

---

# O'Connell, Pace, & Company, P.C.

## CERTIFIED PUBLIC ACCOUNTANTS

FACSIMILE: (860) 549-1804  
E-MAIL: oconnells@opccpa.com

609 FARMINGTON AVENUE  
SUITE 201  
HARTFORD, CT 06105-3063  
(860) 247-3917

Walter F. O'Connell, C.P.A.  
Mario Pace, C.P.A.  
Albert Celentano, C.P.A.  
William Clark, C.P.A., M.S.P.A.

---

### TOWN OF BROOKLYN

#### Management Letter

The procedures performed during our Audit brought to light some things which may help the Town or protect the Town or shield the Town from liability. These areas are broken down into accounting, legal, taxes, or income enhancements. We would recommend that you review the comments in the light in which they are made which is to protect the Town and in some instances the employees and management.

#### ACCOUNTING

There should be a long range planning committee for the Town, 5 years or 10 years out.

The unified accounting system with a standard Chart of Accounts of the new software should solve the problem of so many funds being carried as separate companies on the QuickBooks System. The Quick Books Accounting was deceiving in that we had to figure out what wasn't an expense, but a transfer and figure out revenues some of which weren't revenues at all but merely transfers.

There should be an Accounting Manual for each position and this daunting process will take several years. This has been started with what the people describe as the Red Book which includes the Operations Manual.

There should be a Small Tool/Expendable Asset list to protect those things which are not capitalized. Examples of these would be snow blowers, chain saws, plow blades depending on the Capitalization Policy.

The selectmen should revisit the issue of capitalized costs to see if the figure should be lowered or just the Small Tool/Expendable Asset list maintained.

The Town is sensitive to the safeguarding of assets, but there is something new this year for the Town to do and that is to perform a risk assessment procedure to see where the Town feels that losses or defalcations could occur. Once these are identified then the Town will install procedures to assume that these do not happen. Every Town Report I have seen contains this as a management comment.

The disposal of assets should have a signoff of another person preferably a Supervisor so that the Employee is protected from assertions of misuse.

The schedules which were not ready for us were as follows: The Schedule of Accounts Receivable, Government Receivable, Schedule of Property Taxes, Allowance for Doubtful Accounts, Schedule of Deferred Revenues, Fixed Assets Schedule which was a fiasco with 8 or 9 different versions, Pension Info waiting for, Appropriations were late, Single Audit info was late, Non Capital recurring Fund was not updated. In absence of Finance Director, Prior Auditor did most of the Schedules, but going forward these shouldn't be issues.

We had no idea that we had all this work to do and now understand why the prior auditors were late and why their fee was so much larger than ours. This is not Sherry's fault and hopefully will not occur in your next audited year.

The delays in the Audit were due to three factors. First; as I told you, the first year of an Audit takes 20-30% longer because we don't know how your particular Town works and we don't know where anything is. We were also unaware of just how many schedules were done by the prior firm.

#### INCOME ENHANCEMENT/COST SAVINGS

One a physical Asset Inventory is taken there may be excess Assets to be sold to provide the Town with money.

#### LEGAL

New Employees should go through all background checks they do, plus credit check and drug testing. These indicate a person who is more likely to steal.

The Employee Manual has not been updated since 2008 and even though it only covers five individuals it needs to be updated.

The Safety and OSHA training should be centralized in one place since I was looking for it in personnel files and it was not found there.

The Town has a responsibility to safeguard Assets and an Annual Inventory should be taken to protect their existence. There are very old tags on some equipment that shows it was done at some time.

The Employee Manual and the next Union Contract should contain a paragraph which deals with the personal computer usage by Town employees.

The Town has an ethics understanding with Member of Boards and the Selectmen, however, a better documentation of this would be to use the conflict of interest form and an acknowledgement and disclosure form.

The employees who are working where cameras are active should have signed a form acknowledging that the area they are working in is under surveillance.

### TAX ISSUES

There are only two individuals who take their Town owned vehicles home at night. The IRS considers this personal usage and is a taxable event. When we checked the W-2s there was the appropriate fringe benefit added to the income.

### SECURITY

The Town should consider installing locator beacons on Town vehicles since it is a good way to track them if stolen or any other questions arise.

The employee files are locked in a locked file cabinet, but a used fireproof file cabinet would be more secure.

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULES  
YEAR ENDED JUNE 30, 2015

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
TABLE OF CONTENTS  
YEAR ENDED JUNE 30, 2015

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
INDEPENDENT AUDITORS' REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-11
<u>Exhibits</u> BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
1 Statement of Net Position	12
2 Statement of Activities	13
Fund Financial Statements:	
3 Balance Sheet – Governmental Funds	14
3a Reconciliation of Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position – Governmental Activities	15
4 Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	16
4a Reconciliation of the Statement of Revenues, Expenditures, and Changes in	17
5 Statement of Fiduciary Net Assets – Fiduciary Funds	18
6 Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	19
NOTES TO FINANCIAL STATEMENT	20-49
REQUIRED SUPPLEMENTARY INFORMATION	
RSI-1 Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	50-52
RSI-2a Schedule of Changes in Net Pension Liability – Town Pension Trust Fund	53
RSI-2b Schedule of Employer Contributions – Town Pension Trust Fund	54

**DRAFT**

TOWN OF POMFRET  
TABLE OF CONTENTS (Continued)  
JUNE 30, 2015

	<u>Page</u>
RSI-2c Annual Money-Weighted Rate of Return – Town Pension Trust Fund	55
RSI-3a Schedule of Changes in Net Pension Liability – Town Pension Trust Fund	56
RSI-3b Schedule of Employer Contributions – Town Pension Trust Fund	57
RSI-3c Annual Money-Weighted Rate of Return – Town Pension Trust Fund	58
RSI-4a Schedule of Funding Progress – OPEB Trust Fund	59
RSI-4b Schedule of Employer Contributions – OPEB Trust Fund	60
<u>Statements</u> OTHER SUPPLEMENTARY INFORMATION	
Combining and Individual Fund Statements and Schedules:	
Special Revenue Funds:	
1 Combining Balance Sheet	61
2 Combining Statement of Revenues, Expenditures and Changes in Fund Balances	62
Pension Trust Funds:	
3 Combining Statement of Net Position	63
4 Combining Statement of Changes in Fiduciary Net Position	64
Agency Funds:	
5 Combining Statement of Net Position	65
<u>Schedules</u> SUPPLEMENTARY SCHEDULES	
1 Report of the Property Tax Collector	66
2 Statement of Changes in Fund Balance by Project – Capital Nonrecurring Fund	67-68
INTERNAL CONTROLS AND COMPLIANCE REPORTS	
Government Auditing Standards Report	69-70

**DRAFT**

TOWN OF POMFRET  
TABLE OF CONTENTS (Continued)  
JUNE 30, 2015

**STATE SINGLE AUDIT**

State Single Audit Report	71-72
Schedule of Expenditures of State Financial Assistance	73
Notes to the Schedule of Expenditures of State Financial Assistance	74-76
Schedule of Findings and Questioned Costs	77

**FEDERAL SINGLE AUDIT**

Federal Single Audit Report	78-79
Schedule of Expenditures of Federal Awards	80
Notes to the Schedule of Expenditures of Federal Awards	81-83
Schedule of Findings and Questioned Costs	84

---

**O'Connell, Pace, & Company, P.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**DRAFT**

FACSIMILE: (860) 549-1804  
E-MAIL: oconnells@opccpa.com

609 FARMINGTON AVENUE  
SUITE 201  
HARTFORD, CT 06105-3063  
(860) 247-3917

Walter F. O'Connell, C.P.A.  
Mario Pace, C.P.A.  
Albert Celentano, C.P.A.  
William Clark, C.P.A., M.S.P.A.

---

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, 2015, 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.

### *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, 2015, and the respective changes in financial position 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 schedules on pages 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.

**DRAFT**

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2016 on our consideration of the Town's internal control over financial reporting and on 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 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.

O'Connell, Pace, & Company PC

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

March 30, 2016

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDING JUNE 30, 2015

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, 2015. Please read it in conjunction with the Town's financial statements, which begin with Exhibit 1.

**FINANCIAL HIGHLIGHTS**

- Net position decreased by \$1,580,912 during fiscal year ending June 30, 2015.
- Total fund balance in all funds increased by \$103,385 during the same period.
- On the budgetary basis, total expenditures exceeded total revenues by \$877, 564.

**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 government.

**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.

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDING JUNE 30, 2015

**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 \$1,580,912 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.

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDING JUNE 30, 2015

Table 1

	<u>Change during Year</u>			Restated 2014
	2015	Dollars	Percent	
Current and other assets	\$ 4,945,627	\$ (993,643)	-16.73%	\$ 5,939,270
Capital assets	29,996,364	47,407	0.16%	29,948,957
Total assets	<u>34,941,991</u>	<u>(946,236)</u>	-2.64%	<u>35,888,227</u>
Long-term debt outstanding	9,976,560	1,062,474	11.92%	8,914,086
Other liabilities	402,733	(440,903)	-52.26%	843,636
Total liabilities	<u>10,379,293</u>	<u>621,571</u>	6.37%	<u>9,757,722</u>
Net position				
Net investment in capital assets	24,675,578	(647,588)	-2.56%	25,323,166
Restricted				
Expendable	534,380	59,573	12.55%	474,807
Unrestricted	<u>(647,260)</u>	<u>(979,792)</u>	-294.65%	<u>332,532</u>
Total net position	<u>\$ 24,562,698</u>	<u>\$ (1,567,807)</u>	-6.00%	<u>\$ 26,130,505</u>

Capital Assets increased by \$47,407 due to depreciation expense of \$1,099,633 and the addition of capital assets totaling \$1,147,040. 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 increase in capital assets was offset by the \$694,995 increase in related debt, causing \$647,588 decrease in net investment in capital assets.

Other liabilities decreased by \$440,903 due to a decrease in accounts payable of \$396,620, mainly in the General Fund. The \$979,792 decrease in unrestricted net position is due to the \$187,160 increase in other post-employment benefits obligation and \$111,777 increase in net pension obligations.

**DRAFT**

**TOWN OF BROOKLYN, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDING JUNE 30, 2015**

Table 2

	<u>Change during Year</u>			2014
	2015	Dollars	Percent	
<b>Revenue</b>				
<b>Program revenues:</b>				
Charges for services	\$ 1,052,071	\$ (63,278)	-5.67%	\$ 1,115,349
Operating grants and contributions	9,349,046	(536,489)	-5.43%	9,885,535
Capital grants and contributions	241,661	(73,049)	-23.21%	314,710
<b>General Revenues:</b>				
Property taxes	12,933,335	327,821	2.60%	12,605,514
Grants and contributions	491,513	215,973	78.38%	275,540
Interest and investment earnings	17,788	(16,055)	-47.44%	33,843
Gain on disposal of equipment	8,258	7,258	725.80%	1,000
Other general revenues	31,427	(14,266)	-31.22%	45,693
<b>Total Revenues</b>	<b>24,125,099</b>	<b>(152,085)</b>	<b>-0.63%</b>	<b>24,277,184</b>
<b>Program Expenses</b>				
General government	1,665,150	106,346	6.82%	1,558,804
Public safety	961,374	163,812	20.54%	797,562
Public works	1,484,407	291,844	24.47%	1,192,563
Human services	82,198	(4,296)	-4.97%	86,494
Civic and cultural	709,598	87,048	13.98%	622,550
Development and planning	113,772	14,976	15.16%	98,796
Sundry	613,629	613,629	0.00%	0
Education	19,990,526	55,989	0.28%	19,934,537
Interest on long-term debt	85,356	5,082	6.33%	80,274
<b>Total Expenses</b>	<b>25,706,011</b>	<b>1,334,431</b>	<b>5.48%</b>	<b>24,371,580</b>
<b>Increase (decrease) in net position</b>	<b>\$ (1,580,912)</b>	<b>\$ (1,486,516)</b>	<b>1574.77%</b>	<b>\$ (94,396)</b>

Some of the significant variances are discussed below:

- Operating Grants decreased in 2015 by \$536,489 from 2014. The main differences are decreases in Excess Cost Grant and State Building Grant.
- Capital Grants decreased in 2015 by \$73,049 from 2014. Capital Grants are generally one time revenues. There were several grants in 2014 that were not repeated in 2015.
- General Grants and Contributions increased by \$215,973 in 2015, mainly due to a \$24,293 FEMA grant that wasn't in 2014 and other increases in various grants.
- In total, program expenses increased by 5.48% as management tried to keep the expenses, and therefore taxes, from increasing.

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDING JUNE 30, 2015

- General government expensed increased by \$106,346 in 2015. This was caused by a number of factors, some of which net with each other. Administration expenses of \$67,704 were higher than in 2014. Pension cost increase was also a factor in the increase.
- Public Safety expense increased by \$163,812 in 2015 due to increased patrol services.
- Public Works expense increased by \$291,844 in 2015 due to paving and catch basin work. Also, in 2015, Sundry was added for employee benefits-insurance for \$613,629, which was not in 2014.
- Education expense increased by \$55,989 in 2015 due to increase in teachers' retirement payment paid by the state on behalf of the Town.

