,274	14,506

See accountant's report.

TOWN OF BROOKLYN, CONNECTICUT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Budgetary Basis	Variance
	Original	Amended		
Public Works (Continued)				
Garage Maintenance	\$ 19,525	\$ 25,847	\$ 23,463	\$ 2,384
Engineering	20,286	20,286	20,286	-
Storm Water Management	35,000	45,480	33,480	12,000
Resource Recovery	334,772	351,524	329,484	22,040
Building Official	81,566	97,473	94,553	2,920
Total Public Works	<u>1,261,008</u>	<u>1,336,846</u>	<u>1,260,629</u>	<u>76,217</u>
Health and Human Services				
Health	91,910	91,910	89,910	2,000
Cemeteries	5,000	6,079	6,079	-
Total Health and Human Services	<u>96,910</u>	<u>97,989</u>	<u>95,989</u>	<u>2,000</u>
Civic and Cultural				
Library	146,057	146,057	146,057	-
Transit District	14,490	14,490	14,490	-
Special Programs	5,500	7,010	7,010	-
Recreation	276,445	287,929	274,131	13,798
Park Maintenance	126,676	143,367	138,842	4,525
Community Center	11,000	16,002	14,743	1,259
Clifford B Green Building	22,750	31,929	30,305	1,624
Total Civic and Cultural	<u>602,918</u>	<u>646,784</u>	<u>625,578</u>	<u>21,206</u>
Development and Planning				
Planning and Zoning	24,850	29,290	21,049	8,241
Zoning Board of Appeal	950	950	50	900
Agriculture Commission	1,600	1,600	300	1,300
Conservation Commission	2,450	2,563	313	2,250
Inland Wetlands Commission	4,800	5,852	4,923	929
Land Use Admin/Planner	112,394	115,431	114,196	1,235
Economic Development Commission	600	600	-	600
Open Space	8,208	8,208	8,208	-
Total Development and Planning	<u>155,852</u>	<u>164,494</u>	<u>149,039</u>	<u>15,455</u>
Debt and Sundry				
Fringe Benefits	739,836	723,818	663,804	60,014
Municipal Insurance	128,732	128,732	119,453	9,279
Long-Term Debt Service	49,348	20,974	10,424	10,550
Short-Term Debt Service	793,523	794,252	778,605	15,647
Total Debt and Sundry	<u>1,711,439</u>	<u>1,667,776</u>	<u>1,572,286</u>	<u>95,490</u>

See accountant's report.

TOWN OF BROOKLYN, CONNECTICUT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Budgetary Basis	Variance
	Original	Amended		
Capital Outlay	\$ 123,000	\$ 123,000	\$ 123,000	\$ -
Board of Education	19,173,991	19,173,991	18,962,537	211,454
Total Expenditures	24,849,504	24,849,504	24,344,178	505,326
Excess (Deficiency) of Revenues over Expenditures - Budgetary Basis	\$ -	\$ -	644,505	\$ 644,505
Adjustments to Generally Accepted Accounting Principles (GAAP):				
Payments on Behalf of the Town not Recorded on a Budgetary Basis:				
Revenues from Teachers' Retirement and OPEB			1,806,942	
Expenditures from Teachers' Retirement and OPEB			(1,806,942)	
Payments on Behalf of the Town not Recorded on a Budgetary Basis:				
Revenues from Excess Cost Grant			335,289	
Expenditures from Excess Cost Grant			(335,289)	
Other Grants net on a Budgetary Basis:				
Revenues from Other Grants			88,083	
Expenditures from Other Grants			(88,083)	
Restricted Town Clerk Funds Activity not Recorded on a Budgetary Basis:				
Revenues from Town Clerk Funds			10,242	
Expenditures from Town Clerk Funds			-	
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses - GAAP Basis			\$ 654,747	

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. 5. Certain grants are net with expenditures on a budget basis.

