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Town of Brooklyn, Connecticut

**Financial Statements
Internal Control Reports
and Compliance Reports**

For the Year Ended June 30, 2011

Marien + Company

CPAs

CERTIFIED PUBLIC ACCOUNTANTS + ADVISORS

**Town of Brooklyn, Connecticut
Financial Statements
For the Year Ended June 30, 2011**

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Independent Auditors' Report

Board of Finance
Town of Brooklyn, Connecticut
Brooklyn, Connecticut

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 as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Brooklyn, Connecticut's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to in the first paragraph 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, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America (GAAP).

As described in Note 1, the Town has implemented authoritative accounting pronouncements promulgated by the Governmental Accounting Standards Board (GASB) *Statement 54, Fund Balance Reporting, Governmental Fund Type Definitions* and *Statement 59, Financial Instruments Omnibus*. The Town also made a prior period adjustment to Net Assets as described in Note 1.

Independent Auditors' Report (Continued)

In accordance with Government Auditing Standards, we have also issued our report dated November 17, 2011 on our consideration of the Town of Brooklyn, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and other grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Brooklyn, Connecticut's basic financial statements. The combining and individual fund financial statements and supplementary schedules are presented for purposes of additional analysis and are 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Maier + Company

November 17, 2011

**Town of Brooklyn, Connecticut
Management's Discussion and Analysis
For the Year Ended June 30, 2011**

Our discussion and analysis of Town of Brooklyn, Connecticut's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the Town's financial statements, which begin with Exhibit 1.

Financial Highlights

- Net assets increased by \$765,755 during fiscal year ending June 30, 2011.
- Total fund balance in all funds increased by \$758,428 during the same period.

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets 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 Assets 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 assets* and changes in them. You can think of the Town's net assets—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 assets 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.

**Town of Brooklyn, Connecticut
Management's Discussion and Analysis
For the Year Ended June 30, 2011**

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 Assets and the Statement of Activities) and governmental *funds* in a reconciliation at the bottom of the fund financial statements.

The Town as Trustee

The Town is the trustee, or *fiduciary*, for its employees' pension plans. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. All of the Town's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets 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 assets increased by \$765,755 from a year ago. This is considered to be a measure of the Town's long-term health. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town.

The biggest change was the result of paying down debt. The long-term debt decreased by a net amount of \$831,366. This is primarily the result of the annual payments on the general obligation bonds of \$810,000. These payments, combined with a \$110,281 increase in capital assets, caused the Net Assets Invested in Capital Assets, Net of Debt to increase by \$929,794.

**Town of Brooklyn, Connecticut
Management's Discussion and Analysis
For the Year Ended June 30, 2011**

**Table 1
Net Assets**

	2011	Dollars	Percent	2010
Current and other assets	\$ 5,321,684	\$ (94,889)	-1.8%	\$ 5,416,573
Capital assets	27,306,646	110,281	0.4%	27,196,365
Total assets	<u>32,628,330</u>	<u>15,392</u>	0.0%	<u>32,612,938</u>
Long-term debt outstanding	5,287,331	(831,366)	-13.6%	6,118,697
Other liabilities	1,427,629	81,003	6.0%	1,346,626
Total liabilities	<u>6,714,960</u>	<u>(750,363)</u>	-10.1%	<u>7,465,323</u>
Net assets:				
Invested in capital assets, net of debt	22,695,053	929,794	4.3%	21,765,259
Restricted, expendable	565,109	206,646	57.6%	358,463
Unrestricted	2,653,208	(370,685)	-12.3%	3,023,893
Total net assets	<u>\$ 25,913,370</u>	<u>\$ 765,755</u>	3.0%	<u>\$ 25,147,615</u>

**Table 2
Changes in Net Assets**

	2011	Dollars	Percent	2010
Revenues				
Program revenues:				
Charges for services	\$ 1,007,571	\$ 58,228	6.1%	\$ 949,343
Operating grants and contributions	9,353,830	38,449	0.4%	9,315,381
Capital grants and contributions	807,851	(423,903)	-34.4%	1,231,754
General revenues:				
Property taxes	11,888,625	65,668	0.6%	11,822,957
Grants and contributions	206,395	2,063	1.0%	204,332
Interest and investment earnings	29,657	2,923	10.9%	26,734
Gain (Loss) on disposal of equipment	902	902	100.0%	-
Miscellaneous	186,365	145,939	361.0%	40,426
Total revenues	<u>23,481,196</u>	<u>(109,731)</u>	-0.5%	<u>23,590,927</u>
Program expenses				
General government	1,807,250	(28,218)	-1.5%	1,835,468
Public safety	729,648	(43,050)	-5.6%	772,698
Public works	1,139,269	59,401	5.5%	1,079,868
Human services	82,195	5,247	6.8%	76,948
Civic and cultural	546,991	14,211	2.7%	532,780
Development and planning	80,810	(37,992)	-32.0%	118,802
Education	18,197,027	335,245	1.9%	17,861,782
Interest on long-term debt	132,251	(93,720)	-41.5%	225,971
Total expenses	<u>22,715,441</u>	<u>211,124</u>	0.9%	<u>22,504,317</u>
Increase (decrease) in net assets	<u>\$ 765,755</u>	<u>\$ (320,855)</u>	-29.5%	<u>\$ 1,086,610</u>

**Town of Brooklyn, Connecticut
Management's Discussion and Analysis
For the Year Ended June 30, 2011**

Capital Grants were down in 2011 by \$423,903, from 2010. Capital grants are generally one time revenues. There were four significant grants in 2010 that were not repeated in 2011. These included: \$205,000 for the recreation park; \$90,786 for the school building project; \$60,248 for the Riverside Park; and, \$45,000 for the boundless playground.

Miscellaneous revenue increased by \$145,939. The town garage's roof collapsed as a result of an unusual amount of snow build up on the roof. An insurance reimbursement in the estimated amount of \$154,487 was recorded as an accounts receivable in the Government Wide financial statements.

In total, program expenses increased by less than 1% as management tried to keep the expenses, and therefore taxes, from increasing. Some of the changes in departments were the result of the following:

- General Government – the amount needed for revaluation decreased
- Public Safety – the amount paid for fire protection decreased
- Public Works – the amount of depreciation on public works assets is increasing
- Development and Planning – in 2010 more was spent on outside professionals
- Education – additional on-time ARRA grants allowed increased expenditures

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		
	2011	2010	Incr.	2011	2010	Incr.
General government	\$ 1,807,250	\$ 1,835,468	-1.5%	\$ 1,142,291	\$ 1,104,876	3.4%
Public safety	729,648	772,698	-5.6%	661,469	673,603	-1.8%
Public works	1,139,269	1,079,868	5.5%	527,002	255,155	106.5%
Human services	82,195	76,948	6.8%	82,195	76,948	6.8%
Civic and cultural	546,991	532,780	2.7%	314,495	311,577	0.9%
Development and planning	80,810	118,802	-32.0%	54,525	111,204	-51.0%
Education	18,197,027	17,861,782	1.9%	8,631,961	8,248,505	4.6%
Interest on long-term debt	132,251	225,971	-41.5%	132,251	225,971	-41.5%
Totals	\$ 22,715,441	\$ 22,504,317	0.9%	\$ 11,546,189	\$ 11,007,839	4.9%

The changes in the total cost of services are discussed above. The net cost of services is not only affected by the total cost, but by the increases and decreases in offsetting revenues. The most volatile of the offsetting revenues are the capital grants and contributions because the capital costs would not be included here (they would be capitalized and depreciated), but the revenue related to that would be deducted here. The actual figures to calculate the net cost of services can be found in Exhibit 2. The net cost of all programs increased by 4.9% due to the reduction in capital grants discussed above.

**Town of Brooklyn, Connecticut
Management's Discussion and Analysis
For the Year Ended June 30, 2011**

The Town's Funds

Governmental funds as presented in Exhibits 3 and 4 report a \$758,428 increase in fund balance for all funds combined. Governmental funds use a different basis of accounting than the Government Wide statements, Exhibit 1 and 2, 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.

Most of the increase in the fund balance, \$405,470, is in the school building fund. The revenue was received from the State of Connecticut for the state's share of the costs. In addition, the Town Aid Road Fund's Fund Balance increased by \$120,526 as grant revenue was received and not yet spent. In addition, the General Fund's Fund Balance increased by \$153,294.

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 pull appropriations to one department that needs additional funding from other departments that might have excess funding. State Statutes allow these transfers to be made by the Board of Finance without a Town Meeting. Below is a summary of the final budget and actual results for the General Fund:

**Table 4
General Fund - Budget Summary**

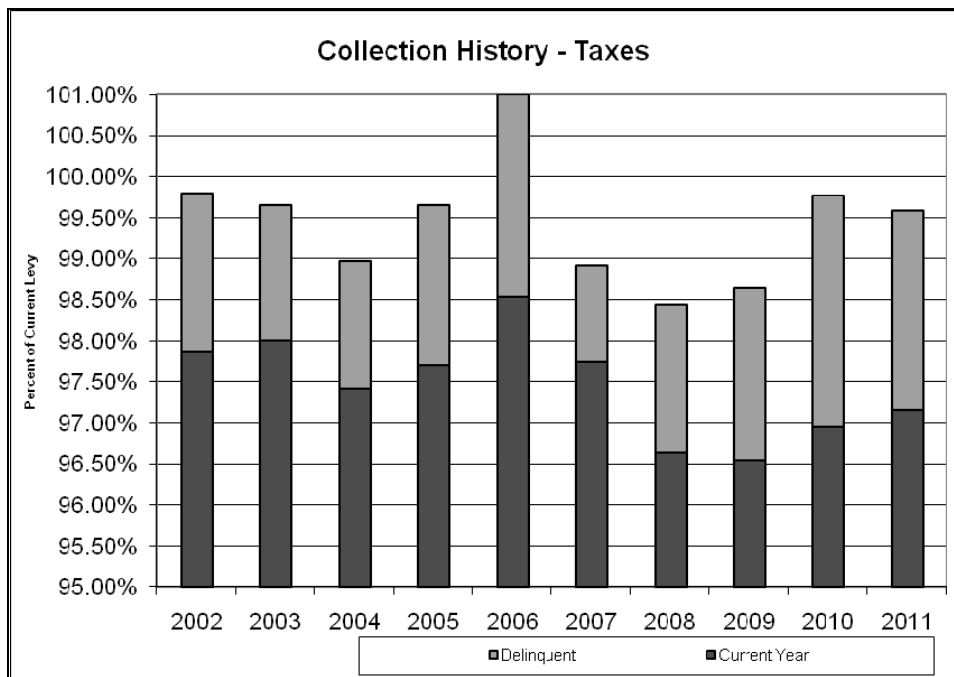
	Final Budget	Actual	Variance
Revenues			
Property Taxes	\$ 11,646,788	\$ 11,712,808	\$ 66,020
Intergovernmental	8,426,670	8,302,471	(124,199)
Local Revenue	471,178	549,586	78,408
Total Revenues	20,544,636	20,564,865	20,229
Expenditures			
General Government	5,102,862	4,844,152	258,710
Education	15,555,745	15,551,498	4,247
Total Expenditures	20,658,607	20,395,650	262,957
Excess (Deficiency)	\$ (113,971)	\$ 169,215	\$ 283,186

**Town of Brooklyn, Connecticut
Management's Discussion and Analysis
For the Year Ended June 30, 2011**

The Town approved a budget (including additional appropriations) for the year showing expenditures \$113,971 higher than revenues. This resulted in a budgeted decrease in fund balance of \$113,971.

The revenues were actually \$20,229 higher than budgeted and the expenditures were \$262,957 less than budgeted. As a result, the fund balance increased by \$169,215. This resulted in \$283,186 more in fund balance at year end than budgeted.

