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TOWN OF BROOKLYN, CONNECTICUT  
FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULES  
YEAR ENDED JUNE 30, 2016

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## INDEPENDENT AUDITORS' 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, 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, 2016, and the related notes to the financial statements, which collectively comprise the town'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.

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### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Brooklyn, Connecticut, as of June 30, 2016, 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, budgetary comparison information and the Schedule of Funding Progress for Pensions and Other Post-Employment Benefits 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, which 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 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's basic financial statements. The combining and individual fund financial statements and schedules and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements and supplementary schedule 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 fund financial statements and 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*

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In accordance with *Government Auditing Standards*, we have issued our report dated March 15, 2017 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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's internal control over financial reporting and compliance.

Sincerely,

O'Connell, Pace, & Company PC

O'CONNELL, PACE, & COMPANY, P.C.  
Certified Public Accountants

March 15, 2017

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TOWN OF BROOKLYN, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016



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TOWN OF BROOKLYN, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDING JUNE 30, 2016

Our discussion and analysis of Town of Brooklyn, Connecticut's (the Town) financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the Town's financial statements, which begin with Exhibit 1.

**FINANCIAL HIGHLIGHTS**

- Net position decreased by \$2,002,347 during the fiscal year ending June 30, 2016.
- Total fund balance in all funds decreased by \$1,395,152 during the same period.
- On the budgetary basis, total expenditures exceeded total revenues by \$1,091,154.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Exhibits 1 and 2) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements start with Exhibit 3 and continue through Exhibit 6. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the Town.

**Reporting the Town as a Whole**

Our analysis of the Town as a whole begins with Exhibit 1. One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's *net position* and changes in them. You can think of the Town's net position—the difference between assets and liabilities—as one way to measure the Town's financial health, or *financial position*. Over time, *increases or decreases* in the Town's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the *overall health* of the Town.

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TOWN OF BROOKLYN, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDING JUNE 30, 2016

**Reporting the Town's Most Significant Funds**

Our analysis of the Town's major funds begins in the section titled "The Town's Funds". The fund financial statements begin with Exhibit 3 and provide detailed information about the most significant funds—not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, the Board of Finance establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The Town utilizes only governmental funds at this time. Governmental funds account for the Town's basic services, including the education, public works, and general administration. Property taxes, state and federal grants, and local revenues, such as fees and licenses, finance most of these activities.

Governmental funds focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified* accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of activities) and governmental *funds* with a reconciliation at the bottom of the fund financial statements.

**The Town as Trustee**

The Town is the trustee, or *fiduciary*, for the activity funds at the school. These funds do not belong to the Town. The Town's fiduciary activities are reported in separate Statements of Fiduciary Net Position in Exhibits 5 and 6. We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**The Town as a Whole**

The Town's net position decreased by \$2,002,347 compared to the balance one year ago. This is considered to be a measure of the Town's long-term health. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town.

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TOWN OF BROOKLYN, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDING JUNE 30, 2016

Table 1

	<u>Change during Year</u>			
	2016	Dollars	Percent	2015
Current and other assets	\$ 3,768,624	\$ (1,177,003)	-23.80%	\$ 4,945,627
Capital assets	29,886,369	(109,995)	-0.37%	29,996,364
Total assets	33,654,993	(1,286,998)	-3.68%	34,941,991
Long-term debt outstanding	10,398,541	421,981	4.23%	9,976,560
Other liabilities	701,785	299,052	74.26%	402,733
Total liabilities	11,100,326	721,033	6.95%	10,379,293
Net position				
Net investment in capital assets	24,593,885	(81,693)	-0.33%	24,675,578
Restricted				
Expendable	588,167	53,787	10.07%	534,380
Unrestricted	(2,627,385)	(1,980,125)	-305.92%	(647,260)
Total net position	\$ 22,554,667	\$ (2,008,031)	-8.18%	\$ 24,562,698

Capital assets decreased by \$109,995 due to depreciation expense of \$1,155,322 and the addition of capital assets totaling \$1,045,327. The Town continued to roll over its bond anticipation notes and decreased the amount this year. This caused a decrease in long-term debt and current assets. The decrease in capital assets was offset by the \$50,786 decrease in related debt, causing an \$81,693 decrease in net investment in capital assets.

Other liabilities increased by \$299,052 due to an increase in accounts payable of \$301,718, mainly in the General Fund. The \$1,980,125 decrease in unrestricted net position is due to the \$191,738 increase in other post-employment benefits obligation and \$258,550 increase in net pension obligations.

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TOWN OF BROOKLYN, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDING JUNE 30, 2016

Table 2

	<u>Change during Year</u>			
	<u>2016</u>	<u>Dollars</u>	<u>Percent</u>	<u>2015</u>
<b>Revenue</b>				
Program revenues:				
Charges for services	\$ 1,198,624	\$ 146,553	13.93%	\$ 1,052,071
Operating grants and contributions	8,751,111	(597,935)	-6.40%	9,349,046
Capital grants and contributions	519,660	277,999	115.04%	241,661
General Revenues:				
Property taxes	13,121,034	187,699	1.45%	12,933,335
Grants and contributions	538,479	46,966	9.56%	491,513
Interest and investment earnings	21,233	3,445	19.37%	17,788
Gain on disposal of equipment	-	(8,258)	-100.00%	8,258
Other general revenues	47,253	15,826	50.36%	31,427
Total Revenues	<u>24,197,394</u>	<u>72,295</u>	<u>0.30%</u>	<u>24,125,099</u>
<b>Program Expenses</b>				
General government	2,479,088	813,938	48.88%	1,665,150
Public safety	957,699	(3,675)	-0.38%	961,374
Public works	1,473,173	(11,234)	-0.76%	1,484,407
Human services	86,315	4,117	5.01%	82,198
Civic and cultural	723,216	13,618	1.92%	709,598
Development and planning	121,205	7,433	6.53%	113,772
Sundry	695,271	81,642	13.30%	613,629
Education	19,612,734	(377,792)	-1.89%	19,990,526
Interest on long-term debt	51,040	(34,316)	-40.20%	85,356
Total Expenses	<u>26,199,741</u>	<u>493,730</u>	<u>1.92%</u>	<u>25,706,011</u>
Increase (decrease) in net position	<u>\$ (2,002,347)</u>	<u>\$ (421,435)</u>	<u>26.66%</u>	<u>\$ (1,580,912)</u>

Some of the significant variances are discussed below:

- Operating Grants decreased in 2016 by \$597,935 from 2015. The main differences are decreases in the Excess Cost Grant and the State Building Grant.
- Capital Grants increased in 2016 by \$277,999 from 2015. Capital Grants are generally one time revenues. There were several grants in 2016 that were not in 2015.
- General Grants and Contributions increased by \$46,966 in 2016, mainly due to increases in various grants.
- In total, program expenses increased by 1.92% as management tried to keep the expenses, and therefore the taxes, from increasing.

