

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
OF THE**



**TOWN OF BROOKFIELD,  
CONNECTICUT**

**FOR THE YEAR ENDED  
JUNE 30, 2017**

**PREPARED BY:  
THE FINANCE DEPARTMENT**

**TOWN OF BROOKFIELD, CONNECTICUT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2017**

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## INTRODUCTORY SECTION

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**TOWN OF BROOKFIELD  
OFFICE OF THE FIRST SELECTMAN**

**Stephen C. Dunn  
First Selectman**



**100 Pocono Road  
Brookfield, CT 06804**

March 23, 2018

To: The Citizens of the Town of Brookfield, Connecticut

The State of Connecticut under Sec. 7-392 of the General Statutes requires all municipalities to conduct an annual audit of their financial statements. The objective of such audits is to provide reasonable (rather than absolute) assurance that the Town's financial statements are free of any material misstatements. This report is published to fulfill that requirement for the fiscal year ending June 30, 2017, and the Town's financial statements so dated.

The report of our independent auditor (Mahoney Sabol & Company, LLP) is included at the front of the financial statements section.

**PROFILE OF BROOKFIELD TOWN GOVERNMENT**

The Town was incorporated in 1788 under statutes of the State of Connecticut. The Town, located in Fairfield County in western Connecticut, encompasses an area of 19.8 square miles with an estimated current population of 17,400 residents. The Town is empowered by state statute to levy property tax on real and personal property including vehicles located within its boundaries.

The Town has a Town Meeting form of government, with a three member Board of Selectmen elected to two-year terms, a six member Board of Finance elected to four year staggered terms, and a seven member Board of Education elected to four year staggered terms. Elections are held biennially in November in odd numbered years. The legislative body also has the power and privileges conferred and granted to Towns and Cities under the Constitution and the General Statutes of the State of Connecticut.

The First Selectman is the full-time Chief Executive and Administrative Officer of the Town who oversees the execution of all laws and ordinances governing the Town. He presides over the Board of Selectmen and has full voting privileges. The First Selectman is also an ex-officio member of the Board of Finance and has the authority to cast a vote to break a tie.

The Board of Finance is responsible for proposing annual budgets and for approving special appropriations requested by the Board of Selectmen. The Board of Finance is also responsible for the supervision of the annual independent audit. Brookfield's professional staff includes a Town Controller. The Town Controller is responsible for the coordination of the activities of the accounting staff; the maintenance of the general ledgers of the various funds and account groups of the Town, financial planning, and financial report preparation. An elected, part-time Treasurer is the agent of the Town's deposit funds.

The Board of Education is a legal body created by the statutes of the State of Connecticut with the responsibility to establish, implement and appraise the educational activities of the Town and having full oversight over all school expenditures.

#### **PRINCIPAL TOWN OFFICIALS**

<b>Office</b>	<b>Name</b>	<b>Manner of Selection</b>	<b>Current Term Expires</b>
First Selectman	Stephen C. Dunn	Elected	December 2019
Treasurer	John T. Lucas	Elected	December 2019
Chairman, Board of Finance	Sean Hathorn	Elected	December 2019
Chairman, Board of Ed	Collette Sturm	Elected	December 2019
Superintendent of Schools	John W. Barile	Appointed	Employment Contract

#### **SUMMARY OF MUNICIPAL SERVICES**

##### **Police:**

The Town maintains a police force with an authorized strength of 31 officers and 3 special officers (Chief, Major and Captain). There are also 8 full-time dispatchers. The department operates with a fleet of vehicles that includes a mobile crime scene emergency vehicle; the patrol vehicles have on-board computers. The police department also maintains a response dive team, and emergency dive boat.

##### **Fire:**

The Town Volunteer Fire Departments consist of 120 volunteer firemen and emergency service personnel. Two fire stations are strategically located within the Town. The current 2017-2018 Town Budget includes funding to assist in the operations of the Volunteer Fire Departments. In addition, the departments conduct an annual fund-raising drive that generates donations of approximately \$150,000 - \$210,000.

##### **Parks and Recreation:**

The Town has both active and passive recreation facilities. These include ten parks, eighteen ball fields, a nine-hole golf course, tennis and basketball courts, a YMCA that includes a 50 meter pool and wellness center and numerous picnic areas. Candlewood Lake, the largest fresh water lake in the State, forms the western border of the Town. Lake Lillinonah, another large lake, forms the eastern border. Both lakes offer swimming, boating and fishing facilities.

The Parks Department maintains, on a year-round basis, over 725 acres of municipal land which includes parks, ball fields, school grounds, a municipal complex, a police station, two fire stations, a library, and the Still River Greenway. The Department has four full-time employees who are supplemented with year-round independent contractors and seasonal summer employees.

##### **Library:**

In addition to providing library services in each school, the Town maintains a public library. The library staff includes five full-time professional librarians and six part-time assistants, supported by a staff of assistant librarians, clerks and staff aids.

**Sewers:**

The Town of Brookfield has an inter-municipal agreement with the City of Danbury for the treatment of wastewater that is generated in Brookfield. Payments to the City provide for the Town's share of the costs for the operation, maintenance and capital improvements of the regional plant. The Brookfield Water Pollution Control Authority (WPCA) operates as a self-sustaining enterprise fund within the Town of Brookfield. Sewer customers are assessed for all costs associated with the operation and financing of the WPCA. The sewer system is positioned to handle commercial and industrial growth anticipated for the next decade or more.

**Solid Waste:**

The Town of Brookfield is a member of the Housatonic Resources Recovery Authority (HRRRA), which is the regional municipal solid waste (MSW) and recycling management organization for the Housatonic Valley municipalities of Bethel, Bridgewater, Brookfield, Danbury, Kent, New Fairfield, New Milford, Newtown, Redding, Ridgefield, and Sherman. Solid waste from HRRRA municipalities is taken to one of three regional transfer stations operated by a local waste management firm in Danbury, Newtown or Ridgefield. From these three regional transfer stations, MSW is trucked to one of two resource recovery facilities in Bridgeport or Lisbon, CT or taken to other legally permitted disposal sites outside Connecticut.

**TOWN EMPLOYEES**

The following table illustrates the permanent full-time Town employees for the last five fiscal years:

<b>Fiscal Year</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>
General Government	105	105	105	104	101
Board of Education	383	383	383	382	381
<b>Total</b>	<b>488</b>	<b>488</b>	<b>488</b>	<b>486</b>	<b>482</b>

**LOCAL ECONOMY**

Brookfield is fortunate to be located in close proximity to the greater New York business centers. Brookfield's employment base is not located within the greater Brookfield area but in areas of lower Fairfield County of Connecticut, Westchester County in New York and in the New York City business environment.

The area supports medium to small technology-based companies which blend with the Town's Plan of Development. It has a number of financial institutions and warehouse distribution centers. The Town's economy is diverse with retail and services being the lead components.

While the region is not immune to the economic slowdown impacting the broader economy, the Town is taking action to mitigate its impact. Recent investments in improvements to infrastructure such as road maintenance and expansion of public water, fire suppression and sewer lines, have promoted expansion by local business as well as attracted new investment by the business community into the Town's central business area. Brookfield's position as a major regional retail shopping area was enhanced during 2013 with the expansion and modernization of a Costco warehouse store and the new construction of a BJ's warehouse store. In addition, the Town is developing a 198-acre Town Center District with the building of a new Streetscape, Phase I of which is valued at over \$3.5 million.



Phase I is approved and being built this summer to support which is becoming a New England-style pedestrian friendly mixed-use residential and retail area. A number of apartments are near completion in the District, and a major private investor has completed construction of a mixed-use project, the first two buildings of which opened for occupancy in January 2018. There are also a number of other projects being planned by developers for the Town Center district, including a high end grocery store.

The Town, with its close proximity to the New York labor market, continues to enjoy a solid employment base. Per capita earnings are very favorable in comparison to the national and state averages.

	<b>Town of Brookfield</b>	<b>State of Connecticut</b>
Per Capita Income, 2016	\$ 50,857	\$ 37,892
Per Capita Income, 1999	\$ 49,705	\$ 35,078
Per Capita Income, 1989	\$ 37,063	\$ 28,766
Median Family Income, 2016	\$ 106,278	\$ 91,296
Median Family Income, 2011	\$ 125,947	\$ 87,245
Median Family Income, 1999	\$ 127,617	\$ 81,245
Percent Below Poverty Level, 2011	0.7%	7.3%

*Source: U.S. Department of Commerce, Bureau of Census, 2000, 1990; U.S. Census Bureau, 2009-2013 American Community Survey.*

Unemployment in the Town remains below the State average.

## **MAJOR INITIATIVES**

Several projects are indicative of the Town's investment in the future:

- **Municipal Water Supply** – The Southern Commercial district of the Town continues to enjoy a strong level of development. Municipal water supply to this area is now complete and the Town has completed the accounting for this project and completed the billing process to property owners who have benefited from this new water line.
- **Town Center Development** – The Town has begun a long-term redevelopment project for the area historically known as the “4 Corners”. The intention of this effort is to establish a Town Center Business District. This project is driven primarily by private investment. The Town, augmented by State of CT STEAP (Small Town Economic Assistance Program), and other grants, is contributing to the development of the area streetscape. Approximately 60% of the improvements of Phase I will be paid for with grants the town has won. Phase I is being built now and is on time and under budget. Phase II is fully funded with 2/3rds being paid for with a TAP grant and construction with start in the spring of 2019. Phases III and IV are in the planning stages and we intend to pursue grants to pay for 2/3rds of these projects.

- **Road Paving Program** – In 2010, the Town approved an appropriation of \$10,000,000 for a paving program to upgrade its roads and drainage. The project is complete. It used long term financing (General Obligation Bonds) to fund the appropriation. Going forward, the Town plans to spend approximately \$1.5 million each year to maintain its roads. It is planned to achieve full annual operating budget support of that amount by 2020 and to pay cash for all road paving from then on.
  - **Recreational Facility Improvements** –  
**The Still River Greenway** - (Biking and Pedestrian path) has been completed. Total cost of the project is \$2.4 million. The project was funded by Federal and State grants (80%) and Local Funds (20%). Due to the immense popularity of the Greenway, we now need to ensure that we have adequate parking at both the north entrance in the Town Center and the entrance near the Town Hall property. We have obtained temporary parking at the north end but we will not have that permanently.
- Parks Revitalization Program** – In September 2013, voters approved a \$5.3 million appropriation for updates to the Town Park Beach on Candlewood Lake and for improvements at Cadigan Park. A \$750,000 State grant was awarded to off-set part of the cost. The balance will be financed using general obligation bonds. The project was completed in the summer of 2015.

## RELEVANT FINANCIAL POLICIES

### Long Range Planning, Financial and Debt Management:

- **10 YEAR CAPITAL PLAN** – The State has required Towns to have a 10 Year Capital Plan starting in 2015. The First Selectman has submitted a 10 Year Capital Plan to the Board of Selectmen and the Board of Finance. It will be used as the priority planning tool for meeting investment needs and the management of Long Term Debt. As part of this effort, the Board of Education has completed the demographic analysis needed to take a fresh look at school facilities in the context of flat to declining school enrollment and is now in the process of doing a needs analysis for our school buildings in light of that demographic analysis.
- **DEBT POLICY** – The Town has a self-imposed debt limit policy.
- **PENSION AND BENEFITS** – Retirement Benefits Advisory Committee (RBAC) – In addition to the significant progress made toward full funding (currently at 97.6%) of our Pension obligations, the committee has begun discussing steps to address the OPEB (Other Post-Employment Benefits) liability. A formal policy is now in place, an OPEB trust account has been established and is being funded annually. This action helps improve our bond ratings and ensures that the town has the funding in place to address these future obligations.
- **CONSERVATION AND DEVELOPMENT** – The Planning Commission has completed a 10-Year Plan of Conservation and Development in 2015. We have asked the Planning Commission to evaluate this plan on an annual basis to ensure our Town plan is current and works in light of new development and our zoning law re-write being done now.

- **ZONING MORATORIUM** – The Town has been awarded a zoning moratorium good for four years. This moratorium will allow the town to prevent developers from using the 8-30-G laws to bypass all of our zoning laws (except for health and safety laws) in developing their projects. This is critical to the town to allow us to govern future development.
- **ZONING LAW REWRITE** – We are well into the process of re-writing all of our Zoning laws. The Town has not done a complete review of the laws since they were first written in the 1960's and this update will address some major concerns and discrepancies in the laws and allow residents and others to apply for and receive their permits faster and streamline the process. The heads of the Planning, Zoning and Zoning Boards of Appeals have all agreed and are sitting on the committee that is rewriting our zoning laws. The Committee has completed its review and submitted the new zoning laws to the Zoning Board for review and possible acceptance.
- **GENERAL FUND** – The unassigned general fund balance has grown to \$5,533,937 as of June 30, 2017. This represents 8.1% of total General Fund expenditures and transfers out. We have grown this from a reported \$3,746,890 as of June 30, 2015, which represented was 5.6% of General Fund expenditures and transfers out.

The preparation of this report could not have been accomplished without the dedication and hard work of the entire staff of the Finance Department. We would like to express our appreciation and gratitude to all members of that department who assisted and contributed to its preparation. We also appreciate the assistance and dedication of the audit team from Mahoney Sabol & Company, LLP.

Respectfully submitted,



Stephen C. Dunn  
First Selectman



John T. Lucas  
Treasurer



Sean Hathorn  
Chairman of  
Board of Finance

## Town of Brookfield, Connecticut Organizational Chart

\* = Appointed by the Board of Selectmen - Statutory

\*\* = Appointed by the Board of Selectmen - Charter

\*\*\* = Hired by the First Selectman/Approved by BOS

Elected Officials						
Registrars		Town Clerk	First Selectman	Board of Selectmen	Treasurer	
Board of Education	Board of Finance	Planning Commission	Zoning Commission	Zoning Board Of Appeals	Board of Assessment Appeals	

Department Heads***					
Executive Assistant	Director of Finance**	Director of Operations/HR	Assessor*	Tax Collector*	Director of Public Works** And Engineering
Chief of Police**	Building Official*	Parks & Recreation Director**	Community-Senior Center Director	Social Services Director and Municipal Agent for the Elderly*	Library Director

Appointed Officers***		
Fire Marshal*/ Director of Civil Preparedness*	Sanitarian*	Land Use Enforcement Officer**/ Erosion & Sedimentation Ctrl Officer**/ Wetlands Enforcement Officer**/ Zoning Enforcement Officer**

Appointed Officers (Non-employees)			
Director of Health*	Municipal Historian**	Town Attorney**	Tree Warden*

Boards and Commissions Appointed by the Board of Selectmen							
Arts Commission	Board of Ethics	Candlewood Lake Authority	Commission on Aging	Conservation Commission	Economic Development Commission	Historic District Commission	Housing Authority
Housing Partnership Task Force	Inland/Wetlands Commission	Lake Lillinonah Authority	Library Board of Trustees	Municipal Board of Appeals	Municipal Building Committee	Parks & Recreation Commission	
	Police Commission	Water Pollution Control Authority	Youth Commission				

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## INDEPENDENT AUDITOR'S REPORT

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Finance  
Town of Brookfield, Connecticut

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Brookfield, Connecticut (the "Town") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Brookfield, Connecticut, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 16 and the schedules on the Town's pension and other post-employment benefit plans on pages 66 through 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section on pages i through vii, the combining and individual fund statements and schedules on pages 72 through 89, and the statistical section on pages 90 through 94 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2018, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Glastonbury, Connecticut  
March 23, 2018

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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**TOWN OF BROOKFIELD, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - Unaudited**

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The management of the Town of Brookfield, Connecticut (the "Town") offers the readers of its financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - vi of this Comprehensive Annual Financial Report ("Report").

**Financial Highlights**

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$55,237,585 (net position). Of this amount, \$14,689,313 represents a deficit in the Town's unrestricted net position. This deficit is attributed to the Town's net other post-employment obligations, which are being funded by the Town.
- The Town's total net position increased as a result of this year's operations. Net position of the Town's governmental activities totaled \$39,433,169, an increase of \$7,788,889 over the prior year. Net position of the Town's business-type activities totaled \$15,804,416, an increase of \$311,572 over the prior year.
- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balance deficit of \$7,053,285, an increase in the deficit of \$12,338 in comparison with the prior year. The deficit is primarily attributed to a fund balance deficit of \$15,567,728 in the Town's Bonded Projects Fund, which is a temporary deficit due to the use of \$18,455,000 in short-term debt to finance authorized capital projects.
- The fund balance of the Town's General Fund increased by \$983,833 from \$5,337,010 to \$6,320,843. The current year increase was accomplished by effectively managing appropriations by means of spending, and increased collections of current and prior taxes, charges for services and other revenue sources.
- At the close of the current fiscal year, unassigned fund balance of the General Fund was \$5,533,937 or 8.1% of total General Fund expenditures and other financing uses. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover approximately one month of General Fund operating expenditures.

**Overview of the Financial Statements**

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

**Government-wide Financial Statements**

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

The statement of net position presents information on all of the Town's assets, deferred outflows and inflows of resources, and liabilities, with net position as the residual of these other elements. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

**TOWN OF BROOKFIELD, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - Unaudited (*Continued*)**

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**Overview of the Financial Statements (*Continued*)**

**Government-wide Financial Statements (*Continued*)**

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of the government-wide financial statements are intended to distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include activities such as: public safety, public works, recreation and leisure, education encompassing kindergarten through 12th grade, human and regional services, a public library, and other programs. The business-type activities of the Town include the operation of the Water Pollution Control Authority.

The government-wide financial statements can be found on pages 17 and 18 of this report.

**Fund Financial Statements**

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

***Governmental Funds***

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

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

The Town maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Bonded Projects Fund and the Water Assessment Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 19 through 23 of this report.

**TOWN OF BROOKFIELD, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - Unaudited (*Continued*)**

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**Overview of the Financial Statements (*Continued*)**

**Fund Financial Statements (*Continued*)**

***Proprietary Funds***

Enterprise funds are used to report the same functions presented as business type activities in the government-wide financial statements. The Town uses an enterprise fund to account for the Town's wastewater operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for risk management activities provided to the Town's governmental activities.

The basic proprietary fund financial statements can be found on pages 24 through 26 of this report.

***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to the Town's own programs. All of the Town's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 27 and 28 of this report.

**Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29 through 65 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information, combining and individual fund statements and schedules, and a statistical section that can be found on pages 66 through 94 of this report.

**TOWN OF BROOKFIELD, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - Unaudited (Continued)**

**Government-wide Financial Analysis**

**Net Position**

Over time, net position may serve as one measure of a government's financial position. The Town's total net position (governmental and business-type activities combined) totaled \$55,237,585 and \$47,137,124 as of June 30, 2017 and 2016 and are summarized as follows:

**Net Position**  
**June 30, 2017**

	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 23,573,956	\$ 9,590,015	\$ 33,163,971
Capital assets	94,447,055	13,906,435	108,353,490
Total assets	118,021,011	23,496,450	141,517,461
Deferred outflows of resources	2,140,602	-	2,140,602
Other liabilities	21,892,972	3,561,725	25,454,697
Long-term liabilities	56,885,744	4,130,309	61,016,053
Total liabilities	78,778,716	7,692,034	86,470,750
Deferred inflows of resources	1,949,728	-	1,949,728
Net position:			
Net investment in capital assets	48,381,745	8,130,194	56,511,939
Restricted	7,349,096	6,065,863	13,414,959
Unrestricted	(16,297,672)	1,608,359	(14,689,313)
Total net position	\$ 39,433,169	\$ 15,804,416	\$ 55,237,585

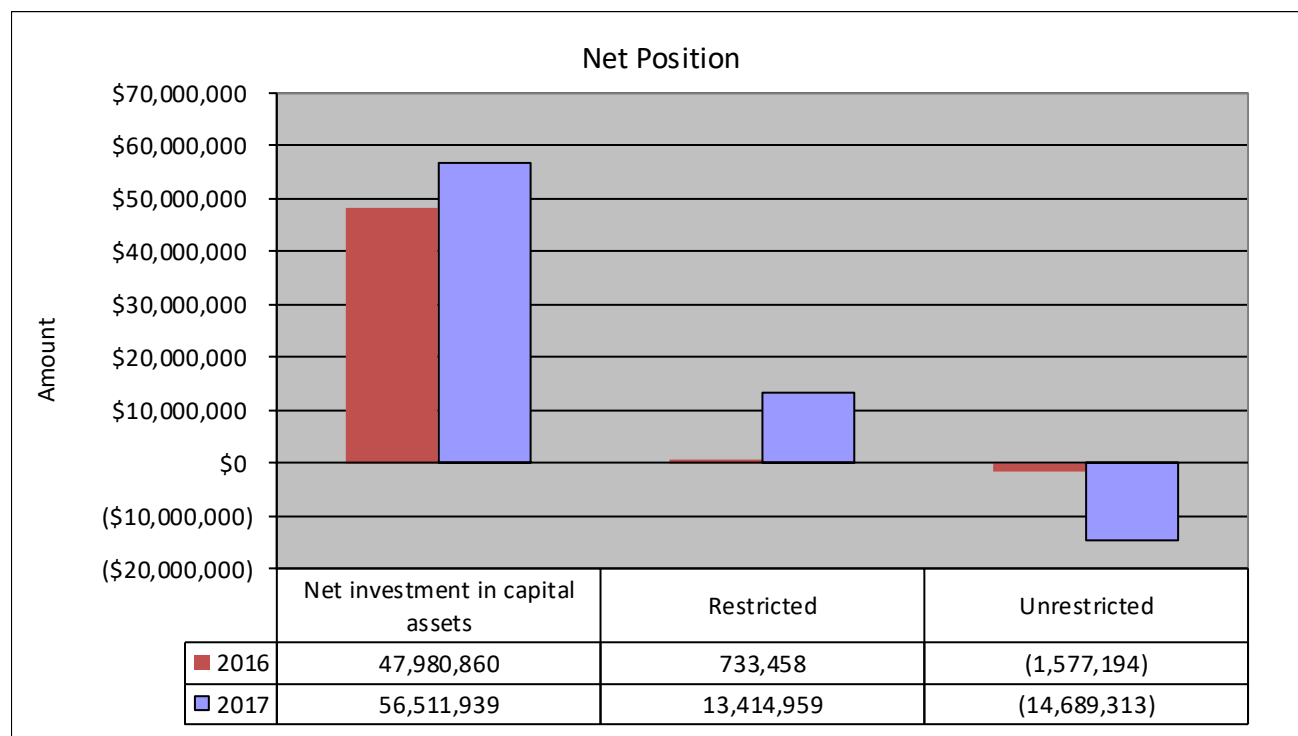
**Net Position**  
**June 30, 2016**

	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 17,245,007	\$ 9,774,039	\$ 27,019,046
Capital assets	92,456,851	13,647,204	106,104,055
Total assets	109,701,858	23,421,243	133,123,101
Deferred outflows of resources	5,456,713	-	5,456,713
Other liabilities	20,566,189	4,139,290	24,705,479
Long-term liabilities	61,634,001	3,789,109	65,423,110
Total liabilities	82,200,190	7,928,399	90,128,589
Deferred inflows of resources	1,314,101	-	1,314,101
Net position:			
Net investment in capital assets	40,718,435	7,262,425	47,980,860
Restricted	-	733,458	733,458
Unrestricted	(9,074,155)	7,496,961	(1,577,194)
Total net position	\$ 31,644,280	\$ 15,492,844	\$ 47,137,124

**TOWN OF BROOKFIELD, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - Unaudited (Continued)**

**Government-wide Financial Analysis (Continued)**

**Net Position (Continued)**



As of June 30, 2017, 102.3% of the Town's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

As of June 30, 2017, 24.3% of the Town's net position is subject to restrictions on how it may be used and are, therefore, presented as restricted net position. Restrictions primarily consists of assessments restricted for the repayment of debt and unspent debt proceeds restricted for capital.

The remainder of the Town's net position is considered unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

Overall, net position increased during the current year by \$8,100,461 in comparison with the prior year.

**TOWN OF BROOKFIELD, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - Unaudited (Continued)**

**Government-wide Financial Analysis (Continued)**

**Changes in Net Position**

Changes in net position for the years ended June 30, 2017 and 2016 are as follows.