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

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service Cost	\$ 225,121	\$ 216,775	\$ 217,378	\$ 209,621	\$ 173,002	\$ 166,748	\$ 171,727	\$ 179,884
Interest	516,208	490,149	462,267	438,180	408,747	386,937	375,535	353,196
Changes in Benefit Terms	-	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	(421,923)	-	(107,862)	-	147,897	-	(106,688)	-
Changes of Assumptions	607,192	-	156,953	-	134,931	-	135,436	-
Benefit Payments, Including Refunds of Member Contributions	(357,575)	(328,918)	(330,707)	(292,856)	(266,165)	(252,302)	(230,131)	(224,129)
Net Change in Total Pension Liability	569,023	378,006	398,029	354,945	598,412	301,383	345,879	308,951
Total Pension Liability - Beginning	<u>7,325,037</u>	<u>6,947,031</u>	<u>6,549,002</u>	<u>6,194,057</u>	<u>5,595,645</u>	<u>5,294,262</u>	<u>4,948,383</u>	<u>4,639,432</u>
Total Pension Liability - Ending (a)	<u>\$ 7,894,060</u>	<u>\$ 7,325,037</u>	<u>\$ 6,947,031</u>	<u>\$ 6,549,002</u>	<u>\$ 6,194,057</u>	<u>\$ 5,595,645</u>	<u>\$ 5,294,262</u>	<u>\$ 4,948,383</u>
Plan Fiduciary Net Position								
Contributions - Employer	\$ 400,294	\$ 579,627	\$ 158,933	\$ 355,128	\$ 302,944	\$ 295,082	\$ 256,246	\$ 251,168
Contributions - Member	-	-	-	-	-	-	-	-
Net Investment Income	1,506,993	224,519	282,027	374,138	403,008	(9,590)	188,347	129,412
Benefit Payments, Including Refunds of Member Contributions	(357,575)	(328,918)	(330,896)	(292,856)	(266,165)	(252,302)	(230,131)	(224,129)
Administrative Expenses	(13,745)	(15,732)	(15,378)	(15,548)	(12,351)	(15,281)	(18,810)	(12,604)
Other	-	-	-	-	-	-	(46,417)	439,783
Net Change in Pension Fiduciary Net Position	1,535,967	459,496	94,686	420,862	427,436	17,909	149,235	583,630
Plan Fiduciary Net Position - Beginning	<u>5,469,157</u>	<u>5,009,661</u>	<u>4,914,975</u>	<u>4,494,113</u>	<u>4,066,677</u>	<u>4,048,768</u>	<u>3,899,533</u>	<u>3,315,903</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 7,005,124</u>	<u>\$ 5,469,157</u>	<u>\$ 5,009,661</u>	<u>\$ 4,914,975</u>	<u>\$ 4,494,113</u>	<u>\$ 4,066,677</u>	<u>\$ 4,048,768</u>	<u>\$ 3,899,533</u>
Net Pension Liability - Ending: (a) - (b)	<u>\$ 888,936</u>	<u>\$ 1,855,880</u>	<u>\$ 1,937,370</u>	<u>\$ 1,634,027</u>	<u>\$ 1,699,944</u>	<u>\$ 1,528,968</u>	<u>\$ 1,245,494</u>	<u>\$ 1,048,850</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.74%	74.66%	72.11%	75.05%	72.56%	72.68%	76.47%	78.80%
Covered Payroll	\$ 2,241,932	\$ 2,740,203	\$ 2,638,617	\$ 2,616,636	\$ 2,515,996	\$ 2,108,519	\$ 2,022,560	\$ 2,197,494
Net Pension Liability as a Percentage of Covered Payroll	39.65%	67.73%	73.42%	62.45%	67.57%	72.51%	61.58%	47.73%

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

See accountant's report.

TOWN OF BROOKLYN, CONNECTICUT
Town of Brooklyn Employee Retirement Plan
Schedule of Contributions
Last Eight Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Employer Contribution (ADEC)	\$ 400,294	\$ 374,107	\$ 364,453	\$ 355,128	\$ 302,944	\$ 295,082	\$ 310,080	\$ 310,080
Contributions in Relation to the ADEC	<u>400,294</u>	<u>579,627</u>	<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>\$ -</u>	<u>\$ (205,520)</u>	<u>\$ 205,520</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,834</u>	<u>\$ 58,912</u>
Covered Payroll	2,241,932	2,740,203	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	17.85%	21.15%	6.02%	13.57%	12.04%	13.99%	12.67%	11.43%

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

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 65 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 Eight Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014
Annual Money-Weighted Rate of Return, Net of Investment Expense	26.49%	4.21%	5.65%	8.22%	9.78%	-0.24%	3.62%	16.70%

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

See accountant's report.