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			Net Cost of Services		
	2015	2014	Incr. Decr.	2015	2014	Incr. Decr.
General government	\$ 1,665,150	\$ 1,558,804	6.82%	\$ 1,131,678	\$ 826,777	36.88%
Public safety	961,374	797,562	20.54%	1,130,146	779,827	44.92%
Public works	1,484,407	1,192,563	24.47%	930,775	950,880	-2.11%
Human services	82,198	86,494	-4.97%	82,198	86,494	-4.97%
Civic and cultural	709,598	622,550	13.98%	480,963	388,696	23.74%
Development and planning	113,772	98,796	15.16%	972,998	83,053	1071.54%
Sundry	613,629	0	N/A	582,302	0	N/A
Education	19,990,526	19,934,537	0.28%	966,816	9,859,985	-90.19%
Interest on long-term debt	85,356	80,274	6.33%	85,356	80,274	6.33%
<b>Total Expenses</b>	<b>\$ 25,706,010</b>	<b>\$ 24,371,580</b>	<b>5.48%</b>	<b>\$ 6,363,232</b>	<b>\$13,055,986</b>	<b>-51.26%</b>

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 increased 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 decreased by -51.26% due to the decrease in capital grants discussed above.

**DRAFT**

The Town's Funds

TOWN OF BROOKLYN, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDING JUNE 30, 2015

Governmental funds, as presented in Exhibits 3 and 4, report a \$103,385 increase in fund balance for all funds combined. Governmental funds use a different basis of accounting than the Government Wide statements shown in Exhibit 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.

Increase in the fund balance was due to increases in WPCA Fund, capital non-recurring fund and other government funds for a total of \$1,367,640. This was offset in decreases in General Fund and School Building committee fund in the amount of \$1,264,255.

**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		
Revenue	Budget	Actual	Variance
Property Taxes	\$13,253,874	\$ 12,930,611	\$ (323,263)
Intergovernmental	8,469,341	8,258,658	(210,683)
Local revenue	546,907	520,673	(26,234)
Other	845,991	-	(845,991)
<b>Total Revenues</b>	<b>23,116,113</b>	<b>21,709,942</b>	<b>(1,406,171)</b>
<b>Expenditures</b>			
General Government	5,834,798	5,779,791	55,007
Education	17,030,324	16,807,715	222,609
<b>Total Expenditures</b>	<b>22,865,122</b>	<b>22,587,506</b>	<b>277,616</b>
<b>Increase ( Decrease )</b>			
<b>in Fund Balance</b>	<b>\$ 250,991</b>	<b>\$ (877,564)</b>	<b>\$ (1,128,555)</b>

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDING JUNE 30, 2015

The Town approved a budget for the year showing revenues of \$250,991 higher than expenditures. There were no additional appropriations (increases in budgeted expenditures). The budget would have resulted in an increase in fund balance of \$250,991.

The revenues were actually \$1,406,171 lower than budgeted and the expenditures were \$277,616 less than budgeted. As a result, the fund balance decreased by \$877,564. This was a negative variance of \$1,128,555, of which \$845,991 was budgeted as a transfer that never materialized.

Overall, tax calculations were \$323,263 lower than budget due to Intergovernmental revenues that were lower than the budget by \$210,683, mainly due to local revenues that were \$26,234 less than budget.

General government expenditures were less than budgeted, as they have been in previous years. This year, the general government was \$55,007 less than budget. The Board of Education was \$222,609 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 increased by \$73,844 to a total of \$22,996,364. This is due to depreciation expense of \$1,099,633 and the addition of capital assets totaling \$1,147,040. Also, capital assets were restated at the beginning of the year by additional capitalization of \$26,437.

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, 2015 was paid off on August 11<sup>th</sup>, 2015.

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDING JUNE 30, 2015

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 \$5,290,000 in bonds outstanding. This is a net increase of \$725,000 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.

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

The Town gets 38% 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 59% 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 2015-16 fiscal year includes a mill rate of 23.434 mills. This is the same as the 2014-15 mill rate. The Town has offset a larger increase in the mill rate by applying \$250,990 of the accumulated surplus from prior years. The Town's Unassigned Fund Balance in the General Fund is 7% of the total expenditures for the year. This is in 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, Connecticut, P.O. Box 356, Brooklyn, CT 06234.

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

<b>DRAFT</b>
--------------

TOWN OF BROOKLYN, CONNECTICUT  
STATEMENT OF NET POSITION  
YEAR ENDING JUNE 30, 2015

		<u>Governmental Activities</u>
<b>ASSETS</b>		
Cash and Equivalents	\$	3,308,220
Investments		599,796
Restricted Cash and Equivalents		-
Receivables		
Taxes, Net		217,220
Accounts		93,084
Loans		277,655
Intergovernmental		275,289
Interest and Liens		169,145
Special Assessments		660
Prepaid Expenses		-
Inventories		4,558
Capital Assets		
Nondepreciable		3,547,863
Depreciable, Net of Accumulated Depreciation		26,448,501
Total Assets		<u>34,941,991</u>
<b>LIABILITIES</b>		
Accounts Payable		238,605
Intergovernmental Payable		2,033
Accrued Payroll and Related		26,867
Accrued Interest Payable		45,199
Due to Fiduciary Funds		15,940
Unearned Revenues - Performance		74,089
Non-Current Liabilities		
Due Within One Year		5,431,349
Due in More Than One Year		4,545,211
Total Liabilities		<u>10,379,293</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets		24,675,578
Restricted Net Position		
Expendable		534,380
Unrestricted Net Position		(647,260)
Total Net Position	\$	<u>24,562,698</u>

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

<b>DRAFT</b>
--------------

TOWN OF BROOKLYN, CONNECTICUT  
STATEMENT OF ACTIVITIES  
YEAR ENDING JUNE 30, 2015

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	\$ (1,665,150)	\$ 528,472	\$ 5,000	\$ -	\$ (1,131,678)
Public safety	(961,374)	1,240	28,051	-	(932,083)
Public works	(1,484,407)	113,908	-	241,661	(1,128,838)
Human services	(82,198)	-	-	-	(82,198)
Civic and cultural	(709,598)	226,630	2,005	-	(480,963)
Development and planning	(113,772)	22,451	-	-	(91,321)
Sundry	(613,629)	31,327	-	-	(582,302)
Education	(19,990,526)	128,043	9,313,990	-	(10,548,493)
Interest on long-term debt	(85,356)	-	-	-	(85,356)
<b>Total Governmental Activities</b>	<b>\$ (25,706,011)</b>	<b>\$ 1,052,071</b>	<b>\$ 9,349,046</b>	<b>\$ 241,661</b>	<b>\$ (15,063,233)</b>
<b>General Revenues</b>					
					12,933,335
					491,513
					17,788
					8,258
					31,427
					<u>13,482,321</u>
					Change in Net Position (1,580,912)
					Net Position - Beginning of Year, Restated 26,143,610
					<u>Net Position - End of Year \$ 24,562,698</u>

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

<b>DRAFT</b>
--------------

**TOWN OF BROOKLYN, CONNECTICUT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDING JUNE 30, 2015**

	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	\$ 2,185,589	\$ 1,042,150	\$ -	\$ -	\$ 80,481	\$ 3,308,220
Investments	517,975	-	-	-	81,821	599,796
Restricted Cash and Equivalents	-	-	-	-	-	-
Taxes Receivable, Net of allowance for Uncollectible Amounts	217,220	-	-	-	-	217,220
Other Receivables						
Accounts	44,564	48,520	-	-	-	93,084
Loans	-	-	-	-	277,655	277,655
Intergovernmental	-	-	-	274,289	1,000	275,289
Interest and Liens	144,698	24,447	-	-	-	169,145
Special Assessments	-	660	-	-	-	660
Due from Other Funds	649,417	-	950,463	566,587	298,795	2,465,262
Prepaid Expenditures	-	-	-	-	-	-
Inventories	-	-	-	-	4,558	4,558
Total Assets	<u>\$ 3,759,463</u>	<u>\$ 1,115,777</u>	<u>\$ 950,463</u>	<u>\$ 840,876</u>	<u>\$ 744,310</u>	<u>\$ 7,410,889</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>						
<b>Liabilities</b>						
Accounts Payable	\$ 216,546	\$ 20,667	\$ -	\$ -	\$ 1,392	\$ 238,605
Intergovernmental Payable	2,033	-	-	-	-	2,033
Accrued Payroll and Related	26,867	-	-	-	-	26,867
Due to Other Funds	1,320,373	-	613,059	387,000	160,770	2,481,202
Unearned Revenues - Performance	49,440	-	-	-	24,649	74,089
Performance Bonds	-	-	-	-	-	-
Total Liabilities	<u>1,615,259</u>	<u>20,667</u>	<u>613,059</u>	<u>387,000</u>	<u>186,811</u>	<u>2,822,796</u>
<b>Deferred Inflows of Resources</b>						
Deferred Revenues - not Available	<u>275,140</u>	<u>54,138</u>	<u>-</u>	<u>274,289</u>	<u>-</u>	<u>603,567</u>
<b>Fund Balances (Deficits)</b>						
Nonspendable	6,900	-	-	-	4,558	11,458
Restricted	32,351	-	-	2,322	499,707	534,380
Committed	-	-	337,404	233,088	-	570,492
Assigned	128,118	1,040,972	-	-	31,511	1,200,601
Unassigned	1,701,695	-	-	(55,823)	21,723	1,667,595
Total Fund Balances (Deficits)	<u>1,869,064</u>	<u>1,040,972</u>	<u>337,404</u>	<u>179,587</u>	<u>557,499</u>	<u>3,984,526</u>
<b>Total Liabilities, Deferred Inflows of of Resources and Fund Balances (Deficits)</b>						
	<u>\$ 3,759,463</u>	<u>\$ 1,115,777</u>	<u>\$ 950,463</u>	<u>\$ 840,876</u>	<u>\$ 744,310</u>	<u>\$ 7,410,889</u>

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

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
GOVERNMENT WIDE STATEMENT OF NET POSITION  
GOVERNMENTAL ACTIVITIES  
YEAR ENDING JUNE 30, 2015

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

Fund Balances - Total Governmental Funds	\$ 3,984,526
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	29,996,363
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	603,567
Long-term liabilities are not due and payable in the current period and, therefore, are deferred in the funds.	
General obligation bonds	(5,290,000)
Notes and loans	(30,786)
Compensated absences	(562,433)
Post closure landfill costs	(180,000)
Pension obligations	(2,218,919)
OPEB obligations	(1,694,422)
Accrued interest	(45,198)
 Net Position of Governmental Activities	 <u>\$ 24,562,698</u>

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, 2015**

	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	\$ 12,930,611	\$ -	\$ -	\$ -	\$ -	\$ 12,930,611
Licenses and Permits	441,156	361,864	-	-	-	803,020
Intergovernmental	9,729,067	-	-	7,005	1,015,181	10,751,253
Miscellaneous	54,016	-	-	2,000	200,107	256,123
Investment Earnings	17,243	331	-	-	214	17,788
<b>Total Revenues</b>	<b>23,172,093</b>	<b>362,195</b>	<b>-</b>	<b>9,005</b>	<b>1,215,502</b>	<b>24,758,795</b>
<b>EXPENDITURES</b>						
<b>Current</b>						
General Government	828,539	303,254	-	-	-	1,131,793
Public Safety	867,371	-	-	-	-	867,371
Public Works	1,020,167	-	-	-	198,063	1,218,230
Human Services	82,198	-	-	-	-	82,198
Civic and Cultural	601,288	-	-	-	81,558	682,846
Development and Planning	110,260	-	-	-	-	110,260
Sundry	613,629	-	-	-	-	613,629
Education	18,539,569	-	-	-	881,677	19,421,246
Debt Service	-	-	-	-	-	-
Principal Retirement	437,078	-	488,000	3,672,000	-	4,597,078
Interest and Fiscal Charges	38,878	-	4,866	36,618	-	80,362
Capital Outlay	-	232,842	-	940,167	-	1,173,009
<b>Total Expenditures</b>	<b>23,138,978</b>	<b>536,096</b>	<b>492,866</b>	<b>4,648,785</b>	<b>1,161,298</b>	<b>29,978,023</b>
Excess (Deficiency) of Revenues Over Expenditures	33,115	(173,901)	(492,866)	(4,639,780)	54,204	(5,219,228)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	-	-	74,866	835,868	8,203	918,937
Transfers Out	(918,937)	-	-	-	-	(918,937)
Sale of Capital Assets	8,258	-	-	-	-	8,258
Premium on Issuance	-	455	309	23,591	-	24,355
Bonds Issued	-	1,100,000	31,000	4,159,000	-	5,290,000
<b>Total Other Financing Sources (Uses)</b>	<b>(910,679)</b>	<b>1,100,455</b>	<b>106,175</b>	<b>5,018,459</b>	<b>8,203</b>	<b>5,322,613</b>
<b>Net Changes In Fund Balances</b>	<b>(877,564)</b>	<b>926,554</b>	<b>(386,691)</b>	<b>378,679</b>	<b>62,407</b>	<b>103,385</b>
Fund Balances (Deficits) - Beginning	2,746,628	114,418	724,095	(199,092)	495,092	3,881,141
Fund Balances (Deficits) - End of Year	\$ 1,869,064	\$ 1,040,972	\$ 337,404	\$ 179,587	\$ 557,499	\$ 3,984,526

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, 2015

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

Net Change in Fund Balances - Total Governmental Funds	<u>\$ 103,385</u>
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	1,147,027
Depreciation expense	<u>(1,099,633)</u>
	<u>47,394</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	2,724
State reimbursement of bond principal	<u>(231,171)</u>
Grant revenues in the Capital Nonrecurring Fund	<u>(437,849)</u>
	<u>(666,296)</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	(5,290,000)
Principal payments on long-term debt	<u>4,597,078</u>
	<u>(692,922)</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	(4,994)
Compensated absences	(86,542)
Post-closure landfill costs	18,000
Change in pension asset/liability	(111,777)
Other post employment benefits obligations	<u>(187,160)</u>
	<u>(372,473)</u>
Change in Net Position of Governmental Activities	<u>\$ (1,580,912)</u>

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

<b>DRAFT</b>
--------------

TOWN OF BROOKLYN, CONNECTICUT  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDING JUNE 30, 2015

	Pension Trust Funds	Agency Funds
<b>ASSETS</b>		
Cash and equivalents	\$ 40,037	\$ 19,633
Investments, at fair value	4,048,768	23,278
Due from other funds	-	15,940
Total Assets	4,088,805	58,851
<b>LIABILITIES</b>		
Due to others	-	-
Due to students	-	58,851
Total Liabilities	-	58,851
<b>NET POSITION</b>		
Held in trust for pension benefits and other purposes	\$ 4,088,805	\$ -

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

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDING JUNE 30, 2015

	<u>Pension Trust Funds</u>
<b>ADDITIONS</b>	
Contributions	
Employer	\$ <u>336,292</u>
Investment income	
Net change in fair value of investments	188,347
Interest and dividends	<u>-</u>
Total Investment Income	<u>188,347</u>
Total Additions	<u>524,639</u>
<b>DEDUCTIONS</b>	
Pension benefits	308,491
Administrative fees	25,810
Other	<u>46,417</u>
Total Deductions	<u>380,718</u>
Change in Net Position	143,921
Net Position - Beginning of Year	<u>3,944,884</u>
Net Position - End of Year	\$ <u>4,088,805</u>

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

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**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.