With respect to revenues, the current year tax collection rates dropped with the bad economy. This means that more taxes are being paid late.



Tax Collections are generally analyzed by percentages. The most common is the percentage of taxes collected in the current year compared to the current year levy. This would indicate what percentage of the taxpayers paid their taxes in the year in which they were due. This is represented by the dark red bars on the chart above. The Town collected 97.16% of the current year taxes during the year. This is slightly lower than the budgeted collection rate of 97.25% and resulted in \$128,377 lower collections than budgeted for the current year. Strong back tax collections of \$135,602 over budget and interest and lien fees of \$64,018 over budget contributed to the total property taxes being \$66,020 over budget.

Decreased revenues from the State of Connecticut for education caused the budget for intergovernmental revenues to be \$124,199 less than budgeted. Much of the difference is due to the timing of when the Town must pass its budget and when the State ultimately passes its budget. The Town must pass its budget with estimated state revenues.

**Town of Brooklyn, Connecticut
Management's Discussion and Analysis
For the Year Ended June 30, 2011**

Local revenues were \$78,408 higher than budgeted. Much of this is due to a combination of small increases in the real estate related income. These had dropped in prior years because of the economy and are starting to improve very slightly.

Expenditures were less than budget, as they have been in previous years. This year, the general government was \$258,710 less than budget and the Board of Education was \$4,247 less than the final budget. This is attributable to careful controls over costs.

Capital Assets 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.

At the end of 2010, the Town had \$40,353,631 invested in a broad range of capital assets (before considering accumulated depreciation). This amount represents a net increase (including additions and deductions) of \$814,551 over last year (before considering depreciation expense). The Tiffany Street Project accounted for \$424,057 of this addition, a flatbed truck with hoists was \$149,651 of the total, and infrastructure improvements added \$173,714. More detailed information about the Town's capital assets is presented in Note 5 to the financial statements.

Debt

At year-end, the Town had \$4,460,000 in bonds outstanding. This is a net decrease of \$958,917 from last year. The Town's general obligation bond rating continues to carry an A3 rating. More detailed information about the Town's long-term liabilities is presented in Note 7 to the financial statements.

Economic Factors and Next Year's Budget

The local economy has not recovered from the recession. Interest rates are very low. The real estate market appears to have stopped dropping, but is not improving much. Unemployment remains very high.

The State of Connecticut continues to have its own financial difficulties; however, Governor Malloy has vowed not to cut funding to the Towns and Cities.

**Town of Brooklyn, Connecticut
Management's Discussion and Analysis
For the Year Ended June 30, 2011**

The budget for the 2011-12 fiscal year includes a mill rate of 22.38 mills. This is .09 mills higher than the 2010-11 mill rate. The Town has offset an increase in the mill rate by applying \$195,172 of the accumulated surplus from prior years. The Town's Unassigned Fund Balance in the General Fund, is 7.3 percent of the total expenditures for the year. This is within the 5 to 8 percent 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.

Town of Brooklyn, Connecticut
Statement of Net Assets
June 30, 2011

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 1,989,326
Investments	250,321
Receivables, net of allowance for collection losses	3,068,922
Due from	
Inventory	1,823
Prepaid expenses	9,819
Other long-term assets	1,473
Capital assets:	
Not being depreciated	3,451,987
Being depreciated, net of accumulated depreciation	23,854,659
Total assets	32,628,330
Liabilities	
Accounts payable	210,194
Accrued wages and benefits	32,088
Due to fiduciary funds	500
Net pension obligation	317,818
Net other post employment benefit obligation	712,807
Deferred revenue	107,766
Accrued interest	46,456
Noncurrent liabilities:	
Due within one year	2,849,803
Due in more than one year	2,437,528
Total liabilities	6,714,960
Net Assets	
Invested in capital assets, net of related debt	22,695,053
Restricted net assets:	
Expendable	565,109
Unrestricted net assets	2,653,208
Total net assets	\$ 25,913,370

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

Town of Brooklyn, Connecticut
Statement of Activities
For the Year Ended June 30, 2011

	Expenses	Program Specific Revenues			Net (Expense) Revenue
		Charges for Services	Operating	Grants and Contributions	
Functions/Programs					
Governmental activities:					
General government	\$ (1,807,250)	\$ 587,142	\$ -	\$ 77,817	\$ (1,142,291)
Public safety	(729,648)	64,721	3,458	-	(661,469)
Public works	(1,139,269)	-	-	612,267	(527,002)
Human services	(82,195)	-	-	-	(82,195)
Civic and cultural	(546,991)	177,519	24,460	30,517	(314,495)
Development and planning	(80,810)	26,285	-	-	(54,525)
Education	(18,197,027)	151,904	9,325,912	87,250	(8,631,961)
Interest on long-term debt	(132,251)	-	-	-	(132,251)
Total government	\$ (22,715,441)	\$ 1,007,571	\$ 9,353,830	\$ 807,851	(11,546,189)
General revenues:					
Property taxes, payments in lieu of taxes, interest and liens					11,888,625
Grants and contributions					206,395
Interest and investment earnings					29,657
Gain on disposal of equipment					902
Miscellaneous					186,365
Total general revenues					12,311,944
Changes in net assets					765,755
Net assets, beginning of the year					25,147,615
Net assets, end of the year					\$ 25,913,370

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

Town of Brooklyn, Connecticut
Balance Sheet
Governmental Funds
June 30, 2011

	General Fund	Water Pollution Control Authority	School Building Fund	Capital Nonrecurring Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 1,831,723	\$ 74,974	\$ -	\$ -	\$ 82,629	\$ 1,989,326
Investments	171,356	-	-	-	78,965	250,321
Receivables	2,289,751	67,538	149,961	228,194	333,478	3,068,922
Inventory	-	-	-	-	1,823	1,823
Due from other governmental funds	649,417	3,467	387,000	571,930	284,294	1,896,108
Prepaid expenditures	-	-	-	-	9,819	9,819
Total assets	\$ 4,942,247	\$ 145,979	\$ 536,961	\$ 800,124	\$ 791,008	\$ 7,216,319
Liabilities and fund balance						
Liabilities						
Accounts payable	\$ 181,731	\$ 21,863	\$ -	\$ -	\$ 6,600	\$ 210,194
Accrued expenses and other liabilities	32,088	-	-	-	-	32,088
Deferred revenue	2,236,537	48,035	149,961	228,194	57,826	2,720,553
Due to other governmental funds	735,779	-	613,059	387,000	160,270	1,896,108
Due to fiduciary funds	-	-	-	-	500	500
Total liabilities	3,186,135	69,898	763,020	615,194	225,196	4,859,443
Fund balance						
Nonspendable	-	-	-	-	11,642	11,642
Restricted	24,886	-	-	22,502	540,223	587,611
Committed	-	-	-	162,852	-	162,852
Assigned	195,172	76,081	-	-	13,947	285,200
Unassigned	1,536,054	-	(226,059)	(424)	-	1,309,571
Total fund balance	1,756,112	76,081	(226,059)	184,930	565,812	2,356,876
Total liabilities and fund balance	\$ 4,942,247	\$ 145,979	\$ 536,961	\$ 800,124	\$ 791,008	

Reconciliation of net assets to fund balances - total governmental funds:

Less: Long-term liabilities not due and payable in current period:	
Bonds, notes, capital leases payable and unamortized premiums on bond costs	(4,630,359)
Compensated absences and special termination benefits	(404,972)
Landfill closure costs	(252,000)
Accrued interest payable	(46,456)
Net pension obligation	(317,818)
Net other post employment benefit obligation	(712,807)
Plus:	
Deferred charges on bond costs (to be amortized over the life of the bond)	1,473
Net capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	27,306,646
Other long-term assets not available to pay for current period expenditures, recorded as deferred revenue in the funds	2,612,787
Net assets reported on the government-wide financial statements (Exhibit 1)	\$ 25,913,370

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
For the Year Ended June 30, 2011

	General Fund	Water Pollution Control Authority	School Building Fund	Capital Nonrecurring Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Property taxes, interest and lien fees	\$ 11,712,808	\$ -	\$ -	\$ -	\$ -	\$ 11,712,808
Intergovernmental revenues	9,114,146	-	405,470	99,681	1,740,992	11,360,289
Local revenues	549,815	326,549	-	-	230,197	1,106,561
	<u>21,376,769</u>	<u>326,549</u>	<u>405,470</u>	<u>99,681</u>	<u>1,971,189</u>	<u>24,179,658</u>
Expenditures						
Current expenditures:						
General government	1,290,562	382,849	-	-	424,057	2,097,468
Public safety	728,797	-	-	-	-	728,797
Public works	959,258	-	-	-	-	959,258
Human services	82,195	-	-	-	-	82,195
Civic and cultural	475,156	-	-	-	71,835	546,991
Development and planning	80,810	-	-	-	-	80,810
Education	16,379,323	-	1,368	-	1,295,063	17,675,754
Capital outlay	-	-	-	275,932	-	275,932
Debt service	945,875	24,176	1,196,395	991,386	-	3,157,832
	<u>20,941,976</u>	<u>407,025</u>	<u>1,197,763</u>	<u>1,267,318</u>	<u>1,790,955</u>	<u>25,605,037</u>
Excess (deficiency) of revenues over expenditures	<u>434,793</u>	<u>(80,476)</u>	<u>(792,293)</u>	<u>(1,167,637)</u>	<u>180,234</u>	<u>(1,425,379)</u>
Due to fiduciary funds						
Other financing sources (uses)						
Proceeds from long-term debt	-	-	1,103,000	1,062,000	-	2,165,000
Premiums on long-term debt	-	-	10,269	8,538	-	18,807
Operating transfers in	-	-	93,395	188,104	-	281,499
Operating transfers out	(281,499)	-	-	-	-	(281,499)
	<u>(281,499)</u>	<u>-</u>	<u>1,206,664</u>	<u>1,258,642</u>	<u>-</u>	<u>2,183,807</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	153,294	(80,476)	414,371	91,005	180,234	758,428
Fund balance, beginning of the year	<u>1,602,818</u>	<u>156,557</u>	<u>(640,430)</u>	<u>93,925</u>	<u>385,578</u>	<u>1,598,448</u>
Fund balance, end of the year	<u>\$ 1,756,112</u>	<u>\$ 76,081</u>	<u>\$ (226,059)</u>	<u>\$ 184,930</u>	<u>\$ 565,812</u>	<u>\$ 2,356,876</u>
Reconciliation of the statement of revenues, expenditures and changes in fund balance (above) to the statement of activities (Exh. 2)						
Net change in fund balances - total governmental funds (above)						758,428
Transactions involving the treatment of capital outlays:						
Plus: Net capital outlays treated as expenditures here, but capitalized on Exhibit 2						814,551
Less: Depreciation expense recorded in Exhibit 2, but not considered in the fund statements						(704,270)
Transactions involving the treatment of long-term debt:						
Less: Long-term debt issued or incurred:						
Issuance of general obligation bonds and notes payable						(2,165,000)
Plus: Principal repayments:						
General obligation bonds, notes payable and bank loans						2,978,917
Capital lease financing						5,596
Post-closure landfill costs						18,000
Changes in other items not requiring the use of current financial resources:						
Compensated absences benefits payable						(2,210)
Accrued interest payable						(4,643)
Amortization on issue premium on bonds						(3,561)
Amortization on deferred charges on bonds						14,870
Pension costs						(1,651)
Other post employment benefits						(241,924)
Revenue in the Statement of Activities (Exhibit 2) that is deferred in this statement:						
State reimbursement of bond principal						(405,299)
Taxes, interest and lien fees						(79,871)
Grants						173,371
Reimbursements on school construction						(405,470)
Change in prepaid expenditures						15,921
Changes in net assets of governmental activities (Exhibit 2)						<u>\$ 765,755</u>

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

Town of Brooklyn, Connecticut
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	Pension Trust Funds	Agency Funds
	<hr/>	<hr/>
Assets		
Cash and cash equivalents	\$ 56,071	\$ 20,569
Investments	2,909,827	22,909
Due from other funds	-	500
	<hr/>	<hr/>
Total assets	2,965,898	43,978
	<hr/>	<hr/>
Liabilities		
Accounts payable	100	-
Due to students	-	43,978
	<hr/>	<hr/>
Total liabilities	100	43,978
	<hr/>	<hr/>
Net assets		
Held in trust for pension benefits	2,965,798	-
	<hr/>	<hr/>
Total net assets	\$ 2,965,798	\$ -
	<hr/> <hr/>	<hr/> <hr/>

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

Town of Brooklyn, Connecticut
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2011

	Pension Trust Funds
Additions:	
Employer contributions	\$ 258,162
Net investment income	512,376
	770,538
Total additions (reductions) in net assets	770,538
Deductions:	
Benefits paid to plan members and beneficiaries	210,030
Administrative expenses	36,462
	246,492
Total deductions in net assets	246,492
Changes in net assets	524,046
Net assets held in trust, beginning of the year	2,441,752
Net assets held in trust, end of the year	\$ 2,965,798

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

Town of Brooklyn, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011

Note 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 lead 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.