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

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service Cost	\$ -	\$ -	\$ -	\$ -	\$ 40,725	\$ -	\$ -	\$ -
Interest	34,376	44,087	46,996	31,828	27,198	36,559	39,931	41,254
Differences Between Expected and Actual Experience	-	38,306	-	299,044	-	(40,143)	(51,752)	-
Changes of Assumptions	12,520	281,200	64,470	69,314	(48,550)	56,099	-	-
Benefit Payments, Including Refunds of Member Contributions	<u>(61,200)</u>	<u>(66,880)</u>	<u>(72,560)</u>	<u>(77,160)</u>	<u>(80,227)</u>	<u>(77,843)</u>	<u>(78,360)</u>	<u>(74,472)</u>
Net Change in Total Pension Liability	(14,304)	296,713	38,906	323,026	(60,854)	(25,328)	(90,181)	(33,218)
Total Pension Liability - Beginning	<u>1,585,925</u>	<u>1,289,212</u>	<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>
Total Pension Liability - Ending	<u>\$ 1,571,621</u>	<u>\$ 1,585,925</u>	<u>\$ 1,289,212</u>	<u>\$ 1,250,306</u>	<u>\$ 927,280</u>	<u>\$ 988,134</u>	<u>\$ 1,013,462</u>	<u>\$ 1,103,643</u>

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

See accountant's report.

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

	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Employer Contribution (ADEC)	\$ 123,607	\$ 98,751	\$ 95,072	\$ 103,956	\$ 101,174	\$ 79,551	\$ 79,551	\$ 75,544
Contributions in Relation to the ADEC	<u>61,200</u>	<u>66,880</u>	<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>\$ 62,407</u>	<u>\$ 31,871</u>	<u>\$ (3,425)</u>	<u>\$ 1,956</u>	<u>\$ 21,064</u>	<u>\$ (573)</u>	<u>\$ (495)</u>	<u>\$ -</u>

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

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 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with scale MP-2018

See accountant's report.

TOWN OF BROOKLYN, CONNECTICUT
State Teacher's Retirement System
Proportionate Share of Net Pension Liability
Last Seven Fiscal Years*

Schedule of Proportionate Share of Net Pension Liability

	2021	2020	2019	2018**	2017**	2016	2015
Town's percentage of the net pension liability	0.00%	0.00%	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>27,507,188</u>	<u>23,755,883</u>	<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>\$ 27,507,188</u>	<u>\$ 23,755,883</u>	<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	<u>\$ 6,451,783</u>	<u>\$ 6,323,171</u>	<u>\$ 4,796,617</u>	<u>\$ 5,783,213</u>	<u>\$ 6,054,495</u>	<u>\$ 5,820,974</u>	<u>\$ 5,802,009</u>
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%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	<u>49.24%</u>	<u>52.00%</u>	<u>57.69%</u>	<u>55.93%</u>	<u>52.26%</u>	<u>59.50%</u>	<u>61.51%</u>

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

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

Notes to Schedule

Actuarial cost method	Entry Age
Amortization method	Level percent of pay closed, grading to a level dollar amortization method for the June 30, 2024 valuation.
Single equivalent amortization period	30 years
Asset valuation method	4-year smoothed market
Inflation	2.50%
Salary increases	3.25% - 6.50% average, including inflation
Investment rate of return	6.90% net of investment related expense

See accountant's report.