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**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.

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

**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 loans.
- **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.

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**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.

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**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.

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

**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.

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**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.

**DRAFT**

**TOWN OF BROOKLYN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**

JUNE 30, 2015

**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:

<u>Assets</u>	<u>Years</u>	<u>Capitalization Threshold</u>
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.

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**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.

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

**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. Subsequent Events 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 date is March 30, 2016.

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

**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.

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**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. Application of Accounting Standards**

For the year ended June 30, 2015, the Town implemented:

- GASB Statement 66 — *Technical Corrections - 2012* — This statement resolves conflicting guidance.
- GASB Statement 67, 68 and 71 — *Financial Reporting for Pension Plans* — These statements amend GASB Statement 25 and 27. This resulted in a restatement the beginning balances. The net pension obligation increased and net position decreased in the amount \$2,092,581.
- GASB Statement 70 — *Accounting and Financial Reporting for Non-Exchange Financial Guarantees* — This statement improves the accounting and financial reporting by state and local governments that extend and receive non-exchange financial guarantees.

**E. Fund Deficit**

The Capital Nonrecurring Fund has an unassigned deficit of \$238,710 at June 30, 2015. 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, 2015:

Statement of Net Position	
Cash and equivalents	\$3,308,220
Restricted cash	-
Investments	<u>599,796</u>
	<u>3,908,016</u>
Fiduciary Funds	
Cash and equivalents	59,670
Investments	<u>4,072,046</u>
	<u>4,131,716</u>
Total Cash and Investments	<u>\$8,039,7326</u>

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

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

**Cash and Cash Equivalents** - As of June 30, 2015 the carrying amount of the Town's deposits with financial institutions was:

Cash and Cash Equivalents	
Deposits with financial institutions	\$2,446,198
Plus external investment pools	1,805,393
Less Certificates of deposits (in investments)	<u>(599,235)</u>
	<u>\$3,652,356</u>

The bank balance of the deposits with financial institutions was \$2,662,091 and was exposed to custodial credit risk as follows:

Covered by Federal Depository Insurance	\$1,109,820
Collateralized by securities held in trust Not in the Town's name	474,495
Uninsured and uncollateralized	<u>1,077,776</u>
	<u>\$ 2,662,091</u>

**Investments** — Investments are summarized as follows at June 30, 2015

Investments reported in Governmental Funds:

	<u>General Fund</u>	<u>Other Governmental</u>
Certificates of deposit	\$355,994	\$ 81,821
U.S. treasuries	<u>161,981</u>	<u>-</u>
	<u>\$517,975</u>	<u>\$ 81,821</u>

Investments reported in Fiduciary Funds

	<u>Town Pension Trust Fund</u>	<u>Student Activity Fund</u>	<u>Total Investments</u>
Certificates of deposit	\$ -	\$ 23,278	\$ 23,278
Mutual Funds - Equity	<u>4,048,768</u>	<u>-</u>	<u>4,048,768</u>
	<u>\$4,048,768</u>	<u>\$ 23,278</u>	<u>\$4,072,046</u>

Below is a summary of the interest rate risk and credit risk as of June 30, 2015:

<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	*	\$ 461,093	\$ 461,093	\$ -	\$ -
U.S. Treasuries	NA	161,981	-	-	161,981
Mutual funds - equity	NA	<u>4,048,768</u>	<u>4,048,768</u>	-	-
Totals		<u>\$4,671,842</u>	<u>\$4,509,861</u>	<u>\$ -</u>	<u>\$161,981</u>

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**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>Authority Fund</u>	<u>Capital Nonrecurring Fund</u>
Property taxes and interest	\$275,140	\$ -	\$ -
Special assessments	-	54,138	-
Intergovernmental revenue	-	-	274,289
	<u>\$275,140</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, 2015.

	<u>General Fund</u>	<u>Other Governmental Authority Fund</u>
Advances on grants	\$ -	\$24,649
Fees collected in advance	49,440	-
	<u>\$ 49,440</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>
2016	31,222	2021	35,324	2025	38,991
2017	32,002	2022	36,207	Total	<u>\$349,786</u>
2018	32,802	2023	37,113		
2019	33,622	2024	38,040		
2020	34,463				

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

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, 2015 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	563,463
School Building Committee Fund	Capital Nonrecurring Fund	387,000
Capital Nonrecurring Fund	General Fund	442,674
Capital Nonrecurring Fund	Other Governmental Funds	123,913
Other Governmental Funds	General Fund	298,795
Student Activity	General Fund	15,440
Student Activity	Other Governmental Funds	500
		<u>\$2,481,202</u>

Fund transfers are generally used to fund special projects with general fund revenues. Transfers during the year ended June 30, 2015 were as follows:

	<u>Transfers into:</u>			
	<u>School Building Committee Fund</u>	<u>Capital Nonrecurring Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Transfers out of General Fund	<u>\$74,866</u>	<u>\$835,868</u>	<u>\$8,203</u>	<u>\$918,937</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>522,343</u>	<u>196,038</u>	<u>(98,287)</u>	<u>620,094</u>
	<u>3,450,112</u>	<u>196,038</u>	<u>(98,287)</u>	<u>3,547,863</u>
Capital assets being depreciated				
Buildings and systems	29,468,367	124,467	-	29,592,834
Machinery and equipment	2,942,802	679,371	-	3,622,173
Infrastructure	9,921,569	245,450	-	10,167,019
Accumulated depreciation	<u>(15,833,893)</u>	<u>(1,099,632)</u>	-	<u>(16,933,525)</u>
	<u>26,498,845</u>	<u>(50,344)</u>	-	<u>26,448,501</u>
	<u>\$ 29,948,957</u>	<u>\$ 145,694</u>	<u>\$ ( 98,287)</u>	<u>\$ 29,996,364</u>

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

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

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

General government	\$ 88,062
Public safety	85,716
Public works	440,063
Education	<u>485,791</u>
	<u>\$1,099,632</u>

**F. Long-Term Liabilities**

The following table summarizes changes in the Town's long-term indebtedness for the year ending June 30, 2015:

	<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>
General obligation bonds	\$4,565,000	\$5,290,000	\$ (4,565,000)	\$5,290,000	\$5,290,000
Notes and loans	60,791		(30,005)	30,786	30,786
Compensated absences	475,891	105,346	(18,804)	562,433	92,563
Post closure landfill costs	198,000		(18,000)	180,000	18,000
Pension obligations	2,107,142	196,644	(84,867)	2,218,919	-
OPEB obligations	<u>1,507,262</u>	<u>198,160</u>	<u>(11,000)</u>	<u>1,694,422</u>	<u>-</u>
	<u>\$8,914,086</u>	<u>\$5,790,150</u>	<u>\$(4,727,676)</u>	<u>\$9,976,560</u>	<u>\$5,431,349</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 12, 2014 into a new, one-year BAN for \$4,190,000 with interest at a rate of 1.0%. The Town also obtained a Bond Anticipation Note (BAN) on March 12, 2015 in the amount of \$1,100,000 with an interest rate of 0.75%. General obligation bonds outstanding as of June 30, 2015 consisted of the following:

<u>Purpose</u>	<u>Year 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	2015	\$1,110,000	2016	0.75%	\$ 1,100,000
Multipurpose Bond Anticipation	2015	\$4,190,000	2016	1.0%	<u>4,190,000</u>
					<u>\$5,290,000</u>

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

3. Detailed Notes on All Funds (Continued)

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

<u>Year End</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2016	<u>\$5,290,000</u>	<u>\$45,199</u>

Interest paid and expensed on general obligation bonds for the year ended June 30, 2015 totaled \$80,362.

**Notes Payable**

The Town has an installment note for the purchase of a truck in the initial amount of \$145,000. The note is payable in 5 annual installments of \$31,836. This installment includes interest at 3.41% per year. Annual debt service requirements to maturity for the loans and notes payable are as follows:

<u>Year End</u>	<u>Notes and Loans</u>	
	<u>Principal</u>	<u>Interest</u>
2016	<u>30,786</u>	<u>1,050</u>
	<u>\$30,786</u>	<u>\$ 1,050</u>

Interest paid and expenses on notes payable for the year ended June 30, 2015 totaled \$2,073. 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.

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

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, 2015, \$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	\$12,930,611
Total tax collections (including interest and lien fees) for the year - coterminous governments	<u>251,073</u>
Debt limitation base	<u>\$13,181,684</u>

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation					
2 1/4 times base	\$29,658,789	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	59,317,578	-	-	-
3 3/4 times base	-	-	49,431,315	-	-
3 1/4 times base	-	-	-	42,840,473	-
3 times base	-	-	-	-	39,545,052
Total debt limitation	<u>29,658,789</u>	<u>59,317,578</u>	<u>49,431,315</u>	<u>42,840,473</u>	<u>39,545,052</u>
Indebtedness					
Bonds payable	1,823,488	2,734,765	1,100,000	-	-
Loans payable - coterminous	157,720	-	-	-	-
To be provided by the state	-	-	-	-	-
Total indebtedness	<u>1,981,208</u>	<u>2,734,765</u>	<u>1,100,000</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of debt					
Outstanding and authorized	<u>\$27,677,581</u>	<u>\$56,582,813</u>	<u>\$48,331,315</u>	<u>\$42,840,473</u>	<u>\$39,545,052</u>

In no case shall total indebtedness exceed seven times the annual receipts from taxation \$92,271,788

DRAFT

TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**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	\$424,235
Education	38,012
Public Works	44,696
Culture and Recreation	-
Capital Projects	2,322
Other Purposes	<u>25,115</u>
	<u>\$534,380</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>					
<b>Not in spendable form</b>					
Prepaid expenditures	\$ 6,900	\$ -	\$ -	\$ -	\$ -
Inventories	-	-	-	-	4,558
	<u>\$ 6,900</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,558</u>
<b>Restricted</b>					
General Government	\$32,351	\$ -	\$ -	\$ -	\$391,884
Education	-	-	-	-	38,012
Public Works	-	-	-	-	44,696
Culture and Recreation	-	-	-	-	-
Capital Projects	-	-	-	2,322	-
Other Purposes	-	-	-	-	25,115
	<u>\$32,351</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,322</u>	<u>\$499,707</u>

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

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	\$ -	\$ -	\$337,404	\$233,088	\$ -
Assigned					
General Government	\$ -	1,040,972	\$ -	\$ -	\$ -
Education	-	-	-	-	22,458
Culture and Recreation	-	-	-	-	9,053
Capital Projects	-	-	-	-	-
Other Purposes	-	-	-	-	-
	<u>128,118</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$128,118</u>	<u>\$1,040,972</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,511</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, 2015, the State contributed \$1,470,409 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, 2015 was \$7,494,696 of which \$5,802,009 was covered under this pension plan.

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

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

**Public Employee Retirement System**

**Plan Description** - The Town is the administrator of a single employer public employee retirement system ("PERS") established and administered by the Town to provide pension benefits for its employees. The PERS is considered to be part of the Town's financial reporting entity and is included in the Town's financial statement as a pension trust fund. A separate stand-alone financial report is not issued. The Plan is managed by the Board of Finance.

The Plan provides retirement benefits through a single employer non-contributory defined benefit plan. All employees working more than 20 hours per week or more than five months per year are eligible after completion of one year of continuous service. The retirement benefit is calculated at 1.5 percent of the participant's average monthly earnings during the final 120 months of employment multiplied by years of service. (For Highway Workers, effective July 1, 1998, the average monthly earnings are calculated during the final 60 months. Effective June 30, 2001, the average monthly earnings are calculated during the final 36 months) Normal Retirement age is: age 65, if employee is under age 55 on the date included in the plan; 10<sup>th</sup> anniversary of the date of participation, if employee is between the ages of 55 and 59; age 70, if employee is at least age 60 on the date included in the plan. Participants are 100% vested after 5 years of continuous service. Benefits and contributions are established by the Town and may be amended by the Town. The Town has not given any post-retirement benefit increases. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

**Plan Membership** — As of the date of the latest actuarial valuation (July 1, 2014), membership consisted of the following:

Retirees and beneficiaries receiving benefits	36
Terminated employees entitled to benefits, but not yet receiving them	13
Active members	<u>63</u>
	<u>112</u>

**Funding Policy** — The Town is required to contribute all amounts necessary to finance coverage as determined through biennial actuarial valuations. No employee contributions are required.