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TOWN OF BROOKLYN, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDING JUNE 30, 2016

- General government expensed increased by \$813,938 in 2016. This was caused by a number of factors, some of which net with each other. Administration expenses of \$52,418 were higher than in 2015. Pension cost increase was also a factor in the increase.
- Sundry expense increased by \$81,642 in 2016 due to increases in employee benefit insurance.
- Education expense decreased by \$377,792 in 2016 .

Table 3 presents the cost of each of the Town's programs, as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

Table 3  
Governmental Activities

	Total Cost of Services		Incr. Decr.	Net Cost of Services		Incr. Decr.
	2016	2015		2016	2015	
General government	\$ 2,479,088	\$ 1,665,150	48.88%	\$ 1,927,201	\$ 1,131,678	70.30%
Public safety	957,699	961,374	-0.38%	939,993	932,083	0.85%
Public works	1,473,173	1,484,407	-0.76%	803,476	1,128,838	-28.82%
Human services	86,315	82,198	5.01%	86,315	82,198	5.01%
Civic and cultrual	723,216	709,598	1.92%	470,065	480,963	-2.27%
Development and planning	121,205	113,772	6.53%	97,393	91,321	6.65%
Sundry	695,271	613,629	13.30%	650,752	582,302	11.76%
Education	19,612,734	19,990,526	-1.89%	10,704,111	10,548,493	1.48%
Interest on long-term debt	51,040	85,356	-40.20%	51,040	85,356	-40.20%
Total Expenses	\$ 26,199,741	\$ 25,706,010	1.92%	\$ 15,730,346	\$ 15,063,232	4.43%

The changes in the total cost of services are discussed above. The net cost of services is not only affected by the total cost, but by the increases and decreases in offsetting revenues. The most volatile of the offsetting revenues are the capital grants and contributions because the capital costs would not be included here (they would be capitalized and depreciated), but the revenue related to that would be deducted here. The actual figures to calculate the net cost of services can be found in Exhibit 2. The net cost of all programs increased by 4.43% due to the decrease in capital grants discussed above.

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TOWN OF BROOKLYN, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDING JUNE 30, 2016

**The Town's Funds**

Governmental funds, as presented in Exhibits 3 and 4, report a \$1,395,152 decrease in fund balance for all funds combined. Governmental funds use a different basis of accounting than the Government Wide statements shown in Exhibits 1 and 2 and discussed above. In the governmental funds, new debt is counted as revenue when it is received. Also, expenditures include payments of principal and interest on debt and the costs of capital additions. This is considered to be a measure of the Town's short-term health.

Decrease in the fund balance was due to decreases in the general fund, school building committee fund, capital nonrecurring fund, and other government funds. For a total of \$1,724,422. This was offset in increases in WPCA fund in the amount of \$329,270.

**General Fund Budgetary Highlights**

Over the course of the year, the Board of Finance revised the Town budget several times with budget transfers and additional appropriations. Transfers do not increase the total budget, but instead move appropriations to one department that needs additional funding from other departments that might have excess funding. State statutes allow these transfers to be made by the Board of Finance without a town meeting. Below is a summary of the final budget and actual results for the General Fund.

Table 4  
General Fund - Budget Summary

	Final Budget	Actual	Variance
<b>Revenue</b>			
Property Taxes	\$13,151,939	\$ 13,216,352	\$ 64,413
Intergovernmental	8,162,409	8,073,094	(89,315)
Local revenue	534,144	594,584	60,440
Other	1,252,450	-	(1,252,450)
<b>Total Revenues</b>	<u>23,100,942</u>	<u>21,884,030</u>	<u>(1,216,912)</u>
<b>Expenditures</b>			
General Government	5,682,921	5,557,314	125,607
Education	17,418,021	17,417,870	151
<b>Total Expenditures</b>	<u>23,100,942</u>	<u>22,975,184</u>	<u>125,758</u>
<b>Increase ( Decrease ) in Fund Balance</b>	<u>\$ -</u>	<u>\$ (1,091,154)</u>	<u>\$ (1,091,154)</u>

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TOWN OF BROOKLYN, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDING JUNE 30, 2016

The Town approved a budget for the year showing revenues equal to expenditures. There were no additional appropriations (increases in budgeted expenditures).

The revenues were actually \$1,216,912 lower than budgeted and the expenditures were \$125,758 less than budgeted. As a result, the fund balance decreased by \$1,091,154.

Overall, tax calculations were \$64,413 higher than budgeted due to Intergovernmental revenues that were lower than the budget by \$89,315, mainly due to local revenues that were \$60,440 more than budgeted.

General government expenditures were less than budgeted, as they have been in previous years. This year, the general government was \$125,607 less than budget. The Board of Education was \$151 under budget. These are attributable to careful controls over costs.

#### **CAPITAL ASSET AND DEBT ADMINISTRATION**

##### **Capital Assets**

The Board of finance has a Capital Funding Program to provide a framework and order to the process by which the Town may allocate resources within the Town's annual budget for capital expenditures. The objective of this program is to provide an accessible route to capital in order to fund well-conceived, rational, and meritorious proposals which will provide substantial benefits, of a tangible and intangible nature, to the citizenry and communities within the Town.

A detailed written policy describes the program and provides the application and ranking process as well as the review criteria.

Capital Assets decreased by \$109,995 to a total of \$29,886,369. This is due to depreciation expense of \$1,155,322 and the addition of capital assets totaling \$1,045,327.

More detailed information about the Town's capital assets is presented in Note 3 to the financial statements.

##### **Debt**

The Town has been using bond anticipation notes to finance some large projects, such as the preschool and the school's north wall repair. These are one year bonds that get paid off the next year with a new one year bond. Ultimately, these will be replaced with 20-year serial bonds. The bond outstanding at June 30, 2016 was paid off on August 10, 2016

Although the town is using debt to finance certain projects, the Board of Finance has been working to minimize the amount of debt outstanding by paying down more on the debt than required or taking out less than needed. Because the debt is being rolled over each year, this is not obvious from looking at the statements.

At year-end, the Town had \$5,270,000 in bonds outstanding. This is a net decrease of \$20,000 from last year. The Town's general obligation bond continues to carry an AI rating. More detailed information about the Town's long-term liabilities is presented in Note 3 to the financial statements.

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TOWN OF BROOKLYN, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDING JUNE 30, 2016

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Town gets 37% of its budgeted revenue from the State of Connecticut. The state is in poor fiscal condition and is looking for ways to balance its own budget. Although Governor Malloy has said that he will not cut aid to the towns, there is increasing pressure to do so.