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

	2021	2020	2019	2018
Total OPEB Liability				
Service Cost	\$ 69,870	\$ 50,465	\$ 63,452	\$ 65,016
Interest	28,606	38,187	67,688	62,330
Changes of Benefit Terms	-	-	(62,839)	-
Differences Between Expected and Actual Experience	464,281	(40,630)	(564,484)	(41,786)
Changes of Assumptions	226,541	163,370	(138,748)	(60,182)
Benefit Payments, Including Implicit Cost	<u>(35,870)</u>	<u>(12,897)</u>	<u>(13,412)</u>	<u>(18,261)</u>
Net Change in Total OPEB Liability	753,428	198,495	(648,343)	7,117
Total OPEB Liability - Beginning	<u>1,242,366</u>	<u>1,043,871</u>	<u>1,692,214</u>	<u>1,685,097</u>
Total OPEB Liability - Ending (a)	<u>\$ 1,995,794</u>	<u>\$ 1,242,366</u>	<u>\$ 1,043,871</u>	<u>\$ 1,692,214</u>
Covered-Employee Payroll	\$ 5,286,470	\$ 6,215,702	\$ 5,985,269	\$ 5,687,333
Total OPEB Liability as a Percentage of Covered-Employee Payroll	37.75%	19.99%	17.44%	29.75%

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

There are no assets that are being accumulated in a trust that meets the criteria in GASB 75 to pay benefits.

Notes to Schedule

Measurement Date	June 30, 2021
Valuation Date	July 1, 2020
Inflation Rate	2.40%
Actuarial Cost Method	Entry Age Normal
Salary Increases	3.85%
Mortality	Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables projected to the valuation date with Scale MP-2019.
Healthcare Cost Trend Rates	6.50% in 2020, reducing by 0.25% each year to an ultimate rate of 4.6% per year rate for 2029 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 Four Fiscal Years*

Schedule of Proportionate Share of Net OPEB Liability

	2021	2020	2019	2018**
Town's percentage of the net OPEB liability	0.00%	0.00%	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	4,102,698	3,704,865	3,661,726	266,837
Total	\$ 4,102,698	\$ 3,704,865	\$ 3,661,726	\$ 266,837
Town's covered-employee payroll	\$ 6,451,783	\$ 6,323,171	\$ 4,796,617	\$ 5,783,213
Town's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll.	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	2.50%	2.08%	1.49%	1.79%

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

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

Notes to Schedule

Actuarial Cost Method	Entry age
Amortization Method	Level percent of payroll over a closed period
Remaining Amortization Period	30 years
Asset Valuation Method	Market Value of Assets
Investment Rate of Return	3.00%, net of investment related expense
Price Inflation	2.50%

See accountant's report.

**Supplemental, Combining
and Individual Fund
Statements and Schedules**

TOWN OF BROOKLYN, CONNECTICUT

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2021

	SPECIAL REVENUE FUNDS					
	Small Cities Block Grant Fund	Town Aid Road Fund	LOCIP Grant Fund	Special Education Grants Fund	Cafeteria Fund	Recreation Fund
Assets						
Cash and Cash Equivalents	\$ 119,748	\$ -	\$ -	\$ -	\$ 152,139	\$ 58,886
Investments	-	-	-	-	-	-
Receivables, Net	176,386	-	180,000	903	56,263	-
Inventory	-	-	-	-	6,971	-
Due from Other Funds	-	-	-	14,473	-	-
Total Assets	\$ 296,134	\$ -	\$ 180,000	\$ 15,376	\$ 215,373	\$ 58,886
Liabilities and Fund Balances						
Liabilities:						
Accounts Payable and Accrued Items	\$ -	\$ -	\$ -	\$ -	\$ 1,406	\$ -
Due to Other Funds	-	-	180,000	-	-	-
Unearned Revenue	-	-	-	15,376	-	-
Total Liabilities	-	-	180,000	15,376	1,406	-
Fund Balances:						
Restricted	296,134	-	-	-	213,967	58,886
Total Fund Balances	296,134	-	-	-	213,967	58,886
Total Liabilities and Fund Balances	\$ 296,134	\$ -	\$ 180,000	\$ 15,376	\$ 215,373	\$ 58,886

See accountant's report.