**Investments**

**Investment Policy** — The Town is in the process of developing a formal investment policy.

**Long-term expected rate of return** — The best estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting volatility and correlation.

Below shows the Board's target asset class allocation and the long-term expected rate of return calculated as geometric means:

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

3. Detailed Notes on All Funds (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US Large Cap	28.00%	4.75%
US Mid/Small Cap	12.00%	5.50%
Emerging Market Equities	4.00%	6.00%
Developed International Equities	16.00%	5.25%
International Bonds	23.00%	2.00%
Intermediate Corporate	12.00%	2.25%
High-Yield Bonds	4.00%	3.25%
Inflation/Cash	1.00%	0.00%

**Calculation of Money-Weighted Rate of Return** — The money-weighted rate of return considers the changing amounts actually invested during the period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the end of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expense as:

Net money-weighted rate of return for the year ended June 30, 2014 16.70%

**Net Pension Liability**

The components of the net pension liability of the Town as of June 30, 2015 were as follows:

Town pension liability	\$5,294,262
Plan fiduciary net position	<u>4,048,768</u>
Net pension liability	<u>\$1,245,494</u>
Plan fiduciary net position as a percentage of total pension liability	76%

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

3. Detailed Notes on All Funds (continued)

**Actuarial Methods and Significant Assumptions**

The following actuarial methods and assumptions were used in the June 30, 2015 valuation:

<b>Valuation timing</b>	Actuarially determined contribution rates are calculated as of July 1, twelve months prior to the beginning of the fiscal year in which the contributions are reported.
<b>Actuarial cost method</b>	Unit Credit
<b>Amortization method</b>	
Level percent or level dollar	Level dollar
Closed, open or layered	Open periods
Amortization period at 12/1/12	15 years
Amortization growth rate	0.00%
<b>Asset valuation method</b>	
Smoothing period	5 year
Recognition method	Smoothed, 20% per year
Corridor	None
<b>Inflation</b>	3.00%
<b>Salary increases</b>	4.75%
<b>Investment rate of return</b>	7.50%
<b>Cost of living adjustment</b>	None
<b>Retirement age</b>	All are assumed to retire at normal retirement
<b>Turnover</b>	None
<b>Pre-retirement mortality Post-retirement mortality</b>	None RP-2000 Mortality Table

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

	1% Decrease	Current Discount Rate	1% Increase
	<u>6.25%</u>	<u>7.25%</u>	<u>8.25%</u>
Net Pension Liability	\$1,885,202	\$1,245,494	\$703,226

**Town of Brooklyn Fire Departments Service Award Program**

**Plan Description** — The Town of Brooklyn is the administrator of a single employer public employee retirement system ("PERS") established and administered by the Town to provide pension benefits for its volunteer firefighters. The PERS is part of the Town's financial reporting entity and is accounted for in the Town's financial statement as a pension trust fund. The Plan provides retirement benefits through a single employer non-contributory defined benefit plan. Volunteer Firefighters are eligible to participate in the plan, if they have completed one year of firefighting service and are age eighteen. A separate stand-alone financial report is not issued. The Plan is managed by the Board of Finance.

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

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

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

As of the date of the latest actuarial valuation (June 30, 2015), membership consisted of the following:

Retirees and beneficiaries receiving benefits	29
Terminated employees entitled to benefits, but not yet receiving them	1
Active members	<u>57</u>
	<u>87</u>

**Funding Policy** — The contribution requirements of the Town are established by, and may be amended by the Board of Selectmen. The Town's funding policy provides for periodic employer contributions to accumulate sufficient assets to pay benefits when due.

**Investments**

**Investment Policy** — The Town is in the process of developing a formal investment policy.

**Long-term expected rate of return** — The best estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting volatility and correlation.

Below shows the Board's target asset class allocation and the long-term expected rate of return calculated as geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Money Market	100.00%	0.50%

**Calculation of Money-Weighted Rate of Return** — The money-weighted rate of return considers the changing amounts actually invested during the period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a quarterly basis and are assumed to occur at the end of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expense as:

Net money-weighted rate of return for the year ended June 30, 2015	0.0001%
--	---------

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

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

**Net Pension Liability**

The components of the net pension liability of the Town as of June 30, 2014 were as follows:

LOSAP pension liability	\$ 1,013,462
Plan fiduciary net position	<u>40,037</u>
Net pension liability	<u>\$ 973,425</u>
Plan fiduciary net position as a percentage of total pension liability	4%

**Actuarial Methods and Significant Assumptions**

The following actuarial methods and assumptions were used in June 30, 2015 valuation:

<b>Valuation timing</b>	Actuarially determined contribution rates are calculated as of July 1, twelve months prior to the beginning of the fiscal year in which the contributions are reported.
<b>Actuarial cost method</b>	Entry Age Normal
<b>Amortization method</b>	
Level percent or level dollar	Level dollar
Closed, open or layered	Closed periods
Amortization period at 1/1/14	21 years
Amortization growth rate	0.00%
<b>Asset valuation method</b>	
Smoothing period	None
Recognition method	None
Corridor	None
<b>Inflation</b>	3.00%
<b>Salary increases</b>	N/A
<b>Investment rate of return</b>	3.75%
<b>Cost of living adjustment</b>	None
<b>Retirement age</b>	Age 65
<b>Turnover</b>	None
<b>Pre-Retirement Mortality</b>	None
<b>Post-Retirement Mortality</b>	RP-2000 Mortality Table

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

3. Detailed Notes on All Funds (continued)

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

	1% Decrease	Current Discount Rate	1% Increase
Net Pension Liability	<u>2.75%</u> \$1,051,093	<u>3.75%</u> \$973,425	<u>4.75%</u> \$898,162

J. Other Post-Employment Benefits

**Plan Description** - The Town provides certain health care benefits for retired employees through a single-employer defined benefit plan administered by the Town of Brooklyn, Connecticut. The Connecticut General Statutes and the various collective bargaining agreements stipulate the employees covered and the benefits provided. The plan does not issue a separate financial statement.

**Funding Policy** - Retired teachers and their spouses must be allowed to continue their health insurance benefits, in the same health insurance plan offered to active teachers, through their last employing Town. The Town does not contribute to the retirees' health insurance. The retirees pay 100% of the premiums in accordance with the Connecticut General Statutes and the various collective bargaining agreements.

**Annual OPEB Cost ("AOC") and Net OPEB Obligation ("N00")**

Amortization Component:	
Actuarial Accrued Liability as of July 1, 2013	\$2,374,700
Assets at Market Value	-
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$2,374,700</u>
Funded Ratio	0.00%
Covered Payroll (Active plan members)	\$5,538,500
UAAL as a Percentage of Covered Payroll	42.88%
Annual required contribution (ARC)	\$ 221,700
Interest on net OPEB obligation (N00)	60,290
Adjustment to annual required contribution	<u>(83,830)</u>
Annual OPEB cost (APC)	198,160
Contributions made	<u>(11,000)</u>
Increase (decrease) in net OPEB obligation	187,160
Net OPEB obligation (asset), beginning of year	<u>1,507,262</u>
Net OPEB obligation (asset), end of year	<u>\$1,694,422</u>

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

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

Three year trend information is as follows:

<u>Fiscal</u> <u>Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u> <u>(AOC)</u>	<u>Actual</u> <u>Contribution</u> <u>Made</u>	<u>Percentage</u> <u>of AOC</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u> <u>(NOO)</u>
6/30/2014	\$198,160	\$11,000	5.55%	\$1,694,422
6/30/2013	\$197,901	\$ 3,253	1.64%	\$1,507,262
6/30/2012	\$305,084	\$15,840	5.19%	\$1,312,614

**Actuarial Methods and Significant Assumptions** - The Town's annual other postemployment benefit cost (expense) is calculated based on the annual required contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB. GASB establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees' medical insurance. As a result, reporting of expenses and liabilities is using a per capita claims cost will be determined, which will be used to determine a "normal cost", an "actuarial accrued liability", and ultimately the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, the assumptions and projections utilized do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

The Town is required to accrue on the government-wide financial statements the amounts necessary to finance the plan as actuarially determined, which is equal to the balance not paid by plan members. Funding for the Plan has been established on a pay-as-you-go basis.

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

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

Other actuarial methods and significant assumptions are summarized as follows:

Latest Actuarial Date	July 1, 2013
Actual Cost Method	Projected Unit Credit
Discount Rate	4.00%
Payroll Growth Rate	N/A
Medical Inflation	9.0% for 2013, decreasing 0.5% per year, to an ultimate rate of 5.0% for 2021 and later.
Dental Inflation	5.0% per year
Remaining amortization	30 years, level dollar, open
Mortality	RP-2000 Combined Mortality Table with separate male and female rates, combined for non-annuitants and annuitants, projected to the valuation date with Scale AA.
Turnover	As used in the Connecticut State Teachers' Retirement System 2012 Pension Valuation
Retirement	As used in the Connecticut State Teachers' Retirement System 2012 Pension Valuation
Future Retiree Coverage	100% are assumed to elect coverage at retirement
Future Dependent Coverage	85% of males and 75% of females assumed married with wives assumed to be 3 years younger than males.

**Schedule of Funding Progress**

As of the last valuation date, July 1, 2013, the actuarial valuation of the plan assets was \$0. The actuarial accrued liability was \$2,374,700. The schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. There is no requirement for funding and the plan has not been funded.

**4. Other Information**

**A. Litigation**

The Town is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Town's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

**B. Contingencies**

**Grants** - The Town participates in various Federal and State grant programs. These programs are subject to program compliance audits pursuant to the Federal and State Single Audit Acts. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town anticipates such amounts, if any, to be immaterial.

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**4. Other Information (Continued)**

**School Building Grants** - Section 10-283(a)(3)(A) of the Connecticut General Statutes states that if the Town abandons, sells, leases, demolishes or otherwise redirects the use of a school building project authorized on or after July 1, 1996, paid partially with State funding, to other than a public school, will owe a portion of the State funding back to the State.

For projects with a cost of over two million dollars or over, the contingency will be amortized over twenty years. For smaller projects, the contingency will be amortized over ten years.

**C. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or three prior years.

The Town currently is a member of the Connecticut Interlocal Risk Management Agency ("CIRMA"), a public entity risk pool established under the provisions of Connecticut General Statutes section 7479a et. seq. for some of its insurance. The Town is liable only for contributions to the pool. Members do not retain the risk of loss, as they have transferred the risk by purchasing coverage with no deductible retention. A separate agreement states limits on the member's obligation to pay indemnification obligations and expenses should CIRMA be unable to do so.

**D. Commitments**

**Preschool Building** — On May 10, 2005 the Town approved an appropriation of \$5,569,000 for the renovation and/or the expansion of the preschool building. On April 24, 2007 this appropriation was increased by \$254,300. Long-term debt in the same amount was approved to fund costs that are not covered by grants and other sources. These activities are reported in Exhibits 3 and 4 in the School Building Fund.

**Middle School Wall** — On June 1, 2011 the Town approved an appropriation of \$1,700,000 for the middle school wall project. On July 16, 2012 this appropriation was increased by \$200,000. Long-term debt in the same amount was approved to fund costs that are not covered by grants and other sources. These activities are reported in Exhibits 3 and 4 in the Capital Nonrecurring Fund

**E. Restatement of Beginning Net Position**

Capital Assets, net of accumulated depreciation were understated by \$26,437.

**F. Prior Period Adjustment – Fund Balances**

Prior period balances were adjusted to account for voided checks which amounted to \$13,092.

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**G. GASB Pronouncements Issued, But Not Yet Effective**

The Governmental Accounting Standards Board (GASB) is the standard setting board for governmental entities. The following are statements which have been approved by GASB, but are not yet effective:

- 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 purposes. This statement is effective for fiscal years beginning after June 15, 2015.
- GASB Statement 73 – *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB 68* – This statement establishes requirements for defined benefit and contribution pensions that are not within the scope of Statement No. 68, as well as for the assets accumulated for purposes of providing those pensions. This is effective for fiscal years beginning after June 15, 2016.
- GASB Statement 74 – *Financial Reporting for Post-Employment Benefit Plans other Than Pensions* – This statement establishes new accounting and financial reporting requirements for governments whose employees are provided with Other Post-Employment Benefits (OPEB), as well as for certain non-employer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. This is effective for fiscal years beginning after June 15, 2016.
- GASB Statement 75 – *Accounting and Financial Reporting for Post-Employment Benefits (OPEB) Other than Pensions* – This statement establishes standards of accounting and financial reporting for defined benefit OPEB and defined contribution OPEB that are provided to the employees of state and local governmental employers through OPEB plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) and applies to all governments whose employees are provided with OPEB. The requirements of this statement are effective for fiscal years beginning after June 15, 2017.
- GASB Statement 76- *The Hierarchy of Generally Accepted Accounting Principles (GAAP) for State and Local Governments* – This statement identifies the current hierarchy of GAAP. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015
- GASB Statement 77 – *Tax Abatement Disclosures* – This statement requires governments to disclose information about their tax abatements and agreements and is effective for periods beginning after December 15, 2015.

**H. Subsequent Events**

On August 11, 2015, the Town authorized the issuance of \$4,155,000 in a General Obligation Bond Anticipation Note, with an interest rate of 1.25%, and is scheduled to mature on August 10, 2016. The proceeds of the Notes, will be used to refund a portion of the \$4,190,000 General Obligation Bond Anticipation Notes maturing on August 11, 2015.