A. Reporting entity

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) 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. The criterion, provided by the Government Accounting Standards Board (GASB), 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* (Exhibits 1 and 2) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Fiduciary funds are excluded from the government-wide financial statements.

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

C. Fund financial statements

Separate *fund financial statements* are provided for governmental funds and fiduciary funds (Exhibits 3, 4, 5 and 6). *Governmental activities*, activities which normally are supported by taxes and intergovernmental revenues, are reported in the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. *Fiduciary funds* are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the governments own programs.

Town of Brooklyn, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011

D. Measurement focus, accounting basis, and financial statement presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. 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. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Water Pollution Control Authority* accounts for certain revenues and expenditures for the sewer system which is available to some of the residents.

The *School Building Fund* has been established to accumulate the transactions for building a new preschool building.

The *Capital Nonrecurring Fund* is used to accumulate funds for significant purchases.

Additionally, the Town reports the following fiduciary fund types:

The *Pension Trust Fund* is used to accumulate resources to be used for retirement benefits.

Agency Funds account for monies held as a custodian for outside groups and agencies.

Town of Brooklyn, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011

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 guidance of the Governmental Accounting Standards Board.

E. Assets, liabilities, and net assets

1) Deposits and investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments for the Town are reported at fair value. Nonparticipating, interest-earning investment contracts are generally reported at cost plus accrued earnings.

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. In general for most of the funds, this includes deposits in allowable banks, obligations of the United States of America and obligations of any State or political subdivision, which is tax exempt. Certain Fiduciary Funds are allowed more flexibility in investing.

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.

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.

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.

2) Receivables

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

Town of Brooklyn, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011

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.

All trade and property tax receivables are shown net of an allowance for uncollectibles. The allowance is calculated using a two tier formula based on prior experience.

3) Activity between funds

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in appropriate governmental funds to indicate that they are not available for appropriation and are not expendable financial resources.

4) Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

5) Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental 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.

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.

Town of Brooklyn, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011

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

Assets	Years	Capitalization Threshold
Land	N/A	\$ 25,000
Buildings and improvements	50	\$ 10,000
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

6) *Compensated absences*

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is a liability for unpaid accumulated sick leave since the Town has a policy to pay any amounts when employees separate from service with the Town. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

7) *Long-term obligations*

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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, are reported as debt service expenditures.

Town of Brooklyn, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011

8) Fund equity

Fund equity for government-wide statements (Exhibits 1 and 2) is called Net Assets and is displayed in three components:

Invested in Capital Assets, Net of Related Debt – this consists of capital assets, including *restricted* capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets – these are reported when constraints placed on net asset use are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or, (b) imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets – is the residual classification of Net Assets. When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the Town's policy is to use its restricted resources first.

Fund equity for governmental funds (Exhibits 3 and 4) is called Fund Balance and is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the Town's policy is to use its restricted resources first. This will be followed by committed, assigned and unassigned resources in that order.

Nonspendable Fund Balance - includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – includes amounts that have constraints placed on the use of resources. These constraints must be either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action at a Town Meeting, and cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned Fund Balance – are amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed through a formal action of the Board of Finance.

Town of Brooklyn, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011

Unassigned Fund Balance - unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

F. Subsequent Events

Subsequent events have been evaluated through the date of this report, November 17, 2011. This date represents the date that the financial statements were available to be issued.

G. Estimates

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

H. Changes in Financial Statements

New Statements Implemented - The Town implemented Governmental Accounting Standards Board (GASB):

- *Statement 54 – Fund Balance Reporting and Governmental Fund Type Definitions* – This statement provides clearer fund balance classifications that can be more consistently applied. This resulted in no adjustment to beginning equity.
- *Statement 59 – Financial Instruments Omnibus* – This statement updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools. This resulted in no adjustments to beginning equity.

Prior Period Adjustment – The Town made a prior period adjustment in the amount of \$460,077 to correct Net Assets. In the prior year, deferred revenue which was not earned was included as revenue.

Note 2 - Budgeting

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:

Town of Brooklyn, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011

- **Teacher's Retirement** - The Town does not recognize as income or expenditures payments made for the teacher's 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 appropriations 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.

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.

Town of Brooklyn, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011

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. During the year, \$34,906 of additional appropriations were made.

Note 3 – Deposits and Investments

A. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents at year end:

Governmental Funds	\$ 1,989,326
Pension Trust Funds	56,071
Agency Funds	<u>20,569</u>
Total Cash and Cash Equivalents	<u><u>\$ 2,065,966</u></u>

B. Custodial Credit Risk on Deposits

As of June 30, 2011, the carrying amount of the Town's deposits with financial institutions was:

Deposits	\$ 919,967
Plus: External Investment Pools treated as cash and cash equivalents	1,247,873
Less: Certificates of Deposit treated as investments	<u>(101,874)</u>
Total Cash and Cash Equivalents	<u><u>\$ 2,065,966</u></u>

The bank balance of the deposits of \$1,675,200, was exposed to custodial credit risk as follows:

Covered by Federal Depository Insurance	\$ 1,370,713
Collateralized with securities held by the pledging institution's trust	
Not in the Town's name	73,899
Uninsured and uncollateralized	<u>230,588</u>
Total Deposits	<u><u>\$ 1,675,200</u></u>

Town of Brooklyn, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011

C. External Investment Pools Treated as Cash and Cash Equivalents

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 pool, 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 rated AAAM by Standard & Poor. This is the highest rating for money market funds and investment pools.

D. Investments

At June 30, 2011, the Town's investments consisted of the following:

	General Fund	Other Governmental Funds	Agency Funds	Pension Trust Funds	Total Investments
Certificates of Deposit	\$ -	\$ 78,965	\$ 22,909	\$ -	\$ 101,874
US Treasury Bonds	171,356	-	-	-	171,356
Equity Mutual Funds	-	-	-	2,909,827	2,909,827
	<u>\$ 171,356</u>	<u>\$ 78,965</u>	<u>\$ 22,909</u>	<u>\$ 2,909,827</u>	<u>\$ 3,183,057</u>

E. Credit Risk and Interest Rate Risk of Investments

As of June 30, 2011 the range of maturities of the investments was as follows:

Type of Investment	Avg. Credit Rating	Fair Value	Investment Maturity		
			N/A	Less than 1 Year	6 to 10 Years
Certificates of Deposit	*	\$ 101,874	\$ -	\$ 101,874	\$ -
US Treasury Bonds	NA	171,356	-	-	171,356
Equity Mutual Funds	NA	2,909,827	2,909,827	-	-
		<u>\$ 3,183,057</u>	<u>\$ 2,909,827</u>	<u>\$ 101,874</u>	<u>\$ 171,356</u>

* **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 though the investment's negotiability or transferability, or redemption terms that consider market rates. This exposes the Town to interest rate risks.

Town of Brooklyn, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011

Note 4 - Receivables

A. Receivables

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

	General Fund	WPCA Fund	School Building Fund	Capital Nonrecurring Fund	Other Governmental Funds
Intergovernmental - long-term *	\$ 1,391,829	\$ -	\$ -	\$ -	\$ -
Taxes *	742,778	-	-	-	-
Interest and fees on back receivables *	269,820	14,652	-	-	-
Other	17,694	-	-	154,487	-
Intergovernmental	-	-	149,961	73,707	55,623
Housing rehabilitation grants - long-term	-	-	-	-	277,855
Sewer usage fees	-	52,136	-	-	-
Sewer assessments	-	4,950	-	-	-
Gross receivables	2,422,121	71,738	149,961	228,194	333,478
Less: allowance for uncollectibles	(132,370)	(4,200)	-	-	-
Net total receivables	<u>\$ 2,289,751</u>	<u>\$ 67,538</u>	<u>\$ 149,961</u>	<u>\$ 228,194</u>	<u>\$ 333,478</u>

* Not expected to be totally collected within one year

B. Deferred Revenue

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

	Unavailable	Unearned
Delinquent net property taxes, interest and liens receivable	\$ 778,847	\$ -
Delinquent net sewer charges, interest and liens receivable	48,035	-
Reimbursements on school bond payments	1,391,829	-
Other revenue not received within 60 days of year end	170,408	-
Grants not received within 60 days of year end	223,668	-
Payments in advance on recreational programs	-	72,610
Grant drawdowns prior to meeting all eligibility requirements	-	35,156
Total deferred/unearned revenue for governmental funds	<u>\$ 2,612,787</u>	<u>\$ 107,766</u>

**Town of Brooklyn, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011**

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 accumulated depreciation on the improvements is \$21,138. 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>
2012	\$ 29,010	2018	33,642	2024	39,990
2013	29,735	2019	34,483	2025	40,990
2014	30,478	2020	35,345	2026	42,014
2015	31,240	2021	36,229	2027	30,724
2016	32,021	2022	37,135	Total	<u>\$ 553,921</u>
2017	32,822	2023	38,063		

Note 5 - Interfund Activities

A. Interfund transfers:

Fund transfers are generally used to fund special projects with general fund revenues as follows:

	<u>Transfers in to:</u>			<u>Total</u>
	<u>General Fund</u>	<u>Capital Nonrecurring Fund</u>	<u>School Building Fund</u>	
Transfers out of:				
General Fund	\$ -	\$ 93,395	\$ 188,104	\$ 281,499
Total transfers out	<u>\$ -</u>	<u>\$ 93,395</u>	<u>\$ 188,104</u>	<u>\$ 281,499</u>

B. Advance to/from other funds

There are no long-term loan agreements on the interfund balances.