TOWN OF BROOKLYN, CONNECTICUT

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2021

	SPECIAL REVENUE FUNDS				
	Affordable Housing Plan Grant Fund	Open Space Land Acquisition Fund	Student Activities Fund	Memorial Scholarship Fund	Total
Assets					
Cash and Cash Equivalents	\$ -	\$ 160,927	\$ 103,792	\$ 535	\$ 596,027
Investments	-	-	-	5,113	5,113
Receivables, Net	1,138	-	-	-	414,690
Inventory	-	-	-	-	6,971
Due from Other Funds	-	-	-	17,911	32,384
Total Assets	<u>\$ 1,138</u>	<u>\$ 160,927</u>	<u>\$ 103,792</u>	<u>\$ 23,559</u>	<u>\$ 1,055,185</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable and Accrued Items	\$ 1,138	\$ -	\$ 4,205	\$ -	\$ 6,749
Due to Other Funds	-	-	17,911	-	197,911
Unearned Revenue	-	-	-	-	15,376
Total Liabilities	<u>1,138</u>	<u>-</u>	<u>22,116</u>	<u>-</u>	<u>220,036</u>
Fund Balances:					
Restricted	-	160,927	81,676	23,559	835,149
Total Fund Balances	<u>-</u>	<u>160,927</u>	<u>81,676</u>	<u>23,559</u>	<u>835,149</u>
Total Liabilities and Fund Balances	<u>\$ 1,138</u>	<u>\$ 160,927</u>	<u>\$ 103,792</u>	<u>\$ 23,559</u>	<u>\$ 1,055,185</u>

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, 2021

SPECIAL REVENUE FUNDS

	Small Cities Block Grant Fund	Town Aid Road Fund	LOCIP Grant Fund	Special Education Grants Fund	Cafeteria Fund	Recreation Fund
Revenues						
Intergovernmental Revenues	\$ -	\$ 243,128	\$ 180,000	\$ 945,103	\$ 361,837	\$ -
Licenses, Permits and Charges for Services	-	-	-	-	342	20,392
Investment Income	95	-	-	-	-	-
Other Revenue	-	-	-	-	1,000	-
Total Revenues	<u>95</u>	<u>243,128</u>	<u>180,000</u>	<u>945,103</u>	<u>363,179</u>	<u>20,392</u>
Expenditures						
Current:						
Public Works	-	473,637	180,000	-	-	-
Health and Human Services	469	-	-	-	-	-
Civic and Cultural	-	-	-	-	-	8,679
Education	-	-	-	945,103	295,162	-
Total Expenditures	<u>469</u>	<u>473,637</u>	<u>180,000</u>	<u>945,103</u>	<u>295,162</u>	<u>8,679</u>
Excess/(Deficiency) of Revenues Over Expenditures	(374)	(230,509)	-	-	68,017	11,713
Other Financing Sources/(Uses)						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(374)	(230,509)	-	-	68,017	11,713
Fund Balances at Beginning of Year, Restated	<u>296,508</u>	<u>230,509</u>	<u>-</u>	<u>-</u>	<u>145,950</u>	<u>47,173</u>
Fund Balances at End of Year	<u>\$ 296,134</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 213,967</u>	<u>\$ 58,886</u>

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, 2021

	SPECIAL REVENUE FUNDS				
	Affordable Housing Plan Grant Fund	Open Space Land Acquisition Fund	Student Activities Fund	Memorial Scholarship Fund	Total
Revenues					
Intergovernmental Revenues	\$ 1,138	\$ -	\$ -	\$ -	\$ 1,731,206
Licenses, Permits and Charges for Services	-	7,978	49,414	-	78,126
Investment Income	-	134	9	96	334
Other Revenue	-	-	-	-	1,000
Total Revenues	<u>1,138</u>	<u>8,112</u>	<u>49,423</u>	<u>96</u>	<u>1,810,666</u>
Expenditures					
Current:					
Public Works	-	-	-	-	653,637
Health and Human Services	1,138	-	-	-	1,607
Civic and Cultural	-	-	-	-	8,679
Education	-	-	52,060	60	1,292,385
Total Expenditures	<u>1,138</u>	<u>-</u>	<u>52,060</u>	<u>60</u>	<u>1,956,308</u>
Excess/(Deficiency) of Revenues Over Expenditures	-	8,112	(2,637)	36	(145,642)
Other Financing Sources/(Uses)					
Transfers In	-	8,208	-	-	8,208
Transfers Out	-	-	-	-	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>8,208</u>	<u>-</u>	<u>-</u>	<u>8,208</u>
Net Change in Fund Balances	-	16,320	(2,637)	36	(137,434)
Fund Balances at Beginning of Year, Restated	-	144,607	84,313	23,523	972,583
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ 160,927</u>	<u>\$ 81,676</u>	<u>\$ 23,559</u>	<u>\$ 835,149</u>