**Changes in Net Position  
For The Year Ended June 30, 2017**

	Governmental Activities	Business-type Activities	Total
<b>Revenues</b>			
Program revenues:			
Charges for services	\$ 2,944,001	\$ 1,539,008	\$ 4,483,009
Operating grants and contributions	8,340,802	-	8,340,802
Capital grants and contributions	7,106,664	286,777	7,393,441
General revenues:			
Property taxes, levied for general purposes	60,280,260	-	60,280,260
Grants and contributions not restricted to specific programs	471,923	-	471,923
Investment earnings	55,074	28,417	83,491
Total revenues	<u>79,198,724</u>	<u>1,854,202</u>	<u>81,052,926</u>
<b>Expenses</b>			
General government	1,442,793	-	1,442,793
Land use	1,341,516	-	1,341,516
Finance and taxation	1,742,789	-	1,742,789
Regional services	316,500	-	316,500
Public safety	7,425,313	-	7,425,313
Public works	5,086,021	-	5,086,021
Recreation	1,745,603	-	1,745,603
Social services	295,430	-	295,430
Library	750,622	-	750,622
Education	50,035,442	-	50,035,442
Interest expense	1,227,806	-	1,227,806
Water Pollution Control Authority	-	1,542,630	1,542,630
Total expenses	<u>71,409,835</u>	<u>1,542,630</u>	<u>72,952,465</u>
Change in net position	7,788,889	311,572	8,100,461
Net position, beginning	31,644,280	15,492,844	47,137,124
Net position, ending	<u>\$ 39,433,169</u>	<u>\$ 15,804,416</u>	<u>\$ 55,237,585</u>

**TOWN OF BROOKFIELD, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - Unaudited (Continued)**

**Government-wide Financial Analysis (Continued)**

**Change in Net Position (Continued)**

**Changes in Net Position**  
**For The Year Ended June 30, 2016**

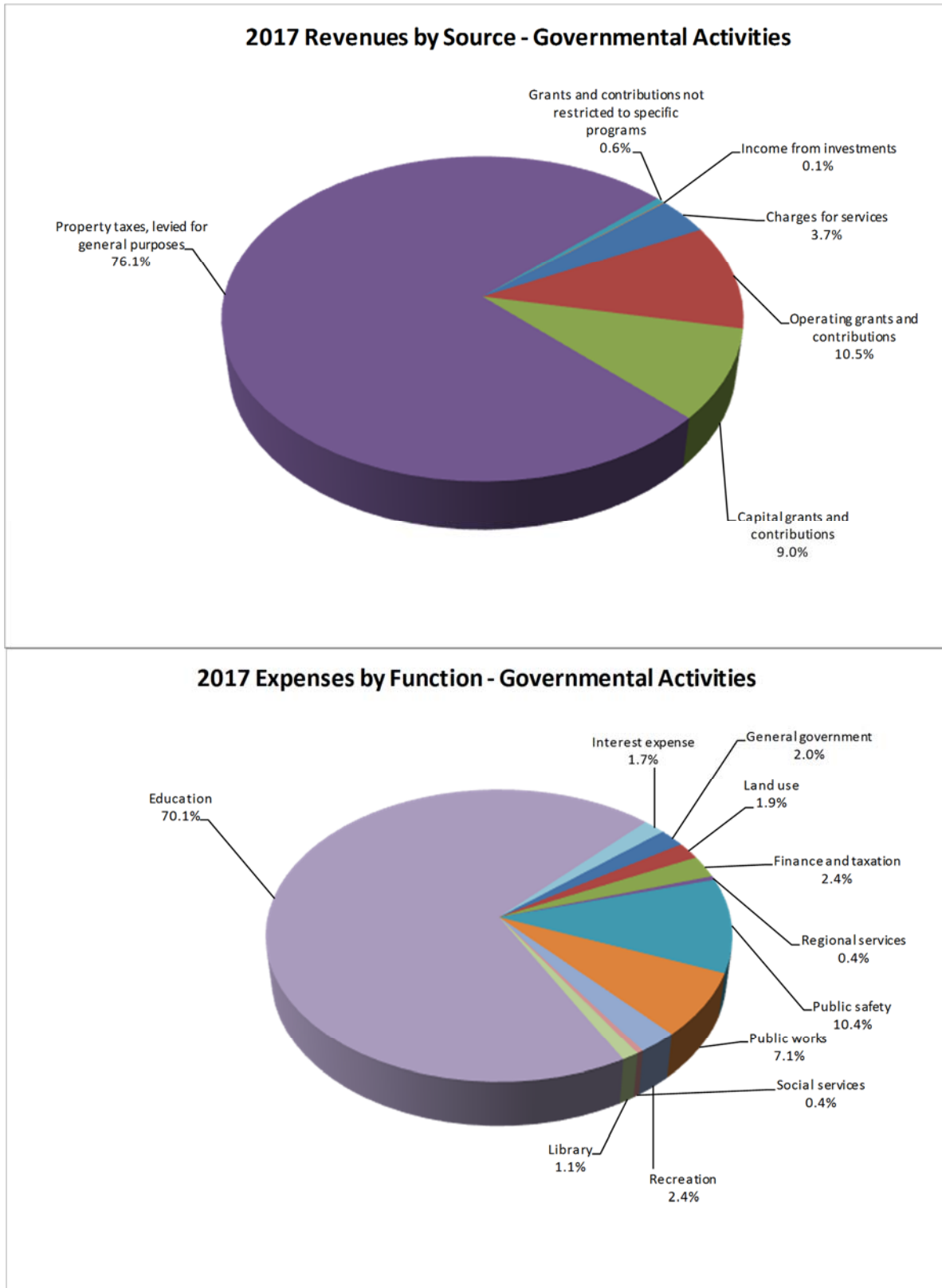
	Governmental Activities	Business-type Activities	Total
<b>Revenues</b>			
Program revenues:			
Charges for services	\$ 2,881,315	\$ 1,352,908	\$ 4,234,223
Operating grants and contributions	7,567,548	-	7,567,548
Capital grants and contributions	1,214,864	2,638,359	3,853,223
General revenues:			
Property taxes, levied for general purposes	57,573,660	-	57,573,660
Grants and contributions not restricted to specific programs	327,292	-	327,292
Investment earnings	23,957	43,039	66,996
Total revenues	<u>69,588,636</u>	<u>4,034,306</u>	<u>73,622,942</u>
<b>Expenses</b>			
General government	1,985,735	-	1,985,735
Land use	1,060,170	-	1,060,170
Finance and taxation	1,505,320	-	1,505,320
Regional services	432,648	-	432,648
Public safety	4,580,810	-	4,580,810
Public works	6,921,169	-	6,921,169
Recreation	1,800,358	-	1,800,358
Social services	338,669	-	338,669
Library	929,744	-	929,744
Education	48,049,582	-	48,049,582
Interest expense	1,442,601	-	1,442,601
Water Pollution Control Authority	-	1,516,985	1,516,985
Total expenses	<u>69,046,806</u>	<u>1,516,985</u>	<u>70,563,791</u>
Change in net position	541,830	2,517,321	3,059,151
Net position, beginning	31,102,450	12,975,523	44,077,973
Net position, ending	<u>\$ 31,644,280</u>	<u>\$ 15,492,844</u>	<u>\$ 47,137,124</u>

**TOWN OF BROOKFIELD, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS - Unaudited (Continued)**

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**Government-wide Financial Analysis (Continued)**

**Change in Net Position (Continued)**





**TOWN OF BROOKFIELD, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - Unaudited (*Continued*)**

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**Government-wide Financial Analysis (*Continued*)**

**Change in Net Position (*Continued*)**

***Governmental Activities***

Net position from governmental activities increased \$7,788,889, an increase of \$7,247,059 over the prior year change in net position.

Overall revenues increased by \$9,610,088 from the prior year. Key factors in this increase were as follows:

- Approximately \$4.8 million in new water assessments levied on properties benefiting from improvements made in prior years to the water distribution system within the Town.
- An increase in property tax revenues of approximately \$2.7 million attributed to a 2.7% increase in the Town's mill rate from 25.7 mills to 26.40 mills combined with an overall increase in the Town's grand list.

Overall expenses increased by \$2,363,029 from the prior year. This increase is primarily due to an increase in the cost of providing educational services of approximately \$1.986 million, or a 2.9% increase from the prior year.

***Business-type Activities***

Net position from business-type activities increased \$311,572, a decrease of \$2,205,749 over the prior year change in net position.

Overall revenues decreased by \$2,180,104 from the prior year. This decrease is primarily due to approximately \$2.3 million in new sewer assessments levied on properties in the prior year relating to the High Meadow, Ledgewood and Newbury Crossing projects.

Overall expenses increased by \$25,645 from the prior year.

**Financial Analysis of the Town's Funds**

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

**Governmental Funds**

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

As of the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance deficit of \$7,053,285. The deficit is primarily attributed to a fund balance deficit of \$15,567,728 in the Town's Bonded Projects Fund, which is a temporary deficit due to the use of \$18,455,000 in short-term debt to finance authorized capital projects.

**TOWN OF BROOKFIELD, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - Unaudited (Continued)**

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**Financial Analysis of the Town's Funds (Continued)**

***General Fund***

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, fund balance of the General Fund was \$6,320,843. Of this amount, \$5,533,937 represents unassigned fund balance that may be appropriated for future spending. Unassigned fund balance is sufficient to cover approximately one month of and represents 8.1% of total General Fund GAAP basis expenditures and transfers out to other funds.

The fund balance of the Town's General Fund increased by \$983,833 during the current fiscal year. The current year increase was accomplished by effectively managing appropriations by means of spending, and increased collections of current and prior taxes, charges for services and other revenue sources.

***Bonded Projects Fund***

At the close of the current fiscal year, the fund balance of the Bonded Projects Fund was a deficit of \$15,567,728. This was an increase in the deficit of \$1,829,894 over the prior year. The deficit represents a temporary deficit in the fund balance due to the use of \$18,455,000 in short-term debt to finance authorized capital projects. As of June 30, 2017, \$2,887,272 represents restricted proceeds available for spending on authorized capital projects. The deficit fund balance is expected to be permanently funded through the issuance of general obligation bonds.

***Water Assessment Fund***

At the close of the current fiscal year, the fund balance of the Water Assessment Fund totaled \$765,298. This was an increase of \$543,226 over the prior year. The current year increase reflects collections on new assessments levied, net of current year debt service on water related debt. The fund balance of the Water Assessment Fund is restricted for the repayment of the related debt.

**General Fund Budgetary Highlights**

The original budget for the year ended June 30, 2017 did not contemplate the utilization of fund balance to fund expenditures. During the year ended June 30, 2017, \$10,000 in additional appropriations were authorized. The actual budgetary surplus for the year totaled \$1,111,318. Revenues were \$64,487 more than budgeted due to favorable tax collections which were offset by reductions in state-aid. Expenditures were \$669,377, or 1.09%, less than budgeted. Other financing sources were \$387,454 more than budgeted due to the receipt of a premium on the issuance of bond anticipation notes in the amount of \$158,582 and unplanned transfers in of \$228,872 from other funds.

**Capital Asset and Debt Administration**

***Capital Assets***

The Town's investment in capital assets for its governmental and business type activities as of June 30, 2017 totaled \$108,353,490 (net of accumulated depreciation and amortization). This investment in capital assets includes land, construction in progress, buildings and improvements, infrastructure, machinery and equipment and vehicles. This amount represents a net increase (including additions and deductions) of \$2,249,435, or 2.1%, more than last year.

**TOWN OF BROOKFIELD, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - Unaudited (Continued)**

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**Capital Asset and Debt Administration (Continued)**

**Capital Assets (Continued)**

The following are tables of the investment in capital assets presented for both governmental and business-type activities:

**Capital Assets, Net**

**June 30, 2017**

	Governmental Activities	Business-type Activities	Total
Land	\$ 11,357,431	\$ -	\$ 11,357,431
Construction in progress	596,401	832,184	1,428,585
Buildings and improvements	43,913,879	2,386,696	46,300,575
Infrastructure	33,873,860	10,206,769	44,080,629
Machinery and equipment	2,400,694	408,961	2,809,655
Vehicles	2,304,790	71,825	2,376,615
Totals	<u>\$ 94,447,055</u>	<u>\$ 13,906,435</u>	<u>\$ 108,353,490</u>

**Capital Assets, Net**

**June 30, 2016**

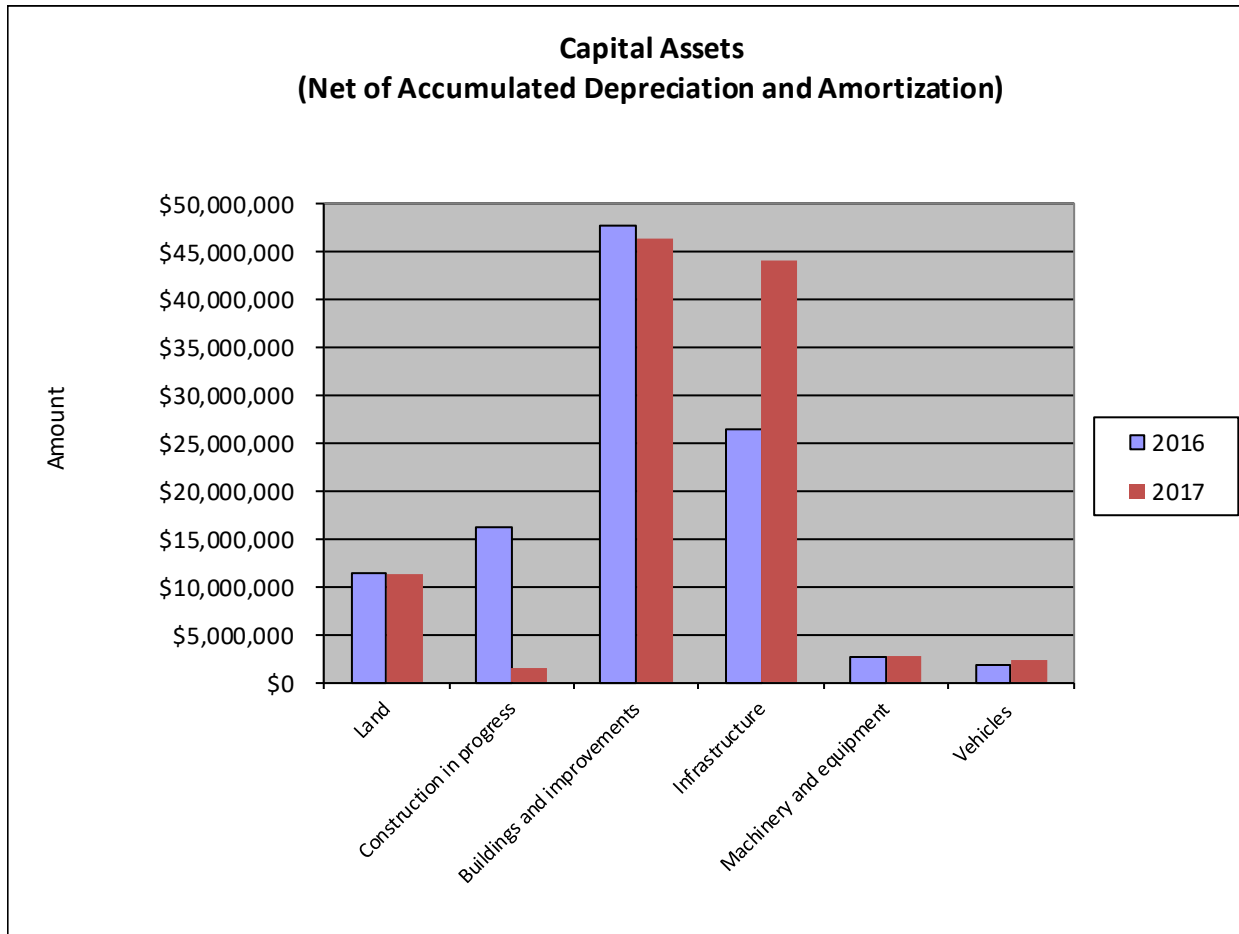
	Governmental Activities	Business-type Activities	Total
Land	\$ 11,401,619	\$ -	\$ 11,401,619
Construction in progress	15,870,361	419,422	16,289,783
Buildings and improvements	45,136,942	2,444,022	47,580,964
Infrastructure	16,200,082	10,254,735	26,454,817
Machinery and equipment	2,127,248	448,042	2,575,290
Vehicles	1,720,599	80,983	1,801,582
Totals	<u>\$ 92,456,851</u>	<u>\$ 13,647,204</u>	<u>\$ 106,104,055</u>

**TOWN OF BROOKFIELD, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - Unaudited (Continued)**

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**Capital Asset and Debt Administration (Continued)**

**Capital Assets (Continued)**



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

- approximately \$2.1 million in road reconstruction and improvements;
- approximately \$208 thousand for a 624K Wheel Loader for the benefit of the Public Works department;
- approximately \$201 thousand in Town Hall roof improvements; and
- approximately \$581 thousand in construction in progress for Phase 2 of the Still River Greenway project.

Additional information on the Town's capital assets can be found in the notes to the financial statements.

**TOWN OF BROOKFIELD, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - Unaudited (Continued)**

**Capital Asset and Debt Administration (Continued)**

**Debt Administration**

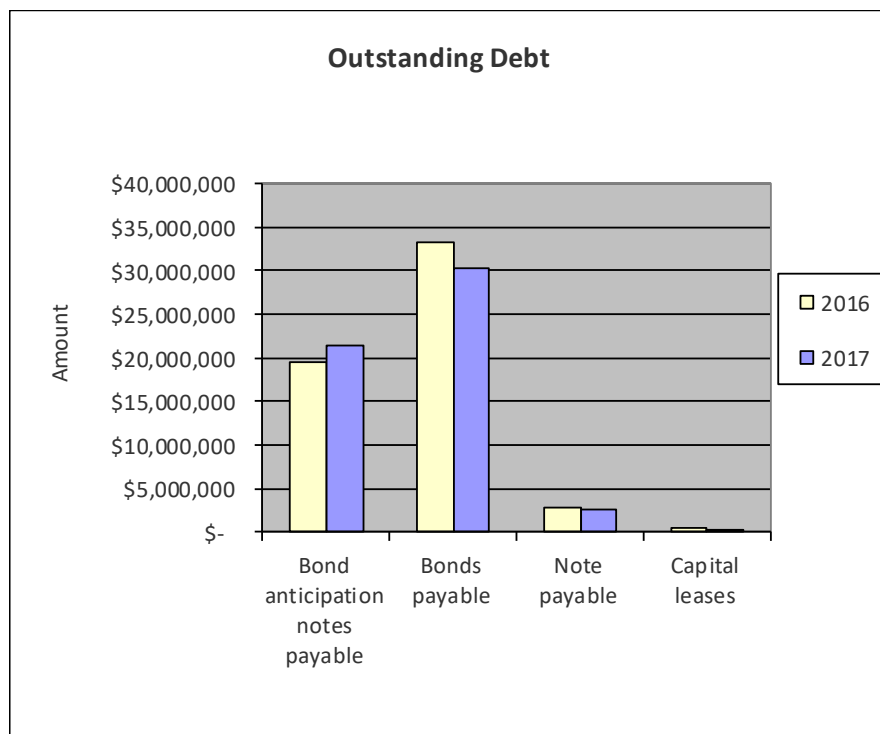
At the end of the current fiscal year, the Town had \$54,438,117 in long-term and short-term bonds, notes and lease purchase obligations outstanding compared to \$56,088,577 at the end of the prior fiscal year, a decrease of \$1,650,460. The following is a two year comparison of long-term debt:

**Debt**  
**June 30, 2017**

	Governmental Activities	Business-type Activities	Total
Bond anticipation notes payable	\$ 18,455,000	\$ 2,900,000	\$ 21,355,000
Bonds payable	29,385,000	855,000	30,240,000
Note payable	-	2,577,849	2,577,849
Capital leases	265,268	-	265,268
Totals	<u>\$ 48,105,268</u>	<u>\$ 6,332,849</u>	<u>\$ 54,438,117</u>

**Debt**  
**June 30, 2016**

	Governmental Activities	Business-type Activities	Total
Bond anticipation notes payable	\$ 16,850,000	\$ 2,600,000	\$ 19,450,000
Bonds payable	32,315,000	1,035,000	33,350,000
Note payable	-	2,749,779	2,749,779
Capital leases	538,798	-	538,798
Totals	<u>\$ 49,703,798</u>	<u>\$ 6,384,779</u>	<u>\$ 56,088,577</u>



**TOWN OF BROOKFIELD, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - Unaudited (*Continued*)**

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**Capital Asset and Debt Administration (*Continued*)**

**Debt Administration (*Continued*)**

During the current fiscal year long-term debt principal payments of \$3,555,460 were made and no new long-term debt was issued. Net increases in short-term bond anticipation notes payable totaled \$1,905,000, the proceeds of which are being used to provide interim financing for authorized capital projects. The short-term debt is expected to be permanently funded through a combination of grant reimbursements and proceeds from the issuance of general obligation bonds.

The State limits the amount of general obligation debt that cities can issue, utilizing a formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below the state-imposed limit.

Additional information on the Town's short-term and long-term debts can be found in the notes to the financial statements.

**Economic Factors and Next Year's Budget and Rates**

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

- Inflationary trends in the region approximate the national indices.
- Significant estimates affecting next year's budget that are subject to change in the near term consist of the following:
  - For purposes of calculating property tax revenues for fiscal year 2018, the assessor's grand list was used along with an estimated tax rate, and an estimated rate of collection, with deductions for taxes to be paid by the State on behalf of certain taxpayers.
  - Intergovernmental grants were based on estimates from the Governor's proposed biennial budget, which included significant reductions in municipal aid.

All of these factors were considered in preparing the Town's budget for fiscal year 2018.

**Contacting the Town's Financial Management**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Controller, Town of Brookfield, 100 Pocono Road, Brookfield, Connecticut 06804.

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## **BASIC FINANCIAL STATEMENTS**

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**TOWN OF BROOKFIELD, CONNECTICUT**  
**STATEMENTS OF NET POSITION**  
**JUNE 30, 2017**

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 11,836,023	\$ 1,947,354	\$ 13,783,377
Investments	489,946	-	489,946
Receivables:			
Property taxes and interest, net	921,177	-	921,177
Assessments	413,316	610,899	1,024,215
User charges	-	72,249	72,249
Capacity outlet charges	-	46,081	46,081
Other	90,442	85,809	176,251
Noncurrent assets:			
Restricted cash and cash equivalents	4,080,231	1,566,768	5,646,999
Receivables:			
Capacity outlet charges	-	121,832	121,832
Assessments	5,742,821	5,139,023	10,881,844
Capital assets:			
Non-depreciable	11,953,832	832,184	12,786,016
Depreciable, net	82,493,223	13,074,251	95,567,474
Total assets	<u>118,021,011</u>	<u>23,496,450</u>	<u>141,517,461</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charges on pension	1,176,970	-	1,176,970
Deferred charges on refunding	963,632	-	963,632
Total deferred outflows of resources	<u>2,140,602</u>	<u>-</u>	<u>2,140,602</u>
<b>LIABILITIES</b>			
Accounts payable	1,277,654	17,850	1,295,504
Accrued interest payable	583,211	30,306	613,517
Other accrued liabilities	487,966	48,145	536,111
Unearned revenue	1,089,141	565,424	1,654,565
Bond anticipation notes payable	18,455,000	2,900,000	21,355,000
Noncurrent liabilities:			
Due in one year	3,269,929	313,601	3,583,530
Due in more than one year	53,615,815	3,816,708	57,432,523
Total liabilities	<u>78,778,716</u>	<u>7,692,034</u>	<u>86,470,750</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred charges on pension	293,185	-	293,185
Advance tax collections	1,656,543	-	1,656,543
Total deferred inflows of resources	<u>1,949,728</u>	<u>-</u>	<u>1,949,728</u>
<b>NET POSITION</b>			
Net investment in capital assets	48,381,745	8,130,194	56,511,939
Restricted for:			
Grants and other programs	427,661	-	427,661
Debt service	6,921,435	6,065,863	12,987,298
Unrestricted	(16,297,672)	1,608,359	(14,689,313)
Total net position	<u>\$ 39,433,169</u>	<u>\$ 15,804,416</u>	<u>\$ 55,237,585</u>

*The accompanying notes are an integral part of these financial statements.*



**TOWN OF BROOKFIELD, CONNECTICUT  
STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position - Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental activities:							
General government	\$ 1,442,793	\$ 774,654	\$ 65,505	\$ -	\$ (602,634)	\$ -	\$ (602,634)
Land use	1,341,516	419,896	-	-	(921,620)	-	(921,620)
Finance and taxation	1,742,789	-	-	-	(1,742,789)	-	(1,742,789)
Regional services	316,500	-	-	-	(316,500)	-	(316,500)
Public safety	7,425,313	490,319	74,712	-	(6,860,282)	-	(6,860,282)
Public works	5,086,021	-	432,239	7,106,664	2,452,882	-	2,452,882
Recreation	1,745,603	532,168	-	-	(1,213,435)	-	(1,213,435)
Social services	295,430	21,710	9,000	-	(264,720)	-	(264,720)
Library	750,622	70,112	2,058	-	(678,452)	-	(678,452)
Education	50,035,442	635,142	7,757,288	-	(41,643,012)	-	(41,643,012)
Interest expense	1,227,806	-	-	-	(1,227,806)	-	(1,227,806)
Total governmental activities	71,409,835	2,944,001	8,340,802	7,106,664	(53,018,368)	-	(53,018,368)
Business-type activities:							
Water Pollution Control Authority	1,542,630	1,539,008	-	286,777	-	283,155	283,155
Total primary government	\$ 72,952,465	\$ 4,483,009	\$ 8,340,802	\$ 7,393,441	(53,018,368)	283,155	(52,735,213)
General revenues:							
Property taxes, levied for general purposes					60,280,260	-	60,280,260
Grants and contributions not restricted to specific programs					471,923	-	471,923
Investment earnings					55,074	28,417	83,491
Total general revenues					60,807,257	28,417	60,835,674
Change in net position					7,788,889	311,572	8,100,461
Net position - beginning					31,644,280	15,492,844	47,137,124
Net position - ending					\$ 39,433,169	\$ 15,804,416	\$ 55,237,585

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF BROOKFIELD, CONNECTICUT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2017**

	<b>General Fund</b>	<b>Bonded Projects Fund</b>	<b>Water Assessment Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 5,575,637	\$ 7,139,115	\$ 50,204	\$ 2,670,293	\$ 15,435,249
Investments	489,946	-	-	-	489,946
Receivables:					
Property taxes, net	764,872	-	-	-	764,872
Interest on property taxes, net	156,305	-	-	-	156,305
Grants and contracts	-	-	-	44,981	44,981
Assessments	-	-	6,156,137	-	6,156,137
Other	3,396	-	-	-	3,396
Due from other funds	4,666,148	-	715,094	243,794	5,625,036
Other assets	-	-	-	2,003	2,003
Total assets	<u>\$ 11,656,304</u>	<u>\$ 7,139,115</u>	<u>\$ 6,921,435</u>	<u>\$ 2,961,071</u>	<u>\$ 28,677,925</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,208,269	\$ 9,683	\$ -	\$ 59,702	\$ 1,277,654
Accrued liabilities	487,966	-	-	-	487,966
Bond anticipation notes payable	-	18,455,000	-	-	18,455,000
Due to other funds	1,134,096	3,443,809	-	1,182,277	5,760,182
Unearned revenue	-	798,351	-	290,790	1,089,141
Total liabilities	<u>2,830,331</u>	<u>22,706,843</u>	<u>-</u>	<u>1,532,769</u>	<u>27,069,943</u>
<b>DEFERRED INFLOW OF RESOURCES</b>					
Unavailable revenues	848,587	-	6,156,137	-	7,004,724
Advance tax collections	1,656,543	-	-	-	1,656,543
Total deferred inflows of resources	<u>2,505,130</u>	<u>-</u>	<u>6,156,137</u>	<u>-</u>	<u>8,661,267</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	2,003	2,003
Restricted	-	2,887,272	765,298	427,661	4,080,231
Committed	786,906	-	-	1,150,902	1,937,808
Unassigned	5,533,937	(18,455,000)	-	(152,264)	(13,073,327)
Total fund balances	<u>6,320,843</u>	<u>(15,567,728)</u>	<u>765,298</u>	<u>1,428,302</u>	<u>(7,053,285)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,656,304</u>	<u>\$ 7,139,115</u>	<u>\$ 6,921,435</u>	<u>\$ 2,961,071</u>	<u>\$ 28,677,925</u>

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF BROOKFIELD, CONNECTICUT**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

Total fund balances for governmental funds		\$ (7,053,285)
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		94,447,055
Some of the Town's revenues will be collected after year end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources in the funds.		7,004,724
Deferred inflows and outflows of resources resulting from changes in the components of the Town 's net pension liability are reported in the statement of net position.		883,785
Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position.		
Long-term debt:		
Bonds payable, net	\$ (31,195,946)	
Deferred charges on refundings	963,632	
Accrued interest payable	(583,211)	
Other long-term liabilities:		
Capital lease obligations	(265,268)	
Compensated absences	(766,209)	
Net pension liability	(1,923,507)	
Net OPEB obligation	(22,734,814)	
Total long-term liabilities		(56,505,323)
An internal service fund is used by the Town to charge the cost of risk management activities to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities statement of net position.		656,213
Net position of governmental activities:		<u>\$ 39,433,169</u>

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF BROOKFIELD, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<b>General Fund</b>	<b>Bonded Projects Fund</b>	<b>Water Assessment Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
Property taxes	\$ 60,034,842	\$ -	\$ -	\$ -	\$ 60,034,842
Intergovernmental	7,596,465	2,309,830	-	1,012,918	10,919,213
Charges for services	1,135,740	-	1,043,667	1,696,183	3,875,590
Investment income	53,530	1,480	-	64	55,074
Other	117,521	-	-	197,899	315,420
Total revenues	<u>68,938,098</u>	<u>2,311,310</u>	<u>1,043,667</u>	<u>2,907,064</u>	<u>75,200,139</u>
<b>EXPENDITURES</b>					
Current:					
General government	850,078	-	-	84,329	934,407
Land use	856,929	-	-	-	856,929
Finance and taxation	1,220,377	-	-	-	1,220,377
Regional services	316,500	-	-	-	316,500
Human resources	4,212,189	-	-	-	4,212,189
Public safety	4,731,006	-	-	383,572	5,114,578
Public works	2,642,789	-	-	-	2,642,789
Recreation	837,913	-	-	499,380	1,337,293
Social services	225,226	-	-	25,503	250,729
Library	743,254	-	-	-	743,254
Education	45,509,306	-	-	1,598,725	47,108,031
Other	514,472	-	-	-	514,472
Debt service	4,185,022	73,617	500,441	-	4,759,080
Capital outlays	-	4,067,587	-	1,292,844	5,360,431
Total expenditures	<u>66,845,061</u>	<u>4,141,204</u>	<u>500,441</u>	<u>3,884,353</u>	<u>75,371,059</u>
Excess (deficiency) of revenues over expenditures	2,093,037	(1,829,894)	543,226	(977,289)	(170,920)
<b>OTHER FINANCING SOURCES (USES)</b>					
Premium on bond anticipation notes	158,582	-	-	-	158,582
Transfers in	228,872	-	-	1,534,947	1,763,819
Transfers out	(1,496,658)	-	-	(267,161)	(1,763,819)
Total other financing sources (uses)	<u>(1,109,204)</u>	<u>-</u>	<u>-</u>	<u>1,267,786</u>	<u>158,582</u>
Net change in fund balances	983,833	(1,829,894)	543,226	290,497	(12,338)
Fund balances - beginning	<u>5,337,010</u>	<u>(13,737,834)</u>	<u>222,072</u>	<u>1,137,805</u>	<u>(7,040,947)</u>
Fund balances - ending	<u>\$ 6,320,843</u>	<u>\$ (15,567,728)</u>	<u>\$ 765,298</u>	<u>\$ 1,428,302</u>	<u>\$ (7,053,285)</u>

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF BROOKFIELD, CONNECTICUT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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Net change in fund balances - total governmental funds	\$	(12,338)
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Total change in net position reported for governmental activities in the statement of activities is different because:

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

Expenditures for capital assets	\$	5,129,364	
Disposals		(44,188)	
Depreciation and amortization expense		(3,094,972)	
Net adjustment			1,990,204

Certain revenues reported in the statement of activities do not provide current financial resources and therefore are reported as deferred inflows of resources in governmental funds. This amount represents the change in deferred inflows of resources.