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2015

**DRAFT**

**TOWN OF BROOKLYN, CONNECTICUT**  
**PERIODIC REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (BUDGETARY BASIS)**

**GENERAL FUND**  
**YEAR ENDING JUNE 30, 2015**

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
<b>REVENUES</b>					
Property Tax Revenues					
Current Taxes	\$ 12,563,874	-	12,563,874	12,536,484	(27,390)
Prior Taxes	400,000	-	400,000	161,233	(238,767)
Interest and Loan Fees	150,000	-	150,000	101,923	(48,077)
Motor Vehicles	140,000	-	140,000	130,971	(9,029)
	<u>13,253,874</u>	<u>-</u>	<u>13,253,874</u>	<u>12,930,611</u>	<u>(323,263)</u>
Intergovernmental Revenues					
Education Assistance	7,087,589	-	7,087,589	7,077,461	(10,128)
Transportation	131,192	-	131,192	116,093	(15,099)
Spec. Ed. Excess Cost	458,025	-	458,025	293,704	(164,321)
State Bldg Grants	251,824	-	251,824	251,823	(1)
Mashantucket Grant	247,190	-	247,190	225,240	(21,950)
Pilot State Property	149,401	-	149,401	153,425	4,024
Tax Relief for Disability	1,029	-	1,029	886	(143)
Circuit Breaker	58,737	-	58,737	55,321	(3,416)
Veterans Loss	4,248	-	4,248	4,234	(14)
Motor Vehicle Fines	4,000	-	4,000	12,415	8,415
Bingo Permits	-	-	-	40	40
Miscellaneous Grants	2,000	-	2,000	1,692	(308)
Boat Registration	100	-	100	-	(100)
Telephone Tax	16,655	-	16,655	15,794	(861)
Homeland Security Grant	-	-	-	840	840
FEMA	-	-	-	24,293	24,293
D. U. J. Grant	15,000	-	15,000	15,636	636
Municipal Revenue Sharing	42,351	-	42,351	9,761	(32,590)
	<u>8,469,341</u>	<u>-</u>	<u>8,469,341</u>	<u>8,258,658</u>	<u>(210,683)</u>
Local Revenues					
Health Department Rent	30,089	-	30,089	30,008	(81)
Children's Court Rent	-	-	-	1,500	1,500
Garage Rental	5,116	-	5,116	5,115	(1)
Comm. Center Rental Fee	50	-	50	115	65
Interest - Investments	12,000	-	12,000	17,243	5,243
Recreation Fees	183,001	-	183,001	157,996	(25,005)
Misc Fees	3,000	-	3,000	3,820	820
Town Clerk Fees	60,000	-	60,000	53,728	(6,272)
Conveyance Tax	70,000	-	70,000	69,788	(212)
Miscellaneous Income	1,000	-	1,000	3,021	2,021
Copier Fees	10,000	-	10,000	9,787	(213)
Apartment Inspections	750	-	750	240	(510)
Brooklyn Fair Temporary Reimbursement	7,500	-	7,500	6,522	(978)
Building Permits	55,000	-	55,000	58,981	3,981
Fire Marshal Fees	4,000	-	4,000	1,240	(2,760)
Zoning Board of Appeals	500	-	500	1,550	1,050
Regulation Books	-	-	-	46	46
Planning and Zoning Fees	8,000	-	8,000	17,287	9,287
Wetland Fees	2,000	-	2,000	3,568	1,568
Vitals Surcharge	-	-	-	49	49
Town Clerk - LOCIP	-	-	-	3,324	3,324
Town Clerk Fund Reserved	-	-	-	2,348	2,348
Town Clerk Preservation Reserved	-	-	-	1,108	1,108
Transfer Station Fees	82,200	-	82,200	54,927	(27,273)
Sale Fixed Assets	100	-	100	8,258	8,158
Insurance Dividend	10,601	-	10,601	7,564	(3,037)
Dog License/Fees	2,000	-	2,000	1,540	(460)
	<u>546,907</u>	<u>-</u>	<u>546,907</u>	<u>520,673</u>	<u>(26,234)</u>
Other Financing Sources					
Operating Transfer	595,000	250,991	845,991	-	(845,991)
<b>Total Revenues</b>	<b>\$ 22,865,122</b>	<b>250,991</b>	<b>23,116,113</b>	<b>21,709,942</b>	<b>(1,406,171)</b>

(Continued)

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

**DRAFT**

**TOWN OF BROOKLYN, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (BUDGETARY BASIS)**

**GENERAL FUND**  
**YEAR ENDING JUNE 30, 2015**

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
	\$	\$	\$	\$	\$
<b>EXPENDITURES</b>					
<b>General Government</b>					
Board of Finance	35,300	(1,433)	33,867	32,724	1,143
Board of Selectmen	35,014	(5,126)	29,888	29,391	496
Engineering	24,773	-	24,773	24,773	-
Administration	226,437	(9,502)	216,935	216,870	65
Treasurer	4,707	3,584	8,291	8,291	-
Revenue Collector	93,238	-	93,238	89,981	3,257
Assessor	128,567	(2,000)	126,567	125,666	901
Board of Assessment	400	-	400	265	135
Recording	120,783	(2,682)	118,101	117,609	492
Elections	35,540	(5,345)	30,195	28,078	2,117
Legal	27,500	(4,444)	23,057	22,938	119
Probate	8,880	-	8,880	8,864	17
Town Hall	44,120	6,450	50,570	50,570	-
Central Supplies	61,400	11,122	72,522	72,522	-
	<u>846,659</u>	<u>(9,377)</u>	<u>837,282</u>	<u>828,539</u>	<u>8,743</u>
<b>Public Safety</b>					
Canine Control	24,609	-	24,609	24,609	-
Patrol Services	252,092	9,836	261,928	261,928	-
Fire Marshall	47,934	7,620	55,554	55,554	-
Fire Facilities	489,747	-	489,747	486,676	3,071
Emergency Communications	35,148	-	35,148	34,858	290
Homeland Security	4,000	-	4,000	3,746	254
	<u>853,530</u>	<u>17,456</u>	<u>870,986</u>	<u>867,371</u>	<u>3,614</u>
<b>Public Works</b>					
Roads and Drainage	515,461	670	516,131	516,131	-
Maintenance and Equipment	98,000	10,551	108,551	108,551	-
Snow Removal	64,000	30,134	94,134	94,134	-
Garage Maintenance	26,180	2,353	28,533	28,534	-
Resource Recovery	203,608	2,423	206,031	205,806	225
Building Official	65,763	1,249	67,012	67,012	-
	<u>973,012</u>	<u>47,379</u>	<u>1,020,391</u>	<u>1,020,167</u>	<u>225</u>
<b>Human Services</b>					
Health	77,199	-	77,199	77,198	1
Cemeteries	5,000	-	5,000	5,000	-
	<u>82,199</u>	<u>-</u>	<u>82,199</u>	<u>82,198</u>	<u>1</u>

(Continued)

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

**TOWN OF BROOKLYN, CONNECTICUT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**GENERAL FUND**  
**YEAR ENDING JUNE 30, 2015**

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
<b>EXPENDITURES</b>	\$	\$	\$	\$	\$
<b>Civic and cultural</b>					
Library	129,464	-	129,464	129,464	-
Transit District	13,535	-	13,535	13,535	-
Special Programs	7,000	-	7,000	3,688	3,312
Recreation	331,693	(36,410)	295,283	295,283	-
Park Maintenance	115,489	(10,370)	105,119	103,499	1,621
Community Center	23,300	2,155	25,455	25,455	-
Clifford B Green Building	21,800	8,564	30,364	30,364	-
	<u>642,281</u>	<u>(36,061)</u>	<u>606,221</u>	<u>601,288</u>	<u>4,932</u>
<b>Development and Planning</b>					
Planning and Zoning	13,624	-	13,624	11,607	2,017
Zoning Board of Appeal	700	81	781	781	-
Agriculture Commission	2,100	-	2,100	1,561	539
Conservation Commission	2,700	-	2,700	1,721	979
Inland and Wetlands Commission	6,220	-	6,220	2,076	4,144
Land Use Admin/Planner	90,141	250	90,391	90,391	-
Economic Development Commission	6,500	(2,000)	4,500	2,124	2,376
Open Space	8,203	-	8,203	8,203	-
	<u>130,188</u>	<u>(1,669)</u>	<u>128,519</u>	<u>118,463</u>	<u>10,056</u>
<b>Sundry</b>					
Contingency	20,000	(20,000)	-	-	-
Fringe Benefits	522,177	-	522,177	489,089	33,088
Municipal Insurance	129,633	(10,744)	118,889	124,540	(5,650)
Long Term Debt Service	473,684	2,272	475,956	475,956	-
Short Term Debt Service	884,185	10,744	894,929	894,929	-
Capital Equipment	277,250	-	277,250	277,250	-
	<u>2,306,929</u>	<u>(17,728)</u>	<u>2,289,201</u>	<u>2,261,764</u>	<u>27,437</u>
<b>Total General Government</b>	<u>5,834,798</u>	<u>-</u>	<u>5,834,798</u>	<u>5,779,791</u>	<u>55,007</u>
<b>Total Board of Education</b>	<u>17,030,324</u>	<u>-</u>	<u>17,030,324</u>	<u>16,807,715</u>	<u>222,609</u>
<b>Total Expenditures</b>	<u>22,865,122</u>	<u>-</u>	<u>22,865,122</u>	<u>22,587,506</u>	<u>277,616</u>
<b>Excess (Deficiency) of Revenues Over Expenditures - Budgetary Basis</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 250,991</u>	<u>\$ (877,564)</u>	<u>\$ (845,434)</u>
<b>Payments on Behalf of the Town Not Recorded on a Budgetary Basis:</b>					
Revenues from Teachers' Retirement				(1,470,409)	
Expenditures from Teachers' Retirement				<u>1,470,409</u>	
<b>Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses - GAAP Basis (Exhibit 4)</b>				<u>(877,564)</u>	

Notes to Required Supplementary Information: A formal, legally approved, annual budget is adopted for the General Fund. This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions: 1. The Town does not recognize as income or expenditures payments made for the teachers' retirement by the State of Connecticut on the Town's behalf; 2. The Town recognizes encumbrances payable as an expenditure in the year they were committed; 3. Revenues and expenditures from refunding or renewing long-term debt or issuing lease or note financing is included in the budget as the net revenue or expenditure expected; 4. The Town nets the revenue from the State historic preservation grant with the expenditures; and, 5. The Board of Education recognizes insurance proceeds when they are earned, whether or not available.

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

**DRAFT**

TOWN OF POMFRET, CONNECTICUT  
REQUIRED SUPPLEMENTARY INFORMATION  
TOWN PENSION TRUST FUND

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
LAST 10 FISCAL YEARS OR SINCE INCEPTION OF GASB 67/68

	<u>2015</u>
<b>Town Pension Trust Fund</b>	
<b>Total Pension Liability</b>	
Service Cost	\$ 171,727
Interest on Total Pension Liability	375,535
Effect of Plan changes	-
Effect of Economic/Demographic Gains(Losses)	(106,688)
Effect of Assumption Changes or Inputs	135,436
Benefit Payments	<u>(230,131)</u>
Net Change in Plan Fiduciary Net Position	345,879
Total Pension Liability, Beginning	<u>4,948,383</u>
Total Pension Liability, Ending	<u>5,294,262</u>
<b>Fiduciary Net Position</b>	
Employer Contributions	256,246
Member Contributions	-
Investment Income Net of Investment Expenses	188,347
Benefit Payments	(230,131)
Administrative Expenses	(18,810)
Other	<u>(46,417)</u>
Net Change in Plan Fiduciary Net Position	149,235
Fiduciary Net Position, Beginning	<u>3,899,533</u>
Fiduciary Net Position, Ending	<u>4,048,768</u>
Net pension Liability, Ending	\$ <u>1,245,494</u>
Fiduciary Net Position as a % of Total Pension Liability	76.47%
Covered Payroll	\$ 2,022,560
Net Pension Liability as a % of Covered Payroll	61.58%

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

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
REQUIRED SUPPLEMENTARY INFORMATION  
TOWN PENSION TRUST FUND  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
SINCE INCEPTION OF GASB 67/68

	<u>2015</u>
Actuarially Determined Contribution	\$ 310,080
Contributions in Relation to the Actuarially Determined Contribution	<u>256,246</u>
Contribution Deficiency ( Excess )	\$ <u>53,834</u>
Covered Employee Payroll	\$ 2,022,560
Contributions as a percentage of Covered Employee Payroll	12.67%

**Notes to Schedule**

Valuation Date Actuarially determined contribution rates are calculated as of July 1, twelve months prior to the beginning of the fiscal year in which the contributions are reported.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar
Remaining Amortization Period	15 Year, Open
Asset Valuation Method	5 - Year, 20% Per Year
Inflation	3.00%
Salary Increases	4.75%
Investment Rate of Return	7.50% Compounded Annually
Retirement Age	All are assumed to retire at normal retirement age
Mortality	RP-2000 Mortality Table

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

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
REQUIRED SUPPLEMENTARY INFORMATION  
ANNUAL MONEY-WEIGHTED RATE OF RETURN  
LAST 10 FISCAL YEARS OR SINCE INCEPTION OF GASB 67/68