See accountant's report.

TOWN OF BROOKLYN, CONNECTICUT

Schedule of Debt Limitation

June 30, 2021

Total Tax Collections, Including Interest and Lien Fees - Primary Government - Prior Fiscal Year	\$ 16,331,873
Total Tax Collections, Including Interest and Lien Fees - Coterminous Government - Prior Fiscal Year	60,028
Reimbursement for Revenue Loss on:	
Tax Relief for Elderly and Disabled - Prior Fiscal Year	1,285
Base	<u>\$ 16,393,186</u>

	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
	(2.25 x base)	(4.50 x base)	(3.75 x base)	(3.25 x base)	(3.00 x base)
Debt Limitation:					
Statutory Debt Limits by Function	<u>\$ 36,884,669</u>	<u>\$ 73,769,337</u>	<u>\$ 61,474,448</u>	<u>\$ 53,277,855</u>	<u>\$ 49,179,558</u>
Indebtedness:					
Bonds Payable					
Town**	2,884,391	3,259,859	1,023,559	-	-
Authorized but Unissued Debt	<u>47,542</u>	<u>4,070,000</u>	<u>374,000</u>	-	-
Total Indebtedness	<u>2,931,933</u>	<u>7,329,859</u>	<u>1,397,559</u>	-	-
Debt Limitation in Excess of Debt*	<u>\$ 33,952,736</u>	<u>\$ 66,439,478</u>	<u>\$ 60,076,889</u>	<u>\$ 53,277,855</u>	<u>\$ 49,179,558</u>

**Includes \$6,144,250 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 \$114,752,302.

TOWN OF BROOKLYN, CONNECTICUT
Schedule of Property Taxes Levied, Collected, and Outstanding
For the Year Ended June 30, 2021

List of 10/1:	Outstanding July 1, 2020	Current Levy	Lawful Corrections		Collectible Taxes	Collections During the Year				Transfers to Suspense	Outstanding June 30, 2021
			Additions	Deductions		Taxes	Interest	Liens	Total		
2019		\$ 16,786,961	\$ 13,757	\$ 80,444	\$ 16,720,274	\$ 16,545,664	\$ 64,703	\$ 2,366	\$ 16,612,733	\$ 587	\$ 174,023
2018	\$ 223,038	-	1,296	61,185	163,149	116,810	29,260	7,508	153,578	-	46,339
2017	52,881	-	174	927	52,128	25,312	9,711	1,738	36,761	-	26,816
2016	26,237	-	-	-	26,237	7,968	4,052	531	12,551	14,829	3,440
2015	5,202	-	452	-	5,654	2,899	2,025	144	5,068	-	2,755
2014	7,540	-	-	-	7,540	3,823	4,490	96	8,409	-	3,717
2013	2,658	-	-	-	2,658	1,054	336	78	1,468	-	1,604
2012	1,575	-	-	-	1,575	144	191	48	383	-	1,431
2011	1,467	-	-	-	1,467	36	51	60	147	-	1,431
2010	1,381	-	-	-	1,381	-	-	-	-	-	1,381
2009	1,353	-	-	-	1,353	-	-	-	-	-	1,353
2008	932	-	-	-	932	-	-	-	-	-	932
2007	826	-	-	2	824	-	-	-	-	-	824
2006	764	-	-	-	764	-	-	-	-	-	764
2005	720	-	-	-	720	-	-	-	-	-	720
	\$ 326,574	\$ 16,786,961	\$ 15,679	\$ 142,558	\$ 16,986,656	16,703,710	114,819	12,569	16,831,098	\$ 15,416	\$ 267,530
Net Grand List - October 1, 2019					Total Suspense Collections	4,664	6,839	1,352	12,855		
Tax Rate: 28.92 mills					Total Collections	\$ 16,708,374	\$ 121,658	\$ 13,921	\$ 16,843,953		

See accountant's report.