3,998,585

Deferred inflows and outflows of resources resulting from changes in the components of the Town's net pension liability are amortized as a component of pension expense in the statement of activities.

(3,275,405)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term obligations is as follows:

Principal repayments:			
Bonds payable		2,930,000	
Capital lease obligations		273,530	
Net adjustment			3,203,530

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The net effect of such items is as follows:

Accrued interest		35,850	
Compensated absences		55,107	
Amortization of bond premium		223,672	
Amortization of deferred amount on refundings		(90,360)	
Net pension liability		3,110,996	
Net OPEB obligation		(1,757,155)	
			1,578,110

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service fund is reported within the governmental activities.

306,203

Change in net position of governmental activities	\$	7,788,889
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*The accompanying notes are an integral part of these financial statements.*

**TOWN OF BROOKFIELD, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**BUDGETARY BASIS - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Budgeted Amounts</b>			<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
				<b>Over (Under)</b>
<b>REVENUES</b>				
Taxes, liens and interest	\$ 59,786,144	\$ 59,786,144	\$ 60,034,842	\$ 248,698
Intergovernmental	2,683,394	2,683,394	2,296,891	(386,503)
Charges for services	919,822	919,822	1,083,584	163,762
Investment income	15,000	15,000	53,530	38,530
Total revenues	63,404,360	63,404,360	63,468,847	64,487
<b>EXPENDITURES</b>				
Current:				
General government	805,811	775,811	765,596	(10,215)
Land use	875,900	875,900	856,929	(18,971)
Finance and taxation	1,244,394	1,244,394	1,220,377	(24,017)
Regional services	329,069	329,069	316,500	(12,569)
Human resources	3,923,074	4,435,074	4,201,153	(233,921)
Public safety	4,866,552	4,790,552	4,731,006	(59,546)
Public works	2,783,912	2,683,912	2,642,789	(41,123)
Recreation	793,593	803,593	837,913	34,320
Social services	212,595	212,595	225,226	12,631
Library	719,592	719,592	719,592	-
Education	40,381,472	40,381,472	40,302,288	(79,184)
Other	745,627	515,627	514,273	(1,354)
Debt service	4,412,675	4,336,675	4,101,247	(235,428)
Total expenditures	62,094,266	62,104,266	61,434,889	(669,377)
Excess of revenues over expenditures	1,310,094	1,300,094	2,033,958	733,864
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriation of fund balance	-	10,000	-	(10,000)
Premium on bond anticipation notes	-	-	158,582	158,582
Transfers in from other funds	-	-	228,872	228,872
Transfers out to other funds	(1,310,094)	(1,310,094)	(1,310,094)	-
Total other financing sources (uses)	(1,310,094)	(1,300,094)	(922,640)	377,454
Net change in fund balance	\$ -	\$ -	\$ 1,111,318	\$ 1,111,318

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF BROOKFIELD, CONNECTICUT**  
**STATEMENTS OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2017**

	<b>Business-type Activities - Enterprise Funds</b>	<b>Governmental Activities - Internal Service Funds</b>
	<b>Water Pollution Control Authority</b>	<b>Health Insurance Fund</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,947,354	\$ 481,005
Receivables:		
Assessments	610,899	-
User charges	72,249	-
Capacity outlet charges	46,081	-
Interest and fees	84,759	-
Due from other funds	-	175,208
Other	1,050	-
Total current assets	<u>2,762,392</u>	<u>656,213</u>
Noncurrent assets:		
Restricted cash and cash equivalents	1,566,768	-
Receivables:		
Capacity outlet charges	121,832	-
Assessments	5,139,023	-
Capital assets:		
Non-depreciable	832,184	-
Depreciable, net	13,074,251	-
Total noncurrent assets	<u>20,734,058</u>	<u>-</u>
Total assets	<u>23,496,450</u>	<u>656,213</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	17,850	-
Accrued liabilities:		
Interest	30,306	-
Other	48,145	-
Bond anticipation notes payable	2,900,000	-
Unearned revenue	565,424	-
Compensated absences	3,201	-
Bonds and note payable	310,400	-
Total current liabilities	<u>3,875,326</u>	<u>-</u>
Noncurrent liabilities:		
Permanent maintenance deposits	39,453	-
Bonds and note payable	3,122,449	-
Contingent credits on assessments	654,806	-
Total liabilities	<u>7,692,034</u>	<u>-</u>
<b>NET POSITION</b>		
Net investment in capital assets	8,130,194	-
Restricted for debt service	6,065,863	-
Unrestricted	1,608,359	656,213
Total net position	<u>\$ 15,804,416</u>	<u>\$ 656,213</u>

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF BROOKFIELD, CONNECTICUT**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Business-type Activities - Enterprise Funds</b>	<b>Governmental Activities - Internal Service Funds</b>
	<b>Water Pollution Control Authority</b>	<b>Health Insurance Fund</b>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 1,345,667	\$ 48,830
Other	193,341	300,502
Total operating revenues	<u>1,539,008</u>	<u>349,332</u>
<b>OPERATING EXPENSES</b>		
Personnel services	510,589	-
Capacity charges	343,259	-
Depreciation	224,285	-
Equipment, repairs and maintenance	114,521	-
Professional services	98,064	-
Utilities	80,505	-
Administration	29,310	43,129
Office supplies	3,018	-
Total operating expenses	<u>1,403,551</u>	<u>43,129</u>
Operating income	135,457	306,203
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest income	28,417	-
Interest expense	<u>(139,079)</u>	<u>-</u>
Total non-operating expenses, net	<u>(110,662)</u>	<u>-</u>
Income before assessments and capacity outlet charges	24,795	306,203
Assessments and capacity outlet charges	<u>286,777</u>	<u>-</u>
Change in net position	311,572	306,203
Net position - beginning	<u>15,492,844</u>	<u>350,010</u>
Net position - ending	<u><u>\$ 15,804,416</u></u>	<u><u>\$ 656,213</u></u>

*The accompanying notes are an integral part of these financial statements.*



**TOWN OF BROOKFIELD, CONNECTICUT**  
**STATEMENTS OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Business-type Activities - Enterprise Funds</b>	<b>Governmental Activities - Internal Service Funds</b>
	<b>Water Pollution Control Authority</b>	<b>Health Insurance Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received for the following:		
Charges for services	\$ 1,461,301	\$ 48,830
Other	229,809	61,302
Cash paid for the following:		
Operating activities	(1,263,722)	(398,089)
Net cash provided by (used in) operating activities	<u>427,388</u>	<u>(287,957)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Interfund activity	<u>-</u>	<u>(386,992)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of capital assets	(483,516)	-
Proceeds from capital contributions	756,381	-
Proceeds from bond anticipation notes, net	300,000	-
Principal paid on bonds and note	(351,930)	-
Interest paid on capital debt	(140,377)	-
Net cash provided by capital and related financing activities	<u>80,558</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	<u>28,429</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	536,375	(674,949)
Cash and cash equivalents, beginning of year	<u>2,977,747</u>	<u>1,155,954</u>
Cash and cash equivalents, end of year	<u><u>\$ 3,514,122</u></u>	<u><u>\$ 481,005</u></u>
<b>Reconciliation of operating income to net cash provided by (used in) operating activities:</b>		
Operating income	\$ 135,457	\$ 306,203
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	224,285	-
(Increase) decrease in:		
Receivables	251,845	-
Other assets	(1,050)	-
Increase (decrease) in:		
Accounts payable	17,850	(1,960)
Accrued liabilities	(101,256)	-
Unearned revenue	(99,743)	-
Claims payable	-	(592,200)
Net cash provided by (used in) operating activities	<u><u>\$ 427,388</u></u>	<u><u>\$ (287,957)</u></u>

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF BROOKFIELD, CONNECTICUT  
STATEMENTS OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS**

	<u>DECEMBER 31, 2016</u>		<u>JUNE 30, 2017</u>	
	<u>Pension Trust Fund</u>	<u>Other Post- Employment Benefits Trust Fund</u>	<u>Private Purpose Trust Fund - Raymond Waidelich Scholarship Fund</u>	<u>Agency Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,025,351	\$ 22,000	\$ -	\$ 824,538
Investments:				
U.S. Government securities	524,079	-	-	-
U.S. Agency securities	418,661	-	-	-
Mutual funds	42,815,323	665,988	1,121,677	-
Receivables:				
Contributions	1,204,271	-	-	-
Accrued income	3,861	-	-	-
Total assets	<u>45,991,546</u>	<u>687,988</u>	<u>1,121,677</u>	<u>\$ 824,538</u>
<b>LIABILITIES</b>				
Due to others	-	-	-	\$ 784,476
Due to other funds	-	-	-	40,062
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 824,538</u>
<b>NET ASSETS</b>				
Held in trust for pension benefits and other purposes	<u>\$ 45,991,546</u>	<u>\$ 687,988</u>	<u>\$ 1,121,677</u>	

*The accompanying notes are an integral part of these financial statements .*

**TOWN OF BROOKFIELD, CONNECTICUT**  
**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**

	FOR THE YEARS ENDED		
	DECEMBER 31, 2016	JUNE 30, 2017	
	Pension Trust Fund	Other Post- Employment Benefits Trust Fund	Private Purpose Trust Fund - Raymond Waidelich Scholarship Fund
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 1,204,271	300,146	\$ -
Plan members	539,553	-	-
Total contributions	1,743,824	300,146	-
Investment earnings:			
Interest	216,199	8,526	34,092
Net increase in the fair value of investments, net of fees	2,864,292	38,556	80,669
Net investment earnings	3,080,491	47,082	114,761
Total additions	4,824,315	347,228	114,761
<b>DEDUCTIONS</b>			
Benefit payments	1,764,209	-	18,640
Administrative expenses	89,806	1,393	-
Total deductions	1,854,015	1,393	18,640
Change in net position	2,970,300	345,835	96,121
Net position - beginning	43,021,246	342,153	1,025,556
Net position - ending	\$ 45,991,546	\$ 687,988	\$ 1,121,677

*The accompanying notes are an integral part of these financial statements .*

**TOWN OF BROOKFIELD, CONNECTICUT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of Brookfield, Connecticut (the "Town") conform to accounting principles generally accepted in the United States of America, as applicable to governmental organizations. The following is a summary of significant accounting policies:

**Financial Reporting Entity**

The Town of Brookfield, Connecticut was settled in 1788 and adopted its original charter in 1975. The Town operates under a Board of Selectmen and Board of Finance form of government and provides the following services as authorized by its charter: public safety, public works, recreation and leisure, education encompassing kindergarten through 12th grade, human and regional services, a public library, water and sewer, and other programs not included in the above. The legislative power of the Town is vested with the Board of Selectmen and Town Meeting. The Board of Selectmen may enact, amend or repeal ordinances and resolutions. The Board of Finance is responsible for financial and taxation matters as prescribed by Connecticut General Statutes, and is responsible for presenting fiscal operating budgets for Town Meeting approval.

The Town administers the Town of Brookfield Pension Plan (the Plan), which is a single employer contributory defined benefit plan. Per the plan document as adopted on July 1, 1968 and as amended on January 1, 1994, the plan has a calendar fiscal year-end. The Plan does not issue stand-alone financial statements and is considered part of the Town's financial reporting entity. As such, balances of the Plan as of and for the year ended December 31, 2016, the Plan's most recently completed fiscal year, have been presented in the fiduciary fund financial statements as a pension trust fund.

The Town has considered all agencies, departments, commissions, boards (including the Board of Education), authorities and funds to determine the "financial reporting entity" of the Town. The "financial reporting entity" includes all the significant funds of the Town.

**Government-wide and Fund Financial Statements**

**Government-wide Financial Statements**

The statement of net position and the statement of activities display information about the Town and include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. The statements are intended to distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

**TOWN OF BROOKFIELD, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

**Government-wide and Fund Financial Statements *(Continued)***

**Fund Financial Statements**

The fund financial statements provide information about the Town's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds and enterprise funds, each displayed in a separate column. All remaining governmental funds and enterprise funds are aggregated and reported as nonmajor funds.

The Town reports the following major governmental funds:

**General Fund** – This fund is the Town's primary operating fund and accounts for all financial resources of the general government, except those accounted for and reported in another fund.

**Bonded Projects Fund** – This fund is used to account for the revenues and expenditures related to significant capital projects funded by general obligation bonded debt.

**Water Assessment Fund** – This fund is used to account for the financing of waterline improvements that benefit certain properties. Revenues in this fund include assessment charges and interest thereon restricted for the repayment of waterline related debt.

The Town reports the following major proprietary fund:

**Water Pollution Control Authority** – This fund is used to account for revenues and expenses associated with the sewer collection and processing services for the Town's residences and businesses.

In addition, the Town reports the following fund types:

**Special Revenue Funds** – These funds account for revenue derived from specific sources (other than major capital projects) that are restricted by legal and regulatory provisions to finance specific activities.

**Capital Project Funds** – These funds account for all financial resources used for the acquisition or construction of major capital facilities not being financed by proprietary funds.

**Internal Service Fund** – This fund accounts for activities that provide goods or services to other funds, departments, or agencies of the Town on a cost-reimbursement basis.

**Pension Trust Funds** – These funds are used to account for resources held in trust for the members and beneficiaries of the Town's retirement and other post-employment benefit plans.

**Private Purpose Trust Fund** - This fund is used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

**Agency Funds** – These funds are used to account for resources held by the Town in a purely custodial capacity.

**TOWN OF BROOKFIELD, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

**Measurement Focus and Basis of Accounting**

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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.

The 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. 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital lease are reported as other financing sources.

Property taxes, expenditure reimbursement grants, certain intergovernmental revenues, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues when available. For this purpose, the Town considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal year. For expenditure reimbursement grants, the Town considers revenues to be available if they are collected within one year of the end of the current fiscal year. All other revenue items are considered to be measurable and available only when the cash is received.

The proprietary, pension trust and private-purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

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

**TOWN OF BROOKFIELD, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

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

**Cash Equivalents**

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**

Investments are measured by the Town at fair value (generally based on quoted market prices), except for investments in certain external investment pools and insurance contracts as described below.

Investments in certain external investment pools consist of money market mutual funds. Investments in these types of funds, which are permitted to measure their investment holdings at amortized costs, are measured by the Town at the net asset value per share as determined by the fund.

**Property Taxes**

Property taxes are assessed as of October 1. Real estate and personal property taxes are billed in the following July and are due in two installments, July 1 and January 1. Motor vehicle taxes are billed in July and are due in one installment, July 1, and supplemental motor vehicle taxes are due in full January 1. Taxes become delinquent thirty days after the installment is due. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date. Based on historical collection experience and other factors, the Town has established an allowance for uncollectible taxes and interest as of June 30, 2017 of \$145,000 and \$55,000, respectively.

**Assessments and Sewer User Charges**

Upon completion of projects, water and sewer assessments are levied and assessed to benefiting property owners. Assessments are billed annually and liens are filed on all properties until the assessments have been paid in full. Sewer user charges are billed semi-annually. Assessments and sewer user charges are due and payable within thirty days and delinquent amounts are subject to interest at prevailing rates.

**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.

**TOWN OF BROOKFIELD, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

**Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Equity *(Continued)***

**Capital Assets**

Capital assets, which include property, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the government-wide and proprietary fund financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$20,000 for infrastructure assets and more than \$5,000 for all other assets. Such assets are recorded at historical cost, or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of a capital asset or materially extend capital asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the Town are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building improvements	50
Machinery and equipment	5-25
Vehicles	5-20
Infrastructure	12-100

Capital assets acquired under capital lease are amortized over the life of the lease term or estimated useful life of the asset, as applicable.

**Unearned Revenue**

This liability represents resources that have been received but not yet earned.

**Deferred Outflows/Inflows of Resources**

Deferred outflows and inflows of resources represent either an acquisition or consumption of net position that applies to a future period(s) and so will not be recognized as an outflow or inflow of resources until that time.

Deferred outflows and inflows of resources include deferred charges on pensions in the government-wide financial statements. Deferred charges on pensions relate to changes in assumptions and differences between expected and actual plan experience and between projected and actual earnings on plan investments. Deferred charges on pensions resulting from differences between projected and actual earnings on plan investments are amortized as a component of pension expense over a 5 year period. All other deferred charges on pensions are amortized as a component of pension expense on a systematic and rational basis.

Deferred outflows of resources also include deferred charges on refundings in the government-wide financial statements. Deferred charges on refundings resulted from the difference in the carrying value of refunded debt and its reacquisition price. This amount has been deferred and is being amortized as a component of interest expense over the life of the related debt.



**TOWN OF BROOKFIELD, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

**Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Equity *(Continued)***

**Deferred Outflows/Inflows of Resources *(Continued)***

Deferred inflows of resources also include unavailable revenues in the governmental funds financial statements. Unavailable revenue is deferred and recognized as an inflow of resources in the period that the amounts become available.

**Compensated Absences**

Certain employees are compensated by a prescribed formula for absence due to vacation or sickness. The eligibility for vacation pay vests, and unused sick leave may only be accumulated to be used for future absences, although unused sick leave may be paid upon termination, death or retirement. The liability at June 30, 2017 is calculated by multiplying the current accumulated vacation and sick days earned and payable by the employees' current daily rate of pay. The General Fund is the primary source of funding for compensated absences. Compensated absences are only reported in governmental funds if they are due and payable to an employee who has resigned or retired before or at fiscal year-end.

**Long-term Obligations**

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

In the fund financial statements, governmental funds recognize bond premiums and discounts 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.

**Net Position and Fund Balance**

The government-wide statement of net position presents the Town's assets, deferred outflows and inflows of resources and liabilities, with net position as the residual of these other elements. Net position is reported in three categories:

***Net investment in capital assets*** – This component of net position consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of capital assets.

***Restricted net position*** – This component of net position consists of amounts restricted either through external restrictions imposed by creditors, grantors, contributors, and the like, or through restrictions imposed by law through constitutional provisions or enabling legislation.

**TOWN OF BROOKFIELD, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

**Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Equity *(Continued)***

**Net Position and Fund Balance *(Continued)***

***Unrestricted net position*** – This component of net position is the net amount of the assets, liabilities, and deferred outflows/inflows of resources that do not meet the definition of the two preceding categories.

The Town's governmental funds report the following fund balance categories:

***Nonspendable*** – Amounts that cannot be spent because they are not in spendable form or they are legally or contractually required to be maintained intact.

***Restricted*** – Constraints are placed on the use of resources that are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through enabling legislation.

***Committed*** – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision making authority of the Town and cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same formal action. The formal action to be taken by the Board of Finance is the passage of a resolution by a simple majority vote.

***Assigned*** – Amounts are constrained by the government's intent to be used for specific purposes, but are not restricted or committed. Amounts may be constrained to be used for a specific purpose by a governing board or body or official that has been delegated authority to assign amounts. Intent is expressed by the passing of a resolution by the Board of Finance or from a properly approved purchase order.

***Unassigned*** - Residual classification for the General Fund or amounts necessary in other governmental funds to eliminate otherwise negative fund balance amounts in the other four categories.

***Net Position Flow Assumption***

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

***Fund Balance Flow Assumption***

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy, when committed, assigned and unassigned resources are available for use, that the Town will use committed resources first, then assigned resources and then unassigned resources as they are needed.

**TOWN OF BROOKFIELD, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

**Interfund Activities**

Interfund activities are reported as follows:

**Interfund Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “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”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

**Interfund Services Provided and Used**

Sales and purchases of goods and services between funds for a price approximating their external exchange value are reported as revenues and expenditures, or expenses, in the applicable funds.

**Interfund Transfers**

Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after non-operating revenues and expenses.

**Interfund Reimbursements**

Interfund reimbursements represent repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

**Implementation of Accounting Standards**

Effective July 1, 2016, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*, GASB Statement No. 77, *Tax Abatement Disclosures*, GASB Statement No. 78, *Pensions Provided through Certain Multiple Employer Defined Benefit Pension Plans*, GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, GASB Statement No. 80, *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*, and GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. The implementation of GASB Statement No. 74 resulted in changes to the disclosures and required supplementary information relating to the Town’s other post-employment benefit plan. The implementation of GASB Statement No. 74 had no impact on the Town’s financial position or on the financial position of the Town’s other post-employment benefit trust fund. The adoption of the other statements did not have a material effect on the Town’s financial statements.

**TOWN OF BROOKFIELD, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

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**NOTE 2 - BUDGETARY INFORMATION, COMPLIANCE AND DEFICIT FUND EQUITY**

**Budgetary Information**

The Town adheres to the following procedures in establishing the budgetary data included in the General Fund statement of revenues, expenditures and changes in fund balance on a budgetary basis:

- On the first Tuesday in May, the Board of Finance submits a proposed operating budget for the fiscal year commencing July 1 to a Town Meeting, at which taxpayer comments are obtained. The operating budget includes proposed expenditures and the means of financing them.
- Prior to July 1, the budget is legally adopted by a vote of the annual Town Meeting.
- Expenditures are budgeted by function, department and object. The legal level of budgetary control, the level at which expenditures may not exceed appropriations, is established by function and department. Transfers of budgeted amounts between departments must be approved by the Board of Finance. Management may transfer amounts between line items within a department. The Board of Finance may approve additional appropriations for a department, provided such additional appropriations do not exceed, in the aggregate in any one year, the lesser of ten percent of the amount originally appropriated or \$20,000, provided that the aggregate sum of all additional appropriations may not exceed one percent of the total original annual appropriation. Appropriations in excess of the amount which the Board of Finance may approve must be approved by vote of a Town Meeting. Formal budgetary integration is employed as a management control device during the year. The Town made an additional appropriation of \$10,000 during the year ended June 30, 2017.
- The budget is prepared on the modified accrual basis of accounting. "On-behalf" payments made by the State of Connecticut into the State Teachers' Retirement System are not recorded for budgetary purposes.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reported in budgetary reports as expenditures of the current year.
- All unexpended and unencumbered appropriations lapse at year-end, except those for the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

**TOWN OF BROOKFIELD, CONNECTICUT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

**NOTE 2 - BUDGETARY INFORMATION, COMPLIANCE AND DEFICIT FUND EQUITY (Continued)**

**Budgetary Information (Continued)**

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP basis"). A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2017:

	<b>Total Revenues</b>	<b>Total Expenditures</b>	<b>Other Financing Sources (Uses)</b>	<b>Net Change in Fund Balance</b>
Budgetary basis	\$ 63,468,847	\$ 61,434,889	\$ (922,640)	\$ 1,111,318
"On-behalf" payments - State Teachers Retirement Fund	4,610,822	4,610,822	-	-
Perspective differences:				
Library Fund	72,170	23,661	-	48,509
Heart & Hypertension Fund	-	11,036	-	(11,036)
Revaluation Reserve Fund	-	84,482	-	(84,482)
Equipment Reserve Fund	-	-	(186,564)	(186,564)
Other Fund	106,088	-	-	106,088
Reimbursement for certain costs recorded as a reduction to expenditures for budgetary purposes	680,171	680,171	-	-
GAAP basis	<u>\$ 68,938,098</u>	<u>\$ 66,845,061</u>	<u>\$ (1,109,204)</u>	<u>\$ 983,833</u>

**Deficit Fund Balances**

The following funds have deficit unassigned fund balances as of June 30, 2017, which do not constitute a violation of statutory provisions:

<b>Fund</b>	<b>Fund Balance</b>	
	<b>Unassigned Deficit</b>	<b>Total</b>
Bonded Projects Fund	\$ (18,455,000)	\$ (15,567,728)
Revaluation Reserve Fund	(10,458)	(10,458)
Capital and Nonrecurring Fund	(122,250)	255,611
Educational Programs Fund	(30,014)	(30,014)

The deficit in the Bonded Projects Fund resulted from the use of short-term debt to finance authorized capital projects. This deficit is expected to be funded by the issuance of general obligations bonds. The deficit in the Revaluation Reserve Fund is expected to be funded by budgetary transfers in from the General Fund. The deficit in the Capital and Nonrecurring Fund is expected to be funded through capital lease obligations and/or by budgetary transfers in from the General Fund. The deficit in the Educational Programs Fund is expected to be funded through future program revenues.