The Town gets 61% of its budgeted revenue from property taxes. The real estate market is still not growing and, therefore, the tax base is not growing. In the past four years, the taxable grand list has grown an average of 1.1% per year. Without any changes, increases in property tax rates are going to need to be made to finance any increases in budgeted expenditures in future years.

The budget for the 2016-2017 fiscal year includes a mill rate of 26.34 mills. The Town's Unassigned Fund Balance in the General Fund is 3% of the total expenditures for the year. This is below the 5-8% range that the Board of Finance has targeted as a minimum threshold.

**CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Finance at Town of Brooklyn, 5 Haven Road, Brooklyn Center, Connecticut 06259.



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TOWN OF BROOKLYN, CONNECTICUT  
BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

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TOWN OF BROOKLYN, CONNECTICUT  
STATEMENT OF NET POSITION  
YEAR ENDING JUNE 30, 2016

		<u>Governmental Activities</u>
<b>ASSETS</b>		
Cash and Equivalents	\$	2,176,646
Investments		600,653
Restricted Cash and Equivalents		-
Receivables		
Taxes, Net		161,895
Accounts		165,750
Loans		241,316
Intergovernmental		275,289
Interest and Liens		144,940
Special Assessments		660
Prepaid Expenses		-
Inventories		1,475
Capital Assests		
Nondepreciable		3,466,309
Depreciable, Net of Accumulated Depreciation		<u>26,420,060</u>
Total Assets		<u>33,654,993</u>
<b>LIABILITIES</b>		
Accounts Payable		540,323
Intergovernmental Payable		2,033
Accrued Payroll and Related		38,813
Accrued Interest Payable		25,087
Due to Fiduciary Funds		18,940
Unearned Revenues - Performance		76,589
Non-Current Liabilities		
Due Within One Year		4,295,280
Due in More Than One Year		<u>6,103,261</u>
Total Liabilities		<u>11,100,326</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets		24,593,885
Restricted Net Position		
Expendable		588,167
Unrestricted Net Position		<u>(2,627,385)</u>
Total Net Position	\$	<u><u>22,554,667</u></u>

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

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**TOWN OF BROOKLYN, CONNECTICUT**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDING JUNE 30, 2016**

Functions/Programs	Expenses	Program Revenues			Net(Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities</b>					<b>Governmental Activities</b>
General government	\$ (2,479,088)	\$ 551,887	\$ -	\$ -	\$ (1,927,201)
Public safety	(957,699)	1,240	16,466	-	(939,993)
Public works	(1,473,173)	150,037	-	519,660	(803,476)
Human services	(86,315)	-	-	-	(86,315)
Civic and cultural	(723,216)	253,151	-	-	(470,065)
Development and planning	(121,205)	23,812	-	-	(97,393)
Sundry	(695,271)	44,519	-	-	(650,752)
Education	(19,612,734)	173,978	8,734,645	-	(10,704,111)
Interest on long-term debt	(51,040)	-	-	-	(51,040)
<b>Total Governmental Activities</b>	<b>\$ (26,199,741)</b>	<b>\$ 1,198,624</b>	<b>\$ 8,751,111</b>	<b>\$ 519,660</b>	<b>(15,730,346)</b>
<b>General Revenues</b>					
					13,121,034
Property Taxes, payments in lieu of taxes, interest and liens					538,479
Grants and contributions not restricted to specific programs					21,233
Unrestricted interest and investment earnings					47,253
Other general revenues					<u>13,727,999</u>
<b>Total general Revenues</b>					<b>13,727,999</b>
<b>Change in Net Position</b>					<b>(2,002,347)</b>
<b>Net Position - Beginning of Year, Restated</b>					<u>24,557,014</u>
<b>Net Position - End of Year</b>					<b>\$ <u>22,554,667</u></b>

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

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**TOWN OF BROOKLYN, CONNECTICUT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDING JUNE 30, 2016**

	General Fund	Water Pollution Control Authority Fund	School Building Committee Fund	Capital Non Recurring Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and Equivalents	\$ 596,966	\$ 1,465,776	\$ -	\$ -	\$ 113,904	\$ 2,176,646
Investments	519,084	-	-	-	81,569	600,653
Restricted Cash and Equivalents	-	-	-	-	-	-
Taxes Receivable, Net of allowance for Uncollectible Amounts	161,895	-	-	-	-	161,895
Other Receivables						
Accounts	116,616	48,540	-	-	594	165,750
Loans	-	-	-	-	241,316	241,316
Intergovernmental	-	-	-	274,289	1,000	275,289
Interest and Liens	120,493	24,447	-	-	-	144,940
Special Assessments	-	660	-	-	-	660
Due from Other Funds	754,117	-	919,153	123,912	252,191	2,049,373
Prepaid Expenditures	-	-	-	-	-	-
Inventories	-	-	-	-	1,475	1,475
Total Assets	<u>\$ 2,269,171</u>	<u>\$ 1,539,423</u>	<u>\$ 919,153</u>	<u>\$ 398,201</u>	<u>\$ 692,049</u>	<u>\$ 5,817,997</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>						
<b>Liabilities</b>						
Accounts Payable	\$ 425,280	\$ 115,043	\$ -	\$ -	\$ -	\$ 540,323
Intergovernmental Payable	2,033	-	-	-	-	2,033
Accrued Payroll and Related	38,813	-	-	-	-	38,813
Due to Other Funds	799,785	-	613,059	491,699	163,770	2,068,313
Unearned Revenues - Performance	51,940	-	-	-	24,649	76,589
Performance Bonds	-	-	-	-	-	-
Total Liabilities	<u>1,317,851</u>	<u>115,043</u>	<u>613,059</u>	<u>491,699</u>	<u>188,419</u>	<u>2,726,071</u>
Deferred Inflows of Resources						
Deferred Revenues - not Available	179,822	54,138	-	274,289	-	508,249
Fund Balances (Deficits)						
Nonspendable	6,900	-	-	-	1,475	8,375
Restricted	32,351	-	-	2,322	553,494	588,167
Committed	-	-	306,094	233,088	-	539,182
Assigned	128,118	1,370,242	-	-	30,285	1,528,645
Unassigned	604,129	-	-	(603,197)	(81,624)	(80,692)
Total Fund Balances (Deficits)	<u>771,498</u>	<u>1,370,242</u>	<u>306,094</u>	<u>(367,787)</u>	<u>503,630</u>	<u>2,583,677</u>
Total Liabilities, Deferred Inflows of of Resources and Fund Balances (Deficits)	<u>\$ 2,269,171</u>	<u>\$ 1,539,423</u>	<u>\$ 919,153</u>	<u>\$ 398,201</u>	<u>\$ 692,049</u>	<u>\$ 5,817,997</u>