TOWN OF BROOKLYN, CONNECTICUT
Schedule of Capital Authorizations and Expenditures
Capital Nonrecurring Fund
For the Year Ended June 30, 2021

Capital Project	Original Capital Authorization	Amendments	Final Capital Authorizations	Unspent Authorizations July 1, 2020	Current Year Expenditures	Unspent Authorizations June 30, 2021
Green Building Mold Remediation FY20	\$ 42,000	\$ -	\$ 42,000	\$ 41,545	\$ 31,699	\$ 9,846
Town Hall Plan of C&D FY20	15,000	-	15,000	14,242	1,735	12,507
Parks & Rec Snowblower Attachment FY20	7,500	-	7,500	50	-	50
Town Hall Site Design FY20	45,000	-	45,000	42,647	-	42,647
Comm Center Boundary Planting FY20	8,000	-	8,000	8,000	-	8,000
Highway Dept Dump Truck FY20	170,000	-	170,000	499	-	499
Parks & Rec Bush Hog Mower FY20	13,000	-	13,000	200	-	200
BMS Hardware FY20	91,975	-	91,975	18	-	18
BES Hardware FY20	72,460	-	72,460	175	-	175
Special Ed Hardware FY20	10,500	-	10,500	150	-	150
School Network Infrastructure FY20	155,435	-	155,435	102,925	57,543	45,382
BMS Solar FY20	898,850	-	898,850	877,174	670,383	206,791
BES Solar FY20	903,406	-	903,406	882,480	644,650	237,830
EBFD - Service Truck FY21	40,000	-	40,000	40,000	39,960	40
BMS Software FY21	42,913	-	42,913	42,913	29,566	13,347
BES Software FY21	24,964	-	24,964	24,964	22,399	2,565
Special Ed Software FY21	15,000	-	15,000	15,000	14,962	38
	<u>\$ 2,556,003</u>	<u>\$ -</u>	<u>\$ 2,556,003</u>	<u>\$ 2,092,982</u>	<u>\$ 1,512,897</u>	<u>\$ 580,085</u>

TOWN OF BROOKLYN, CONNECTICUT

State Single Audit

For the Year Ended June 30, 2021

TOWN OF BROOKLYN, CONNECTICUT

Table of Contents

For the Year Ended June 30, 2021

	<u>Page</u>
Internal Control and Compliance Report	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
State Single Audit Section	
Independent Auditor’s Report on Compliance for Each Major State Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act	3
Schedule of Expenditures of State Financial Assistance	6
Notes to Schedule of Expenditures of State Financial Assistance	7
Schedule of Findings and Questioned Costs	8
Summary Schedule of Prior Year Audit Findings	11

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

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, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 16, 2022.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance 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 in internal control over compliance described in the accompanying schedule of findings and questioned costs such as item 2019-01 to be a material weakness.

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 accompany schedule of findings and questioned costs such as item 2021-01 to be a significant deficiency.

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 financial statements. 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
February 16, 2022

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

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, 2021. 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, 2021.

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.

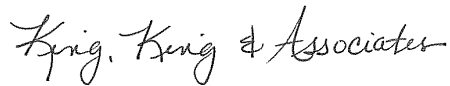
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We have issued our report thereon dated February 16, 2022, 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
February 16, 2022