Town of Brooklyn, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011

C. Due to/from other funds

The following are temporary borrowings between governmental funds. In addition, the Other Governmental Funds owe the Agency Funds \$500. These are either expected to be paid off within one year or have no agreed payment terms:

Receivable Fund	Payable Fund	Amount
General Fund	School Building Fund	\$ 613,059
General Fund	Other Governmental Funds	36,358
WPCA	General Fund	3,467
School Building Fund	Capital Nonrecurring Fund	387,000
Capital Nonrecurring Fund	General Fund	448,018
Capital Nonrecurring Fund	Other Governmental Funds	123,912
Other Governmental Funds	General Fund	284,294
		<u>\$ 1,896,108</u>

Note 6 - Capital Assets

Capital asset activity for the year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 2,927,768	\$ -	\$ -	\$ 2,927,768
Construction in progress:				
Public works projects	91,054	424,057	(7,647)	507,464
Education projects	5,608,020	16,755	(5,608,020)	16,755
	<u>8,626,842</u>	<u>440,812</u>	<u>(5,615,667)</u>	<u>3,451,987</u>
Capital assets being depreciated:				
Buildings and improvements	20,775,498	5,633,841	-	26,409,339
Heavy equipment	280,244	-	-	280,244
Vehicles	1,050,931	149,651	-	1,200,582
Other Equipment	297,929	32,200	-	330,129
Infrastructure	8,507,636	173,714	-	8,681,350
	<u>30,912,238</u>	<u>5,989,406</u>	<u>-</u>	<u>36,901,644</u>
Less: Accumulated depreciation:	(12,342,715)	(704,270)	-	(13,046,985)
Capital assets, net	<u>\$ 27,196,365</u>	<u>\$ 5,725,948</u>	<u>\$ (5,615,667)</u>	<u>\$ 27,306,646</u>

Town of Brooklyn, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 82,278
Public works	302,877
Public safety	288
Education	318,827
Total depreciation expense - governmental activities	<u>\$ 704,270</u>

Note 7 – Long-Term Debt

A. Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2011, was as follows:

	Opening Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds:					
School/Land/Fire Refunding	\$ 3,150,000	\$ -	\$ (710,000)	\$ 2,440,000	\$ 700,000
Land/Fire Truck	100,000	-	(100,000)	-	-
Clean Water Fund	23,917	-	(23,917)	-	-
Multipurpose Bond Anticipation Notes	-	2,020,000	-	2,020,000	2,020,000
Multipurpose Bond Anticipation Notes	2,145,000	-	(2,145,000)	-	-
Total bonds payable	5,418,917	2,020,000	(2,978,917)	4,460,000	2,720,000
Bond Premiums	14,829	18,807	(14,870)	18,766	10,169
Compensated Absences	402,762	2,210	-	404,972	67,907
Post Closure Landfill Costs	270,000	-	(18,000)	252,000	18,000
Bank Loans	-	145,000	-	145,000	27,134
Capital Lease	12,189	-	(5,596)	6,593	6,593
	<u>\$ 6,118,697</u>	<u>\$ 2,186,017</u>	<u>\$ (3,017,383)</u>	<u>\$ 5,287,331</u>	<u>\$ 2,849,803</u>

Interest in the amount of \$132,251 was incurred and expensed during the year.

B. 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 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. Payments on these bonds have been made out of the General Fund and are all charged to expenditures.

Town of Brooklyn, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011

General obligation bonds currently outstanding are as follows:

Purpose	Original Amount	Year Ended June 30,		Interest Rates	Year End Balance
		Originated	Maturity		
Land; Elem & Middle School Renovations; Fire Truck	\$ 9,335,000	2002	2015	3.0% to 4.1%	\$ 2,440,000
Multipurpose Bond Anticipation	\$ 2,020,000	2011	2012	2.00%	2,020,000
					\$ 4,460,000

Annual debt service requirements to maturity for general obligation bonds are as shown in the following schedule:

Year Ending	Principal	Interest
2012	\$ 2,720,000	\$ 125,543
2013	675,000	68,993
2014	660,000	43,005
2015	405,000	16,605
	\$ 4,460,000	\$ 254,146

Bond anticipation notes were rolled over on November 14, 2011 for 9 month period.

C. Bank Loan

The Town has an installment note for the purchase of a truck in the initial amount of \$145,000. The note is payable in five annual installments of \$32,078.34. This installment includes interest at a rate of 3.41 percent per year.

Annual debt service requirements to maturity for the bank loan are shown in the following schedule. The payments are made from the General Fund.

Year Ending June 30	Governmental Activities	
	Principal	Interest
2012	\$ 27,134	\$ 4,945
2013	28,059	4,019
2014	29,016	3,062
2015	30,005	2,073
2016	30,786	1,050
Total	\$ 145,000	\$ 15,149

D. 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 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 \$6,920.

Town of Brooklyn, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011

E. Capital Lease

The Town has entered into a lease agreement to finance the acquisition of a school copy machine. This lease qualifies as a capital lease for accounting purposes. It is capitalized at \$24,385 and has accumulated depreciation of \$8,108. The following is a schedule of the future minimum lease payments and the present value of the net minimum lease payments under this lease:

Year Ending June 30	
2012	\$ 7,200
2013	1,800
Total Minimum Lease Payments	9,000
Less: Amount Representing Interest	(2,407)
Present Value of Future Minimum Lease Payments	\$ 6,593

The debt service payment on the capital lease is being paid through the General Fund.

F. Debt Limitations under Connecticut General Statutes

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 of Brooklyn, Connecticut are as follows:

Total tax collections (including interest and lien fees) for the year (Town and Fire)	\$ 11,756,238
Reimbursements for revenue loss on tax relief for the elderly (C.G.S. 12-129d)	914
Debt limitation base	\$ 11,757,152

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation:					
2 1/4 times base	\$ 26,453,592	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	52,907,184	-	-	-
3 3/4 times base	-	-	44,089,320	-	-
3 1/4 times base	-	-	-	38,210,744	-
3 times base	-	-	-	-	35,271,456
Total debt limitation	26,453,592	52,907,184	44,089,320	38,210,744	35,271,456
Indebtedness:					
Bonds and notes payable - Town	1,039,000	3,421,000	-	-	-
Bonds and notes payable - Fire	-	-	-	-	-
Amount to be provided by State	-	(1,391,829)	-	-	-
Total indebtedness	1,039,000	2,029,171	-	-	-
Debt limitation in excess of debt outstanding and authorized	\$ 25,414,592	\$ 50,878,013	\$ 44,089,320	\$ 38,210,744	\$ 35,271,456

In no case shall total indebtedness exceed seven times annual receipts from taxation	\$ 82,300,064
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Town of Brooklyn, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011

G. Refinancing of Bonds

On December 3, 2002 the Town issued \$9,335,000 and \$550,000 in General Obligation Bonds with variable interest rates from 3.0% to 4.1% to advance refund \$8,555,000 of outstanding bonds with average interest rates from 6.0% to 6.9% percent. The net proceeds were used to establish an irrevocable escrow agreement with the escrow agent whereby the Town has deposited monies with the escrow agent to purchase a portfolio of non-callable direct obligations of, or guaranteed by, the United States of America. The principal and interest of this portfolio will provide amounts sufficient to meet principal and interest payments on the old debt when due. As a result, the old bonds are considered to be defeased and the liability for those bonds has been removed from the long-term debt. The balances of the in-substance defeased debt which remains outstanding at June 30th are \$760,000 and \$1,675,000.

Note 8 – Equity

A. Restricted Net Assets

Restrictions on Net Assets at year end are summarized as follows:

	Expendable
Town Clerk escrow funds	\$ 24,886
Small Cities	336,176
Town Aid Road	97,961
Special Education Grants	6,674
Recreation Programs	15,939
Open Space Land Acquisition	59,167
Memorial Scholarship	24,306
	\$ 565,109

B. Fund Balances

Nonspendable Fund Balance is summarized as follows:

	Other Governmental Funds
Not in spendable form:	
Inventory	\$ 1,823
Prepaid expenses	9,819
	\$ 11,642

**Town of Brooklyn, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011**

Restricted Fund Balance is summarized as follows:

	General Fund	Other Governmental Funds
Town Clerk escrow funds	\$ 24,886	\$ -
Small Cities	-	336,176
Town Aid Road	-	97,961
Special Education Grants	-	6,674
Recreation Programs	-	15,939
Open Space Land Acquisition	-	59,167
Memorial Scholarship	-	24,306
Specific Capital Projects	-	22,502
	\$ 24,886	\$ 562,725

Committed Fund Balance is summarized as follows:

	Capital Nonrecurring Fund
Capital Expenditures	\$ 162,852

Assigned Fund Balance is summarized as follows:

	General Fund	WPCA	Other Governmental Funds
To balance next year's budget	\$ 195,172	\$ -	\$ -
WPCA	-	76,081	-
Cafeteria	-	-	12,700
Recreation	-	-	1,247
	\$ 195,172	\$ 76,081	\$ 13,947

Deficit Fund Balances

The School Building Fund has a deficit fund balance in the amount of \$226,059. This is primarily the result of \$149,961 due from the State of Connecticut that was not received in 60 days.

Note 9 - 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.

Town of Brooklyn, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011

Settlement amounts have not exceeded insurance coverage for the current or 3 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 7-479a 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.

Note 10 - Contingent Liabilities

A. Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

B. 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 over of 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. Various lawsuits

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.

Note 11 – Commitments

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.

Town of Brooklyn, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011

Note 12 - Employee Retirement Systems and Pension Plans

A. 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 percent of their annual salary) and by amounts appropriated by the State of Connecticut General Assembly. For the year ended June 30, 2011, the State contributed \$811,904 into the pension plan on behalf of the Town of Brooklyn, Connecticut. 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, 2011 was \$8,197,907 of which \$5,107,988 was covered under this pension plan.

B. Brooklyn Public Employee Retirement System

- 1) 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 employees. The PERS is considered to be part of the Town of Brooklyn's financial reporting entity and is included 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. 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, average monthly earnings are during the final 60 months effective July 1, 1998, and during the final 36 months effective June 30, 2001.) Normal Retirement age is: age 65, if employee is under age 55 on the date included in the plan; 10th anniversary of the date of participation, if employee is between the ages of 55 and 59; age 70, if employee is at least age 60 on the date included in the plan. 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.

Town of Brooklyn, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011

- 2) **Contributions** – The Town is required to contribute all amounts necessary to finance coverage as determined through biennial actuarial valuations. No employee contributions are required.
- 3) **Plan Changes** – The latest actuarial valuation reflects no material changes in plan provisions or coverage.
- 4) **Plan Membership** – As of the date of the latest actuarial valuation (July 1, 2010), membership consisted of the following:

Retirees and beneficiaries receiving benefits	23
Terminated employees entitled to benefits, but not yet receiving them	14
Active members	<u>68</u>
Total	<u><u>105</u></u>

5) **Actuarial Assumptions and Methods -**

Name of Plan	Retirement Plan for the Employees of the Town of Brooklyn, Connecticut
Contribution Rate - Town	Determined by valuation
Contribution Rate - Plan members	0.00%
Reporting date/end of fiscal year	June 30, 2011
Latest actuarial valuation date	July 1, 2010
Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar
Remaining amortization period	15 years, open
Asset valuation method	5-Year Smoothed Market Value
Actuarial assumptions:	
Investment rate of return *	7.75%
Projected salary increases	4.75%
* Includes inflation at	3.25%
Turnover assumption	Age 25, 5.3%; Age 35, 4.5%; Age 45, 3.2%; Age 55, 0.3%; Age 65, 0.0%
Mortality table	RP-2000 Mortality Table, projected to 2009
Retirement age	Latest of age 65, 10 years of service or attained age plus one
Disability assumption	None (no disability benefit)

Town of Brooklyn, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011

6) Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Excess UAAL as a % of Covered Payroll ((b-a)/c)
7/1/2010	\$ 2,706,859	\$ 3,462,025	\$ 755,166	78.19%	\$ 2,076,338	36.37%
7/1/2008	\$ 2,477,434	\$ 2,780,205	\$ 302,771	89.11%	\$ 1,877,373	16.13%
7/1/2006	\$ 1,983,038	\$ 2,399,216	\$ 416,178	82.65%	\$ 1,626,600	25.60%
7/1/2004	\$ 1,795,300	\$ 2,142,955	\$ 347,655	83.78%	\$ 1,479,125	23.50%
7/1/2000	\$ 1,685,021	\$ 1,414,756	\$ (270,265)	119.10%	\$ 1,075,056	-25.10%
7/1/1998	\$ 1,360,336	\$ 1,161,212	\$ (199,124)	117.15%	\$ 1,069,101	-18.60%

7) Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution	Percentage Contributed	Actual Contribution
6/30/2011	\$ 190,125	100%	\$ 190,125
6/30/2010	\$ 202,967	100%	\$ 202,967
6/30/2009	\$ 195,049	99%	\$ 192,295
6/30/2008	\$ 189,500	100%	\$ 189,500
6/30/2007	\$ 159,867	100%	\$ 159,867
6/30/2006	\$ 154,189	100%	\$ 154,189

8) Annual Pension Cost (APC) and Net Pension Obligation (NPO)

Three Year trend information is as follows:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)	Actual Contribution Made
6/30/2011	\$ 190,661	99.7%	\$ (18,484)	\$ 190,125
6/30/2010	\$ 203,519	99.7%	\$ (19,020)	\$ 202,967
6/30/2009	\$ 195,697	98.3%	\$ (19,572)	\$ 192,295

Town of Brooklyn, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011

Annual calculation:

Actuarially required contribution (ARC)	\$ 190,125
Interest on net pension obligation	(1,522)
Adjustment to annual required contribution	<u>2,058</u>
Annual pension cost (APC)	190,661
Contributions made	<u>190,125</u>
Increase (decrease) in net pension obligation	536
Net pension obligation (asset), beginning of year	<u>(19,020)</u>
Net pension obligation (asset), end of year	<u><u>\$ (18,484)</u></u>

C. Town of Brooklyn Fire Departments Service Award Program

1) 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.