**TOWN OF BROOKFIELD, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

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**NOTE 2 - BUDGETARY INFORMATION, COMPLIANCE AND DEFICIT FUND EQUITY *(Continued)***

**Expenditures which exceed appropriations**

The legal level of control at which expenditures may not legally exceed appropriations is at the department level. During the year ended June 30, 2017, expenditures exceeded appropriations in the following amounts.

<u>Department</u>	<u>Amount</u>
Recreation	\$ 34,320
Social services	12,631

**NOTE 3 - CASH DEPOSITS AND INVESTMENTS**

**Cash Deposits**

A reconciliation of the Town's cash deposits as of June 30, 2017 is as follows:

**Government-wide statement of net position:**

Cash and cash equivalents	\$ 13,783,377
Restricted cash and cash equivalents	5,646,999
	<u>19,430,376</u>

**Statement of fiduciary net position:**

Cash and cash equivalents	1,871,889
	<u>21,302,265</u>
Less: investments presented as cash equivalents	(1,067,061)
Total cash deposits	<u><u>\$ 20,235,204</u></u>

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2017, \$19,809,188 of the Town's bank balance of \$20,582,172 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 17,828,269
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	1,980,919
	<u><u>\$ 19,809,188</u></u>

All of the Town's deposits were in qualified public institutions as defined by Connecticut state statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

**TOWN OF BROOKFIELD, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

**NOTE 3 - CASH DEPOSITS AND INVESTMENTS *(Continued)***

**Investments**

A reconciliation of the Town's investments as of June 30, 2017 is as follows:

**Government-wide statement of net position:**

Investments \$ 489,946

**Statement of fiduciary net position:**

Investments	45,545,728
	46,035,674
Add: investments presented as cash equivalents	1,067,061
Total investments	\$ 47,102,735

As of June 30, 2017, the Town's investments consist of the following:

Investment Type	Valuation Basis	Value	Investment Maturities (In Years)		
			Less Than 1	1 to 5	More Than 10
Debt Securities:					
Government-wide:					
Money market mutual funds	NAV	\$ 19,710	\$ 19,710	\$ -	\$ -
Fiduciary Funds:					
Money market mutual funds	NAV	1,047,351	1,047,351	-	-
U.S. Government securities	Fair value	524,079	254,657	217,901	51,521
U.S. Agency securities	Fair value	418,661	1,171	55,300	362,190
		2,009,801	\$ 1,322,889	\$ 273,201	\$ 413,711
Other Investments:					
Government-wide:					
Equity securities	Fair value	489,946			
Fiduciary Funds:					
Mutual funds	Fair value	44,602,988			
		\$ 47,102,735			

**Interest Rate Risk**

The Town does not have a formal investment policy that limits Town investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, its practice is to structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

**TOWN OF BROOKFIELD, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

**NOTE 3 - CASH DEPOSITS AND INVESTMENTS *(Continued)***

**Investments *(Continued)***

**Credit Risk**

The Town has no investment policy that would further limit its investment choices beyond those limited by Connecticut state statutes. Connecticut state statutes permit the Town to invest in obligations of the United States, including its instrumentalities and agencies; in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service.

The Town's investments in debt securities, whose ratings are required to be disclosed, were rated by Standard & Poor's as follows:

<u>Investment Type</u>	<u>AAA</u>	<u>Unrated</u>
<b>Debt Securities:</b>		
<b><i>Government-wide:</i></b>		
Money market mutual funds	\$ -	\$ 19,710
<b><i>Fiduciary Funds:</i></b>		
Money market mutual funds	-	1,047,351
U.S. Agency securities	418,661	-

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investments in external investment pools and mutual funds are not evidenced by securities and are therefore not exposed to custodial credit risk. The Town's other investments are held in book entry form in the name of the Town and are therefore also not exposed to custodial credit risk.

**Concentrations of Credit Risk**

The Town's policy states credit risk will be minimized by limiting investments to the safest types of securities and pre-qualifying the financial institution with which the Town will do business. The Town is only allowed to invest in those types of investments that are covered by the state of Connecticut Municipal Investment Act. The investment portfolio must be diversified so that potential losses on individual securities will be minimized. As of June 30, 2017, more than 10% of the Town's investments within its Fiduciary Funds were invested in the following:

<u>Issuer</u>	<u>Investment</u>	<u>Value</u>	<u>% of Investments</u>
<b><i>Fiduciary Funds:</i></b>			
Wells Fargo	Bond Fund	\$ 8,447,061	18.1%
Wells Fargo	Blackrock International Equity Fund	6,785,705	14.6%
Wells Fargo	Federated Total Return Bond Fund	4,701,328	10.1%



**TOWN OF BROOKFIELD, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

**NOTE 4 - FAIR VALUE MEASUREMENTS**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, as of the measurement date. Authoritative guidance establishes a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (also referred to as observable inputs). The Town classifies its assets and liabilities measured at fair value into Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market for which market inputs are observable, either directly or indirectly, and Level 3 (securities valued based on unobservable inputs). Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The Town's financial assets that are accounted for at fair value on a recurring basis as of June 30, 2017, by level within the fair value hierarchy are presented in the table below.

<b>Financial Assets Measured at Fair Value</b>	<b>Prices in Active Market (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
<b><i>Government-wide:</i></b>			
Equity securities	\$ 489,946	\$ -	\$ -
<b><i>Fiduciary Funds:</i></b>			
U.S. Government securities	524,079	-	-
U.S. Agency securities	-	418,661	-
Mutual funds	44,602,988	-	-
	<u>\$ 45,617,013</u>	<u>\$ 418,661</u>	<u>\$ -</u>

**TOWN OF BROOKFIELD, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for governmental activities for the year ended June 30, 2017 consisted of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 11,401,619	\$ -	\$ (44,188)	\$ 11,357,431
Construction in progress	15,870,361	1,824,243	(17,098,203)	596,401
Total capital assets, not being depreciated	<u>27,271,980</u>	<u>1,824,243</u>	<u>(17,142,391)</u>	<u>11,953,832</u>
Capital assets, being depreciated:				
Buildings and improvements	65,904,172	31,008	-	65,935,180
Infrastructure	26,453,660	19,049,852	-	45,503,512
Machinery and equipment	6,240,772	625,194	(243,013)	6,622,953
Vehicles	5,086,585	697,270	-	5,783,855
Total capital assets, being depreciated	<u>103,685,189</u>	<u>20,403,324</u>	<u>(243,013)</u>	<u>123,845,500</u>
Less accumulated depreciation and amortization for:				
Buildings and improvements	20,767,230	1,254,071	-	22,021,301
Infrastructure	10,253,578	1,376,074	-	11,629,652
Machinery and equipment	4,113,524	209,695	(100,960)	4,222,259
Vehicles	3,365,986	255,132	(142,053)	3,479,065
Total accumulated depreciation and amortization	<u>38,500,318</u>	<u>3,094,972</u>	<u>(243,013)</u>	<u>41,352,277</u>
Total capital assets, being depreciated, net	<u>65,184,871</u>	<u>17,308,352</u>	<u>-</u>	<u>82,493,223</u>
Governmental activities capital assets, net	<u>\$ 92,456,851</u>	<u>\$ 19,132,595</u>	<u>\$ (17,142,391)</u>	<u>\$ 94,447,055</u>

Depreciation and amortization expense was charged to functions of the Town's governmental activities as follows:

<b>Governmental Activities:</b>	
General government	\$ 7,591
Public safety	145,663
Public works	1,411,240
Recreation	106,508
Education	<u>1,423,970</u>
Total depreciation and amortization expense - governmental activities	<u>\$ 3,094,972</u>

**TOWN OF BROOKFIELD, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for business-type activities for the year ended June 30, 2017 consisted of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ 419,422	\$ 412,762	\$ -	\$ 832,184
Total capital assets, not being depreciated	419,422	412,762	-	832,184
Capital assets, being depreciated:				
Buildings and improvements	2,866,314	-	-	2,866,314
Infrastructure	11,831,585	70,754	-	11,902,339
Machinery and equipment	1,210,430	-	-	1,210,430
Vehicles	180,749	-	-	180,749
Total capital assets, being depreciated	16,089,078	70,754	-	16,159,832
Less accumulated depreciation and amortization for:				
Buildings and improvements	422,292	57,326	-	479,618
Infrastructure	1,576,850	118,720	-	1,695,570
Machinery and equipment	762,388	39,081	-	801,469
Vehicles	99,766	9,158	-	108,924
Total accumulated depreciation and amortization	2,861,296	224,285	-	3,085,581
Total capital assets, being depreciated, net	13,227,782	(153,531)	-	13,074,251
Business-type activities capital assets, net	\$ 13,647,204	\$ 259,231	\$ -	\$ 13,906,435

Depreciation and amortization expense was charged to the enterprise funds of the Town as follows:

**Business-Type Activities:**

Water Pollution Control Authority	\$ 224,285
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**TOWN OF BROOKFIELD, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

**NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivable and payable balances at June 30, 2017 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<b>Governmental Funds:</b>		
General Fund	Bonded Projects Fund	\$ 3,443,809
	Other Governmental Funds	1,182,277
	Fiduciary Funds	40,062
		<u>4,666,148</u>
Water Assessment Fund	General Fund	715,094
Other Governmental Funds	General Fund	243,794
		<u>\$ 5,625,036</u>
<b>Proprietary Funds:</b>		
Internal Service Funds	General Fund	<u>\$ 175,208</u>

Except as discussed below, the above balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**NOTE 7 - INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2017 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
<b>Governmental Funds:</b>		
General Fund	Other Governmental Funds	\$ 228,872
Other Governmental Funds	General Fund	1,496,658
	Other Governmental Funds	38,289
		<u>1,534,947</u>
		<u>\$ 1,763,819</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**TOWN OF BROOKFIELD, CONNECTICUT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

**NOTE 8 - BOND ANTICIPATION NOTES PAYABLE**

The following is a summary of terms and changes in bond anticipation notes payable for the year ended June 30, 2017:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>						
Bond anticipation notes payable	1.75%	November 2016	\$ 12,980,000	\$ -	\$ (12,980,000)	\$ -
Bond anticipation notes payable	1.20%	November 2016	1,905,000	-	(1,905,000)	-
Bond anticipation notes payable	1.00%	November 2016	1,965,000	-	(1,965,000)	-
Bond anticipation notes payable	2.00%	November 2017	-	14,405,000	-	14,405,000
Bond anticipation notes payable	1.30%	November 2017	-	4,050,000	-	4,050,000
			<u>\$ 16,850,000</u>	<u>\$ 18,455,000</u>	<u>\$ (16,850,000)</u>	<u>\$ 18,455,000</u>
<b>Business-type Activities</b>						
Bond anticipation notes payable	1.75%	November 2016	\$ 2,600,000	\$ -	\$ (2,600,000)	\$ -
Bond anticipation notes payable	2.00%	November 2017	-	2,250,000	-	2,250,000
Bond anticipation notes payable	1.30%	November 2017	-	650,000	-	650,000
			<u>\$ 2,600,000</u>	<u>\$ 2,900,000</u>	<u>\$ (2,600,000)</u>	<u>\$ 2,900,000</u>

The purpose of the notes are to provide short-term financing to fund authorized capital projects until permanent financing is obtained through the issuance of general obligation bonds.

**NOTE 9 - LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2017:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
<b>Bonds payable:</b>					
General obligation bonds	\$ 32,315,000	\$ -	\$ (2,930,000)	\$ 29,385,000	\$ 2,745,000
Unamortized premiums	2,034,618	-	(223,672)	1,810,946	-
Total bonds payable	34,349,618	-	(3,153,672)	31,195,946	2,745,000
<b>Other liabilities:</b>					
Capital leases	538,798	-	(273,530)	265,268	219,929
Compensated absences	733,423	126,232	(93,446)	766,209	305,000
Net pension liability	5,034,503	-	(3,110,996)	1,923,507	-
Net OPEB obligation	20,977,659	1,757,155	-	22,734,814	-
Total long-term liabilities	<u>\$ 61,634,001</u>	<u>\$ 1,883,387</u>	<u>\$ (6,631,644)</u>	<u>\$ 56,885,744</u>	<u>\$ 3,269,929</u>
<b>Business-type Activities</b>					
<b>Bonds payable:</b>					
General obligation bonds	\$ 1,035,000	\$ -	\$ (180,000)	\$ 855,000	\$ 135,000
<b>Other liabilities:</b>					
Note payable	2,749,779	-	(171,930)	2,577,849	175,400
Compensated absences	4,330	3,201	(4,330)	3,201	3,201
Permanent maintenance deposits	39,453	-	-	39,453	-
Contingent credits on assessments	654,806	-	-	654,806	-
Total long-term liabilities	<u>\$ 4,483,368</u>	<u>\$ 3,201</u>	<u>\$ (356,260)</u>	<u>\$ 4,130,309</u>	<u>\$ 313,601</u>

Long-term liabilities above typically have been liquidated by the General Fund for governmental activities and by the Water Pollution Control Authority for business-type activities.

**TOWN OF BROOKFIELD, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

**NOTE 9 - LONG-TERM LIABILITIES *(Continued)***

**Bonds and Note Payable**

A summary of general obligation bonds outstanding at June 30, 2017 is as follows:

<b>Purpose of Bonds</b>	<b>Fiscal Year of Issue</b>	<b>Original Issue</b>	<b>Interest Rates</b>	<b>Fiscal Maturity Date</b>	<b>Amount Outstanding</b>
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation Bonds	2000	\$ 2,705,000	4.75% - 5.875%	2020	\$ 405,000
General Obligation Bonds	2002	7,900,000	4.0% - 5.0%	2022	2,000,000
General Obligation Bonds	2011	6,700,000	2.0% - 4.0%	2031	4,665,000
General Obligation Refunding Bonds	2014	15,100,000	2.0% - 5.0%	2026	11,705,000
General Obligation Bonds	2014	8,580,000	3.0% - 4.0%	2034	5,680,000
General Obligation Refunding Bonds	2015	5,510,000	2.0% - 3.0%	2034	4,930,000
					<u>\$ 29,385,000</u>
<b>Business-type Activities:</b>					
Bonds Payable:					
General Obligation Bonds	1993	\$ 3,400,000	3.65% - 5.375%	2030	\$ 575,000
General Obligation Bonds	2011	430,000	2.0% - 4.0%	2034	280,000
					<u>855,000</u>
Notes Payable:					
Clean Water Fund Note	2010	3,747,082	2.0%	2030	2,577,849
					<u>\$ 3,432,849</u>

Annual debt service requirements to maturity on bonds payable for governmental activities are as follows as of June 30, 2017:

<b>Year ending June 30:</b>	<b>Governmental Activities</b>		
	<b>Bonds Payable</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$ 2,745,000	\$ 1,118,570	\$ 3,863,570
2019	2,770,000	1,011,093	3,781,093
2020	2,805,000	894,758	3,699,758
2021	2,680,000	776,250	3,456,250
2022	2,690,000	663,134	3,353,134
2023-2027	10,310,000	1,835,168	12,145,168
2028-2032	4,430,000	538,032	4,968,032
2033-2034	955,000	37,041	992,041
	<u>\$ 29,385,000</u>	<u>\$ 6,874,046</u>	<u>\$ 36,259,046</u>

**TOWN OF BROOKFIELD, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

**NOTE 9 - LONG-TERM LIABILITIES *(Continued)***

**Bonds and Note Payable *(Continued)***

Annual debt service requirements to maturity on bonds and the note payable for business-type activities are as follows as of June 30, 2017:

Year ending June 30:	Business-type Activities				
	Bonds Payable		Notes Payable		Total
	Principal	Interest	Principal	Interest	
2018	\$ 135,000	\$ 34,120	\$ 175,400	\$ 49,955	\$ 394,475
2019	135,000	27,570	178,940	46,415	387,925
2020	135,000	21,020	182,552	42,803	381,375
2021	135,000	14,645	186,237	39,118	375,000
2022	135,000	8,425	189,996	35,359	368,780
2023-2027	100,000	19,845	1,009,074	117,700	1,246,619
2028-2030	80,000	5,208	655,650	20,411	761,269
	<u>\$ 855,000</u>	<u>\$ 130,833</u>	<u>\$ 2,577,849</u>	<u>\$ 351,761</u>	<u>\$ 3,915,443</u>

**Legal Debt Limit**

Connecticut General Statutes Section 7-374(b) provides that debt of the Town shall not exceed seven times base receipts, as defined in the Statute. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2017.

**Advanced Debt Refunding**

In prior years, the Town defeased general obligation bonds by creating separate irrevocable trusts. Refunding debt had been issued and the proceeds were used to purchase U.S. government securities that were placed in the trusts. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the refunded debt has been considered defeased and, therefore, is no longer counted in computing the Town's debt for statutory debt limit purposes. The difference between the reacquisition price (the amount placed in escrow) and the net carrying amount of the refunded bonds resulted in deferred charges on refundings in the amount of \$1,230,954. This amount, net of accumulated amortization of \$267,322 has been presented as a deferred outflow of resources in the government-wide financial statements and is being amortized to interest expense using the effective-interest method over the life of the new bonds. Amortization of deferred charges on refundings totaled \$90,361 for the year ended June 30, 2017.

**Authorized/Unissued Debt**

The amount of authorized, unissued bonds at June 30, 2017 totaled to \$608,570 for general purposes, \$76,830 for schools, \$300,000 for sewers and \$107,518 for water.

**TOWN OF BROOKFIELD, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

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**NOTE 9 - LONG-TERM LIABILITIES *(Continued)***

**Capital Leases**

A summary of assets acquired through capital leases is as follows as of June 30, 2017:

	<b>Governmental Activities</b>
Equipment	\$ 1,418,448
Less: accumulated amortization	<u>1,147,021</u>
	<u><u>\$ 271,427</u></u>

Amortization expense relative to leased property under capital leases totaled \$226,019 for the year ended June 30, 2017 and is included in depreciation and amortization expense disclosed in Note 5.

Future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2017 is as follows:

	<b>Governmental Activities</b>
Year Ending June 30:	
2018	\$ 223,849
2019	<u>45,465</u>
Total minimum lease payments	269,314
Less: amount representing interest	<u>4,046</u>
Present value of minimum lease payments	<u><u>\$ 265,268</u></u>



**TOWN OF BROOKFIELD, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

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**NOTE 10 - EMPLOYEE RETIREMENT PLANS**

**Pension Trust Fund**

**Plan Description**

***Plan Administration***

The Town administers a single employer contributory defined benefit plan (the "Plan"). Plan benefits and contribution requirements are established by the plan document adopted July 1, 1968, and as amended January 1, 1994, by approval of the Board of Selectmen. All full time employees eligible to participate in the Plan become a plan participant on the first day of the month following completion of one year of service. The Plan is considered to be a part of the Town's financial reporting entity and is included in the Town's financial statements as a pension trust fund. The Plan does not issue stand-alone financial statements.

***Plan Membership***

As of January 1, 2016, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	100
Inactive plan members entitled to but not yet receiving benefits	17
Active plan members	<u>156</u>
Total	<u><u>273</u></u>

***Benefits Provided***

Plan benefits are established by the Town and may be amended only by the Board of Selectmen.

The normal retirement benefit is calculated as a percentage of the participant's average monthly earnings during the highest three consecutive years (five years for Board of Education participants) of employment multiplied by years of service. The percentages are as follows: Board of Education – 1.75% for years of service prior to January 1, 1994 and 2.0% for years of service thereafter; Other - 2.0% for all years of service.

Normal retirement age is the earlier of age 55 with 10 years of service or 25 years of service regardless of age for police and age 62 for all others. Police are 100% vested after 10 years of service. All others are 50% vested after 5 years of service plus 10% for each additional year until becoming 100% vested. The Town has not given any post-retirement benefit increases.

Police officers who retire on or after July 1, 2006 will receive an annual 1% cost of living adjustment every July 1st.

**TOWN OF BROOKFIELD, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

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**NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Pension Trust Fund *(Continued)***

**Plan Description *(Continued)***

***Contributions***

The contribution requirements of plan members and the Town are established and may be amended by the Board of Selectmen. The Town's funding policy provides for periodic employer contributions at rates that, when expressed as a percentage of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The contribution rate for normal costs of the Plan was determined using the entry age normal cost method.

Employees are required to contribute 5.0% of their earnings to the Plan. For the year ended June 30, 2017, employer contributions to the Plan represented 11.9% of covered payroll.

**Summary of Significant Accounting Policies**

The Plan is accounted for using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

*Investments* - Investments are generally reported at fair value, except for investments in external investment pools. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investment income is recognized when earned and gains and losses on sales or exchanges are recognized on the transaction date. Investments in external investment pools, which are permitted to measure their investment holdings at amortized costs, are measured by the OPEB Plan at the net asset value per share as determined by the pools.

*Investment policy* - The Town pursues an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes, discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

*Concentrations* - There were no investments in any one issuer that represent 5.0% or more of the Plan's net position.

*Rate of return* - For the year ended June 30, 2017, the annual money-weighted rate of return on the Plan's investments, net of investment expense was 12.99%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**TOWN OF BROOKFIELD, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

**NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Pension Trust Fund *(Continued)***

**Net Pension Liability**

The components of the Town's net pension liability for the Plan is as follows:

Total pension liability	\$ 50,631,976
Plan fiduciary net position	<u>48,708,469</u>
Net pension liability (asset)	<u><u>\$ 1,923,507</u></u>
Plan fiduciary net position as a percentage of the total pension liability	96.20%

The Town's net pension liability was measured at June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016. The changes in the Town's net pension liability for the Plan is as follows:

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balance as of July 1, 2016	<u>\$ 48,406,938</u>	<u>\$ 43,372,435</u>	<u>\$ 5,034,503</u>
<b>Changes for the year:</b>			
Service cost	1,103,550	-	1,103,550
Interest	3,157,723	-	3,157,723
Differences between expected and actual experience	97,033	-	97,033
Change in assumption	(243,228)	-	(243,228)
Contributions - employer	-	1,204,271	(1,204,271)
Contributions - employee	-	497,476	(497,476)
Net investment income	-	5,610,603	(5,610,603)
Benefit payments, including refunds	(1,890,040)	(1,890,040)	-
Administrative expense	-	(86,276)	86,276
<b>Net changes</b>	<u>2,225,038</u>	<u>5,336,034</u>	<u>(3,110,996)</u>
Balance as of June 30, 2017	<u><u>\$ 50,631,976</u></u>	<u><u>\$ 48,708,469</u></u>	<u><u>\$ 1,923,507</u></u>

**TOWN OF BROOKFIELD, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

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**NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Pension Trust Fund *(Continued)***

**Net Pension Liability *(Continued)***

*Actuarial assumptions* - The total pension liability was determined by an actuarial valuation as of January 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases, including inflation	3.00%
Investment rate of return, including inflation	6.50%
Discount rate	6.50%

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Arithmetic Rate of Return</u>
U.S. Large Caps	36.0%	4.9%
International Equity	15.0%	4.7%
U.S. Small Cap	9.0%	5.7%
Core Fixed Income	37.0%	0.4%
Cash	3.0%	0.0%

*Discount rate* - The discount rate used to measure the total pension liability was 6.5% for Plan. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the Town contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the Plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF BROOKFIELD, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

**NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Pension Trust Fund *(Continued)***

**Net Pension Liability *(Continued)***

*Sensitivity of the net pension liability to changes in the discount rate* - The following presents the net pension liability, calculated using the discount rate of 6.5% as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5%) or 1-percentage-point higher (7.5%) than the current rate:

	<b>Discount Rate</b>		
	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
Net pension liability (asset)	\$ 7,807,100	\$ 1,923,507	\$ (3,009,397)

**Pension Expense and Deferred Outflows/Inflows of Resources**

For the year ended June 30, 2017, the Town recognized pension expense of \$1,368,680.

The Town reported deferred outflows and inflows of resources as of June 30, 2017 related to the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
Difference between expected and actual experience	\$ 498,178	\$ -	\$ 498,178
Changes of assumptions and demographics	678,792	-	678,792
Difference between projected and actual earnings on plan investments	-	293,185	(293,185)
Total	<u>\$ 1,176,970</u>	<u>\$ 293,185</u>	<u>\$ 883,785</u>

Amounts reported as deferred outflows and inflows of resources will be recognized as a component of pension expense in future years as follows:

<b>Year ended June 30,</b>	<b>Amortization Pension Expense</b>
2018	\$ 329,032
2019	329,032
2020	142,683
2021	(325,490)
2022	234,544
Thereafter	173,984
	<u>\$ 883,785</u>

**TOWN OF BROOKFIELD, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

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**NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**State of Connecticut Teachers' Retirement System**

The faculty and professional personnel of the Town's Board of Education participate in the Teachers' Retirement System ("TRS"), which is a cost-sharing multiple-employer defined benefit pension plan established under Chapter 167a of the Connecticut General Statutes. The TRS is administered by the Connecticut State Teachers' Retirement Board (the "Board") and is included as a fiduciary pension trust fund in the State of Connecticut's basic financial statements.

Plan benefits, cost-of-living allowances, required contributions of plan members and the State, and other plan provisions are described in Sections 10-183b to 10-183ss of the Connecticut General Statutes. The plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

The contribution requirements of plan members and the State are established and may be amended by the State legislature. In accordance with Section 10-183z of the General Statutes, the Town does not and is not legally responsible to contribute to the plan as a special funding situation exists that requires the State to contribute one hundred percent of employer's contributions on-behalf of its participating municipalities at an actuarially determined rate. Plan members are currently required to contribute 7.25% of their annual earnings to the plan. After five years of service, teachers are fully vested in their own contributions. After ten years of service, teachers are fully vested in the monthly pension benefit which is payable at the age of sixty.

The Town has recognized on-behalf payments of \$4,610,822 made by the State of Connecticut into the plan as intergovernmental revenues, and related expenditures of the General Fund in the accompanying statement of revenues, expenditures and changes in fund balances of the governmental funds.

Administrative costs of the plan are funded by the State.

The total estimated net pension liability of the TRS as of June 30, 2016 was approximately \$14.245 billion, the most recent available reporting provided by the Board. The portion that was associated with the Town totaled approximately \$67,325,617 or approximately 0.47% of the total estimated net pension liability. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The portion of the net pension liability associated with the Town was based on a projection of the long-term share of contributions to the plan related to the Town relative to the projected contributions of all participating employers, actuarially determined. The portion of the pension expense attributed to the Town totaled approximately \$7,342,100 for the year ended June 30, 2017.

