

**TOWN OF BROOKFIELD,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021**

TOWN OF BROOKFIELD, NEW HAMPSHIRE
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

TABLE OF CONTENTS

	<u>PAGES</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
A Statement of Net Position	3
B Statement of Activities	4
Fund Financial Statements	
<i>Governmental Funds</i>	
C-1 Balance Sheet	5
C-2 Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position.....	6
C-3 Statement of Revenues, Expenditures, and Changes in Fund Balances.....	7
C-4 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	8
<i>Budgetary Comparison Information</i>	
D Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund	9
<i>Fiduciary Funds</i>	
E-1 Statement of Fiduciary Net Position	10
E-2 Statement of Changes in Fiduciary Net Position	11
NOTES TO THE BASIC FINANCIAL STATEMENTS	12 - 22
COMBINING AND INDIVIDUAL FUND SCHEDULES	
Governmental Funds	
<i>Major General Fund</i>	
1 Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis).....	23
2 Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)	24
3 Schedule of Changes in Unassigned Fund Balance.....	25
<i>Nonmajor Governmental Funds</i>	
4 Combining Balance Sheet	26
5 Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances.....	27
Fiduciary Funds	
<i>Custodial Funds</i>	
6 Combining Schedule of Fiduciary Net Position	28
7 Combining Schedule of Changes in Fiduciary Net Position	29
INDEPENDENT AUDITOR'S COMMUNICATION	
OF SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESS	30 - 31



PLODZIK & SANDERSON

Professional Association/Certified Public Accountants

193 North Main Street • Concord • New Hampshire • 03301-5063 • 603-225-6996 • FAX 603-224-1380

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Selectmen
Town of Brookfield
Brookfield, New Hampshire

Report on the Financial Statements

Adverse and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, major fund, and aggregate remaining fund information of the Town of Brookfield, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Adverse
General Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Adverse Opinion on Governmental Activities

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Governmental Activities" paragraph, the accompanying financial statements do not present fairly the financial position of the governmental activities of the Town of Brookfield, as of December 31, 2021, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the major fund and aggregate remaining fund information of the Town of Brookfield as of December 31, 2021, and the respective changes in financial position, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Town of Brookfield and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on Governmental Activities

As discussed in Note 1-B to the financial statements, management has not recorded the Town's capital assets and related accumulated depreciation in the governmental activities, and accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that capital assets, be capitalized and depreciated, which would increase the assets, net position, and expenses of the governmental activities. The amount by which this departure would affect the assets, net position, and expenses of the governmental activities, is not reasonably determinable.

***Town of Brookfield
Independent Auditor's Report***

Responsibilities of Management for the Financial Statements

The Town of Brookfield's 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Brookfield's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Brookfield's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Brookfield's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information – Management has omitted a Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by the missing information.

Supplementary Information – Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Brookfield's basic financial statements. The combining and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund 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 schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

August 18, 2022

*Plodzik & Sanderson
Professional Association*

BASIC FINANCIAL STATEMENTS

EXHIBIT A
TOWN OF BROOKFIELD, NEW HAMPSHIRE
Statement of Net Position
December 31, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 1,265,435
Investments	407,908
Taxes receivables (net)	198,554
Account receivables	2,036
Total assets	<u>1,873,933</u>
LIABILITIES	
Intergovernmental pay able	<u>667,691</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	<u>1,303</u>
NET POSITION	
Restricted	62,219
Unrestricted	<u>1,142,720</u>
Total net position	<u><u>\$ 1,204,939</u></u>

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT B
TOWN OF BROOKFIELD, NEW HAMPSHIRE
Statement of Activities
For the Fiscal Year Ended December 31, 2021

		Program Revenues		Net (Expense)
		Charges	Operating	Revenue and
		for	Grants and	Change In
	Expenses	Services	Contributions	Net Position
General government	\$ 246,370	\$ 1,280	\$ 91,535	\$ (153,555)
Public safety	374,081	-	-	(374,081)
Highways and streets	199,914	-	32,526	(167,388)
Sanitation	75,852	-	-	(75,852)
Health	1,500	-	-	(1,500)
Welfare	3,600	-	-	(3,600)
Culture and recreation	19,477	-	-	(19,477)
Total governmental activities	<u>\$ 920,794</u>	<u>\$ 1,280</u>	<u>\$ 124,061</u>	<u>(795,453)</u>
General revenues:				
Taxes:				
Property				689,013
Other				31,406
Motor vehicle permit fees				183,326
Licenses and other fees				16,930
Unrestricted investment earnings				749
Miscellaneous				13,026
Total general revenues				<u>934,450</u>
Change in net position				138,997
Net position, beginning, as restated (see Note 11)				1,065,942
Net position, ending				<u>\$ 1,204,939</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT C-1
TOWN OF BROOKFIELD, NEW HAMPSHIRE
Governmental Funds
Balance Sheet
December 31, 2021