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.

2) Contributions – 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.

3) Plan Changes – The latest actuarial valuation reflects no material changes in plan provisions or coverage.

4) Plan Membership – As of the date of the latest actuarial valuation (January 1, 2010), membership consisted of the following:

Retirees and beneficiaries receiving benefits	26
Terminated employees entitled to benefits, but not yet receiving them	1
Active members	<u>61</u>
Total	<u><u>88</u></u>

Town of Brooklyn, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011

5) Actuarial Assumptions and Methods -

Name of Plan	Town of Brooklyn Fire Departments Service Award Program
Contribution Rate - Town	Determined by valuation
Contribution Rate - Plan members	None
Reporting date/end of fiscal year	June 30, 2011
Latest actuarial valuation date	January 1, 2010
Actuarial cost method	Unit Credit
Amortization method	Level dollar, closed
Remaining amortization period	25 years
Asset valuation method	Fair Value
Actuarial assumptions:	
Investment rate of return *	5.50%
Projected salary increases	NA
* Includes inflation at	NA
Cost of living adjustments	NA
Turnover assumption	Starting with 7.90% at age 20 grading to 0% at age 65
Mortality table	RP2000 projected to valuation date
Retirement age	Age 65
Disability assumption	None
Pre-retirement death benefit	NA
Administrative expenses	NA

6) Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Excess UAAL as a % of Covered Payroll ((b-a)/c)
1/1/2010	\$ 102,030	\$ 1,063,350	\$ 961,320	9.60%	NA	NA
1/1/2008	\$ 132,666	\$ 1,085,810	\$ 953,144	12.22%	NA	NA
1/1/2007	\$ 132,579	\$ 1,134,124	\$ 1,001,545	11.69%	NA	NA
1/1/2006	\$ 127,458	\$ 1,087,467	\$ 960,009	11.72%	NA	NA
1/1/2005	\$ 127,706	\$ 1,052,806	\$ 925,100	12.13%	NA	NA
1/1/2004	\$ 123,451	\$ 1,013,719	\$ 890,268	12.18%	NA	NA

7) Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution	Percentage Contributed	Actual Contribution
6/30/2011	\$ 71,666	91%	\$ 65,000
6/30/2010	\$ 68,581	95%	\$ 65,000
6/30/2009	\$ 68,581	80%	\$ 55,000
6/30/2008	\$ 95,572	42%	\$ 40,000
6/30/2007	\$ 91,993	43%	\$ 40,000
6/30/2006	\$ 85,278	47%	\$ 40,000

Town of Brooklyn, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011

8) Annual Pension Cost (APC) and Net Pension Obligation (NPO)

Three year trend information is as follows:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)	Actual Contribution Made
6/30/2011	\$66,418	97.90%	\$336,302	\$65,000
6/30/2010	\$64,145	101.30%	\$334,884	\$65,000
6/30/2009	\$64,267	85.60%	\$335,739	\$55,000

Annual calculation:

Actuarially required contribution (ARC)	\$ 71,666
Interest on net pension obligation	18,419
Adjustment to annual required contribution	<u>(23,667)</u>
Annual pension cost (APC)	66,418
Contributions made	<u>65,000</u>
Increase (decrease) in net pension obligation	1,418
Net pension obligation (asset), beginning of year	<u>334,884</u>
Net pension obligation (asset), end of year	<u><u>\$ 336,302</u></u>

Note 13 – Other Post Employment Benefits (OPEB)

A. Plan Description

The Brooklyn Public Schools Other Post Employment Benefit Program is a single-employer defined benefit plan administered by the Town of Brooklyn, Connecticut in accordance with various collective bargaining agreements. The plan does not issue a separate financial statement.

Administrators

Eligibility for Medical and Dental Coverage	Retirement under the State of Connecticut Teachers Retirement Board system (age 50 with 25 years, age 55 with 20 years or age 60 with 10 years).
Cost Sharing	The Board pays 100% cost of medical and dental insurance for the first five years after retirement. After five years, the Board pays implicit rate subsidy for medical coverage only. Retiree/Spouse pays 100% of the premium for coverage.
Plan of Coverage	Anthem – fully insured medical and dental plans.

**Town of Brooklyn, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011**

Teachers

Eligibility for Medical, Dental and Life Coverage	Retirement under the State of Connecticut Teachers Retirement Board system (age 50 with 25 years, age 55 with 20 years or age 60 with 10 years).
Cost Sharing	Board pays implicit rate subsidy for medical coverage only. Retiree/Spouse pays 100% of the premium for coverage.
Plan of Coverage	Anthem – fully insured medical plans.

B. Actuarial Assumptions and Methods

Latest Actuarial Date	July 1, 2008
Actuarial Cost Method	Projected Unit Credit
Discount Rate	4.00%
Payroll Growth Rate	NA
Medical Inflation	10.0% for 2008, decreasing 1% per year, to an ultimate rate of 5.0% for 2013 and later.
Dental Inflation	5.0% per year.
Remaining amortization	30 years, level dollar, open
Mortality	As used in the Connecticut State Teachers' Retirement System 2008 Pension Valuation; age 61 and under use the pre-retirement rates, 62 and over use the post-retirement rates.
Turnover	As used in the Connecticut State Teachers' Retirement System 2008 Pension Valuation
Retirement	As used in the Connecticut State Teachers' Retirement System 2008 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.

C. Schedule of Funding Progress

There is no requirement for funding and the plan has not been funded. The Town has not yet established a formal funding plan or a trust at this time.

Below is a schedule of funding progress. (Data in the table below is only presented since the year of transition.)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Accrued Liability (UAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAL as a % of Covered Payroll ((b-a)/c)
7/1/2008	\$ -	\$ 3,215,468	\$ 3,215,468	0.00%	\$ 5,314,388	60.5%

Town of Brooklyn, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011

D. Schedule of Employer Contributions

The schedule of employer contributions is as follows. (Data in the table below is only presented since the year of transition):

Year Ended June 30	Annual Required Contributions	Actual Contributions Made	Percentage Contributed
2011	\$ 296,204	\$ 54,280	18.3%
2010	\$ 291,826	\$ 54,280	18.6%
2009	\$ 287,617	\$ 54,280	18.9%

E. Annual Required Contribution (ARC)

The Annual Required Contribution (ARC) for the OPEB program consists of two pieces:

Past Service Cost (a catch-up accrual to amortize the Unfunded Accrued Liability). The amortization period is 30 years starting on July 1, 2008. The ARC is assumed to be paid at the beginning of the fiscal year. Interest is also calculated on the Unfunded Accrued Liability and added to the Annual Required Contribution.

Normal Cost is the present value of the portion of the projected benefit attributable to the current year (the cost of benefits earned each year should be accrued in that year).

The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortized any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

F. Annual OPEB Cost and Net OPEB Obligation

The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the Town's net OPEB obligation (asset):

Annual required contribution (ARC)	\$ 296,204
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>296,204</u>
Contributions made	<u>(54,280)</u>
Increase (decrease) in net OPEB obligation	241,924
Net OPEB obligation (asset), beginning of year	<u>470,883</u>
Net OPEB obligation (asset), end of year	<u><u>\$ 712,807</u></u>

Town of Brooklyn, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011

The Net OPEB Obligation history is as follows. (Data in the table below is only presented since the year of transition):

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution Made	Percentage of APC Contributed	Net OPEB Obligation (Asset)
6/30/2011	\$ 296,204	\$ 54,280	18.3%	\$ 712,807
6/30/2010	\$ 291,826	\$ 54,280	18.6%	\$ 470,883
6/30/2009	\$ 287,617	\$ 54,280	18.9%	\$ 233,337

G. Other Disclosures

The calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing costs between the employer and plan members to that point. The actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Note 14 – 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 60 – *Accounting and Financial Reporting for Service Concession Arrangements*. This statement provides guidance for governments that are either transferors or operators of service concession arrangements. A service concession arrangement is one in which the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset in exchange for significant considerations, and the operator collects and is compensated by fees from third parties. This statement is effective for periods beginning after December 15, 2011.
- GASB Statement 61 – *The Financial Reporting Entity: Omnibus* – This statement modifies certain requirements for inclusion of component units in the financial reporting entity, amends the criteria for reporting component units, and clarifies the reporting of equity interests in legally separate organizations. This statement is effective for periods beginning after June 15, 2012.
- GASB Statement 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* – This statement incorporates certain authoritative literature into the GASB codification. This statement is effective for periods beginning after December 15, 2011.

Town of Brooklyn, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2011

- GASB Statement 63 –*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows Of Resources and Net Position* – This statement provides guidance for transactions that result in the consumption or acquisition of net assets in one period that are applicable to future periods. This statement is effective for periods beginning after December 15, 2011.

- GASB Statement 64 – *Derivative Instruments: Application of Hedge Accounting Termination Provisions* – This statement clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or its credit support provider. This statement is effective for periods beginning after June 15, 2011.