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.75%
Salary increases	3.25-6.50%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

For healthy retirees and beneficiaries, the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

**TOWN OF BROOKFIELD, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

**NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**State of Connecticut Teachers' Retirement System *(Continued)***

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

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return</b>
Large Cap U.S. Equities	21.0%	8.55%
Developed Non-U.S. Equities	18.0%	9.35%
Private Equity	11.0%	10.35%
Emerging Markets (Non-U.S.)	9.0%	11.05%
Core Fixed Income	7.0%	4.05%
Real Estate	7.0%	7.85%
Alternative investments	8.0%	6.85%
Liquidity fund	6.0%	3.15%
Emerging Market Bonds	5.0%	6.45%
High Yield Bonds	5.0%	6.65%
Inflation Linked Bonds	3.0%	3.75%
	<u>100%</u>	

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 8.0%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7.0%) or 1-percentage-point higher (9.0%) than the current rate:

	<b>Discount Rates</b>		
	<b>1% Decrease (7.00%)</b>	<b>Current (8.00%)</b>	<b>1% Increase (9.00%)</b>
Proportionate share of the net pension liability attributed to the Town	\$ 83,060,935	\$ 67,325,617	\$ 54,023,881

Detailed information about the plan's fiduciary net position is included in the State of Connecticut's basic financial statements.

**TOWN OF BROOKFIELD, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

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**NOTE 10 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Board of Education Defined Contribution Plan**

The Board of Education offers employees who are eligible for benefits a defined contribution plan in accordance with Internal Revenue Code Section 403(b). The Board of Education is not required to make contributions to this plan. Benefits are not available to participants until termination, retirement, death, or unforeseeable emergency. All amounts contributed under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for the exclusive benefit of the plan participants and their beneficiaries. The Board of Education has no trustee or other fiduciary responsibilities related to participant accounts and therefore the plan is not accounted for in the fiduciary fund financial statements of the Town.

**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

**Plan Description**

***Plan Administration***

The Town has established an Other Post-Employment Benefit (OPEB) Trust Fund, which incorporates a single-employer, post-retirement healthcare plan for the eligible employees. The plan provides medical, dental and prescription benefits for eligible retirees and their spouses. The plan does not issue stand-alone financials.

***Plan Membership***

At July 1, 2016, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	64
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	350
Total	<u>414</u>

***Benefits Provided***

The plan provides for medical, dental and prescription benefits for all eligible retirees and their spouses. Benefits and contributions are established by contract and may be amended by union agreements.

*Town Employees (excluding highway, public works and police):* Prior to age 65 and with ten years of service, the Town pays 15% and the retiree pays 85% of the cost of current year premiums for both the retiree and spouse. The retiree portion is reduced by 5% for each additional year of service, until at 25 years of service, the Town pays 90% and the retiree pays 10% of the cost of current year premiums. The Town pays 100% of the premium cost for retirees with over 25 years of service. Anyone hired on or after January 1, 2011 are not eligible for these post-retirement healthcare benefits.

*Highway and Public Works Employees:* Prior to age 65, the Town pays 60% and the retiree pays 40% of the cost of current year premiums for both the retiree and spouse. The Town pays 80% of the premium cost for retirees and 75% of the premium cost for the retiree's spouse at the age of 65 and beyond. The Town pays 100% of the premium cost for existing retirees. Anyone hired on or after January 1, 2010 are not eligible for these post-retirement healthcare benefits.



**TOWN OF BROOKFIELD, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

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**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**Plan Description *(Continued)***

***Benefits Provided (Continued)***

*Police:* Prior to age 65 and with less than 5 years of service, the Town pays 80% and the retiree pays 20% of the cost of current year premiums for both the retiree and spouse. Prior to age 65 and with 5 years of service, the Town pays 80% and the retiree pays 20% of the premium cost for the retiree only. The retiree pays 100% of the premium cost for the spouse. The Town pays 95% and the retiree pays 5% of the premium cost for retirees and spouse at the age of 65 and beyond. The Town pays 100% of the premium cost for existing retirees.

*Teachers and Administrators:* Retirees pay 100% of the contribution depending on the plan selected, up to the age of 65. Teachers who are not eligible for Medicare may remain in the pre-65 medical plan and pay 100% of the premium.

***Contributions***

Contribution requirements of the plan members and the Town are established in the provisions of the program and in accordance with State Statutes. The Town funds these benefits through contributions to an Other Post-Employment Benefits Trust Fund. Town contributions are based on an actuarially determined amount. Active employees are not required to contribute to the plan, however, retirees may be required to contribute a portion of the cost of the benefits. For the year ended June 30, 2017, the Town contributed \$593,545 towards these benefits, of which \$300,146 was contributed to into the OPEB Trust Fund.

**Summary of Significant Accounting Policies**

The OPEB Plan is accounted for using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the OPEB Plan are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the OPEB Plan.

*Investments* - Investments are generally reported at fair value, except for investments in external investment pools. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investment income is recognized when earned and gains and losses on sales or exchanges are recognized on the transaction date. Investments in external investment pools, which are permitted to measure their investment holdings at amortized costs, are measured by the OPEB Plan at the net asset value per share as determined by the pools.

*Investment policy* - The Town pursues an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes, discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

*Concentrations* - There were no investments in any one issuer that represent 5.0% or more of the pension plans' net position.

*Rate of return* - For the year ended June 30, 2017, the annual money-weighted rate of return on the OPEB Plan's investments, net of investment expense was 11.39%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**TOWN OF BROOKFIELD, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**Annual OPEB Cost and Net OPEB Obligation**

The Town's annual OPEB cost (expense) is calculated based on the annual required contribution ("ARC"), an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation.

Annual required contribution	\$ 2,678,075
Interest on net OPEB obligation	839,106
Adjustment to annual required contribution	<u>(1,166,481)</u>
Annual OPEB cost (expense)	2,350,700
Contributions made	<u>(593,545)</u>
Increase in net OPEB obligation	1,757,155
Net OPEB obligation, beginning of year	<u>20,977,659</u>
Net OPEB obligation, end of year	<u><u>\$ 22,734,814</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the OPEB Plan, and the net OPEB obligation for the last three years is as follows:

<b>Year Ended June 30</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
2017	\$ 2,350,700	25.2%	\$ 22,734,814
2016	2,632,868	12.1%	20,977,659
2015	3,538,689	7.9%	18,958,846

**Funded Status and Funding Progress**

The funded status of the OPEB Plan as of July 1, 2014 was as follows:

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (A)</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age Normal Cost Method (B)</b>	<b>Unfunded AAL (UAAL) (B-A)</b>	<b>Funded Ratio (A/B)</b>	<b>Covered Payroll (C)</b>	<b>Unfunded AAL as a % of Covered Payroll [(A-B)/C]</b>
July 1, 2014	\$ -	\$ 26,493,390	\$ (26,493,390)	0.0%	26,992,164	-98.2%

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the Town are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**TOWN OF BROOKFIELD, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

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**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**Net OPEB Liability**

The components of the Town's net OPEB liability related to its OPEB Plan as of June 30, 2017, was as follows:

Total OPEB liability	\$ 19,516,542
Plan fiduciary net position	<u>687,988</u>
Net OPEB liability	<u><u>\$ 18,828,554</u></u>
Plan fiduciary net position as a percentage of the total pension liability	3.53%

**Actuarial Methods and Assumptions**

Projections of benefits are based on the substantive plan (the plan as understood by the Town and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Town and the plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Town and plan members in the future. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The total OPEB liability was determined by an actuarial valuation date as of July 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	6.50%
Inflation	2.75%
Salary increases, including inflation	3.00%
Healthcare cost trend rate:	
Initial	8.75%
Ultimate	4.75%

Mortality rates were based on the RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to the valuation date with scale MP-2016.

The long-term expected rate of returns on OPEB Plan investments were determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**TOWN OF BROOKFIELD, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**Actuarial Methods and Assumptions *(Continued)***

Best estimates of arithmetic real rates of return for each major asset class included in the OPEB Plan's target asset allocation as of June 30, 2017 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Arithmetic Rate of Return</b>
U.S. Large Caps	45.0%	5.3%
International Equity	15.0%	5.0%
Core Fixed Income	37.0%	66.0%
Cash	3.0%	0.0%

*Discount rate* - The discount rate used to measure the total OPEB liability was 6.5%. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rates and that the Town's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rates of return on the OPEB Plan's investments were applied to all periods of projected benefit payments to determine the OPEB Plan's total OPEB liability.

*Sensitivity of the net OPEB asset to changes in the discount rate* - The following presents the Town's net OPEB asset for the OPEB Plan, calculated using the discount rate disclosed above, as well as what the Town's net OPEB liability would be for the OPEB Plan if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<b>Discount Rates</b>		
	<b>1% Decrease (5.50%)</b>	<b>Current (6.50%)</b>	<b>1% Increase (7.50%)</b>
Net OPEB liability as of June 30, 2017	\$ 21,518,514	\$ 18,828,554	\$ 16,622,338

*Sensitivity of the net OPEB asset to changes in the healthcare cost trend rates* - The following presents the Town's net OPEB asset for the OPEB Plan, calculated using the discount rate disclosed above, as well as what the Town's net OPEB liability would be for the OPEB Plan if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<b>Healthcare Cost Trend Rates</b>		
	<b>1% Decrease (7.75% decreasing to 3.75%)</b>	<b>Current (8.75% decreasing to 4.75%)</b>	<b>1% Increase (9.75% decreasing to 5.75%)</b>
Net OPEB liability as of June 30, 2017	\$ 16,308,932	\$ 7,308,783	\$ 21,959,127

**TOWN OF BROOKFIELD, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

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**NOTE 12 - RISK MANAGEMENT**

The Town is exposed to various risks of loss including torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disaster. Generally, the Town obtains commercial insurance for these risks. During the year ended June 30, 2017, deductibles paid by the Town were insignificant. In addition, neither the Town nor its insurers have settled claims which have exceeded the Town's insurance coverage during the past three years. There has been no reduction in insurance coverage from the prior year.

The Town is a member of the Connecticut Interlocal Risk Management Agency (CIRMA), an unincorporated association of Connecticut local public agencies, which was formed in 1980 by the Connecticut Conference of Municipalities for the purpose of establishing and administering an interlocal risk management program pursuant to the provisions of Section 7-479a et. seq. of the Connecticut General Statutes. The Town is a member of CIRMA's worker's compensation pool, a risk sharing pool, which commenced operations on July 1, 1980. The worker's compensation pool provides statutory benefits pursuant to the provisions of the Connecticut Worker's Compensation Act. The coverage is subject to an incurred loss retrospective rating plan, and losses incurred in the coverage period will be evaluated at 18, 30, and 42 months after the effective date of coverage. CIRMA's worker's compensation pool retains \$1,000,000 per occurrence and purchases reinsurance above that amount to the limit of liability of \$10 million per occurrence.

The Town had previously established an internal service fund to provide health coverage for all eligible employees through a self-insured plan. Effective July 1, 2016, the Town converted from a self-insured plan to a commercially insured plan. The Town recognizes a liability for self-insured claims, which includes estimated losses on claims and claims incurred but not reported.

A summary of self-insured claims activity for the years ended June 30, 2017 and 2016 are as follows:

<b>Year Ended June 30</b>	<b>Claims Payable, Beginning of Year</b>	<b>Claims and Changes in Estimates</b>	<b>Claims Paid</b>	<b>Claims Payable, End of Year</b>
2017	\$ 592,200	\$ (485,200)	\$ 107,000	\$ -
2016	559,400	7,170,738	7,137,938	592,200

**NOTE 13 - COMMITMENTS AND CONTINGENCIES**

There are several lawsuits pending against the Town. The outcome and eventual liability to the Town, if any, in these cases is not known by management. The Town's management believes it has meritorious defenses against these lawsuits and estimates that potential claims against the Town, not covered by insurance, resulting from such litigation would not have a material adverse effect on the financial condition of the Town.

Section 148 of the Internal Revenue Code, as enacted by the Tax Reform Act of 1986, requires that 90% of the earnings from the investment of tax-exempt bond proceeds that exceed the yield on tax-exempt bonds be remitted to the federal government. The Town may be subject to arbitrage rebate on unspent bond proceeds. Town management believes such rebates, if any, would not have a material adverse effect on the financial condition of the Town.

The Town has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under terms of the grant. Based on prior experience, Town management believes such disallowances, if any, would not have a material adverse effect on the financial condition of the Town.

**TOWN OF BROOKFIELD, CONNECTICUT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

**NOTE 14 - FUND BALANCE**

As of June 30, 2017, fund balances have been classified based on the following purposes:

	General Fund	Bonded Projects Fund	Water Assessment Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable - Inventories	\$ -	\$ -	\$ -	\$ 2,003	\$ 2,003
Restricted for:					
Capital purposes - unspent debt proceeds	\$ -	\$ 2,887,272	\$ -	\$ -	\$ 2,887,272
Debt service - assessments	-	-	765,298	-	765,298
Rehabilitation grant programs	-	-	-	21,784	21,784
Police grant programs	-	-	-	45,905	45,905
Educational grant programs	-	-	-	63,032	63,032
Town grant programs	-	-	-	296,940	296,940
	<u>\$ -</u>	<u>\$ 2,887,272</u>	<u>\$ 765,298</u>	<u>\$ 427,661</u>	<u>\$ 4,080,231</u>
Committed to:					
Library operations	\$ 490,799	\$ -	\$ -	\$ -	\$ 490,799
Heart & hypertension reserve	272,245	-	-	-	272,245
Economic development	23,862	-	-	-	23,862
Recreation programs	-	-	-	97,984	97,984
Police operations	-	-	-	150,000	150,000
School cafeteria operations	-	-	-	173,063	173,063
Social services	-	-	-	27,400	27,400
Open space	-	-	-	132,096	132,096
Capital purposes	-	-	-	377,861	377,861
Other purposes	-	-	-	192,498	192,498
	<u>\$ 786,906</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,150,902</u>	<u>\$ 1,937,808</u>

**NOTE 15 - RECENTLY ISSUED ACCOUNTING STANDARDS**

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. This statement establishes new accounting and financial reporting requirements for OPEB plans and replaces the requirements of GASB Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town has not yet determined the impact that this statement will have on its financial statements.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This statement addresses accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town does not expect this statement to have a material effect on its financial statements.

**TOWN OF BROOKFIELD, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

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**NOTE 15 - RECENTLY ISSUED ACCOUNTING STANDARDS *(Continued)***

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations. (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement which (1) establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs, (2) requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred, and (3) requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2019. The Town does not expect this statement to have a material effect on its financial statements.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2019. The Town has not yet determined the impact that this statement might have on its financial statements.

In March 2017, the GASB issued Statement No. 85, *Omnibus*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town does not expect this statement to have a material effect on its financial statements.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town does not expect this statement to have a material effect on its financial statements.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020. The Town has not yet determined the impact that this statement might have on its financial statements.

**TOWN OF BROOKFIELD, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

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**NOTE 16 - SUBSEQUENT EVENTS**

In November 2017, the Town issued \$18,890,000 in general obligation bond anticipation notes ("Series A") and \$4,720,000 in general obligation bond anticipation notes ("Series B"). The Series A notes bear a coupon rate of 2.25% and mature on November 15, 2018. The Series B notes bear a coupon rate of 2.5% and mature on November 15, 2018. Proceeds from the Series A and Series B notes were utilized in part to retire previously outstanding general obligation bond anticipation notes in the amount of \$16,655,000 and \$4,700,000. The purpose of the notes are to provide interim financing for authorized projects until permanent funding is obtained.



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## REQUIRED SUPPLEMENTARY INFORMATION

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**TOWN OF BROOKFIELD, CONNECTICUT**  
**SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY AND RELATED RATIOS - UNAUDITED**  
**TOWN PENSION PLAN**  
**LAST FOUR FISCAL YEARS**

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Total pension liability</b>				
Service cost	\$ 1,103,550	\$ 1,041,005	\$ 1,010,684	\$ 979,892
Interest	3,157,723	2,885,710	2,775,281	2,643,325
Differences between expected and actual experience	97,033	785,133	(391,125)	-
Changes of assumptions	(243,228)	1,196,346	-	-
Benefit payments, including refunds	(1,890,040)	(1,685,066)	(1,766,161)	(1,486,080)
Net change in total pension liability	2,225,038	4,223,128	1,628,679	2,137,137
Total pension liability - beginning	48,406,938	44,183,810	42,555,131	40,417,994
Total pension liability - ending	<u>\$ 50,631,976</u>	<u>\$ 48,406,938</u>	<u>\$ 44,183,810</u>	<u>\$ 42,555,131</u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 1,204,271	\$ 916,398	\$ 1,622,929	\$ 1,871,103
Contributions - members	497,476	431,829	473,380	456,483
Other	-	308,057	-	-
Net investment income	5,610,603	348,872	1,508,205	5,843,034
Benefit payments, including refunds	(1,890,040)	(1,685,066)	(1,766,161)	(1,486,080)
Administrative expenses	(86,276)	(90,093)	(87,795)	(79,382)
Net change in plan fiduciary net position	5,336,034	229,997	1,750,558	6,605,158
Plan fiduciary net position - beginning	43,372,435	43,142,438	41,391,880	34,786,722
Plan fiduciary net position - ending	<u>\$ 48,708,469</u>	<u>\$ 43,372,435</u>	<u>\$ 43,142,438</u>	<u>\$ 41,391,880</u>
<b>Town's net pension liability</b>	<u>\$ 1,923,507</u>	<u>\$ 5,034,503</u>	<u>\$ 1,041,372</u>	<u>\$ 1,163,251</u>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	96.20%	89.60%	97.64%	97.27%
<b>Covered employee payroll</b>	\$ 10,121,474	\$ 9,580,299	\$ 9,360,761	\$ 9,417,984
<b>Town's net pension asset as a percentage of covered employee payroll</b>	19.0%	52.6%	11.1%	12.4%

**NOTES TO SCHEDULE:**

The Town began reporting this schedule upon implementation of GASB Statement No. 67 during fiscal year 2014. This schedule is intended to present information for 10 years. Additional years will be presented as they become available.

*Benefit changes:* No significant changes in benefit terms have been made.

*Assumption Changes:* No significant changes in assumptions have been made.

*See accompanying Independent Auditor's Report.*

**TOWN OF BROOKFIELD, CONNECTICUT**  
**SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - UNAUDITED**  
**TOWN PENSION PLAN**  
**LAST FOUR FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 1,204,271	\$ 1,224,455	\$ 1,622,929	\$ 1,809,130
Contributions in relation to the actuarially determined contribution	<u>1,204,271</u>	<u>916,398</u>	<u>1,622,929</u>	<u>1,871,103</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ 308,057</u>	<u>\$ -</u>	<u>\$ (61,973)</u>
Covered payroll	\$ 10,121,474	\$ 9,580,299	\$ 9,360,761	\$ 9,417,984
Contributions as a percentage of covered employee payroll	11.90%	9.57%	17.34%	19.87%
Annual money-weighted rate of return, net of investment expense	12.99%	0.80%	3.59%	16.33%

**NOTES TO SCHEDULE:**

The Town began to report the schedule of contributions and investment returns when it implemented GASB Statement No. 67 in fiscal year 2014. This schedule is intended to present information for 10 years. Additional years will be presented as they become available.

Actuarially determined contribution rates are calculated as of January 1, two years prior to the end of the fiscal year in which contributions are reported. Actuarial determined contributions for fiscal year ending June 30, 2017 were determined from the January 1, 2015 actuarial valuation.

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level Dollar Amount
Remaining amortization period	15 years, open
Asset valuation method	Market value of assets
Inflation	2.50%
Salary increases, includes inflation	3.00%
Investment rate of return	6.50%

*See accompanying Independent Auditor's Report.*

**TOWN OF BROOKFIELD, CONNECTICUT**  
**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - UNAUDITED**  
**CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM**  
**LAST THREE FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability attributed to the Town	0.47%	0.49%	0.49%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability attributed to the Town	67,325,617	53,912,476	49,831,280
Total	<u>\$ 67,325,617</u>	<u>\$ 53,912,476</u>	<u>\$ 49,831,280</u>
Town's covered payroll	\$ 19,108,245	\$ 20,039,546	\$ 18,665,395
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	52.26%	59.50%	61.51%

**NOTES TO SCHEDULE:**

The Town began to report this schedule when it implemented GASB Statement No. 68 in fiscal year 2015. This schedule is intended to present information for 10 years. Additional years will be presented as they become available.

The total pension liability reported for each fiscal year is based on a measurement date as of the end of the prior fiscal year (i.e. the total pension liability reported for 2017 is based on a June 30, 2016 measurement date).

*Benefit changes* - No significant changes in benefit terms have been made

*Assumption changes* - The following assumptions were changed in connection with the most recent valuation

- Inflation assumption was reduced from 3.00% to 2.75%.
- The annual rate of wage increase assumption was reduced from 0.75% to 0.50%.
- The payroll growth assumption was reduced from 3.75% to 3.25%.
- Various demographic assumption changes utilizing the RPH-2014 mortality tables.
- Real rate of return assumption was reduced from 5.50% to 5.25%, which when combined with the inflation assumption change resulted in a decrease in the investment rate of return assumption from 8.50% to 8.00%.

*See accompanying Independent Auditor's Report.*

**TOWN OF BROOKFIELD, CONNECTICUT**  
**SCHEDULES OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS - UNAUDITED**  
**OTHER POST-EMPLOYMENT BENEFITS PROGRAM**  
**TREND ANALYSIS**

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (A)</b>	<b>Actuarial Accrued Liability (AAL) - (B)</b>	<b>Underfunded AAL (UAAL) (A-B)</b>	<b>Funded Ratio (A/B)</b>	<b>Covered Payroll (C)</b>	<b>UAAL as a Percentage of Covered Payroll ((A-B)/C)</b>
<b>Other Post-Employment Benefit Plan**</b>						
July 1, 2014	\$ -	\$ 26,493,390	\$ (26,493,390)	0.00%	\$ 26,992,164	(98.15%)
July 1, 2012	-	33,977,100	(33,977,100)	0.00%	24,685,830	(137.64%)
July 1, 2010	-	29,674,538	(29,674,538)	0.00%	23,952,238	(123.89%)

\*\* - Information prior to the July 1, 2010 actuarial valuation is not available.

**Schedule of Employer Contributions**

<b>Fiscal Year Ended June 30,</b>	<b>Annual Required Contribution</b>	<b>Actual Contribution</b>	<b>% Contributed</b>
2017	\$ 2,678,075	\$ 593,545	22.2%
2016	2,632,868	317,968	12.1%
2015	3,783,881	279,798	7.4%
2014	3,712,467	433,869	11.7%
2013	3,195,210	458,625	14.4%
2012	3,137,050	771,705	24.6%
2011	3,274,535	613,631	18.7%

*See accompanying Independent Auditor's Report.*

**TOWN OF BROOKFIELD, CONNECTICUT**  
**SCHEDULE OF CHANGES IN THE TOWN'S NET OPEB LIABILITY AND RELATED RATIOS - UNAUDITED**  
**OTHER POST-EMPLOYMENT BENEFITS PROGRAM**  
**LAST FISCAL YEARS**

	<b>2017</b>
<b>Total OPEB liability</b>	
Service cost	\$ 472,719
Interest	1,218,814
Changes in benefit terms	-
Differences between expected and actual experience	(564,326)
Changes of assumptions	-
Benefit payments, including refunds	(328,128)
Net change in total OPEB liability	799,079
Total OPEB liability - beginning	18,717,463
Total OPEB liability - ending	19,516,542
 <b>Plan fiduciary net position</b>	
Contributions - employer	593,545
Contributions - active members	-
Contributions - retirees' subsidies	34,729
Net investment income	47,082
Benefit payments, including refunds	(328,128)
Administrative expense	(1,393)
Net change in plan fiduciary net position	345,835
Plan fiduciary net position - beginning	342,153
Plan fiduciary net position - ending	687,988
 <b>Town's net OPEB liability</b>	 <b>\$ 18,828,554</b>
 Plan fiduciary net position as a percentage of total OPEB liability	  3.53%
 Covered employee payroll	 \$ 33,122,964
 Net OPEB liability as a percentage of covered employee payroll	  56.84%

**NOTES TO THE SCHEDULE:**

The Town began to report this schedule when it implemented GASB Statement No. 74 in fiscal year 2017. This schedule is intended to present information for 10 years. Additional years will be presented as they become available.

*See accompanying Independent Auditor's Report.*

**TOWN OF BROOKFIELD, CONNECTICUT**  
**SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - UNAUDITED**  
**OTHER POST-EMPLOYMENT BENEFITS PROGRAM**  
**LAST FISCAL YEAR**

	<u><b>2017</b></u>
Actuarially determined contribution	\$ 2,678,075
Contributions in relation to the actuarially determined contribution	<u>593,545</u>
Contribution deficiency (excess)	<u><u>\$ 2,084,530</u></u>
Covered employee payroll	\$ 33,122,964
Contributions as a percentage of covered employee payroll	1.79%
Annual money-weighted rate of return, net of investment expense	11.39%

**NOTES TO THE SCHEDULE:**

The Town began to report this schedule when it implemented GASB Statement No. 74 in fiscal year 2017. This schedule is intended to present information for 10 years. Additional years will be presented as they become available.