<u>Fiscal Year</u> <u>Ending</u> <u>June 30</u>	<u>Net</u> <u>Money-Weighted</u> <u>Rate of Return</u>
2015	3.62%
2014	16.70%
2013	N/A
2012	N/A
2011	N/A
2010	N/A
2009	N/A
2008	N/A
2007	N/A
2006	N/A

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

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
REQUIRED SUPPLEMENTARY INFORMATION  
LOSAP PENSION TRUST FUND

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
LAST 10 FISCAL YEARS OR SINCE INCEPTION OF GASB 67/68

	2015
<b>LOSAP Pension Trust Fund</b>	
<b>Total Pension Liability</b>	
Service Cost	\$ -
Interest on Total Pension Liability	39,931
Effect of Plan changes	-
Effect of Economic/Demographic Gains(Losses)	(51,752)
Effect of Assumption Changes or Inputs	-
Benefit Payments	(78,360)
Net Change in Plan Fiduciary Net Poaiton	(90,181)
Total Pension Liability, Beginning	1,103,643
Total Pension Liability, Ending	1,013,462
<b>Fiduciary Net Position</b>	
Employer Contributions	80,046
Member Contributions	-
Investment Income Net of Investment Expenses	-
Benefit Payments	(78,360)
Administrative Exoenses	(7,000)
Net Change in Plan Fiduciary Net Position	(5,314)
Fiduciary Net Position, Beginning	45,351
Fiduciary Net Position, Ending	40,037
Net pension Liability, Ending	\$ 973,425
Fiduciary Net Position as a % of Total Pension Liability	3.95%
Covered Payroll	N/A
Net Pension Liability as a % of Covered Payroll	N/A

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

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
REQUIRED SUPPLEMENTARY INFORMATION  
LOSAP PENSION TRUST FUND  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
SINCE INCEPTION OF GASB 67/68

	<u>2015</u>
Actuarially Determined Contribution	\$ 80,046
Contributions in Relation to the Actuarially Determined Contribution	<u>80,046</u>
Contribution Deficiency ( Excess )	\$ <u>-</u>
Covered Employee Payroll	\$ 2,022,560
Contributions as a percentage of Covered Employee Payroll	3.96%

**Notes to Schedule**

Valuation Date Actuarially determined contribution rates are calculated as of July 1, twelve months prior to the beginning of the fiscal year in which the contributions are reported.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Unit Credit
Amortization Method	Level Dollar
Remaining Amortization Period	23 Year, Closed
Asset Valuation Method	Market Valuation of Assets as of the Valuation Date
Inflation	3.00%
Salary Increases	N/A
Investment Rate of Return	5.50% Compounded Annually
Retirement Age	Age 65
Mortality	Pre-Retirement: None Post-Retirement: RP-2000 Mortality Table

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

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
REQUIRED SUPPLEMENTARY INFORMATION  
LOSAP PENSION TRUST FUND  
ANNUAL MONEY-WEIGHTED RATE OF RETURN  
LAST 10 FISCAL YEARS OR SINCE INCEPTION OF GASB 67/68

<u>Fiscal Year</u> <u>Ending</u> <u>June 30</u>	<u>Net</u> <u>Money-Weighted</u> <u>Rate of Return</u>
2015	0.00%
2014	0.00%
2013	N/A
2012	N/A
2011	N/A
2010	N/A
2009	N/A
2008	N/A
2007	N/A
2006	N/A

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

**DRAFT** TOWN OF BROOKLYN, CONNECTICUT  
REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POST EMPLOYMENT BENEFITS TRUST FUND  
SCHEDULE OF FUNDING PROGRESS  
LAST THREE VALUATIONS

Valuation Date	Actuarial		Unfunded AAL	Funded Ratio	Covered Payroll	AAL/UAAL as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability (AAL)				
7/1/2013	-	\$ 2,374,700	\$ 2,374,700	0.00%	5,538,500	42.88%
7/1/2010	-	3,208,235	3,208,235	0.00%	5,411,142	59.29%
7/1/2008	-	3,215,468	3,215,468	0.00%	5,314,388	60.50%

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

**DRAFT** TOWN OF BROOKLYN, CONNECTICUT  
REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POST EMPLOYMENT BENEFITS TRUST FUND  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
LAST SIX FISCAL YEARS

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Annual Contribution</u>	<u>Percentage Contributed</u>
6/30/2015	\$ 221,700	\$ 11,000	4.96%
6/30/2014	218,400	3,253	1.49%
6/30/2013	321,066	15,840	4.93%
6/30/2012	315,717	12,300	3.90%
6/30/2011	296,204	32,244	10.89%

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

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
COMBINING FUND FINANCIAL STATEMENTS  
JUNE 30, 2015

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS  
JUNE 30, 2015

	Small Cities Block Grant Fund	Town Aid Road Fund	Special Education Grants Fund	Cafeteria Fund	Recreation Funds	Open Space Land Acquisition Funds	Memorial Scholarship Fund	Total Special Revenue Funds
<b>ASSETS</b>								
Cash and equivalents	\$ -	\$ -	\$ -	\$ 22,458	\$ -	\$ 58,023	\$ -	\$ 80,481
Investments	-	-	-	-	-	56,206	25,615	81,821
Other receivables	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-	-
Loans	277,655	-	-	-	-	-	-	277,655
Intergovernmental	-	-	1,000	-	-	-	-	1,000
Due from other funds	-	191,173	75,454	-	32,168	-	-	298,795
Inventories	-	-	-	4,558	-	-	-	4,558
Total Assets	\$ 277,655	\$ 191,173	\$ 76,454	\$ 27,016	\$ 32,168	\$ 114,229	\$ 25,615	\$ 744,310
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>								
<b>Liabilities</b>								
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 1,392	\$ -	\$ -	\$ 1,392
Due to other funds	-	146,477	13,793	-	-	-	500	160,770
Unearned revenues	-	-	24,649	-	-	-	-	24,649
Total Liabilities	-	146,477	38,442	-	1,392	-	500	186,811
<b>Fund balances</b>								
Nonspendable	-	-	-	4,558	-	-	-	4,558
Restricted	277,655	44,696	38,012	-	-	114,229	25,115	499,707
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	22,458	9,053	-	-	31,511
Unassigned	-	-	-	-	21,723	-	-	21,723
Total Fund Balances	277,655	44,696	38,012	27,016	30,776	114,229	25,115	557,499
Total Liabilities, Deferred Inflows of of Resources and Fund Balances	\$ 277,655	\$ 191,173	\$ 76,454	\$ 27,016	\$ 32,168	\$ 114,229	\$ 25,615	\$ 744,310

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

**DRAFT**

**TOWN OF BROOKLYN, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**SPECIAL REVENUE FUNDS**  
**JUNE 30, 2015**

	Small Cities Block Grant Fund	Town Aid Road Fund	Special Education Grants Fund	Cafeteria Fund	Recreation Funds	Open Space Land Acquisition Funds	Memorial Scholarship Fund	Total Special Revenue Funds
<b>REVENUES</b>								
Intergovernmental	\$ -	\$ 241,661	\$ 604,456	\$ 169,064	\$ -	\$ -	\$ -	\$ 1,015,181
Miscellaneous	-	-	-	128,043	68,634	3,430	-	200,107
Investment Earnings	-	-	-	-	-	63	151	214
<b>Total Revenues</b>	-	241,661	604,456	297,107	68,634	3,493	151	1,215,502
<b>EXPENDITURES</b>								
Public Works	-	198,063	-	-	-	-	-	198,063
Civic and cultural	-	-	-	-	81,558	-	-	81,558
Education	-	-	583,308	298,369	-	-	-	881,677
<b>Total Expenditures</b>	-	198,063	583,308	298,369	81,558	-	-	1,161,298
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	-	43,598	21,148	(1,262)	(12,924)	3,493	151	54,204
<b>OTHER FINANCING SOURCES</b>								
Transfers in	-	-	-	-	-	8,203	-	8,203
<b>Net Changes in Fund Balances</b>	-	43,598	21,148	(1,262)	(12,924)	11,696	151	62,407
<b>Fund Balances-Beginning of Year</b>	277,655	1,098	16,864	28,278	43,700	102,533	24,964	495,092
<b>Fund Balances-End of Year</b>	\$ 277,655	\$ 44,696	\$ 38,012	\$ 27,016	\$ 30,776	\$ 114,229	\$ 25,115	\$ 557,499

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

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
COMBINING STATEMENT OF NET POSITION  
PENSION TRUST FUNDS  
JUNE 30, 2015

	<u>Town Pension Trust Fund</u>	<u>LOSAP Pension Trust Fund</u>	<u>Total Pension Trust Funds</u>
<b>ASSETS</b>			
Cash and Equivalents	\$ -	\$ 40,037	\$ 40,037
Investments, at Fair Value	<u>4,048,768</u>	<u>-</u>	<u>4,048,768</u>
Total Assets	<u>4,048,768</u>	<u>40,037</u>	<u>4,088,805</u>
<b>LIABILITIES</b>			
Due to Others	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>			
Held in Trust for Pension Benefits and Other Purposes	\$ <u>4,048,768</u>	\$ <u>40,037</u>	\$ <u>4,088,805</u>

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

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
PENSION TRUST FUNDS  
JUNE 30, 2015

	<u>Town Pension Trust Fund</u>	<u>LOSAP Pension Trust Fund</u>	<u>Total Pension Trust Funds</u>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 256,246	\$ 80,046	\$ 336,292
Investment Income, net of investment expenses	188,347	-	188,347
Other Income	-	-	-
Total Additions	<u>444,593</u>	<u>80,046</u>	<u>524,639</u>
<b>DEDUCTIONS</b>			
Pension benefits	230,131	78,360	308,491
Administrative fees	18,810	7,000	25,810
Other	46,417	-	46,417
Total Deductions	<u>295,358</u>	<u>85,360</u>	<u>380,718</u>
Change in Net Position	149,235	(5,314)	143,921
Net Position - Beginning of Year	<u>3,899,533</u>	<u>45,351</u>	<u>3,944,884</u>
Net Position - End of Year	\$ <u>4,048,768</u>	\$ <u>40,037</u>	\$ <u>4,088,805</u>

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

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
COMBINING STATEMENT OF NET POSITION  
AGENCY FUNDS  
JUNE 30, 2015

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Ending</u>
<b>STUDENT ACTIVITY FUND</b>				
<b>Assets</b>				
Cash and equivalents	\$ 11,897	\$ 104,406	\$ (96,670)	\$ 19,633
Investments, at fair value	23,238	40	-	23,278
Due from other funds	<u>15,940</u>	<u>-</u>	<u>-</u>	<u>15,940</u>
<b>Total Assets</b>	<b>\$ <u>51,075</u></b>	<b>\$ <u>104,446</u></b>	<b>\$ <u>(96,670)</u></b>	<b>\$ <u>58,851</u></b>
<b>Liabilities</b>				
Due to students	<b>\$ <u>51,075</u></b>	<b>\$ <u>104,446</u></b>	<b>\$ <u>(96,670)</u></b>	<b>\$ <u>58,851</u></b>

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

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
SUPPLEMENTARY SCHEDULES  
JUNE 30, 2015

**DRAFT**

**TOWN OF BROOKLYN, CONNECTICUT  
REPORT OF THE PROPERTY TAX COLLECTOR  
YEAR ENDED JUNE 30, 2015**

Grand List Year	Beginning Receivable Balance	Current Year Levy	Lawfull Corrections		Net Taxes Collectible	Taxes	Collections During the Year		Total	Transfer to Suspense	Net Ending Receivable Balance
			Additions	Deductions			Interest	Leins			
2013	\$ -	\$ 12,959,805	\$ 18,113	\$ 47,829	\$ 12,930,089	\$ 12,719,935	\$ 45,381	\$ 18,780	\$ 12,784,096	\$ -	\$ 210,154
2012	188,737	-	644	12,854	176,527	111,826	20,600	8,607	141,033	-	64,701
2011	71,240	-	179	8,951	62,468	19,536	8,009	2,118	29,663	-	42,932
2010	47,850	-	-	6,827	41,023	4,347	2,824	167,222	174,393	28,168	8,508
2009	12,143	-	-	4,877	7,266	1,822	897	48	2,767	-	5,444
2008	10,738	-	-	5,055	5,683	1,148	1,032	134	2,314	-	4,535
2007	8,091	-	-	5,055	3,036	25	16	4	45	-	3,011
2006	4,767	-	-	1,575	3,192	663	-	-	663	-	2,529
2005	3,608	-	-	1,524	2,084	-	-	-	-	-	2,084
2004	4,710	-	-	1,416	3,294	187	345	-	532	-	3,107
2003	3,728	-	-	1,131	2,597	-	-	-	-	-	2,597
2002	3,413	-	-	1,074	2,339	-	-	-	-	-	2,339
2001	3,623	-	-	1,006	2,617	-	-	2,040	2,040	-	2,617
2000	1,329	-	-	950	379	-	-	-	-	-	379
1999	1,478	-	-	1,014	464	-	-	-	-	-	464
1998	1,103	-	-	1,103	-	-	-	-	-	-	-
<b>Grand Total</b>	<b>\$ 366,558</b>	<b>\$ 12,959,805</b>	<b>\$ 18,936</b>	<b>\$ 102,241</b>	<b>\$ 13,243,058</b>	<b>\$ 12,859,489</b>	<b>\$ 79,104</b>	<b>\$ 198,953</b>	<b>\$ 13,137,546</b>	<b>\$ 28,168</b>	<b>\$ 355,401</b>

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

**DRAFT**

**TOWN OF BROOKLYN, CONNECTICUT**  
**STATEMENT OF CHANGES IN FUND BALANCE BY PROJECT**  
**CAPITAL NONRECURRING FUND**  
**YEAR ENDED JUNE 30, 2015**