Town of Brooklyn, Connecticut
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget vs. Actual (Budgetary Basis)
General Fund
For the Year Ended June 30, 2011

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual Budgetary Basis	Variance
Revenues:					
Property Tax Revenues:					
Current taxes	\$ 11,256,788	\$ -	\$ 11,256,788	\$ 11,128,411	\$ (128,377)
Prior taxes	200,000	-	200,000	335,602	135,602
Interest and lien fees	90,000	-	90,000	154,018	64,018
Motor vehicles	100,000	-	100,000	94,777	(5,223)
	<u>11,646,788</u>	<u>-</u>	<u>11,646,788</u>	<u>11,712,808</u>	<u>66,020</u>
Intergovernmental Revenues:					
Education assistance	6,978,295	-	6,978,295	6,891,941	(86,354)
State building grants	492,548	-	492,548	492,549	1
Transportation	270,922	-	270,922	168,966	(101,956)
State aid - Mashantucket grant	169,471	-	169,471	184,997	15,526
PILOT on State and other property	158,729	-	158,729	159,640	911
Special education	240,862	-	240,862	310,035	69,173
Circuit breaker	62,571	-	62,571	54,245	(8,326)
Telephone tax	21,975	-	21,975	17,413	(4,562)
PILOT on Manufacturers	10,000	-	10,000	8,509	(1,491)
D.U.I. Grant	10,000	-	10,000	-	(10,000)
Veterans loss reimbursement	5,730	-	5,730	5,819	89
Miscellaneous Grants	2,000	-	2,000	-	(2,000)
Motor vehicle fines	1,450	-	1,450	2,780	1,330
Boat registration	1,163	-	1,163	941	(222)
Tax relief for disability	914	-	914	914	-
Bingo permits	40	-	40	35	(5)
PILOT on Brooklyn Housing Authority	-	-	-	229	229
Homeland Security Grant	-	-	-	3,458	3,458
	<u>8,426,670</u>	<u>-</u>	<u>8,426,670</u>	<u>8,302,471</u>	<u>(124,199)</u>
Local Revenues:					
Recreation	89,494	-	89,494	100,499	11,005
Landfill fees and sales	114,000	-	114,000	100,614	(13,386)
Conveyance tax	30,000	-	30,000	49,596	19,596
Building permits	55,000	-	55,000	65,290	10,290
Town clerk fees	45,000	-	45,000	48,856	3,856
Interest on investments	12,000	-	12,000	10,455	(1,545)
Garage/Lilli-Ann rent	40,397	-	40,397	40,340	(57)
Community center	25,683	-	25,683	24,530	(1,153)
Copier	10,000	-	10,000	8,402	(1,598)
Zoning and wetland fees	11,500	-	11,500	25,665	14,165
Dog licenses and fines	2,000	-	2,000	4,872	2,872
Miscellaneous	5,000	-	5,000	3,255	(1,745)
Fire marshall fees	-	-	-	630	630
Zoning board of appeals	1,000	-	1,000	620	(380)
Miscellaneous permits	800	-	800	2,955	2,155
Apartment inspections	500	-	500	540	40
Other regulations	300	-	300	156	(144)
Sale of fixed assets	100	-	100	902	802
Registrar fees	25	-	25	-	(25)
Mortlake reimbursement	28,379	-	28,379	54,502	26,123
LOCIP Fund	-	-	-	4,110	4,110
Clerk Fees-Reserved	-	-	-	1,370	1,370
Town Pres. Fund - Reserved	-	-	-	1,370	1,370
Vitals surcharge	-	-	-	57	57
	<u>471,178</u>	<u>-</u>	<u>471,178</u>	<u>549,586</u>	<u>78,408</u>
Total Revenues	<u>20,544,636</u>	<u>-</u>	<u>20,544,636</u>	<u>20,564,865</u>	<u>20,229</u>

(continued)

See Accountants' Report

Town of Brooklyn, Connecticut
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget vs. Actual (Budgetary Basis)
General Fund
For the Year Ended June 30, 2011

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual Budgetary Basis	Variance
Expenditures:					
General Government:					
Board of finance	40,300	-	40,300	37,625	2,675
Board of selectmen	31,144	-	31,144	27,827	3,317
Administration	139,353	2,535	141,888	141,888	-
Treasurer	10,392	-	10,392	10,152	240
Tax collector	94,144	19	94,163	95,800	(1,637) *
Assessor	115,350	-	115,350	109,225	6,125
Board of tax review	480	-	480	234	246
Recording - Town Clerk	110,399	2,313	112,712	112,711	1
Elections	20,400	-	20,400	17,642	2,758
Legal counsel	10,500	-	10,500	10,332	168
Probate	7,100	-	7,100	6,347	753
Town hall	42,480	-	42,480	34,065	8,415
Central supplies	49,000	-	49,000	43,460	5,540
	671,042	4,867	675,909	647,308	28,601
Public Safety:					
Canine control	23,847	-	23,847	23,847	-
Patrol services	173,388	-	173,388	167,706	5,682
Fire marshal	29,519	4,418	33,937	33,937	-
Fire facilities	468,717	2,274	470,991	470,991	-
Emergency communications	31,560	-	31,560	30,979	581
Homeland security	3,410	-	3,410	1,337	2,073
	730,441	6,692	737,133	728,797	8,336
Public Works:					
Roads and drainage	524,878	-	524,878	488,627	36,251
Maintenance and equipment	94,500	-	94,500	86,713	7,787
Snow removal	64,000	1,943	65,943	65,942	1
Garage maintenance	23,120	-	23,120	17,022	6,098
Landfill	259,716	-	259,716	224,296	35,420
Building inspector	77,716	-	77,716	76,658	1,058
	1,043,930	1,943	1,045,873	959,258	86,615
Human Services:					
Health	76,438	-	76,438	76,195	243
Cemeteries	6,000	-	6,000	6,000	-
	82,438	-	82,438	82,195	243
Civic and Cultural:					
Library	108,602	-	108,602	108,602	-
Transit district	13,116	-	13,116	13,116	-
Special programs	5,000	-	5,000	3,952	1,048
Recreation	223,644	11,071	234,715	234,715	-
Park maintenance	78,487	-	78,487	73,668	4,819
Community center	31,300	-	31,300	23,516	7,784
Recreation Building	21,380	-	21,380	17,587	3,793
	481,529	11,071	492,600	475,156	17,444
Development and Planning:					
Planning and zoning	60,403	-	60,403	52,402	8,001
Zoning board of appeals	2,200	-	2,200	147	2,053
Agriculture commission	1,800	-	1,800	170	1,630
Conservation commission	2,100	-	2,100	340	1,760
Inland and wetlands commission	28,932	-	28,932	24,335	4,597
Economic development commission	7,800	-	7,800	3,416	4,384
	103,235	-	103,235	80,810	22,425

(continued)

See Accountants' Report

Town of Brooklyn, Connecticut
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget vs. Actual (Budgetary Basis)
General Fund
For the Year Ended June 30, 2011

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual Budgetary Basis	Variance
Sundry:					
Contingency	27,949	(4,305)	23,644	23,644	-
Fringe benefits	538,553	(20,268)	518,285	486,246	32,039
Municipal insurance	152,934	-	152,934	133,364	19,570
Transfer to capital and nonrecurring	321,956	-	321,956	281,499	40,457
	<u>1,041,392</u>	<u>(24,573)</u>	<u>1,016,819</u>	<u>924,753</u>	<u>92,066</u>
Debt:					
Redemption of debt (principal and interest)	935,855	-	935,855	933,355	2,500
Legal fees for bonding	13,000	-	13,000	12,520	480
Debt payments and related legal fees	948,855	-	948,855	945,875	2,980
	<u>5,102,862</u>	<u>-</u>	<u>5,102,862</u>	<u>4,844,152</u>	<u>258,710</u>
Total general government	<u>5,102,862</u>	<u>-</u>	<u>5,102,862</u>	<u>4,844,152</u>	<u>258,710</u>
Total board of education	<u>15,520,839</u>	<u>34,906</u>	<u>15,555,745</u>	<u>15,551,498</u>	<u>4,247</u>
Total expenditures	<u>20,623,701</u>	<u>34,906</u>	<u>20,658,607</u>	<u>20,395,650</u>	<u>262,957</u>
Excess (Deficiency) of revenues and other financing sources over expenditures and other financing uses - budgetary basis	<u>\$ (79,065)</u>	<u>\$ (34,906)</u>	<u>\$ (113,971)</u>	<u>\$ 169,215</u>	<u>\$ 283,186</u>
Adjustments to Generally Accepted Accounting Principles (GAAP):					
Payments on behalf of the town not recorded on a budgetary basis:					
Revenues from State contributions to teachers' retirement				811,904	
Expenditures for cost of teachers' retirement				(811,904)	
				<u>(15,921)</u>	
Excess (Deficiency) of revenues and other financing sources over expenditures and other financing uses - GAAP Basis (Exhibit 4)				<u>\$ 153,294</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 teacher's 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.

* Denotes over expended budget item.

Town of Brooklyn, Connecticut Fund Descriptions

Special Revenue Funds:

Small Cities Block Grant – This fund is used to account for grants through the Federal Small Cities Block Grant program. Grants are awarded on an annual as needed basis based on applications made by the Town. Much of the activity in this fund over the last few years has been to assist low income citizens with interest free loans of Federal funds.

Town Aid Road – The Town Aid Road Fund is used to account for a grant from the State of Connecticut to assist in the construction, reconstruction, improvement and maintenance of improved and unimproved roads.

Special Educational Grants – This fund is used to account for a number of Federal, State and local educational grants. These grants are applied for by the school and most are monitored by the State and Federal governments.

Child Nutrition Program – The school cafeteria and milk programs are run through this fund. Besides the fees charged to students the revenue comes from the federal and state reimbursements for free and reduced lunches to low income individuals.

Recreation Commission – This fund handles activities throughout the year sponsored by the Recreation Commission.

Open Space Land Acquisition – The Open Space Land Acquisition fund is used to set aside funds for future purchases of open space land in town.

Memorial Scholarships – This fund consists of donations and memorials. A portion of the funds are used each year for scholarships to deserving school children.

Town of Brooklyn, Connecticut
 Combining Balance Sheet
 Other Governmental Funds
 June 30, 2011

	Special Revenue Funds								Total Other Governmental Funds
	Small Cities Block Grant Fund	Town Aid Road Fund	Special Education Grants	Cafeteria Fund	Recreation Fund	Open Space Land Acquisition	Memorial Scholarship Funds		
Assets									
Cash and cash equivalents	\$ 64,921	\$ -	\$ -	\$ 12,700	\$ -	\$ 5,008	\$ -	\$ -	\$ 82,629
Investments	-	-	-	-	-	54,159	24,806	-	78,965
Receivables	277,855	-	55,623	-	-	-	-	-	333,478
Inventory	-	-	-	1,823	-	-	-	-	1,823
Due from other governmental funds	-	244,438	-	-	39,856	-	-	-	284,294
Prepaid expenditures	-	-	-	-	9,819	-	-	-	9,819
Total assets	\$ 342,776	\$ 244,438	\$ 55,623	\$ 14,523	\$ 49,675	\$ 59,167	\$ 24,806	\$ -	\$ 791,008
Liabilities and Fund Balance									
Liabilities									
Accounts payable	\$ 6,600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,600
Deferred revenue	-	-	35,156	-	22,670	-	-	-	57,826
Due to other governmental funds	-	146,477	13,793	-	-	-	-	-	160,270
Due to fiduciary funds	-	-	-	-	-	-	500	-	500
Total liabilities	6,600	146,477	48,949	-	22,670	-	500	-	225,196
Fund Balance									
Nonspendable	-	-	-	1,823	9,819	-	-	-	11,642
Restricted	336,176	97,961	6,674	-	15,939	59,167	24,306	-	540,223
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	12,700	1,247	-	-	-	13,947
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balance	336,176	97,961	6,674	14,523	27,005	59,167	24,306	-	565,812
Total liabilities and fund balance	\$ 342,776	\$ 244,438	\$ 55,623	\$ 14,523	\$ 49,675	\$ 59,167	\$ 24,806	\$ -	\$ 791,008

Town of Brooklyn, Connecticut
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2011

	Special Revenue Funds								Total Other Governmental Funds
	Small Cities Block Grant Fund	Town Aid Road Fund	Special Education Grants	Cafeteria Fund	Recreation Fund	Open Space Land Acquisition	Memorial Scholarship Funds		
Revenues									
Intergovernmental revenues	\$ 477,400	\$ 120,526	\$ 1,016,201	\$ 126,865	\$ -	\$ -	\$ -	\$ -	\$ 1,740,992
Local revenues	-	-	-	153,324	68,530	7,968	375		230,197
Total revenues	477,400	120,526	1,016,201	280,189	68,530	7,968	375		1,971,189
Expenditures									
Current expenditures:									
General government	424,057	-	-	-	-	-	-	-	424,057
Civic and cultural	-	-	-	-	71,835	-	-	-	71,835
Education	-	-	1,013,315	281,248	-	-	500		1,295,063
Total expenditures	424,057	-	1,013,315	281,248	71,835	-	500		1,790,955
Excess (deficiency) of revenues over expenditures	53,343	120,526	2,886	(1,059)	(3,305)	7,968	(125)		180,234
Other financing sources and (uses)									
Operating transfers in	-	-	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources and (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of revenues over expenditures and other financing sources and (uses)	53,343	120,526	2,886	(1,059)	(3,305)	7,968	(125)		180,234
Fund balance, Beginning of the year	282,833	(22,565)	3,788	15,582	30,310	51,199	24,431		385,578
Fund balance, end of the year	\$ 336,176	\$ 97,961	\$ 6,674	\$ 14,523	\$ 27,005	\$ 59,167	\$ 24,306		\$ 565,812