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,248,045	\$ 17,390	\$ 1,265,435
Investments	348,776	59,132	407,908
Receivables:			
Taxes	200,354	-	200,354
Accounts	2,036	-	2,036
Total assets	<u>\$ 1,799,211</u>	<u>\$ 76,522</u>	<u>\$ 1,875,733</u>
LIABILITIES			
Intergovernmental payable	<u>\$ 667,691</u>	<u>\$ -</u>	<u>\$ 667,691</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	<u>34,177</u>	<u>-</u>	<u>34,177</u>
FUND BALANCES			
Nonspendable	-	26,569	26,569
Restricted	-	35,650	35,650
Committed	466,629	14,303	480,932
Unassigned	630,714	-	630,714
Total fund balances	<u>1,097,343</u>	<u>76,522</u>	<u>1,173,865</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,799,211</u>	<u>\$ 76,522</u>	<u>\$ 1,875,733</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT C-2
TOWN OF BROOKFIELD, NEW HAMPSHIRE
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
December 31, 2021

Amounts reported for governmental activities in the Statement of Net
Position are different because:

Total fund balances of governmental funds (Exhibit C-1)	\$ 1,173,865
---	--------------

Property taxes not collected within 60 days of fiscal year-end are not available to pay for
current period expenditures, and therefore are deferred in the governmental funds.

Deferred property taxes	\$ 32,874
Allowance for uncollectible taxes	<u>(1,800)</u>

31,074

Net position of governmental activities (Exhibit A)

\$ 1,204,939

EXHIBIT C-3
TOWN OF BROOKFIELD, NEW HAMPSHIRE
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2021

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 718,145	\$ -	\$ 718,145
Licenses and permits	201,536	-	201,536
Intergovernmental	124,061	-	124,061
Miscellaneous	7,697	6,078	13,775
Total revenues	<u>1,051,439</u>	<u>6,078</u>	<u>1,057,517</u>
EXPENDITURES			
Current:			
General government	173,140	450	173,590
Public safety	374,081	-	374,081
Highways and streets	199,914	-	199,914
Sanitation	75,852	-	75,852
Health	1,500	-	1,500
Welfare	3,600	-	3,600
Culture and recreation	19,477	-	19,477
Capital outlay	72,780	-	72,780
Total expenditures	<u>920,344</u>	<u>450</u>	<u>920,794</u>
Excess of revenues over expenditures	<u>131,095</u>	<u>5,628</u>	<u>136,723</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	487	500	987
Transfers out	(500)	(487)	(987)
Total other financing sources (uses)	<u>(13)</u>	<u>13</u>	<u>-</u>
Net change in fund balances	131,082	5,641	136,723
Fund balances, beginning, as restated (see Note 11)	966,261	70,881	1,037,142
Fund balances, ending	<u>\$ 1,097,343</u>	<u>\$ 76,522</u>	<u>\$ 1,173,865</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT C-4
TOWN OF BROOKFIELD, NEW HAMPSHIRE
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds to the Statement of Activities
For the Fiscal Year Ended December 31, 2021

Amounts reported for governmental activities in the Statement of Activities
are different because:

Net change in fund balances of governmental funds (Exhibit C-3)	\$ 136,723
Revenue in the Statement of Activities that does not provide current financial resources are not reported as revenue in the governmental funds.	
Change in deferred tax revenue	<u>2,274</u>
Change in net position of governmental activities (Exhibit B)	<u><u>\$ 138,997</u></u>

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT D
TOWN OF BROOKFIELD, NEW HAMPSHIRE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ 723,917	\$ 720,419	\$ (3,498)
Licenses and permits	160,550	201,536	40,986
Intergovernmental	87,421	124,061	36,640
Miscellaneous	1,600	2,731	1,131
Total revenues	<u>973,488</u>	<u>1,048,747</u>	<u>75,259</u>
EXPENDITURES			
Current:			
General government	204,659	163,010	41,649
Public safety	377,251	374,081	3,170
Highways and streets	240,000	199,914	40,086
Sanitation	75,308	75,852	(544)
Health	2,500	1,500	1,000
Welfare	13,600	3,600	10,000
Culture and recreation	21,068	19,477	1,591
Conservation	601	-	601
Debt service:			
Interest	1	-	1
Capital outlay	210,000	72,780	137,220
Total expenditures	<u>1,144,988</u>	<u>910,214</u>	<u>234,774</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(171,500)</u>	<u>138,533</u>	<u>310,033</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	183,000	37,667	(145,333)
Transfers out	(91,500)	(92,000)	(500)
Total other financing sources (uses)	<u>91,500</u>	<u>(54,333)</u>	<u>(145,833)</u>
Net change in fund balances	<u>\$ (80,000)</u>	<u>84,200</u>	<u>\$ 164,200</u>
Unassigned fund balance, beginning, as restated (see Note 11)		577,588	
Unassigned fund balance, ending		<u>\$ 661,788</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT E-1
TOWN OF BROOKFIELD, NEW HAMPSHIRE
Fiduciary Funds
Statement of Fiduciary Net Position
December 31, 2021