	Beginning Balance	Original Budget Additions	Debt Financed	Additions (Revenues Posted)	Reductions (Expenditures Posted)	Ending Fund Balance	Eliminating deficits per GASB 54	Reported Fund Balance
<b>Restricted Fund Balance:</b>								
<b>General Government</b>								
JAG grant	\$ 2,272	\$ -	\$ -	\$ -	\$ -	\$ 2,272	\$ -	\$ 2,272
Energy grant	(14,249)	-	-	-	-	(14,249)	14,249	-
Homeland security	-	-	-	-	-	-	-	-
Transfer station	(16,095)	-	-	-	-	(16,095)	16,095	-
<b>Highway</b>								
Allen Hill Road, South	-	-	-	-	-	-	-	-
Ice program	50	-	-	-	-	50	-	50
<b>Education</b>								
LOCIIP - IMAC lab	(19,000)	-	-	-	-	(19,000)	19,000	-
<b>Recreation</b>								
Riverside Park Phase II	(273,282)	-	-	-	-	(273,282)	273,282	-
<b>Total Restricted Fund Balance</b>	<b>(320,304)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(320,304)</b>	<b>322,626</b>	<b>2,322</b>
<b>Committed Fund Balance:</b>								
<b>General Government</b>								
Building office software	10,000	-	-	-	(190)	9,810	-	9,810
Building office software - 2nd Year	6,460	-	-	-	(6,460)	-	-	-
Painting of town hall	555	-	-	-	-	555	-	555
Server	15,000	-	-	-	(15,000)	-	-	-
EB fire truck	260	-	-	-	-	260	-	260
Community center improvements	1,034	-	-	-	-	1,034	-	1,034
Garage & dog pound roof	795	-	-	-	-	795	-	795
Transfer Station canopies	(37,332)	-	-	-	-	(37,332)	37,332	-
Computers	1,136	-	-	-	-	1,136	-	1,136
Comm Ctr Reno - 2014/15	-	10,000	-	-	(9,859)	141	-	141
Mortlake Truck - 2014/15	-	59,531	466,000	-	(466,000)	59,531	-	59,531
P & Z Regs - 2014/15	-	27,000	-	-	(5,000)	22,000	-	22,000
Sidewalks - 2014/15	-	15,000	-	-	(915)	14,085	-	14,085
Town Clerk Grant - 2014/15	-	-	-	5,000	(5,000)	-	-	-
Front Steps - 2014/15	-	12,000	-	-	(11,300)	700	-	700
Phone Systems - 2014/15	-	21,000	-	-	(20,969)	31	-	31
<b>Highway</b>								
Chipper	7,064	-	-	-	-	7,064	-	7,064
Highway garage	(3,732)	-	-	-	-	(3,732)	3,732	-
Highway truck	8,682	-	-	-	(1,974)	6,708	-	6,708
New truck body	5,862	-	-	-	-	5,862	-	5,862
Payloader	346	-	-	-	-	346	-	346
Salt shed roof	1,100	-	-	-	-	1,100	-	1,100
Sand control units	7,400	-	-	-	-	7,400	-	7,400
Backhoe - 2014/15	-	20,650	94,500	-	(74,922)	40,228	-	40,228
Garage Door Openers - 2014/15	-	8,000	-	-	(6,530)	1,470	-	1,470
Pick-up Truck - 2014/15	-	27,000	-	-	(29,294)	(2,294)	2,294	-
Payloader - 2014/15	-	-	-	-	(24,251)	(24,251)	24,251	-

(Continued)

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

**DRAFT**

**TOWN OF BROOKLYN, CONNECTICUT**  
**STATEMENT OF CHANGES IN FUND BALANCE BY PROJECT**  
**CAPITAL NONRECURRING FUND**  
**YEAR ENDED JUNE 30, 2015**

	Beginning Balance	Original Budget Additions	Debt Financed	Additions (Revenues Posted)	Reductions (Expenditures Posted)	Ending Fund Balance	Eliminating deficits per GASB 54	Reported Fund Balance
<b>Recreation</b>								
Disc golf	\$ 5,065	\$ -	\$ -	\$ -	\$ (3,183)	\$ 1,902	\$ -	\$ 1,902
2 Way radios	690	-	-	-	-	690	-	690
Gazebo	11,783	-	-	-	(11,472)	311	-	311
Lawn equipment upgrade	3,621	-	-	-	-	3,621	-	3,621
Exmark mower	5,911	-	-	-	(1,828)	4,083	-	4,083
Baseball Fields - Riverside Park	(7,856)	-	-	-	(129,796)	(137,652)	137,652	-
Master Plan - Prince Hill Park	770	-	-	-	-	770	-	770
Recreation Veh - 2014/15	-	31,000	-	-	(30,954)	46	-	46
<b>Education</b>								
BMS architect and engineering evaluation	15,000	-	-	-	(15,000)	-	-	-
BMS cabinet heater	7,000	-	-	-	-	7,000	-	7,000
BMS fuel tank monitor	1,527	-	-	-	-	1,527	-	1,527
BMS hot water heater	12,000	-	-	-	-	12,000	-	12,000
Computer server	(103)	-	-	-	-	(103)	103	-
Computers - 2014/15	-	29,069	-	-	(11,827)	17,242	-	17,242
Imac lab for BES	1,435	-	-	-	-	1,435	-	1,435
2 File servers	1,544	-	-	-	-	1,544	-	1,544
Tablets	3,742	-	-	-	-	3,742	-	3,742
School north wall repair	77,563	-	-	-	-	77,563	-	77,563
Asbestos removal	14,592	-	-	-	-	14,592	-	14,592
Carpeting	(21,124)	-	-	-	-	(21,124)	21,124	-
Dri-Vit repair	688	-	-	-	-	688	-	688
Elementary school chimney	482	-	-	-	-	482	-	482
Kitchen equipment replacement	3,952	-	-	-	-	3,952	-	3,952
Rose Wing Roof - 2014/15	-	7,000	65,500	-	-	72,500	-	72,500
LoClip - Fire Alarm System - 2013/14	-	-	-	-	(29,429)	(29,429)	29,429	-
Fire Alarm system Repairs	-	-	-	-	(27,000)	(27,000)	27,000	-
Security needs - 2014/15	-	10,000	-	-	-	10,000	-	10,000
Tractor	30	-	-	-	-	30	-	30
<b>Total Committed Fund Balance</b>	<b>162,342</b>	<b>277,250</b>	<b>626,000</b>	<b>5,000</b>	<b>(938,133)</b>	<b>133,059</b>	<b>282,917</b>	<b>133,059</b>
<b>Unassigned Fund Balance:</b>								
Unassigned/debt transactions	(41,729)	558,818	3,556,591	4,005	(3,710,652)	366,833	(605,543)	(238,710)
<b>Total Fund Balance</b>	<b>\$ (199,091)</b>	<b>\$ 835,868</b>	<b>\$ 4,182,591</b>	<b>\$ 9,005</b>	<b>\$ (4,648,785)</b>	<b>\$ (554,078)</b>	<b>\$ -</b>	<b>\$ (554,078)</b>

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

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
INTERNAL CONTROL AND COMPLIANCE REPORTS  
JUNE 30, 2015

# O'Connell, Pace, & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

**DRAFT**

FACSIMILE: (860) 549-1804  
E-MAIL: oconnells@opccpa.com

609 FARMINGTON AVENUE  
SUITE 201  
HARTFORD, CT 06105-3063  
(860) 247-3917

Walter F. O'Connell, C.P.A.  
Mario Pace, C.P.A.  
Albert Celentano, C.P.A.  
William Clark, C.P.A., M.S.P.A.

## Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

### Independent Auditors' Report

The Board of Finance  
Town of Brooklyn, Connecticut

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Brooklyn, Connecticut ("Town") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated March 30, 2016.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items (identified as MW-08-11) to be material weaknesses.

### Compliance and Other Matters

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

**DRAFT**  
However providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we did not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the Town in a separate letter dated March 30, 2016

#### **Town's Response to Findings**

The Town's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Town's response and, accordingly, we express no opinion on it.

#### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this report is not suitable for any other purposes.

Sincerely,

*O'Connell, Pace, + Company PC*

O'Connell, Pace & Company, P.C.  
March 30, 2016

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
STATE SINGLE AUDIT  
JUNE 30, 2015

# O'Connell, Pace, & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

**DRAFT**

FACSIMILE: (860) 549-1804  
E-MAIL: oconnells@opccpa.com

609 FARMINGTON AVENUE  
SUITE 201  
HARTFORD, CT 06105-3063  
(860) 247-3917

Walter F. O'Connell, C.P.A.  
Mario Pace, C.P.A.  
Albert Celentano, C.P.A.  
William Clark, C.P.A., M.S.P.A.

## Independent Auditors' Report on Compliance for Each Major State Program, On Internal Control Over Compliance, and Report on the Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

The Board of Finance  
Town of Brooklyn, Connecticut

### Report on Compliance for Each Major State Program

We have audited the Town of Brooklyn's compliance with the types of compliance requirements described in the State of Connecticut, Office of Policy and Management's *Compliance Supplement to the State Single Audit Act* that could have a direct and material effect on each of the Town of Brooklyn's major state programs for the year ended June 30, 2015. The Town of Brooklyn's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### *Management's Responsibility*

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on compliance for each of the Town's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Town's compliance.

#### *Opinion on Each Major State Program*

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2015.

#### Report on Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the

circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **Purpose of This Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

#### **Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We have issued our report thereon dated March 30, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying Schedule of Expenditures of State Financial Assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the Schedule of Expenditures of State Financial Assistance is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Sincerely,

*O'Connell, Pace, + Company PC*

O'Connell, Pace & Company, P.C.

March 30, 2016

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
YEAR ENDED JUNE 30, 2015

State Grantor Pass-Through Grantor Program Total	State Grant Program Core-CT Number	Expenditures
<b>Connecticut State Library</b>		
Grants to Public Libraries	11000-CSL66051-17003	\$ 1,158
Historic Document Preservation	12060-CSL66094-35150	5,000
<b>Department of Emergency Services and Public Protection</b>		
EMPG 2012 430554 Reimbursement	N/A	1,284
<b>Department of Transportation</b>		
Town Aid Road Grants Transportation Fund	12052-DOT57131-43455	198,063
<b>Department of Justice</b>		
Judicial Fines and Fees	34001-JUD95162-40001	4,213
<b>Office of Policy and Management</b>		
Reimburse Towns - Tax Loss on State Property	11000-OPM20600-17004	153,425
Reimburse Property Tax - Disability Exemption	11000-OPM20600-17011	886
Property Tax Relief for Elderly Circuit Breaker	11000-OPM20600-17018	53,861
Property Tax Relief for Elderly Homeowners - Freeze	11000-OPM20600-17021	1,460
Property Tax Relief for Veterans	11000-OPM20600-17024	4,234
Municipal Purposes and Projects	12052-OPM20600-43587	9,761
<b>Office of Early Childhood</b>		
School Readiness and Child Care	11000-OEC64845-12113	113,400
School Readiness - Competitive	11000-OEC64845-17097	3,790
<b>Department of Education</b>		
Child Nutrition State Match	11000-SDE64370-16211	3,656
Health Foods Initiative	11000-SDE64370-16212	7,501
Adult Education	11000-SDE64370-17030	33,693
School Breakfast Program	11000-SDE64370-17046	6,348
Magnet Schools	11000-SDE64370-17057	15,600
High Quality Schools Start-Up	12052-SDE64370-43538	6,433
<b>Other State Financial Assistance</b>		<u>110</u>
Total State Financial Assistance before Exempt Programs		<u>623,876</u>
<b>EXEMPT PROGRAMS</b>		
<b>Department of Education</b>		
Education Cost Sharing	11000-SDE64000-17041	7,077,461
Public School Transportation	11000-SDE64000-17027	116,093
Special Education - Excess Cost - Student Based	11000-SDE64000-17047	293,704
<b>Department of Children and Families</b>		
School Construction Grants	13009-DCS28000-40896	9,231
School Construction Grants	13009-DCS28000-40901	242,592
<b>Office of Policy and Management</b>		
Mashantucket Pequot and Mohegan Fund Grant	12060-OPM20600-17005	<u>225,240</u>
Total Exempt Programs		<u>7,964,321</u>
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>		<u>\$ 8,588,197</u>

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO THE SCHEDULE OF EXPENDITURES OF  
STATE FINANCIAL ASSISTANCE  
YEAR ENDED JUNE 30, 2015

**1. Summary of Significant Accounting Policies**

**General**

The accompanying Schedule of Expenditures of State Financial Assistance includes state grant activity of the Town of Brooklyn, Connecticut ("Town") under programs of the State of Connecticut for the fiscal year ended June 30, 2015. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut.

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as applicable to governments.

The information in the Schedule of Expenditures of State Financial Assistance is presented based on regulations established by the State of Connecticut, Office of Policy and Management.

**Basis of Accounting**

The financial statements for the governmental fund types contained in the Town's basic financial statements are prepared on the modified accrual basis of accounting. The government-wide financial statements are prepared on the full accrual basis of accounting;

- Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period.
- Expenditures are generally recorded when a liability is incurred, except for debt service expenditures and certain other expenditures when applicable, related to compensated absences, pension obligations, landfill closure costs, claims and judgements, and other post-employment benefits which are recorded only when payment is due (mature).