Town of Brooklyn, Connecticut
Combining Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	Pension Trust Funds		
	Town Pension Trust Fund	LOSAP Pension Trust Fund	Total Pension Trust Funds
Assets			
Cash and cash equivalents	\$ -	\$ 56,071	\$ 56,071
Investments	2,909,827	-	2,909,827
Total assets	2,909,827	56,071	2,965,898
Liabilities			
Accounts payable	-	100	100
Total liabilities	-	100	100
Net assets			
Held in trust for pension benefits and other purposes	\$ 2,909,827	\$ 55,971	\$ 2,965,798
	2,909,827	55,971	2,965,798

Town of Brooklyn, Connecticut
Combining Statement of Changes in Fiduciary Net Assets
Pension Trust Funds
For the Year Ended June 30, 2011

	Pension Trust Funds		
	Town Pension Trust Fund	LOSAP Pension Trust Fund	Total Pension Trust Funds
Additions			
Contributions:			
Employer	\$ 193,162	\$ 65,000	\$ 258,162
Total Contributions	193,162	65,000	258,162
Investment Income:			
Net depreciation in fair value of investments	436,310	-	436,310
Interest and dividends	75,586	480	76,066
Total Investment Income	511,896	480	512,376
Total Additions	705,058	65,480	770,538
Deductions			
Distributions	138,755	71,275	210,030
Administrative expenses	30,362	6,100	36,462
Total deductions	169,117	77,375	246,492
Change in net assets	535,941	(11,895)	524,046
Net assets held in trust, beginning of year	2,373,886	67,866	2,441,752
Net assets held in trust, end of year	\$ 2,909,827	\$ 55,971	\$ 2,965,798

Town of Brooklyn, Connecticut
Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2011

	Balance Beginning		Additions		Deductions		Balance Ending
Student Activity Fund							
Assets							
Cash	\$ 18,239	\$	139,357	\$	137,027	\$	20,569
Investments	22,668		241		-		22,909
Due from memorial scholarships	-		500		-		500
Total assets	<u>\$ 40,907</u>	\$	<u>140,098</u>	\$	<u>137,027</u>	\$	<u>43,978</u>
Liabilities							
Due to students	<u>\$ 40,907</u>	\$	<u>140,098</u>	\$	<u>137,027</u>	\$	<u>43,978</u>

See Accountants' Report

**Town of Brooklyn, Connecticut
Report of the Property Tax Collector
For the Year Ended June 30, 2011**

Grand List	Beginning Receivable Balance	Current Year Levy	Lawful Corrections		Net Taxes Collectible	Taxes	Collections During The Year			Transfer To Suspense	Refunds Issued	Ending Receivable Balance
			Additions	Deductions			Interest	Liens	Suspense			
2009	\$ -	\$ 11,577,156	\$ 17,804	\$ 38,376	\$ 11,556,584	\$ 11,248,308	\$ 43,705	\$ 3,132	\$ -	\$ 11,295,145	\$ 12,809	\$ 321,085
2008	348,304	-	1,277	5,895	343,686	170,509	38,209	2,198	-	210,916	1,683	174,860
2007	190,993	-	42	2,534	188,501	75,254	32,507	1,178	-	108,939	474	113,721
2006	101,309	-	403	874	100,838	26,124	12,887	565	-	39,576	-	74,714
2005	61,253	-	-	1,273	59,980	9,429	9,191	234	55	18,909	32	13,624
2004	14,668	-	-	-	14,668	655	1,248	134	1,014	3,051	-	14,013
2003	6,445	-	-	-	6,445	222	228	-	905	1,355	-	6,223
2002	3,807	-	-	-	3,807	(346)	261	-	767	682	838	4,991
2001	7,851	-	-	176	7,675	75	148	-	1,096	1,319	-	7,600
2000	4,561	-	30	67	4,524	-	-	-	100	100	-	4,524
1999	1,557	-	-	-	1,557	-	-	-	-	-	-	1,557
1998	3,582	-	-	-	3,582	-	-	-	55	55	-	3,582
1997	640	-	-	-	640	-	-	-	978	978	-	640
1996	552	-	-	-	552	-	-	-	-	-	-	552
1995	615	-	-	-	615	58	155	-	-	213	-	557
1994	535	-	-	-	535	-	-	-	-	-	-	535
	\$ 746,672	\$ 11,577,156	\$ 19,556	\$ 49,195	\$ 12,294,189	\$ 11,530,288	\$ 138,539	\$ 7,441	\$ 4,970	\$ 11,681,238	\$ 15,836	\$ 742,778

Town of Brooklyn, Connecticut
Statement of Changes in Fund Balance
Capital Nonrecurring Fund
For the Year Ended June 30, 2011

	Beginning Balance	Original Budget Additions	Subsequent Changes Additional Appropriation	Subsequent Changes Debt Financed	Additions (Revenues Posted)	Reductions (Expenditures Posted)	Ending Fund Balance	Eliminating Deficits per GASB 54	Reported Fund Balance	To be Funded by*
Restricted Fund Balance:										
Greenway Trail	\$ 21,536	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,536	\$ -	\$ 21,536	Completed
Recreation Prince Hill Park	607	-	-	-	-	-	607	-	607	Completed
JAG Grant	359	-	-	-	-	-	359	-	359	Completed
Community parking lot	-	-	-	-	64,960	(64,960)	-	-	-	Completed
South St. and Day St. paving	(2,044)	-	-	-	3,289	(3,173)	(1,928)	1,928	-	Completed
Greenway Drive	(22,635)	-	-	-	14,341	(16,486)	(24,780)	24,780	-	Completed
Transfer station	(29,236)	-	-	-	17,091	-	(12,145)	12,145	-	Local
Energy grant	-	-	-	-	-	(12,981)	(12,981)	12,981	-	Energy Grant
Riverside Park phase I	(18,534)	-	-	-	-	-	(18,534)	18,534	-	Local
LOCIP Roads/Windows	(40,876)	-	-	-	-	-	(40,876)	40,876	-	LOCIP Grant
	(90,823)	-	-	-	99,681	(97,600)	(88,742)	111,244	22,502	
Committed Fund Balance:										
Community center improvements	-	60,000	-	-	-	(1,900)	58,100	-	58,100	Completed
School water heater	23,000	-	-	-	-	-	23,000	-	23,000	Completed
Elementary School chimney	-	20,000	-	-	-	-	20,000	-	20,000	Completed
School north wall repair	28,020	-	-	-	-	(14,775)	13,245	-	13,245	Completed
Library roof replacement	-	10,000	-	-	-	(250)	9,750	-	9,750	Completed
Sickle bar mower attachment	-	16,000	-	-	-	(9,120)	6,880	-	6,880	Completed
Westview Drive	28,718	-	-	-	-	-	28,718	-	28,718	Completed
Revaluation	2,034	-	-	-	-	-	2,034	-	2,034	Completed
Vital system - marriage licensing	694	-	-	-	-	-	694	-	694	Completed
Flat bed body and hoist	-	5,000	-	-	-	(4,650)	350	-	350	Completed
Town Clerk - file	-	-	2,718	-	-	(2,657)	61	-	61	Completed
Dump truck	-	-	-	145,000	-	(144,980)	20	-	20	Completed
Plan of conservation	(2,001)	-	-	-	-	-	(2,001)	2,001	-	Completed
Freezer replacement - middle school	(2,288)	-	-	-	-	-	(2,288)	2,288	-	Completed
Green building roof	(39,578)	-	-	-	-	-	(39,578)	39,578	-	Completed
	38,599	111,000	2,718	145,000	-	(178,332)	118,985	43,867	162,852	
Unassigned Fund Balance:										
Unassigned/Debt Transactions	146,149	74,386	-	917,000	8,538	(991,386)	154,687	(155,111)	(424)	
Total Fund Balance	\$ 93,925	\$ 185,386	\$ 2,718	\$ 1,062,000	\$ 108,219	\$ (1,267,318)	\$ 184,930	\$ -	\$ 184,930	

**Town of Brooklyn, Connecticut
Report of the Sewer Use Collector
For Sewer Use Charges
For the Year Ended June 30, 2011**

Year Ended	Uncollected Beginning	Current Year Charges	Lawful Corrections		Adjusted Amount Collectible	Collections During the Year			Uncollected Ending	
			Additions	Deductions		Use Fees	Interest	Liens		Total
2009	\$ -	\$ 292,175	\$ -	\$ -	\$ 292,175	\$ 255,738	\$ 1,923	\$ 486	\$ 258,147	\$ 36,437
2008	12,152	15,258	-	-	27,410	21,793	1,987	840	24,620	5,617
2007	7,008	-	1,059	(2,118)	5,949	1,769	1,235	288	3,292	4,180
2006	4,505	-	-	-	4,505	1,960	1,331	120	3,411	2,545
2005	3,438	-	-	-	3,438	1,607	1,553	72	3,232	1,831
2004	1,431	-	-	-	1,431	360	391	48	799	1,071
2003	360	-	-	-	360	180	230	24	434	180
2002	471	-	-	-	471	111	101	24	236	360
2001	-	-	-	-	-	-	-	-	-	-
2000	(85)	-	-	-	(85)	-	-	-	-	(85)
Total	\$ 29,280	\$ 307,433	\$ 1,059	\$ (2,118)	\$ 335,654	\$ 283,518	\$ 8,751	\$ 1,902	\$ 294,171	\$ 52,136

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

Board of Finance
Town of Brooklyn, Connecticut
Brooklyn, Connecticut

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Brooklyn, Connecticut as of and for the year ended June 30, 2011 and have issued our report thereon dated November 17, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

Our consideration of the internal control over financial reporting 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 financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 MW-08-1 and MW-11-1 to be material weaknesses.

Government Auditing Standards Report (Continued)

Compliance and Other Matters

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

The Town of Brooklyn, Connecticut'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 of Brooklyn, Connecticut's response and, accordingly, we express no opinion on it.

This report is intended for the information and use of the management, Board of Finance, others within the Town of Brooklyn, Connecticut, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Marien + Company

November 17, 2011

Report on Compliance With Requirements That Could Have a Direct And Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With the State Single Audit Act, and on the Schedule of Expenditures of State Financial Assistance

Board of Finance
Town of Brooklyn, Connecticut
Brooklyn, Connecticut

Compliance

We have audited the Town of Brooklyn, Connecticut's compliance with the types of compliance requirements described in the *Office of Policy and Management Compliance Supplement* that could have a direct and material effect on each of the Town of Brooklyn, Connecticut's major state programs for the year ended June 30, 2011. The major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Town of Brooklyn, Connecticut's management. Our responsibility is to express an opinion on the Town of Brooklyn, Connecticut's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and 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 of Brooklyn, Connecticut's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town of Brooklyn, Connecticut's compliance with those requirements.

In our opinion, the Town of Brooklyn, Connecticut complied, in all material respects, with the 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, 2011.

State Single Audit Report (Continued)

Internal Control over Compliance

Management of the Town of Brooklyn, Connecticut is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Town of Brooklyn, Connecticut's internal control over compliance with requirements that could have a direct and material effect on a major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 of Brooklyn, Connecticut'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, in a timely manner.