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

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TOWN OF BROOKLYN, CONNECTICUT  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
GOVERNMENT WIDE STATEMENT OF NET POSITION  
GOVERNMENTAL ACTIVITIES  
YEAR ENDING JUNE 30, 2016

Amounts Reported for Governmental Activities in the Statement of Net Position  
are Different Because:

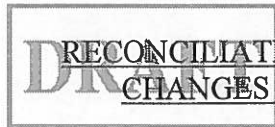
Fund Balances - Total Governmental Funds	\$ 2,583,677
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	29,886,369
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	508,249
Long-term liabilities are not due and payable in the current period and, therefore, are deferred in the funds.	
General obligation bonds	(1,115,000)
Bans	(4,155,000)
Bond Premium	(22,484)
Compensated absences	(580,428)
Post closure landfill costs	(162,000)
Pension obligations	(2,477,469)
OPEB obligations	(1,886,160)
Accrued interest	(25,087)
Net Position of Governmental Activities	\$ 22,554,667

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

**TOWN OF BROOKLYN, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDING JUNE 30, 2016**

	General Fund	Water Pollution Control Authority Fund	School Building Committee Fund	Capital Nonrecurring Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Property Taxes	\$ 13,216,352	\$ -	\$ -	\$ -	\$ -	\$ 13,216,352
Licenses and Permits	518,805	369,125	-	-	-	887,930
Intergovernmental	8,359,463	-	-	277,289	1,172,511	9,809,263
Miscellaneous	56,541	-	-	7,114	268,847	332,502
Investment Earnings	17,962	2,827	-	-	444	21,233
Total Revenues	<u>22,169,123</u>	<u>371,952</u>	<u>-</u>	<u>284,403</u>	<u>1,441,802</u>	<u>24,267,280</u>
<b>EXPENDITURES</b>						
<b>Current</b>						
General Government	880,195	312,315	-	-	-	1,192,510
Public Safety	876,768	-	-	-	-	876,768
Public Works	999,580	-	-	-	449,813	1,449,393
Human Services	86,315	-	-	-	-	86,315
Civic and Cultural	651,438	-	-	-	63,035	714,473
Development and Planning	120,603	-	-	-	-	120,603
Sundry	695,271	-	-	-	-	695,271
Education	17,955,158	-	-	-	990,542	18,945,700
<b>Debt Service</b>						
Principal Retirement	31,793	1,100,000	31,000	4,159,000	-	5,321,793
Interest and Fiscal Charges	24,947	-	310	44,888	-	70,145
Capital Outlay	-	867,851	-	639,539	-	1,507,390
Total Expenditures	<u>22,322,068</u>	<u>2,280,166</u>	<u>31,310</u>	<u>4,843,427</u>	<u>1,503,390</u>	<u>30,980,361</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(152,945)</u>	<u>(1,908,214)</u>	<u>(31,310)</u>	<u>(4,559,024)</u>	<u>(61,588)</u>	<u>(6,713,081)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	-	-	-	931,205	8,280	939,485
Transfers Out	(939,485)	-	-	-	-	(939,485)
Premium on Issuance	-	22,484	-	25,445	-	47,929
Bonds Issued	-	2,215,000	-	3,055,000	-	5,270,000
Total Other Financing Sources (Uses)	<u>(939,485)</u>	<u>2,237,484</u>	<u>-</u>	<u>4,011,650</u>	<u>8,280</u>	<u>5,317,929</u>
Net Changes In Fund Balances	(1,092,430)	329,270	(31,310)	(547,374)	(53,308)	(1,395,152)
Fund Balances (Deficits) - Beginning	1,863,928	1,040,972	337,404	179,587	556,938	3,978,829
Fund Balances (Deficits) - End of Year	\$ <u>771,498</u>	\$ <u>1,370,242</u>	\$ <u>306,094</u>	\$ <u>(367,787)</u>	\$ <u>503,630</u>	\$ <u>2,583,677</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  
YEAR ENDING JUNE 30, 2016

Amounts Reported for Governmental Activities in the Statement of Activities  
are Different Because:

Net Change in Fund Balances - Total Governmental Funds \$ (1,395,152)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period

Capital outlay expenditures	1,045,327
Depreciation expense	<u>(1,155,322)</u>
	<u>(109,995)</u>

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Real Property taxes and other revenues in the General Fund	(95,318)
State reimbursement of bond principal	-
Grant revenues in the Capital Nonrecurring Fund	-
	<u>(95,318)</u>

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Proceeds from long-term debt - general obligation bonds	(5,292,484)
Principal payments on long-term debt	<u>5,321,793</u>
	<u>29,309</u>

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 governmental funds, including the change in

Accrued interest	19,092
Compensated absences	(17,995)
Post-closure landfill costs	18,000
Change in pension asset/liability	(258,550)
Other post employment benefits obligations	<u>(191,738)</u>
	<u>(431,191)</u>

Change in Net Position of Governmental Activities \$ (2,002,347)

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

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TOWN OF BROOKLYN, CONNECTICUT  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDING JUNE 30, 2016

	Pension Trust Funds	Agency Funds
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Cash and equivalents	\$ 39,633	\$ 20,079
Investments, at fair value	4,066,677	23,348
Due from other funds	<u>                    -</u>	<u>                    18,940</u>
 Total Assets	 <u>                    4,106,310</u>	 <u>                    62,367</u>
<b>LIABILITIES</b>		
Due to others	-	-
Due to students	<u>                    -</u>	<u>                    62,367</u>
 Total Liabilities	 <u>                    -</u>	 <u>                    62,367</u>
<b>NET POSITION</b>		
Held in trust for pension benefits and other purposes	\$ <u>                    4,106,310</u>	\$ <u>                    -</u>

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



<b>DRAFT</b>
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TOWN OF BROOKLYN, CONNECTICUT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDING JUNE 30, 2016

	<u>Pension Trust Funds</u>
<b>ADDITIONS</b>	
Contributions	
Employer	\$ <u>375,206</u>
Investment income	
Net change in fair value of investments	(9,590)
Interest and dividends	<u>-</u>
Total Investment Income	<u>(9,590)</u>
Total Additions	<u>365,616</u>
<b>DEDUCTIONS</b>	
Pension benefits	330,145
Administrative fees	17,966
Other	<u>-</u>
Total Deductions	<u>348,111</u>
Change in Net Position	17,505
Net Position - Beginning of Year	<u>4,088,805</u>
Net Position - End of Year	\$ <u><u>4,106,310</u></u>

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

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

**1. Summary of Significant Accounting Policies**

The Town of Brooklyn, Connecticut ("Town") is a municipal corporation governed by a selectmen—town meeting 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 selectmen. 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 accounting policies conform to generally accepted accounting principles as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Town's more significant accounting policies:

**A. Financial Reporting Entity**

The financial reporting entity consists of: a) the primary government; b) organizations for which the primary government is financially accountable and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

In evaluating how to define the financial reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in this reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. The criterion has been considered and there are no agencies or entities which should be presented with this government.