TOWN OF BROOKLYN, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2021

State Grantor/Pass-Through Grantor/Program Title	State Grant Program Core-CT Number	Expenditures
Department of Transportation		
Town Aid Road Grants - Municipal	12052-DOT57131-43455	\$ 236,818
Town Aid Road - STO	13033-DOT57131-43459	236,819
Department of Justice		
Judicial Fines and Fees	34001-JUD95162-40001	1,315
Department of Housing		
Affordable Housing Plan Grant	12039-DOH46920-40233	1,138
Department of Education		
Talent Development	11000-SDE64370-12552	3,441
Healthy Foods Initiative	11000-SDE64370-16212	6,765
Child Nutrition State Match	11000-SDE64370-16211	3,098
Adult Education	11000-SDE64370-17030	34,293
School Breakfast Program	11000-SDE64370-17046	5,431
Magnet Schools	11000-SDE64370-17057	7,150
Office of Policy and Management		
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OPM20600-17004	79,919
Reimbursement of Property Taxes - Disability Exemption	11000-OPM20600-17011	1,190
Municipal Grants-in-aid	12052-OPM20600-43587	10,379
Local Capital Improvement Program	12050-OPM20600-40254	180,000
Property Tax Relief for Veterans	11000-OPM20600-17024	6,242
Office of Early Childhood		
School Readiness Quality Enhancement	11000-OEC64845-16158	3,880
School Readiness - Competitive	11000-OEC64845-16274-83013	<u>113,400</u>
Total State Financial Assistance Before Exempt Programs		\$ 931,278
EXEMPT PROGRAMS		
Office of Policy and Management		
Mashantucket Pequot and Mohegan Fund	12009-OPM20600-17005	191,703
Department of Administrative Services		
School Construction Grant	13010-DAS27635-43744	784,070
Department of Education		
Educational Cost Sharing	11000-SDE64370-17041-82010	6,950,876
Excess Cost Student Based	11000-SDE64370-17047	<u>335,289</u>
Total Exempt Programs		8,261,938
Total State Financial Assistance		<u>\$ 9,193,216</u>

See notes to schedule.

TOWN OF BROOKLYN, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2021

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, 2021. 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, 2021

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, 2021 and issued our unmodified report thereon dated February 16, 2022.

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:

<u>State Grantor and Program</u>	<u>State Core - CT Number</u>	<u>Expenditures</u>
Department of Transportation		
Town Aid Road Grants - Municipal	12052-DOT57131-43455	\$ 236,818
Town Aid Road - STO	13033-DOT57131-43459	\$ 236,819

Note - While these grants have different State Core CT Numbers, they are considered one major program for testing purposes.

Office of Policy and Management

Local Capital Improvement Program (LOCIP)	12050-OPM20600-40254	\$ 180,000
---	----------------------	------------

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, 2021

II. FINANCIAL STATEMENT FINDINGS

- We issued reports, dated February 16, 2022, 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 finding 2019-01 and 2021-01.

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 were needed for the accounting records to be in accordance with U.S. GAAP.

Context

Due to turnover of personnel, particularly in the Financial Director position, reconciliations have not been consistently performed in the accounting system.

Effect

Material 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.

Recommendation

We recommend that the Town implement policies and procedures in order to ensure accurate financial reporting.

Views of Responsible Officials and Planned Corrective Actions

Management will continue to implement and improve procedures to ensure the accurate reporting of financial records. Management will seek guidance to ensure that GAAP are followed.

TOWN OF BROOKLYN, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

FINDING 2021-01

Criteria

Per state statute, the Town cannot spend in excess of its budgetary appropriations.

Condition

The Town of Brooklyn's public safety expenditures exceeded the approved budget.

Context

The Town received Covid Relief funds and allocated the funds to offset the Police expenditure line. At the time of the allocation, the Town believed that this was an allowable expense.

Effect

Expenditures in public safety exceeded the approved appropriation.

Cause

Due to the evolving regulations of the Covid Relief Funds, it was later learned that the excess of expenditures over appropriations in the police expenditures line was not an allowable grant expense. This created a one-time unexpected over expenditure of one line item of the budget.

Recommendation

We recommend that budgetary information be monitored so that transfers can be approved for any excess of expenditures over budgeted departmental amounts.

Views of Responsible Officials and Planned Corrective Actions

This was an isolated occurrence; it is unlikely to occur again due to the nature of this type of grant.

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, 2021

Prior Year Material Weaknesses

Finding 2019-01 – Material Weakness in Internal Control over Financial Reporting

This finding has been repeated.