Our consideration of the 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of State Financial Assistance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Brooklyn, Connecticut as of and for the year ended June 30, 2011, and have issued our report thereon dated November 17, 2011. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town of Brooklyn, Connecticut'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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

State Single Audit Report (Continued)

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

Marien + Company

November 17, 2011

Town of Brooklyn, Connecticut
Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2011

State Program Pass-Through Grantor Program Title	State Grant Program Core-CT Number	Expenditures
Department of Environmental Protection		
Small Town Economic Assistance Program (DEP)	12052-DEP43153-40531	\$ -
Boat Grant	12060-DEP44434-35403	941
Department of Transportation		
Town Aid Roads - Municipal	12052-DOT57131-43455	-
Town Aid Roads - STO	13033-DOT57131-43459	-
Department of Economic and Community Development		
Small Town Economic Assistance Program (ECD)	12052-ECD46555-42411	82,418
Office of Policy and Management		
Property Tax Relief for Disability Exemption	11000-OPM20600-17011	914
Property Tax Relief for Elderly and Totally Disabled (CB)	11000-OPM20600-17018	50,705
Property Tax Relief for Elderly Homeowners - Freeze	11000-OPM20600-17021	3,540
Property Tax Relief for Veterans	11000-OPM20600-17024	5,819
PILOT for Manufacturing and Commercial Vehicles	11000-OPM20600-17031	8,509
Local Capital Improvement Program (LOCIP)	12050-OPM20600-40254	
Office of the State Comptroller		
PILOT on State Owned Property	11000-OSC15910-17004	159,640
Department of Education		
School Readiness and Child Care - Competitive Grant	11000-SDE64370-12113	107,000
Child Nutrition Program (School Lunch State Match)	11000-SDE64370-16211	4,008
Health Foods Initiative	11000-SDE64370-16212	8,734
Adult Education	11000-SDE64370-17030	33,062
		<hr/>
Total State Financial Assistance before Exempt Programs		465,290
		<hr/>
EXEMPT PROGRAMS		
Department of Education:		
Education Cost Sharing	11000-SDE64370-17041	5,896,383
Public School Transportation	11000-SDE64370-17027	168,966
Special Education - Excess Cost - Student Based	11000-SDE64370-17047	310,035
School Construction Grants - Interest	13009-SDE64370-40896	67,224
School Construction Grants - Principal	13009-SDE64370-40901	830,794
Office of the State Comptroller		
Grants to Towns	12009-OSC15910-17005	184,997
		<hr/>
Total exempt programs		7,458,399
		<hr/>
Total State Financial Assistance		7,923,689
		<hr/> <hr/>

See Accountants' Report

Town of Brooklyn, Connecticut
Notes to the Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2011

Various departments and agencies of the State of Connecticut have provided financial assistance to the Town of Brooklyn, Connecticut through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including: education, general government, public works, and public safety.

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Brooklyn, Connecticut conform to Generally Accepted Accounting Principles as applicable to governmental entities. The following is a summary of the more significant policies relating to the aforementioned grant programs.

A. Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements, when applicable. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Certain revenues associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

Town of Brooklyn, Connecticut
Notes to the Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2011

2. Loan Programs

In accordance with Section 4-236-23(a)(4)(F) of the Regulations to the State Single Audit Act, the notes to the Schedule of Expenditures of State Financial Assistance shall include loans and loan activities. The following is a summary of the various loan program activity for the year ended June 30, 2011:

Department of Environmental Protection:

Clean Water Funds 21014-OTT14230-4001:

	Issue Date	Interest Rate	Original Amount	Beginning Balance	Issued	Retired	Balance Ending
134 D/C	Nov-91	2%	\$ 478,367	<u>\$ 23,917</u>	\$ -	<u>\$ 23,917</u>	<u>\$ -</u>

**Town of Brooklyn, Connecticut
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011**

I. Summary of Audit Results

A. Financial Statements:

Type of auditors' report issued: Unqualified
 Internal control over financial reporting:
 • Material weakness(es) identified? Yes No
 • Significant deficiency(ies) identified? Yes None reported
 Noncompliance material to the financial statements noted? Yes No

B. State Financial Assistance:

Internal control over major programs:
 • Material weakness(es) identified? Yes No
 • Significant deficiency(ies) identified? Yes None reported

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

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

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

State Grantor and Program	State Core-CT Number	Expenditures
Office of the State Comptroller:		
PILOT on State owned Property	11000-OSC15910-17004	\$159,640
Department of Education:		
School Readiness and Child Care	11000-SDE64370-12113	\$107,000
Adult Education	11000-SDE64370-17030	\$33,062
Dollar threshold used to distinguish between type A and type B programs:		<u>\$100,000</u>

II. Financial Statement Findings:

MW-08-1 – 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:

**Town of Brooklyn, Connecticut
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011**

- *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 response 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 has been working on this. They have had each department write up manuals of their current procedures. The Board of Finance is in the process of reviewing the manuals, assessing risk and adding internal controls where needed.

MW-11-1 – Entity Level Controls

Condition: The Board of Education is not using a double entry accounting system for some of its funds. A double entry system helps in making sure bookkeeping entries are complete and accurate. The audit found that the bookkeeping was not complete and accurate.

Recommendation: The Board of Education needs to use a double entry system for each of its funds. The system should be balanced each month to assure accuracy. Reports, including a balance sheet and income statement, should be produced for management and the Board of Finance.

Management’s Response: Management at the Board of Education will start keeping a double entry system for each of its funds effective July 1, 2011.

III. State Financial Assistance Findings And Questioned Costs

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

**Town of Brooklyn, Connecticut
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2011**

MW-07-2 – Controls over the Period-End Financial Reporting Process

Condition: The audit identified material adjustments to the Town of Brooklyn, Connecticut's internally prepared financial reporting. Although these have been subsequently corrected by management, the internal reports presented and used for management decisions were materially misstated.

Current Status: The finding has been corrected.

MW-08-1 – 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.

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: Repeated with the same number.

**Report on Compliance with Requirements that could Have a Direct and Material
Effect on Each Major Program and on Internal Control
Over Compliance in Accordance With OMB Circular A-133, and on the Schedule of
Expenditures of Federal Financial Assistance**

Board of Finance
Town of Brooklyn, Connecticut
Brooklyn, Connecticut

Compliance

We have audited the Town of Brooklyn, Connecticut's compliance of the with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of the Town of Brooklyn, Connecticut's major federal programs for the year ended June 30, 2011. The Town of Brooklyn, Connecticut's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements referred to above is the responsibility of the Town of Brooklyn, Connecticut's management. Our responsibility is to express an opinion on the Town of Brooklyn, Connecticut's compliance based on our audit.

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

In our opinion, the Town of Brooklyn, Connecticut complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

Federal Single Audit Report (Continued)

Internal Control over Compliance

The management of the Town of Brooklyn, Connecticut is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the Town of Brooklyn, Connecticut's internal control over compliance to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Brooklyn, Connecticut's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance 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 compliance requirement will not be prevented, or detected and corrected, on a timely basis.

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

Schedule of Expenditures of Federal Financial Assistance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Brooklyn, Connecticut, as of and for the year ended June 30, 2011, and have issued our report thereon dated November 17, 2011. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town of Brooklyn, Connecticut's basic financial statements. The accompanying Schedule of Expenditures of Federal Financial Assistance is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Marien + Company

November 17, 2011

Town of Brooklyn, Connecticut
Schedule of Expenditures of Federal Financial Assistance
For the Year Ended June 30, 2011

Federal grantor/ Pass-Through grantor program title	Federal CFDA Number	Pass- Through Grantor's Number	Expenditures
Department of Education:			
Passed through the State of Connecticut:			
Title I - Current	84.010	12060-SDE64370-20679	\$ 129,621
Title I - Carryover	84.010	12060-SDE64370-20679	17,489
Title I - ARRA	84.389	12060-SDE64370-29010	23,401
			<u>170,511</u>
Title II - Part A, Improving Teacher Quality - Current	84.367	12060-SDE64370-20858	48,448
Title II - Part A, Improving Teacher Quality - Carryover	84.367	12060-SDE64370-20858	16,116
			<u>64,564</u>
Title II - Part D, Technology - Carryover	84.318	12060-SDE64370-20826	6,545
Title II - Part D, Technology - ARRA	84.390	12060-SDE64370-29063	40,061
			<u>46,606</u>
IDEA, Part B, Section 611, Handicapped - Current	84.027	12060-SDE64370-20977	231,212
IDEA, Part B, Section 611, Handicapped - Carryover	84.027	12060-SDE64370-20977	38,074
IDEA, Part B, Section 611, Handicapped - ARRA	84.391	12060-SDE64370-29011	155,601
			<u>424,887</u>
IDEA, Part B, Section 619, Preschool - Current	84.173	12060-SDE64370-20983	10,939
			<u>10,939</u>
American Recovery and Reinvestment Act, SFSF: Education	84.394	12060-SDE64370-29054	995,558
			<u>995,558</u>
Education Jobs Fund	84.410	12060-SDE64370-22405	112,500
			<u>112,500</u>
Total Department of Education			<u>1,825,565</u>
Department of Agriculture:			
Passed through the State of Connecticut:			
National School Lunch	10.555	12060-SDE64370-20560	96,085
National School Breakfast	10.553	12060-SDE64370-20508	18,038
Total Department of Agriculture			<u>114,123</u>
Department of Housing and Urban Development:			
Passed through the State of Connecticut:			
Community Development Block Grant	14.228	12060-ECD46350-20730	424,017
Total Department of Housing and Urban Development			<u>424,017</u>
Department of Homeland Security:			
Passed through the State of Connecticut:			
Emergency Management Performance Grant	97.042	12060-EHS99660-21881	3,458
Total Department of Homeland Security			<u>3,458</u>
Total Federal Financial Assistance			<u>\$ 2,367,163</u>

Town of Brooklyn, Connecticut
Notes to the Schedule of Expenditures of Federal Financial Assistance
For the Year Ended June 30, 2011

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Brooklyn, Connecticut conform to Generally Accepted Accounting Principles as applicable to governmental entities. The following is a summary of the more significant policies relating to the aforementioned grant programs.

A. Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements, when applicable. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Certain revenues associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

B. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Financial Assistance includes the federal grant activity of the Town of Brooklyn, Connecticut 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 Organization. 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
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2011**

I. Summary of Audit Results

A. Financial Statements:

Type of auditors' report issued: Unqualified
 Internal control over financial reporting:
 • Material weakness(es) identified? Yes No
 • Significant deficiency(ies) identified? Yes None reported
 Noncompliance material to the financial statements noted? Yes No

B. Federal Financial Assistance:

Internal control over major programs:
 • Material weakness(es) identified? Yes No
 • Significant deficiency(ies) identified? Yes None reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

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

CFDA #: 84.394 Name: American Recovery and Reinvestment Act, SFSF: Education
 CFDA #: 14.228 Name: Community Development Block Grant

Threshold used for distinguishing between Type A and Type B programs: \$300,000
 Qualified as a low risk auditee: Yes No

II. Findings and Questioned Costs Related to Financial Statements:

MW-08-1 – 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:

- *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.

**Town of Brooklyn, Connecticut
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011**

- *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 response 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 has been working on this. They have had each department write up manuals of their current procedures. The Board of Finance is in the process of reviewing the manuals, assessing risk and adding internal controls where needed.

MW-11-1 – Entity Level Controls

Condition: The Board of Education is not using a double entry accounting system for some of its funds. A double entry system helps in making sure bookkeeping entries are complete and accurate. The audit found that the bookkeeping was not complete and accurate.

Recommendation: The Board of Education needs to use a double entry system for each of its funds. The system should be balanced each month to assure accuracy. Reports, including a balance sheet and income statement, should be produced for management and the Board of Finance.

Management’s Response: Management at the Board of Education will start keeping a double entry system for each of its funds effective July 1, 2011.

III. Federal Financial Assistance Findings And Questioned Costs

No findings or questioned cost are reported relating to Federal financial assistance programs.