**B. Government-Wide Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the primary government as a whole. For the most part, the effect of inter-fund activity has been removed from these statements, except for inter-fund services provided and used. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities (if any), which rely to a significant extent on fees and charges for support.

The Statement of Net Position presents the financial position of the Town at the end of its fiscal year. The Statement of Activities demonstrates the degree to which 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 or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The Town does not allocate indirect expenses to functions in the Statement of Activities.



TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

**1. Summary of Significant Accounting Policies (Continued)**

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict GASB guidance.

**C. Fund Financial Statements**

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, liabilities, fund balances/net assets, revenues and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Town maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. 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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Town's resources are reflected in the fund financial statements in two broad fund categories, in accordance with generally accepted accounting principles as follows:

**Fund Categories**

- a. Governmental Funds - Governmental funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the Town's major governmental funds:
  - General Fund - The General Fund constitutes the primary operating fund of the Town and is used to account for and report all financial resources not accounted for and reported in another fund.
  - Water Pollution Control Authority Fund — The Water Pollution Control Authority Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for the sewer system which is available to some of the residents.
  - School Building Fund — The School Building Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for the building of a new preschool building.



TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

**1. Summary of Significant Accounting Policies (Continued)**

- Capital Nonrecurring Fund - 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 Town also reports the following non-major 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 non-major Special Revenue Funds of the Town are:

- Small Cities Block Grant Fund — 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.
- Town Aid Road Fund — 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.
- Special Education Grants Fund — 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.
- Cafeteria Fund — The Cafeteria Fund is used to account for and report financial resources received from the cafeteria and milk programs that are restricted, committed or assigned 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.
- Recreation Fund — The Recreation Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for activities sponsored by the Recreation Commission.
- Open Space Land Acquisition Fund — The Open Space Land Acquisition Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for future purchases of open space land in town.
- Memorial Scholarship Fund — The Memorial Scholarship Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for scholarships for deserving school children.



TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

**1. Summary of Significant Accounting Policies (Continued)**

- b. Fiduciary Funds (Not included in government-wide financial statements) - The Fiduciary Funds are used to account for assets held by the Town in an agency capacity on behalf of others. These include Pension Trust and Agency funds. The Pension Trust Funds are provided to account for the activities of the Town's two defined benefit pension plans, which accumulate resources for pension and health benefit payments to qualified employees upon retirement. The Agency Fund is primarily utilized to account for monies held as custodian for outside student groups.

**D. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the pension trust funds. The Agency Fund has no measurement focus, but utilizes the accrual basis of accounting. 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*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Property taxes and certain other revenues are considered to be available if collected within sixty days of the fiscal year end. Property taxes associated with the current fiscal period, as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures, when applicable, related to early retirement incentives, compensated absences, capital leases, pollution remediation obligations, post-closure landfill costs, other post-employment benefit obligations, certain pension obligations and certain claims payable are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.



TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

**1. Summary of Significant Accounting Policies (Continued)**

**E. Assets, Liabilities and Net Assets or Fund Balances**

**Deposits, Investments and Risk Disclosure**

**Cash and Equivalents** - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts, certificates of deposit, money market funds, State of Connecticut Treasurer's Short-Term Investment Fund, Tax Exempt Proceeds Funds and treasury bills with original maturities of less than three months.

The Town's custodial credit risk 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.

**Investments** - The investment policies of the Town conform to the policies as set forth by the State of Connecticut. The Town's policy is to only allow prequalified financial institution broker/dealers and advisors. The Town policy allows investments in the following: (1) obligations of the United States and its agencies; (2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and (3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short-Term Investment Fund and the Tax Exempt Proceeds Fund.

Investments are stated at fair value, based on quoted market prices.

The pension funds allow for investments in certain alternative investments. Alternative investments may include private equity partnerships, infrastructure limited partnerships, hedge and absolute return funds for which there may be no ready market to determine fair value. These investments are valued using the most recent valuation available from the external fund manager. These estimated values do not necessarily represent the amounts that will ultimately be realized upon the disposition of those assets, which may be materially higher or lower than values determined if a ready market for the securities existed.

Other provisions of the Statutes cover specific municipal pension funds with particular investment authority and do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries (i.e., prudent person rule) and the provisions of the applicable plan. Their approved policies target an asset mix to provide the probability of meeting or exceeding the return objectives at the lowest possible risk.



TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

**1. Summary of Significant Accounting Policies (Continued)**

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, as such, reports its investments at amortized cost (which approximates fair value). A 2a7-like pool is not necessarily registered with the Security and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940 that allows money market mutual funds to use the amortized cost to report net assets. The pool is overseen by the Office of the State Treasurer. The pool is rated AAAm by Standard & Poor's. 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. The fair value of the position in the pool is the same as the value of the pool shares.

**Interest Rate Risk** - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. 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 changing interest rates. Generally, the Town does not invest in any long-term investment obligations.

**Custodial Credit Risk** — 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 for custodial credit risk is to invest in obligations allowable under the Connecticut General Statutes as described previously.

**Credit Risk** — Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Town does not have a formal credit risk policy other than restrictions to obligations allowable under the Connecticut General Statutes.

**Concentration of Credit Risk** — Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The Town follows the limitations specified in the Connecticut General Statutes. Generally, the Town's deposits cannot be 75% or more of the total capital of any one depository.

**Restricted Cash and Equivalents** - Certain assets are classified as restricted because their use is limited.

**Taxes Receivable** - Property taxes are assessed on property values as of October 1<sup>st</sup>. The tax levy is divided into four billings; the following July 1<sup>st</sup>, October 1<sup>st</sup>, January 1<sup>st</sup>, and April 1<sup>st</sup>. This is used to finance the fiscal year from the first billing (July 1<sup>st</sup>) to June 30<sup>th</sup> of the following year. The billings are considered due on those dates; however, the actual due date is based on a period ending 31 days after the tax bill. On these dates (August 1<sup>st</sup>, November 1<sup>st</sup>, February 1<sup>st</sup>, and May 1<sup>st</sup>), the bill becomes delinquent at which time the applicable property is subject to lien, and penalties and interest are assessed.





TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

**1. Summary of Significant Accounting Policies (Continued)**

Under State Statute, the Town has the right to impose a lien on a taxpayer if any personal property tax, other than a motor vehicle tax, due to the Town is not paid within the time limited by any local charter or ordinance. The lien shall be effective for a period of fifteen years from the date of filing unless discharged. A notice of tax lien shall not be effective if filed more than two years from the date of assessment for the taxes claimed to be due.