Actuarially determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit Actuarial Cost Method
Amortization method	Level Dollar Amount
Remaining amortization period	30 years, open
Asset valuation method	Not applicable
Discount rate	4.00%
Healthcare cost trend rates	9.00%, current
	5.00%, final

*See accompanying Independent Auditor's Report.*

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**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

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## GENERAL FUND

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The General Fund is the principal fund of the Town and is used to account for all activities of the Town, except those required to be accounted for in another fund. The General Fund accounts for the normal recurring activities of the Town (i.e., general government, public safety, public works, health, social services, recreation, education, etc.). These activities are funded principally by property taxes, user fees and grants from other governmental units. In addition, certain non-budgetary funds have been included in the General Fund on a GAAP basis due to perspective differences. The nature and purpose of each of these non-budgetary funds are as follows:

**Library Operating Fund** – To account for resources committed for the operations of the Town’s library.

**Heart & Hypertension Fund** – To account for resources committed for future heart and hypertension claims.

**Economic Development Fund** – To account for resources committed for economic and development.

**Revaluation Reserve Fund** – To account for resources committed for the payment of revaluation.

**Equipment Reserve Fund** – To account for resources committed for the purchase of capital equipment.

**Other Fund** – To account for other resources committed for various purposes.

**TOWN OF BROOKFIELD, CONNECTICUT**  
**COMBINING BALANCE SHEET -**  
**GENERAL FUND**  
**JUNE 30, 2017**

	General Fund	Library Operating Fund	Heart & Hypertension Reserve Fund	Economic Development Fund	Revaluation Reserve Fund	Equipment Reserve Fund	Other Fund	Total General Fund
<b>ASSETS</b>								
Cash and cash equivalents	\$ 5,164,278	\$ 29,946	\$ 275,325	\$ -	\$ -	\$ -	\$ 106,088	\$ 5,575,637
Investments	-	489,946	-	-	-	-	-	489,946
Receivables:								
Property taxes, net	764,872	-	-	-	-	-	-	764,872
Interest on property taxes, net	156,305	-	-	-	-	-	-	156,305
Other	3,396	-	-	-	-	-	-	3,396
Due from other funds	4,706,036	(26,350)	(3,080)	-	(10,458)	-	-	4,666,148
Total assets	<u>\$ 10,794,887</u>	<u>\$ 493,542</u>	<u>\$ 272,245</u>	<u>\$ -</u>	<u>\$ (10,458)</u>	<u>\$ -</u>	<u>\$ 106,088</u>	<u>\$ 11,656,304</u>
<b>LIABILITIES</b>								
Accounts payable	\$ 1,205,526	\$ 2,743	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,208,269
Accrued liabilities:								
Payroll	306,204	-	-	-	-	-	-	306,204
Other	181,762	-	-	-	-	-	-	181,762
Due to other funds	1,157,958	-	-	(23,862)	-	-	-	1,134,096
Total liabilities	<u>2,851,450</u>	<u>2,743</u>	<u>-</u>	<u>(23,862)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,830,331</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenues	848,587	-	-	-	-	-	-	848,587
Advance tax collections	1,656,543	-	-	-	-	-	-	1,656,543
Total deferred inflows of resources	<u>2,505,130</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,505,130</u>
<b>FUND BALANCES</b>								
Committed	-	490,799	272,245	23,862	-	-	-	786,906
Unassigned	5,438,307	-	-	-	(10,458)	-	106,088	5,533,937
Total fund balances	<u>5,438,307</u>	<u>490,799</u>	<u>272,245</u>	<u>23,862</u>	<u>(10,458)</u>	<u>-</u>	<u>106,088</u>	<u>6,320,843</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,794,887</u>	<u>\$ 493,542</u>	<u>\$ 272,245</u>	<u>\$ -</u>	<u>\$ (10,458)</u>	<u>\$ -</u>	<u>\$ 106,088</u>	<u>\$ 11,656,304</u>

*See accompanying Independent Auditor's Report.*

**TOWN OF BROOKFIELD, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES -**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	General Fund	Library Operating Fund	Heart & Hypertension Reserve Fund	Economic Development Fund	Revaluation Reserve Fund	Equipment Reserve Fund	Other Fund	Total General Fund
<b>REVENUES</b>								
Property taxes	\$ 60,034,842	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,034,842
Intergovernmental	7,594,407	2,058	-	-	-	-	-	7,596,465
Charges for services	1,065,628	70,112	-	-	-	-	-	1,135,740
Interest income	53,530	-	-	-	-	-	-	53,530
Other	11,433	-	-	-	-	-	106,088	117,521
Total revenues	68,759,840	72,170	-	-	-	-	106,088	68,938,098
<b>EXPENDITURES</b>								
Current:								
General government	765,596	-	-	-	84,482	-	-	850,078
Land use	856,929	-	-	-	-	-	-	856,929
Finance and taxation	1,220,377	-	-	-	-	-	-	1,220,377
Regional services	316,500	-	-	-	-	-	-	316,500
Human resources	4,201,153	-	11,036	-	-	-	-	4,212,189
Public safety	4,731,006	-	-	-	-	-	-	4,731,006
Public works	2,642,789	-	-	-	-	-	-	2,642,789
Recreation	837,913	-	-	-	-	-	-	837,913
Social services	225,226	-	-	-	-	-	-	225,226
Library	-	743,254	-	-	-	-	-	743,254
Education	45,509,306	-	-	-	-	-	-	45,509,306
Other	514,472	-	-	-	-	-	-	514,472
Debt service	4,185,022	-	-	-	-	-	-	4,185,022
Total expenditures	66,006,289	743,254	11,036	-	84,482	-	-	66,845,061
Excess (deficiency) of revenues over expenditures	2,753,551	(671,084)	(11,036)	-	(84,482)	-	106,088	2,093,037
<b>OTHER FINANCING SOURCES (USES)</b>								
Premium on bond anticipation notes	158,582	-	-	-	-	-	-	158,582
Transfers in	228,872	-	-	-	-	-	-	228,872
Transfers out	(2,029,687)	719,593	-	-	-	(186,564)	-	(1,496,658)
Total other financing sources (uses)	(1,642,233)	719,593	-	-	-	(186,564)	-	(1,109,204)
Net change in fund balances	1,111,318	48,509	(11,036)	-	(84,482)	(186,564)	106,088	983,833
Fund balances - beginning	4,326,989	442,290	283,281	23,862	74,024	186,564	-	5,337,010
Fund balances - ending	\$ 5,438,307	\$ 490,799	\$ 272,245	\$ 23,862	\$ (10,458)	\$ -	\$ 106,088	\$ 6,320,843

*See accompanying Independent Auditor's Report.*

**TOWN OF BROOKFIELD, CONNECTICUT**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
PROPERTY TAX REVENUES:				
Revenues from property taxes	\$ 59,727,687	\$ 59,727,687	\$ 59,977,142	\$ 249,455
Telephone access	58,457	58,457	57,700	(757)
Total Property Tax Revenues	<u>59,786,144</u>	<u>59,786,144</u>	<u>60,034,842</u>	<u>248,698</u>
INTERGOVERNMENTAL:				
Mashantucket Pequot/Mohegan fund	21,751	21,751	21,694	(57)
Elderly property tax relief	92,151	92,151	86,276	(5,875)
Local capital improvement program	104,868	104,868	-	(104,868)
Payment in lieu of taxes	11,056	11,056	9,339	(1,717)
Town aid road	304,309	304,309	305,929	1,620
Judicial fees	15,955	15,955	11,003	(4,952)
Education cost sharing grant	1,481,600	1,481,600	1,392,729	(88,871)
School transportation grant	35,390	35,390	-	(35,390)
Adult education	3,413	3,413	-	(3,413)
Municipal revenue sharing	494,620	494,620	343,611	(151,009)
Municipal Grants-In-Aid	118,281	118,281	126,310	8,029
Total Intergovernmental	<u>2,683,394</u>	<u>2,683,394</u>	<u>2,296,891</u>	<u>(386,503)</u>
CHARGES FOR SERVICES:				
First selectman	30,118	30,118	165,456	135,338
Town Clerk	427,325	427,325	443,906	16,581
Police department	35,697	35,697	22,989	(12,708)
Land use	412,350	412,350	419,896	7,546
Cell Tower Rental	12,000	12,000	11,433	(567)
Other	2,332	2,332	19,904	17,572
Total Charges for Services	<u>919,822</u>	<u>919,822</u>	<u>1,083,584</u>	<u>163,762</u>
INVESTMENT INCOME	<u>15,000</u>	<u>15,000</u>	<u>53,530</u>	<u>38,530</u>
TOTAL REVENUES	<u>63,404,360</u>	<u>63,404,360</u>	<u>63,468,847</u>	<u>64,487</u>
OTHER FINANCING SOURCES:				
Appropriation of fund balance	-	10,000	-	(10,000)
Premium on bond anticipation notes	-	-	158,582	158,582
Transfers in from other funds	-	-	228,872	228,872
Total other financing sources	<u>-</u>	<u>10,000</u>	<u>387,454</u>	<u>377,454</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 63,404,360</u>	<u>\$ 63,414,360</u>	<u>\$ 63,856,301</u>	<u>\$ 441,941</u>

*See accompanying Independent Auditor's Report.*

**TOWN OF BROOKFIELD, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
<b>GENERAL GOVERNMENT:</b>				
Selectman	\$ 164,011	\$ 164,011	\$ 164,028	\$ 17
Town clerk	258,369	228,369	254,965	26,596
Registrar of voters	101,566	101,566	88,208	(13,358)
Gurski maintenance	7,000	7,000	4,203	(2,797)
Economic Development Commission	1,025	1,025	983	(42)
Legal	273,840	273,840	253,209	(20,631)
Total General Government	805,811	775,811	765,596	(10,215)
<b>LAND USE:</b>				
Health	226,946	226,946	223,494	(3,452)
Building	310,470	310,470	315,477	5,007
Planning	319,609	319,609	300,407	(19,202)
Conservation Commission	15,200	15,200	15,866	666
Historic District Commission	3,675	3,675	1,685	(1,990)
Total Land Use	875,900	875,900	856,929	(18,971)
<b>FINANCE AND TAXATION:</b>				
Assessor	289,315	289,315	285,713	(3,602)
Tax Collector	205,712	205,712	199,093	(6,619)
Finance Department	364,317	364,317	352,940	(11,377)
Board of Finance	83,200	83,200	113,332	30,132
Board of Assessment Appeals	2,400	2,400	1,612	(788)
Information Technology	299,450	299,450	267,687	(31,763)
Total Finance and Taxation	1,244,394	1,244,394	1,220,377	(24,017)
<b>REGIONAL SERVICES</b>	329,069	329,069	316,500	(12,569)
<b>HUMAN RESOURCES:</b>				
Operations/human resources	125,677	125,677	131,903	6,226
Employee benefits	3,306,434	3,868,434	3,624,387	(244,047)
Insurance	490,963	440,963	444,863	3,900
Total Human Resources	3,923,074	4,435,074	4,201,153	(233,921)
<b>PUBLIC SAFETY:</b>				
Police department	4,031,069	3,955,069	3,947,108	(7,961)
Fire department - Center	307,125	307,125	307,125	-
EMS	376,974	376,974	325,474	(51,500)
Fire department - Candlewood	148,884	148,884	148,884	-
Civil defense	2,500	2,500	2,415	(85)
Total Public Safety	4,866,552	4,790,552	4,731,006	(59,546)
<b>PUBLIC WORKS:</b>				
Highway	1,808,722	1,808,722	1,794,850	(13,872)
Building services/maintenance	275,681	275,681	274,741	(940)
Town utilities	655,304	555,304	529,721	(25,583)
Recycling	44,205	44,205	43,477	(728)
Total Public Works	2,783,912	2,683,912	2,642,789	(41,123)
<b>RECREATION:</b>				
Parks and Recreation Department	234,975	244,975	242,058	(2,917)
Grounds department	555,118	555,118	592,404	37,286
Arts commission	3,500	3,500	3,451	(49)
Total Recreation	793,593	803,593	837,913	34,320
<b>SOCIAL SERVICES:</b>				
Senior center	140,770	140,770	141,828	1,058
Social services	56,325	56,325	67,898	11,573
Community grants	15,500	15,500	15,500	-
Total Social Services	212,595	212,595	225,226	12,631
<b>LIBRARY</b>	719,592	719,592	719,592	-

(Continued)

See accompanying Independent Auditor's Report.

**TOWN OF BROOKFIELD, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
EDUCATION:				
Teachers' salaries	\$ 17,598,199	\$ 17,598,199	\$ 17,042,495	\$ (555,704)
Teacher turnover	(80,000)	(80,000)	-	80,000
Health insurance	4,931,522	4,931,522	4,931,522	-
Administrators' salaries	2,524,901	2,524,901	2,554,039	29,138
General transportation	1,954,638	1,954,638	2,001,830	47,192
Clerical/Computer technicians	1,703,517	1,703,517	1,860,671	157,154
Paraprofessionals	1,071,913	1,071,913	1,152,377	80,464
Custodians	967,098	967,098	949,809	(17,289)
Special Education tuition	688,000	688,000	981,082	293,082
Social security	681,941	681,941	666,162	(15,779)
Electricity	550,000	550,000	597,355	47,355
Other professional	514,326	514,326	1,028,943	514,617
Pension contribution	460,652	460,652	333,146	(127,506)
Co-Curricular coaches	406,139	406,139	376,865	(29,274)
Teacher substitutes	398,352	398,352	485,711	87,359
Health staff	361,371	361,371	342,430	(18,941)
Instructional supplies	289,250	289,250	215,085	(74,165)
Professional educational services	269,462	269,462	164,486	(104,976)
Maintenance	268,827	268,827	276,265	7,438
Lease/rent	259,693	259,693	238,871	(20,822)
Workers' compensation	253,456	253,456	191,912	(61,544)
Lease-copier	248,598	248,598	262,619	14,021
Text/Workbooks	247,813	247,813	65,473	(182,340)
Oil heat	243,750	243,750	232,418	(11,332)
Technology equipment	236,702	236,702	239,709	3,007
Occupational/physical therapy	222,053	222,053	237,447	15,394
Repairs/Maintenance building	215,000	215,000	186,100	(28,900)
Other supplies	200,894	200,894	135,086	(65,808)
Legal/Negotiations	200,000	200,000	230,445	30,445
Liability insurance	194,896	194,896	199,335	4,439
Extended duty	175,908	175,908	176,089	181
Special education transpiration - out	164,315	164,315	416,436	252,121
Long term disability	151,360	151,360	169,038	17,678
Fuel - transportation	149,250	149,250	142,263	(6,987)
Athletic transportation	123,420	123,420	117,515	(5,905)
Monitors	116,241	116,241	80,750	(35,491)
Repairs/Maintenance equipment	97,550	97,550	40,710	(56,840)
Negotiations	93,252	93,252	-	(93,252)
Team/Curriculum leaders	83,272	83,272	77,251	(6,021)
Telephone	79,404	79,404	73,399	(6,005)
Dues & fees	78,894	78,894	74,053	(4,841)
Special education substitutes	73,854	73,854	40,464	(33,390)
Group life insurance	72,000	72,000	64,949	(7,051)
Student safety	67,456	67,456	63,165	(4,291)
Overtime	67,100	67,100	41,424	(25,676)
Water/Sewage	57,644	57,644	62,814	5,170
Technical services	48,660	48,660	45,267	(3,393)
Refuse/Recycling	38,997	38,997	33,268	(5,729)
Library books	38,082	38,082	34,488	(3,594)
Conference/Travel	36,870	36,870	21,624	(15,246)
Field trips	35,947	35,947	19,067	(16,880)
Data line	35,000	35,000	21,122	(13,878)
Postage	34,128	34,128	25,227	(8,901)
Vocational/Agri tuition	32,000	32,000	40,937	8,937
Homebound tutors	31,200	31,200	1,113	(30,087)
Unemployment compensation	30,000	30,000	20,787	(9,213)

(Continued)

See accompanying Independent Auditor's Report .

**TOWN OF BROOKFIELD, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Concluded)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
EDUCATION: <i>(Continued)</i>				
Instructional equipment - replace	\$ 26,321	\$ 26,321	\$ 18,463	\$ (7,858)
Office supplies	37,400	37,400	17,573	(19,827)
Custodial supplies	66,000	66,000	77,012	11,012
Maintenance supplies	15,000	15,000	33,059	18,059
Periodicals/Subscriptions	24,293	24,293	16,020	(8,273)
Instructional equipment - new	22,939	22,939	13,681	(9,258)
Guidance services	21,347	21,347	-	(21,347)
Furniture & fixtures	17,519	17,519	6,485	(11,034)
Transportation - messenger	14,113	14,113	11,279	(2,834)
Special Education transpiration - in	13,473	13,473	13,578	105
Printing	11,800	11,800	7,351	(4,449)
Propane	7,500	7,500	4,879	(2,621)
Tuition reimbursement	4,000	4,000	-	(4,000)
Advertising	3,000	3,000	-	(3,000)
Student Salary	1,500	1,500	-	(1,500)
Non-Instructinal equipment - replace	500	500	-	(500)
Total Education	<u>40,381,472</u>	<u>40,381,472</u>	<u>40,302,288</u>	<u>(79,184)</u>
OTHER:				
Contingency	45,481	(184,519)	93,795	278,314
School Health contingency	400,000	400,000	120,332	(279,668)
OPEB contribution	300,146	300,146	300,146	-
Total Other	<u>745,627</u>	<u>515,627</u>	<u>514,273</u>	<u>(1,354)</u>
DEBT SERVICE:				
Principal payments	3,213,567	3,137,567	3,027,139	(110,428)
Interest and fiscal charges	1,199,108	1,199,108	1,074,108	(125,000)
Total Debt Service	<u>4,412,675</u>	<u>4,336,675</u>	<u>4,101,247</u>	<u>(235,428)</u>
TOTAL EXPENDITURES	<u>62,094,266</u>	<u>62,104,266</u>	<u>61,434,889</u>	<u>(669,377)</u>
OTHER FINANCING USES:				
Transfers out to other funds	<u>1,310,094</u>	<u>1,310,094</u>	<u>1,310,094</u>	<u>-</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 63,404,360</u>	<u>\$ 63,414,360</u>	<u>\$ 62,744,983</u>	<u>\$ (669,377)</u> <i>(Concluded )</i>

*See accompanying Independent Auditor's Report.*

**TOWN OF BROOKFIELD, CONNECTICUT**  
**SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Grand List Year	Uncollected Taxes/Levy July 1, 2016	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2017
		Additions	Deductions			Taxes	Liens and Interest	Total	
2005	\$ 2,322	\$ -	\$ -	\$ -	\$ 2,322	\$ -	\$ -	\$ -	\$ 2,322
2006	6,780	-	-	-	6,780	-	-	-	6,780
2007	5,078	-	-	-	5,078	-	-	-	5,078
2008	5,357	367	(184)	(322)	5,218	-	-	-	5,218
2009	8,543	394	(189)	(647)	8,101	10	-	10	8,091
2010	17,342	203	(259)	(3,198)	14,088	837	1,096	1,933	13,251
2011	36,849	238	(97)	(18,706)	18,284	3,665	3,253	6,918	14,619
2012	82,695	645	(626)	(41,562)	41,152	12,579	10,811	23,390	28,573
2013	136,802	11,340	(12,601)	(39,532)	96,009	34,660	13,908	48,568	61,349
2014	449,780	11,393	(10,766)	(18,529)	431,878	274,624	54,225	328,849	157,254
	<u>\$ 751,548</u>	<u>24,580</u>	<u>(24,722)</u>	<u>(122,496)</u>	<u>628,910</u>	<u>326,375</u>	<u>83,293</u>	<u>409,668</u>	<u>302,535</u>
2015	<u>\$ 60,041,848</u>	<u>122,918</u>	<u>(169,617)</u>	<u>(10,537)</u>	<u>59,984,612</u>	<u>59,405,275</u>	<u>164,798</u>	<u>59,570,073</u>	<u>579,337</u>
Total		<u>\$ 147,498</u>	<u>\$ (194,339)</u>	<u>\$ (133,033)</u>	<u>\$ 60,613,522</u>	<u>\$ 59,731,650</u>	<u>\$ 248,091</u>	<u>\$ 59,979,741</u>	<u>\$ 881,872</u>

*See accompanying Independent Auditor's Report.*



**TOWN OF BROOKFIELD, CONNECTICUT**  
**SCHEDULE OF DEBT LIMITATION**  
**CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)**  
**JUNE 30, 2017**

Tax receipts for the year ended June 30, 2017:

Tax collections (including interest and lien fees)	\$ 59,570,073
Tax relief for Elderly (CGS 12-129D)	86,276
Base for debt limitation computations	<u>\$ 59,656,349</u>

	General	Schools	Sewer	Urban Renewal	Pension Deficit
Debt Limitation					
2 1/4 times base	\$ 134,226,785	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	268,453,571	-	-	-
3 3/4 times base	-	-	223,711,309	-	-
3 1/4 times base	-	-	-	193,883,134	-
3 times base	-	-	-	-	178,969,047
Total Debt Limitation	<u>\$ 134,226,785</u>	<u>\$ 268,453,571</u>	<u>\$ 223,711,309</u>	<u>\$ 193,883,134</u>	<u>\$ 178,969,047</u>
Indebtedness:					
Bond anticipation notes payable	\$ 13,036,480 *	\$ 3,403,520	\$ 2,900,000	\$ -	\$ -
Notes payable	-	-	2,577,849	-	-
Bonds payable	<u>10,220,330 *</u>	<u>13,959,670</u>	<u>855,000</u>	<u>-</u>	<u>-</u>
	23,256,810	17,363,190	6,332,849	-	-
Authorized but unissued, net	<u>608,570</u>	<u>76,830</u>	<u>300,000</u>	<u>-</u>	<u>-</u>
Total Indebtedness	23,865,380	17,440,020	6,632,849	-	-
Less: Self-supporting Sewer Debt	-	-	(6,332,849) **	-	-
Total Net Indebtedness	<u>23,865,380</u>	<u>17,440,020</u>	<u>300,000</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding debt	<u>\$ 110,361,405</u>	<u>\$ 251,013,551</u>	<u>\$ 223,411,309</u>	<u>\$ 193,883,134</u>	<u>\$ 178,969,047</u>
Total capacity of borrowing (7 times base)	\$ 417,594,443				
Total present indebtedness	41,605,400				
Margin for additional borrowing	<u>\$ 375,989,043</u>				

\* Per Connecticut General Statutes 7-374 - Bonded indebtedness of municipalities - the aggregate indebtedness of the Town shall exclude each bond, note and other evidence of indebtedness issued for the supply of water. \$5,205,000 in bonds and \$2,015,000 in bond anticipation notes outstanding as of June 30, 2017 have been excluded from the above calculation.

\*\*Sewer bonds and notes are self-supporting obligations to be repaid by the benefiting users through assessments.

*See accompanying Independent Auditor's Report.*

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## NONMAJOR GOVERNMENTAL FUNDS

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### SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources that are designated or legally restricted to expenditures for specific purposes. The nature and purpose of each special revenue fund is as follows:

**Park and Recreation Fund** – To account for revenues committed for the purpose of funding recreational, social and culture programs.

**Police Contract Services Fund** – To account for revenues and expenditures relating to police special outside duty activities.

**Small Cities Grant Fund** – To account for grant proceeds restricted for rehabilitation programs.

**Police Asset Forfeiture Fund** – To account for grant proceeds restricted for police programs.

**Gurski Property Fund** – To account for rental revenues and expenditures relating to the operation of the Gurski property.

**Education Grants Fund** – To account for grant proceeds restricted for educational programs.

**Cafeteria Fund** – To account for cafeteria revenues committed for funding the activities of the school lunch program.

**Social Services Fund** – To account for program revenues committed for funding social services programs.

**Town Programs Fund** – To account for grant and other revenues restricted for Town programs.

**Educational Programs Fund** – To account for grant and other revenues restricted for Education programs.

**Educational Pay to Play Fund** – To account for revenues committed for funding school activities and sports.

### CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

**Open Space Fund** – To account for resources committed or restricted for the future acquisition of property to be held as open space.

**Capital and Nonrecurring Fund** – To account for General Fund appropriations and grant revenues restricted or committed for the acquisition of capital equipment and other nonrecurring capital outlays.

**TOWN OF BROOKFIELD, CONNECTICUT**  
**COMBINING BALANCE SHEET -**  
**NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**  
**JUNE 30, 2017**

	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,401,761	\$ 268,532	\$ 2,670,293
Grants and contracts receivable	44,981	-	44,981
Due from other funds	124,619	119,175	243,794
Other assets	2,003	-	2,003
Total assets	<u>\$ 2,573,364</u>	<u>\$ 387,707</u>	<u>\$ 2,961,071</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 59,702	\$ -	\$ 59,702
Due to other funds	1,182,277	-	1,182,277
Unearned revenue	290,790	-	290,790
Total liabilities	<u>1,532,769</u>	<u>-</u>	<u>1,532,769</u>
<b>FUND BALANCES</b>			
Nonspendable	2,003	-	2,003
Restricted	427,661	-	427,661
Committed	640,945	509,957	1,150,902
Unassigned	(30,014)	(122,250)	(152,264)
Total fund balances	<u>1,040,595</u>	<u>387,707</u>	<u>1,428,302</u>
Total liabilities and fund balances	<u>\$ 2,573,364</u>	<u>\$ 387,707</u>	<u>\$ 2,961,071</u>

*See accompanying Independent Auditor's Report.*

**TOWN OF BROOKFIELD, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES -**  
**NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>REVENUES</b>			
Intergovernmental	\$ 961,121	\$ 51,797	\$ 1,012,918
Charges for services	1,696,183	-	1,696,183
Interest income	64	-	64
Other	197,899	-	197,899
Total revenues	<u>2,855,267</u>	<u>51,797</u>	<u>2,907,064</u>
<b>EXPENDITURES</b>			
Current:			
General government	84,329	-	84,329
Public safety	383,572	-	383,572
Recreation	499,380	-	499,380
Social services	25,503	-	25,503
Education	1,598,725	-	1,598,725
Capital outlays	-	1,292,844	1,292,844
Total expenditures	<u>2,591,509</u>	<u>1,292,844</u>	<u>3,884,353</u>
Excess (deficiency) of revenues over expenditures	263,758	(1,241,047)	(977,289)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	38,289	1,496,658	1,534,947
Transfers out	(267,161)	-	(267,161)
Total other financing sources (uses)	<u>(228,872)</u>	<u>1,496,658</u>	<u>1,267,786</u>
Net change in fund balances	34,886	255,611	290,497
Fund balances - beginning	<u>1,005,709</u>	<u>132,096</u>	<u>1,137,805</u>
Fund balances - ending	<u><u>\$ 1,040,595</u></u>	<u><u>\$ 387,707</u></u>	<u><u>\$ 1,428,302</u></u>

*See accompanying Independent Auditor's Report.*

**TOWN OF BROOKFIELD, CONNECTICUT  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2017**

	<b>Park and Recreation Fund</b>	<b>Police Contract Services Fund</b>	<b>Small Cities Grant Fund</b>	<b>Police Asset Forfeiture Fund</b>	<b>Gurski Property Fund</b>	<b>Education Grants Fund</b>	<b>Cafeteria Fund</b>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 793,834	\$ 718,615	\$ 26,664	\$ -	\$ 188,645	\$ 73,891	\$ 168,338
Grants and contracts receivable	-	-	-	-	-	-	27,925
Due from other funds	-	-	-	45,905	6,903	50,155	-
Other assets	-	-	-	-	-	-	2,003
Total assets	<u>\$ 793,834</u>	<u>\$ 718,615</u>	<u>\$ 26,664</u>	<u>\$ 45,905</u>	<u>\$ 195,548</u>	<u>\$ 124,046</u>	<u>\$ 198,266</u>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ -	\$ 4,880	\$ -	\$ 3,050	\$ 28,572	\$ 23,200
Due to other funds	500,534	568,615	-	-	-	-	-
Unearned revenue	195,316	-	-	-	-	95,474	-
Total liabilities	<u>695,850</u>	<u>568,615</u>	<u>4,880</u>	<u>-</u>	<u>3,050</u>	<u>124,046</u>	<u>23,200</u>
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	-	-	2,003
Restricted	-	-	21,784	45,905	-	-	-
Committed	97,984	150,000	-	-	192,498	-	173,063
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>97,984</u>	<u>150,000</u>	<u>21,784</u>	<u>45,905</u>	<u>192,498</u>	<u>-</u>	<u>175,066</u>
Total liabilities and fund balances	<u>\$ 793,834</u>	<u>\$ 718,615</u>	<u>\$ 26,664</u>	<u>\$ 45,905</u>	<u>\$ 195,548</u>	<u>\$ 124,046</u>	<u>\$ 198,266</u>

(Continued)

See accompanying Independent Auditor's Report .