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

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO THE SCHEDULE OF EXPENDITURES OF  
STATE FINANCIAL ASSISTANCE  
YEAR ENDED JUNE 30, 2015

**Section I – Summary of Auditors’ Results:**

**Financial Statements**

Type of auditors’ report issued unmodified

Internal control over financial reporting

- Material weakness(es) identified?   x   yes        no
- Significant deficiency(ies) identified?        yes   x   none reported
- Noncompliance material to financial Statements noted        yes   x   no

**State Financial Assistance**

Internal control over major programs

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

Type of report issued on compliance for major programs: unmodified

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

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

State Grantor and Program	State Core-CT Number	Expenditures
Department of Transportation Town Aid Road Grants Transportation Fund	13033-DOT57131-43459	\$198,063
Office of Early Childhood School Readiness and Child Care	11000-OEC64845-12113	\$113,400
Office of Policy and Management Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OPM20600-17004	\$153,425
Dollar threshold used to distinguish Between Type A and Type B programs:		<u>\$100,000</u>

**Section II – Financial Statement Findings:**

**2015-1 – Entity Level Controls**

**Condition:** Internal controls are a coordinated set of policies and procedures that management uses to achieve their objectives and meet their fundamental responsibilities for effectiveness, efficiency, compliance, and financial reporting. The literature recognizes five sections of internal control published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO Report) in Internal Control – Integrated Framework. These five interrelated components include:

- o *Control Environment* – A favorable control environment exists when management is knowledgeable about controls (entity wide and specific), is committed to establishing controls, and communicates its support for internal controls to all individuals involved.
- o *Risk Assessment* – This involves management’s continual identification and assessment of the potential risks that might prevent management from fulfilling its responsibilities and achieving its objectives.

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO THE SCHEDULE OF EXPENDITURES OF  
STATE FINANCIAL ASSISTANCE  
YEAR ENDED JUNE 30, 2015

**Section II – Financial Statement Findings (Continued):**

- *Information and Communication Systems* – These are the systems used to assure that appropriate individuals have timely and accurate information to carry out their responsibilities.
- *Control Activities* – These are management's responses to the risks identified. These are the specific policies and procedures that are put in place to alert management of undesired actions in a timely manner.
- *Monitoring* – There is a responsibility of management to follow up on the controls that have been put in place to assure that they continue to function and function properly, effectively, and efficiently.

The town of Brooklyn, Connecticut does not have a framework established to deal with each of the interrelated entity level controls over and above the specific control policies and procedures that have been developed.

**Current Status:** The town of Brooklyn, Connecticut's Board of Finance is working on this. They have had each department write up manuals. The Board of Finance is in the process of reviewing the manuals, assessing risk and adding internal controls where needed.

**Section III – State Financial Assistance Findings and Questioned Costs:**

No findings or questioned costs are reported relating to State financial assistance programs.

**Summary Schedule of the Status of Prior Audit Findings**

Finding MW-08-11 – Entity Level Controls has been repeated as Finding 2015-1.

TOWN OF BROOKLYN, CONNECTICUT  
NOTES TO THE SCHEDULE OF EXPENDITURES OF  
STATE FINANCIAL ASSISTANCE  
YEAR ENDED JUNE 30, 2015

**DRAFT**

**MW-08-11 – Entity Level Controls**

**Condition:** Internal controls are a coordinated set of policies and procedures that management uses to achieve their objectives and meet their fundamental responsibilities for effectiveness, efficiency, compliance, and financial reporting. The literature recognizes five sections of internal control published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO Report) in Internal Control – Integrated Framework. These five interrelated components include:

- *Control Environment* – A favorable control environment exists when management is knowledgeable about controls (entity wide and specific), is committed to establishing controls, and communicates its support for internal controls to all individuals involved.
- *Risk Assessment* – This involves management’s continual identification and assessment of the potential risks that might prevent management from fulfilling its responsibilities and achieving its objectives.
- *Information and Communication Systems* – These are the systems used to assure that appropriate individuals have timely and accurate information to carry out their responsibilities.
- *Control Activities* – These are management’s responses to the risks identified. These are the specific policies and procedures that are put in place to alert management of undesired actions in a timely manner.
- *Monitoring* – There is a responsibility of management to follow up on the controls that have been put in place to assure that they continue to function and function properly, effectively, and efficiently.

The town of Brooklyn, Connecticut does not have a framework established to deal with each of the interrelated entity level controls over and above the specific control policies and procedures that have been developed.

**Current Status:** The town of Brooklyn, Connecticut’s Board of Finance is working on this. They have had each department write up manuals. The Board of Finance is in the process of reviewing the manuals, assessing risk and adding internal controls where needed.

**DRAFT**

TOWN OF BROOKLYN, CONNECTICUT  
FEDERAL SINGLE AUDIT  
JUNE 30, 2015

# O'Connell, Pace, & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

**DRAFT**

FACSIMILE: (860) 549-1804  
E-MAIL: oconnells@opccpa.com

609 FARMINGTON AVENUE  
SUITE 201  
HARTFORD, CT 06105-3063  
(860) 247-3917

Walter F. O'Connell, C.P.A.  
Mario Pace, C.P.A.  
Albert Celentano, C.P.A.  
William Clark, C.P.A., M.S.P.A.

## Independence Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

The Board of Finance  
Town of Brooklyn, Connecticut

### Report on Compliance for Each Major Federal Program

We have audited the Town of Brooklyn's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town of Brooklyn's major federal programs for the year ended June 30, 2015. The Town of Brooklyn's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### *Management's Responsibility*

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on compliance for each of the Town of Brooklyn's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United State of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Brooklyn's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Brooklyn's compliance.

#### *Opinion on Each Major Federal Program*

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

#### Report on Internal Control over Compliance

Management of the Town of Brooklyn is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Brooklyn's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are

appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Brooklyn's internal control over compliance.

**DRAFT**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

#### **Report on Schedule of Expenditures of Federal Financial Assistance Required by OMB Circular A-133**

We have audited the financial statements of the Town of Brooklyn as of and for the year ended June 30, 2015, and have issued our report thereon dated March 30, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relationship to the financial statements as a whole.

Sincerely,

*O'Connell, Pace, + Company PC*

O'Connell, Pace & Company, P.C.

March 30, 2016

**TOWN OF BROOKLYN, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2015**

**DRAFT**

Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Grantor's Number	Federal CFDA Number	Expenditures
<b>U.S. Department of Agriculture</b>			
Pass-Through Programs From CT Department of Education			
Child Nutrition Cluster			
National School Lunch	12060-SDE64370-20560	10.555	\$ 117,451
School Breakfast Program	12060-SDE64370-20508	10.553	<u>31,344</u>
<b>Total U.S. Department of Agriculture</b>			<b>\$ 148,795</b>
<b>U.S. Department of Transportation</b>			
Pass-Through Programs from CT Department of Transportation			
Alcohol Open Container Requirements	12062-DOT57343-22091	20.607	<u>\$ 15,843</u>
<b>U.S. Department of Education</b>			
Pass-Through Programs from CT Department of Education			
Special Education Cluster (IDEA)			
IDEA, Part B, Section 611, Handicapped - Current	12060-SDE64370-20977	84.027	\$ 185,942
IDEA, Part B, Section 619, Preschool - Current	12060-SDE64370-20983	84.173	<u>10,554</u>
<b>Total Special Education Cluster (IDEA)</b>			<b>\$ 196,496</b>
Title I - Improving Basic Programs	12060-20679-82070-2015	84.010	\$ 173,456
Title II - Part A, Improving Teacher Quality - Current	12060-20858-84131-2015	84.367	<u>43,094</u>
<b>Total U.S. Department of Education</b>			<b>\$ 413,046</b>
<b>Department of Homeland Security</b>			
Pass-Through Programs from State of CT			
Homeland Security Grant	12060-EHS99660-21881	97.042	\$ 840
FEMA - Public Assistance Grant	12060-DPS32990-22520	97.036	<u>24,293</u>
<b>Total Department of Homeland Security</b>			<b>\$ 25,133</b>
<b>Total Federal Financial Assistance</b>			<b>\$ 602,817</b>

TOWN OF BROOKLYN, CONNECTICUT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**DRAFT**

YEAR ENDED JUNE 30, 2015

**I. Summary of Significant Accounting Policies**

**General**

The accompanying Schedule of Expenditures of Federal Financial Assistance presents activity of all federal award programs for the year ended June 30, 2015. Federal financial assistance received directly from federal agencies as well as federal awards passed through other government agencies are included in the Schedule.

**Basis of Accounting**

The financial statements for the governmental fund types contained in the Town's basic financial statements are prepared on the modified accrual basis of accounting. The government-wide financial statements are prepared on the full accrual basis of accounting:

- Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period.
- Expenditures are generally recorded when a liability is incurred, except for debt service expenditures and certain other expenditures when applicable, related to compensated absences, pension obligations, landfill closure costs, claims and judgments, and other post-employment benefits which are recorded only when payment is due (mature).

The accompanying Schedule of Expenditures of Federal Financial Assistance includes the federal grant activity of the Town of Brooklyn and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

TOWN OF BROOKLYN, CONNECTICUT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**DRAFT**

YEAR ENDED JUNE 30, 2015

**Section I – Summary of Auditors’ Results**

**Financial Statements**

Type of auditors’ report issued	unmodified	
Internal control over financial reporting		
- Material weakness(es) identified?	<u>  x  </u> yes	<u>      </u> no
- Significant deficiency(ies) identified?	<u>      </u> yes	<u>  x  </u> none reported
- Noncompliance material to financial Statements noted	<u>      </u> yes	<u>  x  </u> no

**Federal Financial Assistance**

Internal control over major programs		
- Material weakness(es) identified?	<u>      </u> yes	<u>  x  </u> no
- Significant deficiency(ies) identified?	<u>      </u> yes	<u>  x  </u> none reported

Type of report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	<u>      </u> yes	<u>  x  </u> no
--	-------------------	-----------------

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

CFDA Number(s)	Name of Federal Program Cluster
84.010	Title I
84.027	IDEA, Part B, Section 611, Handicapped
84.173	IDEA, Part B, Section 619, Preschool

Dollar threshold used to distinguish Between Type A and Type B programs:	<u>\$300,000</u>
--	------------------

**Section II – Financial Statement Findings:**

**2015-1 – Entity Level Controls**

**Condition:** Internal controls are a coordinated set of policies and procedures that management uses to achieve their objectives and meet their fundamental responsibilities for effectiveness, efficiency, compliance, and financial reporting. The literature recognizes five sections of internal control published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO Report) in Internal Control – Integrated Framework. These five interrelated components include:

- o *Control Environment* – A favorable control environment exists when management is knowledgeable about controls (entity wide and specific), is committed to establishing controls, and communicates its support for internal controls to all individuals involved.
- o *Risk Assessment* – This involves management’s continual identification and assessment of the potential risks that might prevent management from fulfilling its responsibilities and achieving its objectives.
- o *Information and Communication Systems* – These are the systems used to assure that appropriate individuals have timely and accurate information to carry out their responsibilities.

TOWN OF BROOKLYN, CONNECTICUT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2015

**DRAFT**

**Section II – Financial Statement Findings (Continued):**

- *Control Activities* – These are management’s responses to the risks identified. These are the specific policies and procedures that are put in place to alert management of undesired actions in a timely manner.
- *Monitoring* – There is a responsibility of management to follow up on the controls that have been put in place to assure that they continue to function and function properly, effectively, and efficiently.

The town of Brooklyn, Connecticut does not have a framework established to deal with each of the interrelated entity level controls over and above the specific control policies and procedures that have been developed.

**Current Status:** The town of Brooklyn, Connecticut’s Board of Finance is working on this. They have had each department write up manuals. The Board of Finance is in the process of reviewing the manuals, assessing risk and adding internal controls where needed.

**Section III – Federal Financial Assistance Findings and Questioned Costs**

No findings or questioned costs are reported relating to federal financial assistance programs.

**Summary Schedule of the Status of Prior Audit Findings**

Finding MW-08-11, Entity Level Controls, has been repeated as Finding 2015-1.

TOWN OF BROOKLYN, CONNECTICUT

NOTES TO THE SCHEDULE OF EXPENDITURES FEDERAL AWARDS

YEAR ENDED JUNE 30, 2015

**DRAFT**

MW 08 11 Entity Level Controls

**Condition:** Internal controls are a coordinated set of policies and procedures that management uses to achieve their objectives and meet their fundamental responsibilities for effectiveness, efficiency, compliance, and financial reporting. The literature recognizes five sections of internal control published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO Report) in Internal Control – Integrated Framework. These five interrelated components include:

- *Control Environment* – A favorable control environment exists when management is knowledgeable about controls (entity wide and specific), is committed to establishing controls, and communicates its support for internal controls to all individuals involved.
- *Risk Assessment* – This involves management’s continual identification and assessment of the potential risks that might prevent management from fulfilling its responsibilities and achieving its objectives.
- *Information and Communication Systems* – These are the systems used to assure that appropriate individuals have timely and accurate information to carry out their responsibilities.
- *Control Activities* – These are management’s responses to the risks identified. These are the specific policies and procedures that are put in place to alert management of undesired actions in a timely manner.
- *Monitoring* – There is a responsibility of management to follow up on the controls that have been put in place to assure that they continue to function and function properly, effectively, and efficiently.

The town of Brooklyn, Connecticut does not have a framework established to deal with each of the interrelated entity level controls over and above the specific control policies and procedures that have been developed.

**Current Status:** The town of Brooklyn, Connecticut’s Board of Finance is working on this. They have had each department write up manuals. The Board of Finance is in the process of reviewing the manuals, assessing risk and adding internal controls where needed.