**Other Receivables** - Other receivables include amounts due from other governments and individuals for services provided by the Town. Receivables are recorded and revenues recognized as earned or as specific program expenditures/expenses are incurred. Allowances are recorded when appropriate.

**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.

**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.

**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. In the fund financial statements, reported amounts are equally offset by non-spendable fund balance in governmental funds, which indicates that they do not constitute "available spendable resources" even though they are a component of current assets. Purchases of other inventoriable items are recorded as expenditures/expenses at the time of purchase and year-end balances are not material.

**Due From/To Other Funds** - During the course of its operations, the Town has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2015, balances of inter-fund amounts receivable or payable have been recorded in the fund financial statements.

**Capital Assets** - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than the capitalization threshold for that asset type 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.

Intangible assets lack physical substance, is nonfinancial in nature and its useful life extends beyond a single reporting period. These are reported at historical cost if identifiable. Intangible assets with no legal, contractual, regulatory, technological or other factors limiting their useful life are considered to have an indefinite useful life and are not amortized.



TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

1. Summary of Significant Accounting Policies (Continued)

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.

Land is considered inexhaustible and, therefore, not depreciated. Property, plant, and equipment of the Town are depreciated or amortized using the straight line method over the following estimated useful lives:

Assets	Years	Capitalization Threshold
Land	N/A	\$25,000
Construction in progress	N/A	
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.

**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 represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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 represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Also, deferred revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Such amounts in the fund financial statements have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.



TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

**1. Summary of Significant Accounting Policies (Continued)**

**Long-Term Liabilities** - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

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.

**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.

**Net Position** - Net position represents the difference between assets, liabilities, and deferred outflows/inflows of resources. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the Statement of Net Position includes, net investment in capital assets and restricted. The balance is classified as unrestricted.

**Fund Balance** - Generally, fund balance represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

- Non-spendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).
- Restricted fund balance is to be reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification will be used to report funds that are restricted for debt service obligations and for other items contained in the Connecticut statutes.
- Committed fund balance will be reported for amounts that can only be used for specific purposes pursuant to formal action of the Town's highest level of decision making authority. A motion at a Town Meeting is the highest level of decision making authority for the Town that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the Town removes or changes the purpose by taking the same action that was used to establish the commitment.



TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

**1. Summary of Significant Accounting Policies (Continued)**

- Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Board of Finance for amounts assigned for balancing the subsequent year's budget or management for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying non-spendable, restricted or committed fund balance amounts.
- Unassigned fund balance, in the General Fund, represents amounts not classified as non-spendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as non-spendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Town's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Town's policy to use fund balance in the following order: committed, assigned, and unassigned.

**F. 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.

**G. Use of 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, liabilities, deferred inflows and outflows of resources, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**H. Implementation of New Accounting Policies**

For the year ending June 30, 2016, the Town implemented the provisions of GASB Statement 72, Fair Value Measurement and Application. This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting issues.



TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

**1. Summary of Significant Accounting Policies (Continued)**

**I. Subsequent Event Evaluation by Management**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which is February 15, 2017.

**2. Stewardship, Compliance and Accountability**

**A. 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.
- **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.
- **Other Grants** — The Town nets the revenue from the State historic preservation grant with the expenditures for the grant
- **Insurance Proceeds** — The Board of Education recognizes insurance proceeds in the year earned whether they were received in 60 days or not.

**B. 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.



TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

**2. Stewardship, Compliance and Accountability (Continued)**

**C. 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 one-time 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.

**D. Fund Deficit**

The Capital Nonrecurring Fund and Town Aid Road Fund have deficit fund balances of \$367,787 and \$125,201, respectively at June 30, 2016. The Town considers this a timing issue and plans to address this deficit in the subsequent year.

**3. Detailed Notes on All Funds**

**A. Cash, Cash Equivalents and Investments**

Cash and investments of the Town consist of the following at June 30, 2016:

Statement of Net Position	
Cash and equivalents	\$2,176,646
Restricted cash	-
Investments	<u>600,653</u>
	<u>2,777,299</u>
Fiduciary Funds	
Cash and equivalents	120,958
Investments	<u>4,028,561</u>
	<u>4,149,519</u>
Total Cash and Investments	<u>\$6,926,818</u>



TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

**3. Detailed Notes on All Funds (Continued)**

**Cash and Cash Equivalents** - As of June 30, 2016 the carrying amount of the Town's deposits with financial institutions was:

Cash and Cash Equivalents	
Deposits with financial institutions	\$2,740,030
Plus external investment pools	158,226
Less Certificates of deposits (in investments)	<u>(600,653)</u>
	<u>\$2,297,603</u>

The bank balance of the deposits with financial institutions was \$2,938,260 and was exposed to custodial credit risk as follows:

Covered by Federal Depository Insurance	\$1,133,891
Collateralized by securities held in trust Not in the Town's name	526,951
Uninsured and uncollateralized	<u>1,277,418</u>
	<u>\$ 2,938,260</u>

**Investments** — Investments are summarized as follows at June 30, 2016

Investments reported in Governmental Funds:

	<u>General Fund</u>	Other <u>Governmental</u>
Certificates of deposit	\$358,378	\$ 81,569
U.S. treasuries	<u>160,706</u>	<u>-</u>
	<u>\$519,084</u>	<u>\$ 81,569</u>

Investments reported in Fiduciary Funds

	<u>Town Pension Trust Fund</u>	Student <u>Activity Fund</u>	Total <u>Investments</u>
Certificates of deposit	\$ --	\$ 23,348	\$ 23,348
Mutual Funds - Equity	<u>4,005,213</u>	<u>-</u>	<u>4,005,213</u>
	<u>\$4,005,213</u>	<u>\$ 23,348</u>	<u>\$4,028,561</u>

Below is a summary of the interest rate risk and credit risk as of June 30, 2016:

<u>Type of Investment</u>	<u>Average Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>		
			<u>Less Than 1 Year</u>	<u>1-5 Years</u>	<u>Over 5 Years</u>
Certificates of deposit	*	\$ 463,293	\$ 463,293	\$ -	\$ -
U.S. Treasuries	NA	160,706	-	-	160,706
Mutual funds – equity	NA	<u>4,005,213</u>	<u>4,005,213</u>	-	-
Totals		<u>\$4,629,212</u>	<u>\$4,468,506</u>	<u>\$ -</u>	<u>\$160,706</u>



TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

**3. Detailed Notes on All Funds (continued)**

**Certificates of Deposit** — The Town invests in nonparticipating interest-earning investment contracts in the form of certificates of deposit. These do not capture the market (interest rate) changes through the investment's negotiability or transferability, or redemption terms that consider market rates. This exposes the Town to interest rate risk.