**TOWN OF BROOKFIELD, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS (Concluded)**  
**JUNE 30, 2017**

	<b>Social Services Fund</b>	<b>Town Programs Fund</b>	<b>Educational Programs Fund</b>	<b>Educational Pay-to-Play Fund</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 28,102	\$ 258,228	\$ 35,873	\$ 109,571	\$ 2,401,761
Grants and contracts receivable	-	17,056	-	-	44,981
Due from other funds	-	21,656	-	-	124,619
Other assets	-	-	-	-	2,003
Total assets	<u>\$ 28,102</u>	<u>\$ 296,940</u>	<u>\$ 35,873</u>	<u>\$ 109,571</u>	<u>\$ 2,573,364</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 59,702
Due to other funds	702	-	65,887	46,539	1,182,277
Unearned revenue	-	-	-	-	290,790
Total liabilities	<u>702</u>	<u>-</u>	<u>65,887</u>	<u>46,539</u>	<u>1,532,769</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	2,003
Restricted	-	296,940	-	63,032	427,661
Committed	27,400	-	-	-	640,945
Unassigned	-	-	(30,014)	-	(30,014)
Total fund balances	<u>27,400</u>	<u>296,940</u>	<u>(30,014)</u>	<u>63,032</u>	<u>1,040,595</u>
Total liabilities and fund balances	<u>\$ 28,102</u>	<u>\$ 296,940</u>	<u>\$ 35,873</u>	<u>\$ 109,571</u>	<u>\$ 2,573,364</u>
					(Concluded)

See accompanying Independent Auditor's Report .

**TOWN OF BROOKFIELD, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Park and Recreation Fund</b>	<b>Police Contract Services Fund</b>	<b>Small Cities Grant Fund</b>	<b>Police Asset Forfeiture Fund</b>	<b>Gurski Property Fund</b>	<b>Education Grants Fund</b>	<b>Cafeteria Fund</b>
<b>REVENUES</b>							
Intergovernmental	\$ -	\$ -	\$ -	\$ 10,290	\$ -	\$ 719,701	\$ 189,457
Charges for services	532,168	467,330	-	-	61,543	-	532,394
Interest income	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total revenues	<u>532,168</u>	<u>467,330</u>	<u>-</u>	<u>10,290</u>	<u>61,543</u>	<u>719,701</u>	<u>721,851</u>
<b>EXPENDITURES</b>							
Current:							
General government	-	-	10,735	-	27,224	-	-
Public safety	-	355,915	-	2,674	-	-	-
Recreation	499,380	-	-	-	-	-	-
Social services	-	-	-	-	-	-	-
Education	-	-	-	-	-	719,701	691,176
Total expenditures	<u>499,380</u>	<u>355,915</u>	<u>10,735</u>	<u>2,674</u>	<u>27,224</u>	<u>719,701</u>	<u>691,176</u>
Excess (deficiency) of revenues over expenditures	32,788	111,415	(10,735)	7,616	34,319	-	30,675
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	-	-	38,289	-	-	-
Transfers out	-	(228,872)	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(228,872)</u>	<u>-</u>	<u>38,289</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	32,788	(117,457)	(10,735)	45,905	34,319	-	30,675
Fund balances - beginning	<u>65,196</u>	<u>267,457</u>	<u>32,519</u>	<u>-</u>	<u>158,179</u>	<u>-</u>	<u>144,391</u>
Fund balances - ending	<u>\$ 97,984</u>	<u>\$ 150,000</u>	<u>\$ 21,784</u>	<u>\$ 45,905</u>	<u>\$ 192,498</u>	<u>\$ -</u>	<u>\$ 175,066</u>

(Continued)

See accompanying Independent Auditor's Report.

**TOWN OF BROOKFIELD, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS (Concluded)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Social Services Fund</u>	<u>Town Programs Fund</u>	<u>Educational Programs Fund</u>	<u>Educational Pay-to-Play Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
<b>REVENUES</b>					
Intergovernmental	\$ -	\$ 41,673	\$ -	\$ -	\$ 961,121
Charges for services	-	-	65,620	37,128	1,696,183
Interest income	64	-	-	-	64
Other	21,710	176,189	-	-	197,899
Total revenues	<u>21,774</u>	<u>217,862</u>	<u>65,620</u>	<u>37,128</u>	<u>2,855,267</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	46,370	-	-	84,329
Public safety	-	24,983	-	-	383,572
Recreation	-	-	-	-	499,380
Social services	18,597	6,906	-	-	25,503
Education	-	-	65,620	122,228	1,598,725
Total expenditures	<u>18,597</u>	<u>78,259</u>	<u>65,620</u>	<u>122,228</u>	<u>2,591,509</u>
Excess (deficiency) of revenues over expenditures	3,177	139,603	-	(85,100)	263,758
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	38,289
Transfers out	-	(38,289)	-	-	(267,161)
Total other financing sources (uses)	<u>-</u>	<u>(38,289)</u>	<u>-</u>	<u>-</u>	<u>(228,872)</u>
Net change in fund balances	3,177	101,314	-	(85,100)	34,886
Fund balances - beginning	<u>24,223</u>	<u>195,626</u>	<u>(30,014)</u>	<u>148,132</u>	<u>1,005,709</u>
Fund balances - ending	<u>\$ 27,400</u>	<u>\$ 296,940</u>	<u>\$ (30,014)</u>	<u>\$ 63,032</u>	<u>\$ 1,040,595</u>
					(Concluded)

See accompanying Independent Auditor's Report.



**TOWN OF BROOKFIELD, CONNECTICUT  
COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2017**

	<u>Open Space Fund</u>	<u>Capital and Non Recurring Fund</u>	<u>Total Nonmajor Capital Projects Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 132,096	\$ 136,436	\$ 268,532
Due from other funds	-	119,175	119,175
Total assets	<u>\$ 132,096</u>	<u>\$ 255,611</u>	<u>\$ 387,707</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Committed	132,096	377,861	509,957
Unassigned	-	(122,250)	(122,250)
Total fund balances	<u>132,096</u>	<u>255,611</u>	<u>387,707</u>
Total liabilities and fund balances	<u>\$ 132,096</u>	<u>\$ 255,611</u>	<u>\$ 387,707</u>

*See accompanying Independent Auditor's Report .*

**TOWN OF BROOKFIELD, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Open Space Fund</u>	<u>Capital and Non Recurring Fund</u>	<u>Total Nonmajor Capital Projects Funds</u>
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 51,797	\$ 51,797
Total revenues	<u>-</u>	<u>51,797</u>	<u>51,797</u>
<b>EXPENDITURES</b>			
Capital outlays	<u>-</u>	<u>1,292,844</u>	<u>1,292,844</u>
Total expenditures	<u>-</u>	<u>1,292,844</u>	<u>1,292,844</u>
Deficiency of revenues over expenditures	-	(1,241,047)	(1,241,047)
<b>OTHER FINANCING SOURCES</b>			
Transfers in	<u>-</u>	<u>1,496,658</u>	<u>1,496,658</u>
Net change in fund balances	-	255,611	255,611
Fund balances - beginning	<u>132,096</u>	<u>-</u>	<u>132,096</u>
Fund balances - ending	<u><u>\$ 132,096</u></u>	<u><u>\$ 255,611</u></u>	<u><u>\$ 387,707</u></u>

*See accompanying Independent Auditor's Report.*

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## FIDUCIARY FUNDS

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Fiduciary funds are used to account for assets held by the Town in a trustee capacity for individuals, private organizations or other governments.

### **AGENCY FUNDS**

Agency funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities).

**Student Activities Funds** – To account for the expenditure of educational extracurricular activities of the various schools. Financing is provided by individual fundraising projects.

**Performance Bonds Fund** – A fund to account for bid bonds, which are held to assure performance by contracted vendors on residential construction.

**TOWN OF BROOKFIELD, CONNECTICUT**  
**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**JUNE 30, 2017**

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	<b>Student Activities</b>	<b>Performance Bonds</b>	<b>Total Agency Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 486,203	\$ 338,335	\$ 824,538
Total assets	<u>\$ 486,203</u>	<u>\$ 338,335</u>	<u>\$ 824,538</u>
<b>LIABILITIES</b>			
Due to others	\$ 486,203	\$ 298,273	\$ 784,476
Due to other funds	-	40,062	40,062
Total liabilities	<u>\$ 486,203</u>	<u>\$ 338,335</u>	<u>\$ 824,538</u>

*See accompanying Independent Auditor's Report .*

**TOWN OF BROOKFIELD, CONNECTICUT  
COMBINING STATEMENT OF CHANGES IN  
FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	Balance, July 1, 2016	Additions	Deletions	Balance, June 30, 2017
<b>Student Activity Funds</b>				
Assets:				
Cash and cash equivalents	\$ 454,291	\$ 761,128	\$ 729,216	\$ 486,203
Total assets	<u>\$ 454,291</u>	<u>\$ 761,128</u>	<u>\$ 729,216</u>	<u>\$ 486,203</u>
Liabilities:				
Due to others	\$ 454,291	\$ 761,128	\$ 729,216	\$ 486,203
Total liabilities	<u>\$ 454,291</u>	<u>\$ 761,128</u>	<u>\$ 729,216</u>	<u>\$ 486,203</u>
<b>Performance Bonds Fund</b>				
Assets:				
Cash and cash equivalents	\$ 363,060	\$ 115,131	\$ 139,856	\$ 338,335
Total assets	<u>\$ 363,060</u>	<u>\$ 115,131</u>	<u>\$ 139,856</u>	<u>\$ 338,335</u>
Liabilities:				
Due to others	\$ 288,812	\$ 115,131	\$ 105,670	\$ 298,273
Due to other funds	74,248	-	34,186	40,062
Total liabilities	<u>\$ 363,060</u>	<u>\$ 115,131</u>	<u>\$ 139,856</u>	<u>\$ 338,335</u>
<b>Total All Agency Funds</b>				
Assets:				
Cash and cash equivalents	\$ 817,351	\$ 876,259	\$ 869,072	\$ 824,538
Total assets	<u>\$ 817,351</u>	<u>\$ 876,259</u>	<u>\$ 869,072</u>	<u>\$ 824,538</u>
Liabilities:				
Due to others	\$ 743,103	\$ 876,259	\$ 834,886	\$ 784,476
Due to other funds	74,248	-	34,186	40,062
Total liabilities	<u>\$ 817,351</u>	<u>\$ 876,259</u>	<u>\$ 869,072</u>	<u>\$ 824,538</u>

*See accompanying Independent Auditor's Report.*

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## STATISTICAL SECTION

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This part of the Town's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

### **CONTENTS:**

#### **Financial Trends (Tables 1 - 5):**

These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

Table 1

**TOWN OF BROOKFIELD, CONNECTICUT**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
*(Accrual Basis of Accounting - Unaudited)*

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	\$ 28,858,038	\$ 26,101,476	\$ 30,004,931	\$ 34,926,160	\$ 32,104,917	\$ 39,787,027	\$ 41,445,707	\$ 41,150,924	\$ 40,718,435	\$ 48,381,745
Restricted	-	-	-	-	-	-	-	-	-	7,349,096
Unrestricted	2,271,866	6,386,396	(1,685,745)	(4,259,110)	(3,889,879)	(11,223,787)	(13,486,951)	(10,048,474)	(9,074,155)	(16,297,672)
Total governmental activities net position	31,129,904	32,487,872	28,319,186	30,667,050	28,215,038	28,563,240	27,958,756	31,102,450	31,644,280	39,433,169
Business-type activities										
Net investment in capital assets	-	-	3,105,454	3,259,155	3,794,194	5,239,501	3,962,186	5,860,791	7,262,425	8,130,194
Restricted	-	-	1,585,682	1,613,750	1,752,064	990,744	1,071,899	733,458	733,458	6,065,863
Unrestricted	-	-	8,195,151	6,919,889	6,016,518	6,034,558	8,789,902	6,381,274	7,496,961	1,608,359
Total business-type activities net assets	-	-	12,886,287	11,792,794	11,562,776	12,264,803	13,823,987	12,975,523	15,492,844	15,804,416
Primary government										
Net investment in capital assets	28,858,038	26,101,476	33,110,385	38,185,315	35,899,111	45,026,528	45,407,893	47,011,715	47,980,860	56,511,939
Restricted	-	-	1,585,682	1,613,750	1,752,064	990,744	1,071,899	733,458	733,458	13,414,959
Unrestricted	2,271,866	6,386,396	6,509,406	2,660,779	2,126,639	(5,189,229)	(4,697,049)	(3,667,200)	(1,577,194)	(14,689,313)
Total primary government net position	\$ 31,129,904	\$ 32,487,872	\$ 41,205,473	\$ 42,459,844	\$ 39,777,814	\$ 40,828,043	\$ 41,782,743	\$ 44,077,973	\$ 47,137,124	\$ 55,237,585

**NOTES:**

- The Town began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2003.
- On July 1, 2009, the Water Pollution Control Authority was converted from a special revenue fund to an enterprise fund.
- During 2017, the Town began to report assets relating to assessments as being restricted for debt service/capital improvements.

Table 2

**TOWN OF BROOKFIELD, CONNECTICUT**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
*(Accrual Basis of Accounting - Unaudited)*

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
Governmental activities:										
General government	\$ 2,373,622	\$ 3,168,764	\$ 3,236,356	\$ 3,384,514	\$ 2,646,419	\$ 1,539,957	\$ 1,845,178	\$ 1,826,188	\$ 1,985,735	\$ 1,442,793
Land use	1,054,184	1,066,379	808,734	910,401	1,027,887	1,016,439	1,087,449	1,082,727	1,060,170	1,341,516
Finance and taxation	972,642	1,098,285	971,491	984,531	1,243,006	1,311,960	1,388,823	1,446,100	1,505,320	1,742,789
Regional services	253,947	259,999	257,475	260,878	294,936	426,111	404,441	418,039	432,648	316,500
Social services	316,340	358,269	266,374	319,091	397,741	310,802	349,892	356,468	338,669	295,430
Public works	4,422,022	5,322,372	3,615,244	5,435,550	4,639,251	4,754,995	4,623,746	5,249,847	4,580,810	5,086,021
Public safety	5,353,976	7,233,099	6,570,991	6,666,599	6,965,608	6,389,191	6,784,987	6,893,613	6,921,169	7,425,313
Recreation and leisure	1,518,443	1,413,707	1,418,325	1,343,999	1,492,312	1,654,469	1,655,741	1,716,604	1,800,358	1,745,603
Library	560,880	590,484	604,174	579,707	633,393	854,719	930,408	954,604	929,744	750,622
Education	48,246,172	40,444,134	40,949,902	42,808,417	45,948,389	46,721,391	48,992,578	49,130,114	48,049,582	50,035,442
Interest expense	1,764,914	1,789,205	1,668,670	1,627,959	1,393,154	1,287,079	1,078,372	1,242,245	1,442,601	1,227,806
Total governmental activities expenses	66,837,142	62,744,697	60,367,736	64,321,646	66,682,096	66,267,113	69,141,615	70,316,549	69,046,806	71,409,835
Business-type activities:										
Sewer	-	-	1,027,904	1,117,371	1,281,033	1,265,639	1,284,431	2,146,289	1,516,985	1,542,630
<b>Total primary government expenses</b>	66,837,142	62,744,697	61,395,640	65,439,017	67,963,129	67,532,752	70,426,046	72,462,838	70,563,791	72,952,465
<b>Program Revenues</b>										
Governmental activities:										
Charges for services	5,372,492	5,565,032	2,636,094	6,483,806	2,297,681	2,937,053	3,224,718	3,301,644	2,881,315	2,944,001
Operating grants and contributions	14,999,221	5,863,799	6,218,507	6,279,077	7,945,030	7,423,418	8,968,295	8,709,418	7,567,548	8,340,802
Capital grants and contributions	1,124,781	4,095,032	4,118,164	1,711,939	617,113	132,474	403,880	863,240	1,214,864	7,106,664
Total governmental activities program revenues	21,496,494	15,523,863	12,972,765	14,474,822	10,859,824	10,492,945	12,596,893	12,874,302	11,663,727	18,391,467
Business-type activities:										
Charges for services	-	-	5,240,464	1,514,912	1,113,431	1,742,839	2,841,189	1,253,162	1,352,908	1,539,008
Capital grants and contributions	-	-	1,110,699	-	-	-	-	-	2,638,359	286,777
Total business-type activities program revenues	-	-	6,351,163	1,514,912	1,113,431	1,742,839	2,841,189	1,253,162	3,991,267	1,825,785
<b>Total primary government revenues</b>	21,496,494	15,523,863	19,323,928	15,989,734	11,973,255	12,235,784	15,438,082	14,127,464	15,654,994	20,217,252
<b>Net (Expense)/Revenue</b>	(45,340,648)	(47,220,834)	(42,071,712)	(49,449,283)	(55,989,874)	(55,296,968)	(54,987,964)	(58,335,374)	(54,908,797)	(52,735,213)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes	45,405,068	47,773,200	47,940,182	50,151,334	52,071,749	53,355,509	55,569,727	57,009,351	57,573,660	60,280,260
Grants and contributions not restricted to specific programs	431,200	422,659	341,533	341,569	1,163,851	445,994	166,529	73,565	33,710	471,923
Unrestricted investment earnings	725,583	382,944	182,366	181,757	62,643	23,940	15,868	8,382	23,957	55,074
Other	-	-	(1,701,171)	1,520,028	72,017	1,147,500	188,114	195,581	293,582	-
Total governmental activities general revenues	46,561,851	48,578,803	46,762,910	52,194,688	53,370,260	54,972,943	55,940,238	57,286,879	57,924,909	60,807,257
Business-type activities:										
Unrestricted investment earnings	-	-	6,042	28,994	9,601	18,210	2,426	44,663	43,039	28,417
Special items	-	-	-	-	-	(617,634)	-	-	-	-
Other	-	-	1,701,171	(1,520,028)	(72,017)	-	-	-	-	-
Total business-type activities general revenues	-	-	1,707,213	(1,491,034)	(62,416)	(599,424)	2,426	44,663	43,039	28,417
<b>Change in Net Position</b>	\$ 1,221,203	\$ 1,357,969	\$ 6,398,411	\$ 1,254,371	\$ (2,682,030)	\$ (923,449)	\$ 954,700	\$ (1,003,832)	\$ 3,059,151	\$ 8,100,461



Table 3

**TOWN OF BROOKFIELD, CONNECTICUT**  
**PROGRAM REVENUES BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**  
*(Accrual Basis of Accounting - Unaudited)*

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Function/Program</b>										
Governmental activities:										
General government	\$ 1,945,033	\$ 2,338,761	\$ 589,694	\$ 570,497	\$ 464,770	\$ 778,068	\$ 1,264,542	\$ 1,112,060	\$ 980,747	\$ 840,159
Land use	578,189	358,116	217,172	262,770	522,194	488,500	407,633	559,033	377,850	419,896
Finance and taxation	-	-	-	-	-	-	-	-	-	-
Regional services	-	-	-	-	-	-	-	-	-	-
Public works	1,977,953	1,357,634	2,261,681	5,471,585	1,165,745	737,212	1,099,179	1,573,587	1,519,173	7,538,903
Public safety	550,732	801,283	539,048	230,569	423,864	434,857	491,315	625,395	669,581	565,031
Recreation and leisure	579,825	533,669	1,525,056	667,512	669,256	490,779	467,576	482,508	486,969	532,168
Social services	51,761	60,545	3,105	-	76,909	25,259	15,398	26,844	-	30,710
Library	56,537	26,362	25,250	24,939	3,096	92,719	-	13,796	53,753	72,170
Education	15,756,464	10,047,493	7,811,759	7,246,950	7,533,990	7,445,551	8,851,250	8,481,079	7,575,654	8,392,430
Total governmental activities	21,496,494	15,523,863	12,972,765	14,474,822	10,859,824	10,492,945	12,596,893	12,874,302	11,663,727	18,391,467
Business-type activities:										
Sewer	-	-	6,351,163	1,514,912	1,113,431	1,742,839	2,841,189	1,253,162	3,991,267	1,825,785
<b>Total primary government</b>	<b>\$ 21,496,494</b>	<b>\$ 15,523,863</b>	<b>\$ 19,323,928</b>	<b>\$ 15,989,734</b>	<b>\$ 11,973,255</b>	<b>\$ 12,235,784</b>	<b>\$ 15,438,082</b>	<b>\$ 14,127,464</b>	<b>\$ 15,654,994</b>	<b>\$ 20,217,252</b>

Table 4

**TOWN OF BROOKFIELD, CONNECTICUT**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
*(Modified Accrual Basis of Accounting - Unaudited)*

	Fiscal Year		
	2008	2009	2010
General Fund			
Reserved	\$ -	\$ -	\$ -
Unreserved	2,693,690	2,427,650	4,327,757
Total general fund	<u>\$ 2,693,690</u>	<u>\$ 2,427,650</u>	<u>\$ 4,327,757</u>
All Other Governmental Funds			
Reserved	\$ 21,285	\$ 410,867	\$ 3,657
Unreserved, reported in:			
Special revenue funds	4,328,987	4,454,174	1,659,977
Capital projects funds	(5,831,664)	(9,466,799)	(824,325)
Total all other governmental funds	<u>\$ (1,481,392)</u>	<u>\$ (4,601,758)</u>	<u>\$ 839,309</u>

	Fiscal Year					
	2011	2012	2013	2014	2015	2016
General Fund						
Nonspendable	\$ 25,145	\$ -	\$ -	\$ -	\$ -	\$ -
Committed	1,073,619	635,831	2,066,876	1,387,364	1,387,364	390,319
Unassigned	4,229,362	5,409,797	3,695,461	3,746,890	3,748,890	4,946,691
Total general fund	<u>\$ 5,328,126</u>	<u>\$ 6,045,628</u>	<u>\$ 5,762,337</u>	<u>\$ 5,134,254</u>	<u>\$ 5,136,254</u>	<u>\$ 5,337,010</u>
All Other Governmental Funds						
Nonspendable	\$ 8,289	\$ 2,587	\$ 2,863	\$ 3,007	\$ 2,935	\$ 8,607
Restricted	-	-	-	-	39,257	254,591
Committed	2,328,410	1,730,538	2,182,417	2,075,781	1,703,889	1,096,679
Unassigned	(3,290,039)	(6,695,764)	(4,771,668)	(6,127,015)	(8,637,700)	(13,737,834)
Total all other governmental funds	<u>\$ (953,340)</u>	<u>\$ (4,962,639)</u>	<u>\$ (2,586,388)</u>	<u>\$ (4,048,227)</u>	<u>\$ (6,891,619)</u>	<u>\$ (12,377,957)</u>

**Note:** The Town adjusted fund balance presentation in accordance with GASB Statement No. 54, implemented in fiscal year 2011.

Table 5

**TOWN OF BROOKFIELD, CONNECTICUT**  
**CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
*(Modified Accrual Basis of Accounting - Unaudited)*

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Property taxes	\$ 45,569,634	\$ 47,598,170	\$ 48,180,787	\$ 50,203,076	\$ 52,268,521	\$ 53,369,182	\$ 55,535,626	\$ 56,899,846	\$ 57,852,688	\$ 60,034,842
Intergovernmental	16,656,203	10,469,503	10,639,056	8,016,811	8,903,755	8,188,605	9,647,035	9,702,308	9,171,588	10,919,213
Charges for services	4,199,740	3,756,852	2,484,971	3,030,153	2,602,180	3,009,722	3,139,539	3,167,421	3,005,019	3,875,590
Other	410,946	377,361	315,523	428,184	133,514	87,837	367,054	517,087	24,711	315,420
Investment income	718,253	368,886	182,366	181,757	62,643	23,940	15,868	8,382	23,957	55,074
Total revenues	67,554,776	62,570,772	61,802,703	61,859,981	63,970,613	64,679,286	68,705,122	70,295,044	70,077,963	75,200,139
<b>Expenditures</b>										
General government	1,839,303	629,083	611,750	723,756	936,439	1,222,118	961,481	1,767,446	1,435,814	934,407
Land use	741,204	674,742	559,896	646,704	980,961	1,004,987	749,972	729,774	743,066	856,929
Finance and taxation	687,166	700,312	710,430	720,834	1,186,258	1,285,670	969,462	1,010,098	1,104,380	1,220,377
Regional services	253,947	259,999	257,475	260,878	281,471	398,574	293,244	299,506	329,194	316,500
Social services	228,738	224,824	186,142	196,219	337,818	298,375	226,831	227,637	220,817	250,729
Public works	3,129,086	3,315,933	2,408,388	2,836,276	4,011,924	4,032,872	2,660,320	2,797,598	2,487,155	2,642,789
Public safety	3,759,787	4,096,271	3,911,796	3,980,577	5,583,809	5,945,925	4,743,791	4,779,566	4,937,656	5,114,578
Recreation and leisure	1,238,601	1,131,231	1,031,530	1,126,837	1,350,869	1,478,453	1,203,938	1,229,139	1,340,033	1,337,293
Human resources	2,778,766	3,075,699	3,203,006	3,296,242	581,604	156,902	4,496,450	4,655,123	4,062,897	4,212,189
Library	560,880	589,836	566,674	579,707	604,477	847,252	641,807	653,516	660,449	743,254
Education	47,463,828	38,711,580	39,340,529	41,091,299	42,021,865	43,284,312	45,253,091	45,204,713	45,907,847	47,108,031
Other	67,301	18,834	-	-	-	-	-	-	-	514,472
Capital outlays	8,854,394	7,306,615	6,652,371	6,915,700	6,666,659	6,553,896	4,939,841	7,122,275	8,301,922	5,360,431
Debt service:										
Interest	1,752,195	1,817,685	1,682,830	1,428,907	1,574,516	1,463,516	1,177,148	1,161,795	1,426,784	1,555,550
Principal	3,414,816	3,404,534	2,917,214	2,956,297	3,181,298	3,117,523	3,096,709	3,294,603	2,517,051	3,203,530
Total expenditures	76,770,012	65,957,178	64,040,031	66,760,233	69,299,968	71,090,375	71,414,085	74,932,789	75,475,065	75,371,059
Excess of revenues over (under) expenditures	(9,215,236)	(3,386,406)	(2,237,328)	(4,900,252)	(5,329,355)	(6,411,089)	(2,708,963)	(4,637,745)	(5,397,102)	(170,920)
<b>Other Financing Sources (Uses)</b>										
Issuance of debt	-	-	8,895,505	1,267,361	-	7,335,000	8,580,000	6,151,952	-	-
Premium on debt issued	-	-	-	278,860	-	113,327	-	-	-	158,582
Repayment of debt	-	-	-	-	-	-	(7,335,000)	-	-	-
Payment to bond escrow agent	-	-	-	-	-	-	-	(5,376,098)	-	-
Capital leases	-	-	-	571,100	-	613,014	240,027	-	113,520	-
Proceeds from settlement	-	-	-	-	892,558	1,147,500	-	-	-	-
Transfers in	1,698,852	2,161,433	4,284,723	2,775,015	2,137,105	952,915	1,048,588	1,509,863	986,221	1,763,819
Transfers out	(1,698,852)	(2,161,433)	(5,484,191)	(784,364)	(992,105)	(952,915)	(1,048,588)	(1,509,863)	(986,221)	(1,763,819)
Total other financing sources (uses)	-	-	7,696,037	4,107,972	2,037,558	9,208,841	1,485,027	775,854	113,520	158,582
Net change in fund balances	\$ (9,215,236)	\$ (3,386,406)	\$ 5,458,709	\$ (792,280)	\$ (3,291,797)	\$ 2,797,752	\$ (1,223,936)	\$ (3,861,891)	\$ (5,283,582)	\$ (12,338)
Debt service as a percentage of noncapital expenditures	8.09%	8.70%	7.90%	7.13%	7.21%	7.07%	6.43%	6.54%	5.87%	6.80%

**Note:** During fiscal year 2013, employee benefits and insurance has been allocated to the Town's various functions.

**TOWN OF BROOKFIELD, CONNECTICUT**

**FEDERAL AND STATE  
SINGLE AUDIT REPORTS**

**JUNE 30, 2017**

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## INTERNAL CONTROL AND COMPLIANCE REPORT

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

To the Board of Finance  
Town of Brookfield, Connecticut

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Brookfield, Connecticut (the "Town"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 23, 2018.