**B. Receivables, Deferred Revenue and Unearned Revenue**

Not all special assessments, intergovernmental and loans receivable are expected to be collected within the next year.

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. The following were reported as *deferred revenue* because they were not received within 60 days of the year end.

	<u>General Fund</u>	<u>Water Pollution Control Authority Fund</u>	<u>Capital Nonrecurring Fund</u>
Property taxes and interest	\$179,822	\$ -	\$ -
Special assessments	-	54,138	-
Intergovernmental revenue	-	-	<u>274,289</u>
	<u>\$179,822</u>	<u>\$54,138</u>	<u>\$274,289</u>

Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. This is recorded as the liability *unearned revenue* at June 30, 2016.

	<u>General Fund</u>	<u>Other Governmental Authority Fund</u>
Advances on grants	\$ -	\$24,649
Fees collected in advance	<u>51,940</u>	-
	<u>\$ 51,940</u>	<u>\$24,649</u>

**C. Operating Lease Receivable**

The Town entered into a twenty year operating lease with a third party for office space in a Town building. The Town invested \$300,000 to convert the building for rental space. The annual rent of \$25,000 will be received in twelve monthly payments of \$2,083.33. 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:

<u>Year End</u>	<u>Amount</u>	<u>Year End</u>	<u>Amount</u>	<u>Year End</u>	<u>Amount</u>
2017	32,002	2021	35,324	2025	<u>38,991</u>
2018	32,802	2022	36,207	Total	<u>\$318,564</u>
2019	33,622	2023	37,113		
2020	34,463	2024	38,040		





TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

3. Detailed Notes on All Funds. Continued)

D. Inter-Fund Transactions

The outstanding balances between funds result mainly from the time lag between the dates that: 1) inter-fund 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, 2016 these were summarized as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	School Building Committee Fund	\$ 613,059
General Fund	Other Governmental Funds	36,358
School Building Committee Fund	General Fund	532,153
School Building Committee Fund	Capital Nonrecurring Fund	387,000
General Fund	Capital Nonrecurring Fund	104,698
Capital Nonrecurring Fund	Other Governmental Funds	123,913
Other Governmental Funds	General Fund	252,192
Student Activity	General Fund	15,440
Student Activity	Other Governmental Funds	3,500
		<u>\$2,068,313</u>

Fund transfers are generally used to fund special projects with general fund revenues. Transfers during the year ended June 30, 2016 were as follows:

	<u>Transfers into:</u>		
	<u>Capital Nonrecurring Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Transfers out of General Fund	<u>\$931,205</u>	<u>\$8,280</u>	<u>\$939,485</u>

E. Capital Assets

Changes in the Town's capital assets used in the governmental activities are as follows:

	<u>Restated Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land	\$ 2,927,769			\$ 2,927,769
Construction in progress	<u>620,094</u>	<u>353,549</u>	<u>(435,103)</u>	<u>538,540</u>
	<u>3,547,863</u>	<u>353,549</u>	<u>(435,103)</u>	<u>3,466,309</u>
Capital assets being depreciated				
Buildings and systems	29,592,834	166,880	-	29,759,714
Machinery and equipment	3,622,173	51,188	-	3,673,361
Infrastructure	10,167,019	908,813	-	11,075,832
Accumulated depreciation	<u>(16,933,525)</u>	<u>(1,155,322)</u>	-	<u>(18,088,847)</u>
	<u>26,448,501</u>	<u>(28,441)</u>	-	<u>26,420,060</u>
	<u>\$ 29,996,364</u>	<u>\$ 325,108</u>	<u>\$ (435,103)</u>	<u>\$ 29,886,369</u>



TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

**3. Detailed Notes on All Funds (Continued)**

Depreciation and amortization expense was charged to functions/programs of the governmental activities as follows:

General government	\$ 110,168
Public safety	96,784
Public works	451,601
Education	<u>496,769</u>
	<u>\$1,155,322</u>

**F. Long-Term Liabilities**

The following table summarizes changes in the Town's long-term indebtedness for the year ending June 30, 2016:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
BANS	\$5,290,000	\$4,155,000	\$(5,290,000)	\$ 4,155,000	\$4,155,000
General obligation bonds	-	1,115,000	-	1,115,000	17,484
Notes and loans	30,786	-	(30,786)	-	-
Bond Premium	-	22,484	-	22,484	-
Compensated absences	562,433	39,468	(21,473)	580,428	104,796
Post closure landfill costs	180,000	-	(18,000)	162,000	18,000
Pension obligations	2,218,919	283,474	(24,924)	2,477,469	0
OPEB obligations	<u>1,694,422</u>	<u>198,738</u>	<u>(7,000)</u>	<u>1,886,160</u>	<u>0</u>
	<u>\$9,976,560</u>	<u>\$5,814,164</u>	<u>\$(5,392,183)</u>	<u>\$10,398,541</u>	<u>\$4,295,280</u>

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

**General Obligation Bonds**

The Town issues general obligation bonds to provide funds 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. The Bond Anticipation Note (BAN) was rolled over on August 1, 2015 into a new, one-year BAN for \$4,155,000 with interest at a rate of 1.25%. The Town also obtained a General Obligation Bond on June 23, 2016 in the amount of \$1,155,000 with an interest rate of 2.25%. General obligation bonds outstanding as of June 30, 2016 consisted of the following:

<u>Purpose</u>	<u>Date of</u> <u>Issue</u>	<u>Original</u> <u>Amount</u>	<u>Final</u> <u>Maturity</u>	<u>Interest</u> <u>Rates</u>	<u>Amount</u> <u>Outstanding</u>
Upgrades and improvements To the Town's sanitary sewer Collection system	6/23/16	\$1,115,000	6/23/56	2.25%	\$ 1,115,000
Multipurpose Bond Anticipation	8/1/15	\$4,155,000	8/10/16	1.25%	<u>4,155,000</u>
					<u>\$5,270,000</u>



TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

**3. Detailed Notes on All Funds (Continued)**

Payments to maturity on the general obligation bonds are as follows:

<u>General Obligation Bonds</u>			<u>General Obligation Bonds</u>		
<u>Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Year End</u>	<u>Principal</u>	<u>Interest</u>
6/30/2017	4,172,484	25,088	6/30/2037	27,283	15,288
6/30/2018	17,877	24,694	6/30/2038	27,897	14,674
6/30/2019	18,279	24,292	6/30/2039	28,525	14,046
6/30/2020	18,690	23,881	6/30/2040	29,167	13,404
6/30/2021	19,111	23,460	6/30/2041	29,823	12,748
6/30/2022	19,541	23,030	6/30/2042	30,494	12,077
6/30/2023	19,981	22,590	6/30/2043	31,180	11,391
6/30/2024	20,430	22,141	6/30/2044	31,861	10,710
6/30/2025	20,890	21,681	6/30/2045	32,599	9,972
6/30/2026	21,360	21,211	6/30/2046	33,332	9,239
6/30/2027	21,840	20,731	6/30/2047	34,082	8,489
6/30/2028	22,332	20,239	6/30/2048	34,849	7,722
6/30/2029	22,834	19,737	6/30/2049	35,633	6,938
6/30/2030	23,348	19,223	6/30/2050	36,435	6,136
6/30/2031	23,873	18,698	6/30/2051	37,255	5,316
6/30/2032	24,411	18,160	6/30/2052	38,093	4,478
6/30/2033	24,960	17,611	6/30/2053	38,950	3,621
6/30/2034	25,521	17,050	6/30/2054	39,826	2,745
6/30/2035	26,096	16,475	6/30/2055	40,723	1,849
6/30/2036	26,683	15,888	6/30/2056	41,452	1,117
				<u>\$ 5,270,000</u>	<u>\$ 587,840</u>

Interest paid and expensed on general obligation bonds for the year ended June 30, 2016 totaled \$45,198.

**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. Additionally, certain vacation and sick leave expenses will be paid out of the pension funds upon retirement. 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, inflation, changes in technology and applicable laws and regulations. During the year the actual costs amounted to \$7,680.



TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

3. Detailed Notes on All Funds continued)

**Prior Year Defeasance of Debt**

In prior years, the Town defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. At June 30, 2016, \$415,000 of bonds outstanding are considered defeased.

**Legal Debt Limit**

Connecticut General Statutes Section 7-374 sets limits on the debt, as defined by the statutes, which can be incurred by the Town and other governmental agencies within the Town. The limitations for the Town are as follows:

Total tax collections (including interest and lien fees) for the year - primary government	\$13,216,352
Total tax collections (including interest and lien fees) for the year - coterminous governments	<u>251,091</u>
Debt limitation base	<u>\$13,467,443</u>

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation					
2½ times base	\$30,301,747	\$ -	\$ -	\$ -	\$ -
4½ times base	-	60,603,494	-	-	-
3¾ times base	-	-	50,502,911	-	-
3¼ times base	-	-	-	43,769,190	-
3 times base	-	-	-	-	40,402,329
Total debt limitation	<u>30,301,747</u>	<u>60,603,494</u>	<u>50,502,911</u>	<u>43,769,190</u>	<u>40,402,329</u>
Indebtedness					
Bonds payable	1,808,256	2,346,744	1,115,000	-	-
Loans payable – coterminous	136,761	-	-	-	-
To be provided by the state	-	-	-	-	-
Total indebtedness	<u>1,945,017</u>	<u>2,346,744</u>	<u>1,115,000</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of debt					
Outstanding and authorized	<u>\$28,356,730</u>	<u>\$58,256,750</u>	<u>\$49,387,911</u>	<u>\$43,769,190</u>	<u>\$40,402,329</u>

In no case shall total indebtedness exceed seven times the annual receipts from taxation \$94,272,101



TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

**3. Detailed Notes on All Funds (continued)**

**G. Net Position**

The components of net position are detailed below:

*Net Investment in Capital Assets* - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

*Restricted Net Position — Expendable* - the component of net position that reflects funds that can only be spent subject to the laws, regulations, grants and other agreements relating to these funds. This is made up of:

General Government	\$404,679
Education	155,897
Capital Projects	2,322
Other Purposes	<u>25,269</u>
	<u>\$588,167</u>

*Unrestricted* - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets".

**H. Fund Balances**

As discussed in Note 1, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. These are summarized below:

	<u>General Fund</u>	<u>Water Pollution Control Authority Fund</u>	<u>School Building Committee Fund</u>	<u>Capital Nonrecurring Fund</u>	<u>Other Governmental Funds</u>
<b>Nonspendable</b>					
Not in spendable form					
Prepaid expenditures	\$ 6,900	\$ -	\$ -	\$ -	\$ -
Inventories	-	-	-	-	1,475
	<u>\$ 6,900</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,475</u>
<b>Restricted</b>					
General Government	\$32,351	\$ -	\$ -	\$ -	\$372,328
Education	-	-	-	-	155,897
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Capital Projects	-	-	-	2,322	-
Other Purposes	-	-	-	-	25,269
	<u>\$32,351</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,322</u>	<u>\$553,494</u>



TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

**3. Detailed Notes on all Funds (continued)**

	<u>General Fund</u>	<u>Water Pollution Control Authority Fund</u>	<u>School Building Committee Fund</u>	<u>Capital Nonrecurring Fund</u>	<u>Other Governmental Funds</u>
Committed					
Capital Projects	\$ -	\$ -	\$306,094	\$233,088	\$ -
Assigned					
General Government	\$ -	1,370,242	\$ -	\$ -	\$ -
Education	-	-	-	-	21,232
Culture and Recreation	-	-	-	-	9,053
Capital Projects	-	-	-	-	-
Other Purposes	128,118	-	-	-	-
	<u>\$128,118</u>	<u>\$1,370,242</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,285</u>

**I. Employee Retirement Systems and Pension Plans Teachers' Retirement System**

**Teachers' Retirement System**

Teachers and certain other certified personnel in the Town are eligible to participate in the State of Connecticut Teachers' Retirement System, a multiple employer public employees retirement system described in the Connecticut General Statutes, Chapter 167a. The system has been established to provide retirement and other benefits for teachers, their survivors and beneficiaries. A member is eligible to receive a normal retirement benefit who (1) has reached the age of sixty and has accumulated twenty years of credited service in the public schools of Connecticut or (2) has attained any age and has accumulated thirty five years of credited service, at least twenty-five years of which are service in the public schools of Connecticut. The financial report may be obtained through the State Teachers' Retirement Board.

The normal retirement benefit is two percent times the number of years of credited service multiplied by their average annual salary received during the three years of highest salary. In no event will such benefit exceed seventy-five percent of the average annual salary, or be less than \$3,600. Benefits are fully vested after ten years of service.

The funding of the system is provided by required member contributions (7.25 percent of their annual salary) and by amounts appropriated by the State of Connecticut General Assembly. For the year ended June 30, 2016, the State contributed \$286,369 into the pension plan on behalf of the Town. This was recorded on the GAAP statements as revenue and expenditures in the General Fund. The Town's total payroll for all employees for the fiscal year ending June 30, 2016 was \$7,929,493, of which \$5,820,974 was covered under this pension plan.