**Internal Control over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described as finding 2017-001 in the accompanying schedules of findings and questioned costs to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described as findings 2017-002 and 2017-003 in the accompanying schedules of findings and questioned costs to be significant deficiencies.

## **Compliance and Other Matters**

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

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

The Town's responses to the findings identified in our audit are described in the accompanying schedules of findings and questioned costs. The Town's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **Purpose of this Report**

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

A handwritten signature in black ink that reads "Mahoney Sabol + Company, LLP". The signature is written in a cursive, flowing style.

Glastonbury, Connecticut  
March 23, 2018



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**FEDERAL SINGLE AUDIT SECTION**

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM,  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE,  
AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

To the Board of Finance  
Town of Brookfield, Connecticut

**Report on Compliance for Each Major Program**

We have audited the Town of Brookfield, Connecticut's (the "Town") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2017. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of federal findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the Town of Brookfield, Connecticut complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

## **Report on Internal Control over Compliance**

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. We did identify a certain deficiency in internal control over compliance, as described in the accompanying schedule of federal findings and questioned costs as item 2017-004, that we consider to be a significant deficiency.

### **Town's Response to Finding**

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

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated March 23, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Purpose of this Report**

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

A handwritten signature in black ink that reads "Mahoney Sabol + Company, LLP". The script is cursive and fluid, with the company name written in a single line.

Glastonbury, Connecticut  
March 23, 2018

**TOWN OF BROOKFIELD, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Grantor; Program Title	Grant Number	Federal CFDA Number	Grant Expenditures
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>			
Child Nutrition Cluster:			
Passed through the Connecticut Department of Administrative Services:			
National School Lunch Program - USDA Commodities	-	10.555	\$ 40,093
Passed through the Connecticut Department of Education:			
National School Lunch Program	12060-SDE64370-20560	10.555	128,429
<b>Total Child Nutrition Cluster</b>			<u>168,522</u>
<b>TOTAL UNITED STATES DEPARTMENT OF AGRICULTURE</b>			<u>168,522</u>
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>			
Special Education Cluster:			
Passed through the Connecticut Department of Education:			
Special Education - State Grants - 2017	12060-SDE64370-20977	84.027	489,567
Special Education - Preschool Grants - 2017	12060-SDE64370-20983	84.173	20,639
<b>Total Special Education Cluster</b>			<u>510,206</u>
Passed through the Connecticut Department of Education:			
Title II Part A Improving Teacher Quality - 2017	12060-SDE64370-20858	84.367	14,745
Title I Grants to Local Educational Agencies - 2017	12060-SDE64370-20679	84.010	79,731
English Language Acquisition State Grants - 2017	12060-SDE64370-20868	84.365	8,892
School Improvement Grant	12060-SDE64370-22223	84.377	106,127
<b>TOTAL UNITED STATES DEPARTMENT OF EDUCATION</b>			<u>719,701</u>
<b>UNITED STATES DEPARTMENT OF JUSTICE</b>			
Passed through the Connecticut Department of Emergency Services and Public Protection:			
Justice Assistance Grant Program	12060-DPS32523-26185	16.738	4,250
<b>UNITED STATES DEPARTMENT OF TRANSPORTATION</b>			
Passed through the Connecticut Department of Transportation:			
Highway Planning and Construction	12062-DOT57171-22108	20.205	522,390
Highway Planning and Construction	12062-DOT57191-22108	20.205	10,283
			<u>532,673</u>
Federal Highway Safety Programs	12062-DOT57513-20559	20.600	18,061
National Priority Safety Programs	12062-DOT57513-22600	20.616	6,127
<b>TOTAL UNITED STATES DEPARTMENT OF TRANSPORTATION</b>			<u>556,861</u>
<b>TOTAL FEDERAL AWARDS EXPENDED</b>			<u>\$ 1,449,334</u>

*The accompanying notes are an integral part of this schedule.*

**TOWN OF BROOKFIELD, CONNECTICUT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

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**NOTE 1 - ACCOUNTING BASIS**

**BASIC FINANCIAL STATEMENTS**

The accounting policies of the Town of Brookfield, Connecticut (the "Town") conform to accounting principles generally accepted in the United States of America as applicable to governmental organizations.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The accompanying schedule of expenditures of federal awards has been prepared on the accrual basis consistent with the preparation of the basic financial statements. Information included in the schedule of expenditures of federal awards is presented in accordance with the requirements of the Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*.

For cost reimbursement awards, revenues are recognized to the extent of expenditures. Expenditures have been recognized to the extent the related obligation was incurred within the applicable grant period and liquidated within 90 days after the end of the grant period.

For performance based awards, revenues are recognized to the extent of performance achieved during the grant period.

Certain financial assistance is not dependent on expenditure activity or the achievement of performance goals and, accordingly, is considered expended in the fiscal year of receipt. These financial assistance program receipts are reflected in the expenditures column of the schedule of expenditures of federal awards.

**COST ALLOCATION PRINCIPLES**

The Town has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance. The Town has no federal awards for which an indirect cost rate is applicable.

**NOTE 2 - OTHER FEDERAL ASSISTANCE**

The United States Department of Agriculture makes available commodities for contributions to schools. An amount of \$40,093 is reflected in the expenditures column in the accompanying schedule of expenditures of federal awards under CFDA. No. 10.555 and represents the market value of such commodities received during the year.

No other federal assistance was received in the form of loan guarantees or insurance.

**TOWN OF BROOKFIELD, CONNECTICUT  
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

<input type="radio"/> Material weakness(es) identified?	<u>✓</u>	Yes	<u>      </u>	No
<input type="radio"/> Significant deficiency(ies) identified?	<u>✓</u>	Yes	<u>      </u>	None reported

Noncompliance material to financial statements noted?        Yes ✓ No

**Federal Awards**

Internal control over major programs:

<input type="radio"/> Material weakness(es) identified?	<u>      </u>	Yes	<u>✓</u>	No
<input type="radio"/> Significant deficiency(ies) identified?	<u>✓</u>	Yes	<u>      </u>	None reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, Section 200.516? ✓ Yes        No

Identification of major programs:

CFDA Number	Name of Federal Program
84.377	School Improvement Grant
84.027/84.173	Special Education Grant Cluster

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

Auditee qualified as low-risk auditee?        Yes ✓ No

**TOWN OF BROOKFIELD, CONNECTICUT  
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

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

**Criteria:** The Town should have internal controls over financial reporting that provides reasonable assurance that the accounting records can be relied upon and used to prepare the basic financial statements and related notes to the basic financial statements, in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

**Condition:** The Town’s closing process did not ensure that all general ledger accounts were reconciled at year-end.

**Effect:** Audit adjustments were required in order to prepare the Town’s financial statements in conformity with accounting principles generally accepted in the United States of America.

**Cause:** Deficiencies in the design and effectiveness of the Town’s closing process.

**Auditor’s Recommendation:** We recommend that the Town develop formal closing procedures to ensure that all accounts, including balance sheet accounts, are properly reconciled periodically throughout the year and at year-end. Also, reconciliations for accounts where there is a reasonable potential for the account to be misstated by a significant amount should be reviewed and approved by the Town Controller. In addition, management should consider performing an analysis of existing finance personnel to determine whether additional resources and/or training are needed to perform these functions.

**Town’s Response:** The Town intends to take the appropriate actions to strengthen its internal control and remedy the conditions giving rise to this reported deficiency.

**Finding 2017-002: Significant Deficiency over the Bank Reconciliation Process**

**Criteria:** The Town should have internal controls over the bank reconciliation process to ensure that all transactions on the bank statement have been reconciled with the activity recorded within the general ledger cash account. Differences between the transactions on the bank statement and activity recorded within the general ledger should be identified to determine the validity of such items.

**Condition:** Certain bank reconciliations prepared by the Town Senior Accountant during the year and at year-end were not properly reconciled with the general ledger cash account. Specifically, reconciling items that were included on the bank reconciliations were not valid reconciling items and certain adjustments that had been recorded to the general ledger cash accounts were not valid journal entries.

**Effect:** Audit adjustments were required to reconcile general ledger cash accounts to the bank statements at year-end.

**Cause:** Deficiencies in the design and effectiveness of the Town’s bank reconciliation process.

**Auditor’s Recommendation:** Accurate and timely bank reconciliations are essential for ensuring the integrity of the Town’s general ledger. Bank reconciliations should be performed by the Town’s Senior Accountant on a monthly basis using the bank reconciliation program within Munis. Management should also document the supervisory review and approval process over bank reconciliations. In addition, Management should consider performing an analysis of existing finance personnel to determine whether additional resources and/or training are needed to perform this function.



**TOWN OF BROOKFIELD, CONNECTICUT**  
**SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding 2017-002: Significant Deficiency over the Bank Reconciliation Process (Continued)**

**Town's Response:** The Town intends to take the appropriate actions to strengthen its internal control and remedy the conditions giving rise to this reported deficiency.

**Finding 2017-003: Significant Deficiency over the Tracking of Capital Projects**

**Criteria:** The Town should have internal controls over the tracking of cumulative project costs and related funding sources to ensure compliance with project authorizations. In addition, the tracking of this information should be reconciled to the general ledger in order to adequately support the components of fund balance reported within the Town's Capital and Nonrecurring Fund and Bonded Projects Fund (i.e. the portion of fund balance that is considered restricted, committed or unassigned).

**Condition:** The Town has a comprehensive capital improvement plan that includes annual authorizations for capital projects and purchases that are funded by a combination of General Fund appropriations, grant reimbursements, short-term and/or long-term debt. Although it was noted that the Town has a process in place to track current year project costs against the related project authorizations, the status of projects authorized prior to fiscal year 2016 has not been quantified and reconciled to the general ledger.

**Effect:** There is an increased risk that the Town will not be able to identify an over expenditure of a project authorization in a timely manner. In addition, there is a risk that the amount reported as restricted, committed or unassigned within the Town's Capital and Nonrecurring Fund and Bonded Projects Fund will be misstated.

**Cause:** Deficiencies in the design and effectiveness of the Town's internal control over the tracking of capital projects.

**Auditor's Recommendation:** We recommend that the Town enhance its current process for tracking capital projects. Separate tracking schedules should be maintained for the Capital and Nonrecurring Fund and Bonded Projects Fund. In addition, we recommend that the following information be captured at a minimum:

- Date of Project Authorization
- Amount of Project Authorization
- Sources of Project Funding
- Prior Year, Current Year and Cumulative Funding Received
- Prior Year, Current Year and Cumulative Project Expenditures

In addition, we recommend that Management perform a historical analysis to determine the status of capital projects authorized prior to fiscal year 2016. This analysis should consider whether sufficient funding has been received to complete those projects. In addition, the amount of restricted, committed or unassigned fund balance within the Capital and Nonrecurring Fund and Bonded Projects Fund should be reconciled to the schedules.

**Town's Response:** The Town intends to take the appropriate actions to strengthen its internal control and remedy the conditions giving rise to this reported deficiency.

**TOWN OF BROOKFIELD, CONNECTICUT**  
**SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS (*Continued*)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**Finding 2017-004: Significant Deficiency in Internal Control over Compliance**

**Criteria:** The Town should have internal controls over compliance to ensure that all grant activity is identified, monitored and tracked to ensure compliance with the requirements of each grant.

**Condition:** We noted that the Town currently receives numerous grants from the Federal Government and State of Connecticut. These grants are often administered by various Town departments, other than the Town's finance department. The Town's finance department is not always aware of the status of grant awards.

**Effect:** The Town may not be able to prevent, or detect and correct, noncompliance with a type of compliance requirement of a grant program on a timely basis.

**Questioned Costs:** No costs were questioned.

**Cause:** Deficiencies in the design and effectiveness of the Town's internal control over grant compliance.

**Auditor's Recommendation:** We recommend that the Town implement a comprehensive internal control framework over grant compliance that includes the following:

- developing appropriate procedures to ensure timely drawdown of funds and close-out activities;
- developing procedures to reconcile internal records with federal and state reports;
- developing systems and methods to capture pertinent grant information and to accurately capture expenditure and receipts;
- integrate grant reporting as a component of the Town's internal reporting process;

**Town's Response:** The Town intends to take the appropriate actions to strengthen its internal control and remedy the conditions giving rise to this reported deficiency.

**SUMMARY SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS**

Finding IC2016-001, *Significant Deficiency in Internal Control over Financial Reporting*, has been repeated as Finding 2017-001.

Finding CF2016-001, *Federal Reporting Package*, is no longer being reported as a compliance finding reported under *Government Auditing Standards*.

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**STATE SINGLE AUDIT SECTION**

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

To the Board of Finance  
Town of Brookfield, Connecticut

**Report on Compliance for Each Major Program**

We have audited the Town of Brookfield, Connecticut's (the "Town") compliance with the types of compliance requirements described in the State of Connecticut, Office of Policy and Management *Compliance Supplement to the State Single Audit Act* that could have a direct and material effect on each of the Town's major state programs for the year ended June 30, 2017. The Town's major state programs are identified in the summary of auditor's results section of the accompanying schedule of state findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

In our opinion, the Town of Brookfield, Connecticut complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2017.

## **Report on Internal Control Over Compliance**

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. We did identify a certain deficiency in internal control over compliance, as described in the accompanying schedule of state findings and questioned costs as item 2017-004, that we consider to be a significant deficiency.

### **Town's Response to Finding**

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated March 23, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Purpose of this Report**

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

A handwritten signature in black ink that reads "Mahoney Sabol + Company, LLP". The signature is written in a cursive, flowing style.

Glastonbury, Connecticut  
March 23, 2018

**TOWN OF BROOKFIELD, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2017**

State Grantor; Pass-Through Grantor; Program Title	State Grant Program Core-CT Number	Grant Expenditures
<b>NONEXEMPT PROGRAMS:</b>		
<b>DEPARTMENT OF EDUCATION</b>		
<b>Direct:</b>		
Magnet School Tuition	11000-SDE64370-17057	\$ 29,295
Healthy Food Initiative	11000-SDE64370-16212	14,019
Health and Welfare Services	11000-SDE64370-17034	9,526
Child Nutrition State Matching	11000-SDE64370-16211	6,916
Adult Education	11000-SDE64370-17030	3,635
<b>Total Department of Education</b>		<u>63,391</u>
<b>DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT</b>		
<b>Direct:</b>		
Small Town Economic Assistance Program - Streetscape	12060-ECD46260-35533	<u>210,441</u>
<b>DEPARTMENT OF EMERGENCY SERVICES AND PUBLIC PROTECTION</b>		
<b>Direct:</b>		
School Security Infrastructure Grant	12052-DPS32161-43546	51,597
Drug Asset Forfeiture	12060-DPS32155-35142	10,290
<b>Total Department of Emergency Services and Public Protection</b>		<u>61,887</u>
<b>DEPARTMENT OF TRANSPORTATION</b>		
<b>Direct:</b>		
Town Aid Road Grants Transportation Fund	12052-DOT57131-43455	<u>305,929</u>
<b>DEPARTMENT OF JUSTICE</b>		
<b>Direct:</b>		
Non-Budgeted Operating Appropriations	34001-JUD95162-40001	<u>15,831</u>
<b>CONNECTICUT STATE LIBRARY</b>		
<b>Direct:</b>		
Connecticard Payments	11000-CSL66051-17010	2,058
Historic Documents Preservation Grants	12060-CSL66094-35150	4,000
<b>Total Connecticut State Library</b>		<u>6,058</u>
<b>OFFICE OF POLICY AND MANAGEMENT</b>		
<b>Direct:</b>		
Municipal Grants-In-Aid	12052-OPM20600-43587	118,281
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	86,276
Payment in Lieu of Taxes on State Owned Property	11000-OPM20600-17004	337
Property Tax Relief for Veterans	11000-OPM20600-17024	7,645
Property Tax Relief on Property of Totally Disabled Persons	11000-OPM20600-17011	1,357
<b>Total Office of Policy and Management</b>		<u>213,896</u>
<b>Total State Financial Assistance Before Exempt Programs</b>		<u>877,433</u>
		(Continued)

*The accompanying notes are an integral part of this schedule.*

**TOWN OF BROOKFIELD, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

State Grantor; Pass-Through Grantor; Program Title	State Grant Program Core-CT Number	Grant Expenditures
<b>EXEMPT PROGRAMS:</b>		
<b>DEPARTMENT OF EDUCATION</b>		
<b>Direct:</b>		
Educational Cost Sharing	11000-SDE64370-17041	\$ 1,392,729
Excess Costs	11000-SDE64370-17047	624,334
<b>Total Department of Education</b>		<u>2,017,063</u>
<b>OFFICE OF POLICY AND MANAGEMENT</b>		
<b>Direct:</b>		
Municipal Revenue Sharing	11000-OPM20600-17102	343,611
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	21,694
<b>Total Office of Policy and Management</b>		<u>365,305</u>
<b>Total Exempt Programs</b>		<u>2,382,368</u>
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>		<u>\$ 3,259,801</u>
		(Concluded)

*The accompanying notes are an integral part of this schedule.*



**TOWN OF BROOKFIELD, CONNECTICUT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of Brookfield, Connecticut (the "Town") under programs of the State of Connecticut for the fiscal year ended June 30, 2017. Various departments and agencies of the State of Connecticut have provided financial assistance to the Town through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs of the Town.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as applicable to governmental organizations. The following is a summary of the more significant policies relating to the aforementioned grant programs.

**BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of state financial assistance has been prepared on the accrual basis consistent with the preparation of the basic financial statements. Information included in the schedule of expenditures of state financial assistance is presented in accordance with regulations established by the State of Connecticut, Office of Policy and Management.

For cost reimbursement awards, revenues are recognized to the extent of expenditures. Expenditures have been recognized to the extent the related obligation was incurred within the applicable grant period and liquidated within 90 days after the end of the grant period.

For performance based awards, revenues are recognized to the extent of performance achieved during the grant period.

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 financial assistance is not dependent on expenditure activity or the achievement of performance goals and, accordingly, is considered expended in the fiscal year of receipt. These financial assistance program receipts are reflected in the expenditures column of the schedule of expenditures of state financial assistance.

**NOTE 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 loan program activity for the year ended June 30, 2017.

**Department of Energy and Environmental Protection: Clean Water Fund Loan**

<u>Project</u>	<u>Issue Year</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance July 1, 2016</u>	<u>Issued</u>	<u>Repayments</u>	<u>Balance June 30, 2017</u>
6865-3100-888	2010	2.0%	\$ 3,747,082	\$ 2,749,779	\$ -	\$ 171,929	\$ 2,577,850

**TOWN OF BROOKFIELD, CONNECTICUT  
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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

**FINANCIAL STATEMENTS**

Type of auditor's report issued:	Unmodified		
Internal control over financial reporting:			
<input type="radio"/> Material weakness(es) identified?	<u>✓</u> Yes	<u>      </u> No	
<input type="radio"/> Significant deficiency(ies) identified?	<u>✓</u> Yes	<u>      </u> None Reported	
Noncompliance material to financial statements noted?	<u>      </u> Yes	<u>✓</u> No	

**STATE FINANCIAL ASSISTANCE**

Internal control over major programs:			
<input type="radio"/> Material weakness(es) identified?	<u>      </u> Yes	<u>✓</u> No	
<input type="radio"/> Significant deficiency(ies) identified?	<u>✓</u> Yes	<u>      </u> None Reported	
Type of auditor's report issued on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act?	<u>✓</u> Yes	<u>      </u> No	

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

<u>State Grantor/ Program</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
<b>Office of Policy and Management:</b>		
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	\$ 86,276
<b>Department of Transportation:</b>		
Town Aid Road Grants Transportation Fund	12052-DOT57131-43455	305,929
<b>Department of Administrative Services:</b>		
Municipal Grants-In-Aid	12052-OPM20600-43587	118,281

Dollar threshold used to distinguish between Type A and Type B programs: \$200,000

**TOWN OF BROOKFIELD, CONNECTICUT  
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS *(Continued)*  
FOR THE YEAR ENDED JUNE 30, 2017**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

Refer to financial statement findings 2017-001, 2017-002 and 2017-003 reported in the accompanying schedule of federal findings and questioned costs.

**SECTION III – STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS**

Refer to finding 2017-004 reported in the accompanying schedule of federal findings and questioned costs.

**SUMMARY SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS**

Finding IC2016-001, *Significant Deficiency in Internal Control over Financial Reporting*, has been repeated as Finding 2017-001.

Finding CF2016-001, *Federal Reporting Package*, is no longer being reported as a compliance finding reported under *Government Auditing Standards*.



OFFICE OF THE FIRST SELECTMAN  
TOWN OF BROOKFIELD

April 4, 2018

Office of Policy and Management  
450 Capitol Avenue MS-54MFS  
Hartford, Connecticut 06106-1379

Municipal Finance Services Unit  
Attention William Plummer

**RE: CORRECTIVE ACTION PLAN FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Management of the Town of Brookfield (the "Town") has prepared the following corrective action plan based on the findings reported in connection with the Town's financial statement and federal and state single audits for the year ended June 30, 2017.

**AUDIT FINDINGS**

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

**Description of Finding:**

The Town's closing process did not ensure that all general ledger accounts were reconciled at year-end.

**Statement of Concurrence or Nonconcurrence:**

The Town concurs with the auditor's findings. The Town is acting to correct this deficiency.

**Corrective Action:**

The goal of the Finance Department is to maintain financial records in conformity with generally accepted accounting principles and in compliance with State and federal laws. The Town intends to accomplish this through implementation of monthly closing procedures and the development of a formal monthly closing checklist.

**Name of Contact Person:**

Kimberly Siegrist, Town Controller, (203) 775-7308, [ksiegrist@brookfieldct.gov](mailto:ksiegrist@brookfieldct.gov)

**Project Completion Date:**

Fiscal 2017-2018. Accounts are currently being monitored monthly and a formal monthly closing checklist is currently being used.

***Finding 2017-002: Significant Deficiency over the Bank Reconciliation Process***

**Description of Finding:**

Certain bank reconciliations prepared by the Town Senior Accountant during the year and at year-end were not properly reconciled with the general ledger cash account. Specifically, reconciling items that were included on the bank reconciliations were not valid reconciling items and certain adjustments that had been recorded to the general ledger cash accounts were not valid journal entries.

**Statement of Concurrence or Nonoccurrence:**

The Town concurs with the auditor's findings. The Town is acting to correct this deficiency.

**Corrective Action:**

The goal of the Finance Department is to maintain financial records in conformity with generally accepted accounting principles and in compliance with State and federal laws. The Town intends to address this deficiency through the use of the bank reconciliation module within MUNIS. This will alleviate the possibility of any unconventional journal entries in a spreadsheet.

**Name of Contact Person:**

Kimberly Siegrist, Town Controller, (203) 775-7308, ksiegrist@brookfieldct.gov

**Project Completion Date:**

Fiscal 2017-2018 and Fiscal 2018-2019. All but two accounts have been created for reconciliation in MUNIS. The final two accounts will be brought over in fiscal year 2018-2019, as they are school accounts and the two systems were only recently joined when the Town implemented the new UCOA. In addition, a monthly Bank Reconciliation Variance report is required and associated accounts are now being reviewed for accuracy on a quarterly basis.

***Finding 2017-003: Significant Deficiency over the Tracking of Capital Projects***

**Description of Finding:**

The Town has a comprehensive capital improvement plan that includes annual authorizations for capital projects and purchases that are funded by a combination of General Fund appropriations, grant reimbursements, short-term and/or long-term debt. Although it was noted that the Town has a process in place to track current year project costs against the related project authorizations, the status of projects authorized prior to fiscal year 2016 has not been quantified and reconciled to the general ledger.

**Statement of Concurrence or Nonconcurrence:**

The Town concurs with the auditor's findings. The Town is acting to correct this deficiency.

**Corrective Action:**

The Town's mission is to fund the capital-non recurring fund on a consistent basis. In certain budget years prior to 2016 this was not done properly. The goal is to utilize the fund properly, as a multiyear fund where funding can accumulate

enabling the Town to acquire assets. The Town has also implemented project code accounting providing orderly tracking of capital expenditures incurred during 2017 and going forward.

**Name of Contact Person:**

Kimberly Siegrist, Town Controller, (203) 775-7308, ksiegrist@brookfieldct.gov

**Project Completion Date:**

Fiscal 2017-2018: The Town has implemented project code accounting reporting. In addition, on 3/27/18, the Town purchased Plan-IT Capital Improvement Plan Software. This is a separate software from MUNIS. With this program the Town will maintain a list of all capital projects that are in process, including the description of the project, the department, the funding sources and current and cumulative expenditures.

***Finding 2017-004: Significant Deficiency in Internal Control over Compliance***

**Description of Finding:**

The Town currently receives numerous grants from the Federal Government and State of Connecticut. These grants are often administered by various Town departments, other than the Town's finance department. The Town's finance department is not always aware of the status of grant awards.

**Statement of Concurrence or Nonconcurrence:**

The Town concurs with the auditor's findings. The Town is acting to correct this deficiency.

**Corrective Action:**

Town departments are responsible for all aspects of the grant process including planning for grant acquisition, preparing and submitting grant proposals to the A/P Clerk in the Controller's Office, preparing Resolution requests to accept funds, developing grant implementation plans, managing grant programs, preparing and submitting reports to grantors, and properly closing out grant projects. Department staff and Finance staff will maintain a close working relationship with respect to any grant activity to ensure a clear understanding of the project status. The Controller's Office will be updated quarterly on such activity. Following Grant submission and approval any vouchers and or forms associated with the grant will be copied to the Controller's office on a quarterly basis.

**Name of Contact Person:**

Kimberly Siegrist, Town Controller, (203) 775-7308, ksiegrist@brookfieldct.gov

**Project Completion Date:**

Fiscal 2017-2018. The Town has implemented a new grant policy to centralize the grant process.

Please contact me directly should you have any questions or need additional information concerning the Town's corrective action plan.

Sincerely,

A handwritten signature in cursive script, reading "Kimberly Siegrist". The signature is fluid and stylized, with a large initial 'K' and a long, sweeping tail on the 't'.

Kimberly Siegrist  
Town Controller