	Private Purpose Trust Funds	All Custodial Funds	Total
ASSETS			
Cash and cash equivalents	\$ 3,188	\$ 3,161	\$ 6,349
Investments	23,513	-	23,513
Intergovernmental receivable	-	667,691	667,691
Total assets	26,701	670,852	697,553
LIABILITIES			
Intergovernmental payables:			
School	-	667,691	667,691
NET POSITION			
Restricted	\$ 26,701	\$ 3,161	\$ 29,862

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT E-2
TOWN OF BROOKFIELD, NEW HAMPSHIRE
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2021

	Private Purpose Trust Funds	All Custodial Funds	Total
ADDITIONS			
Investment earnings	\$ 372	\$ -	\$ 372
Change in fair market value	5,948	-	5,948
Tax collections for other governments	-	1,573,397	1,573,397
Total additions	6,320	1,573,397	1,579,717
DEDUCTIONS			
Scholarships	1,500	-	1,500
Administrative expenses	177	-	177
Payments of taxes to other governments	-	1,573,397	1,573,397
Total deductions	1,677	1,573,397	1,575,074
Net increase in fiduciary net position	4,643	-	4,643
Net position, beginning	22,058	3,161	25,219
Net position, ending	\$ 26,701	\$ 3,161	\$ 29,862

The Notes to the Basic Financial Statements are an integral part of this statement.

TOWN OF BROOKFIELD, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

	<u>NOTE</u>
Summary of Significant Accounting Policies	1
Reporting Entity	1-A
Basis of Accounting and Measurement Focus.....	1-B
Cash and Cash Equivalents.....	1-C
Investments.....	1-D
Receivables.....	1-E
Interfund Transfers	1-F
Property Taxes.....	1-G
Deferred Inflows of Resources	1-H
Net Position/Fund Balances.....	1-I
Use of Estimates	1-J
Stewardship, Compliance, and Accountability	2
Budgetary Information.....	2-A
Budgetary Reconciliation to GAAP Basis	2-B

DETAILED NOTES ON ALL FUNDS

Cash and Cash Equivalents	3
Investments	4
Taxes Receivable	5
Interfund Transfers.....	6
Intergovernmental Payables.....	7
Deferred Inflows of Resources	8
Governmental Activities and Fiduciary Funds Net Position	9
Governmental Fund Balances	10
Prior Period Adjustment	11
Risk Management.....	12
Related Party Transactions	13
Contingencies.....	14
COVID-19	15
Tax Abatements.....	16
Subsequent Events.....	17

TOWN OF BROOKFIELD, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Brookfield, New Hampshire (the Town), have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

The more significant of the Town's accounting policies are described below.

1-A Reporting Entity

The Town of Brookfield is a municipal corporation governed by an elected 3-member Board of Selectmen. In evaluating how to define the Town for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the GASB. The Town has no component units to include in its reporting entity.

1-B Basis of Accounting and Measurement Focus

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-wide Financial Statements – The Town's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental activities for the Town accompanied by a total column. Fiduciary activities of the Town are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position, with the exception of the capital assets and related accumulated depreciation, which have been omitted because they have not been inventoried at historical cost. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. As in the Statement of Net Position the Town has not recorded depreciation expense in this statement. The types of transactions reported as program revenues for the Town are reported in two categories: 1) charges for services and 2) operating grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated.

Governmental Fund Financial Statements – Include a balance sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying statement is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements. The Town has presented all major funds that met those qualifications.

Governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of reimbursement-based grants, which use a period of one year. Property taxes, licenses, and permits, intergovernmental revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

TOWN OF BROOKFIELD, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

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

The Town reports the following major governmental fund:

General Fund – is the Town’s primary operating fund. The general fund accounts for all financial resources except those required to be accounted for in another fund. The primary revenue sources include property taxes, State grants and motor vehicle permit fees. The primary expenditures are for general government, public safety, highways and streets, sanitation, culture and recreation, and capital outlay. Under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, guidance the expendable trust funds are consolidated in the general fund.

Additionally, the Town reports the following fund types:

Special Revenue Funds – are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Permanent Funds – are held in the custody of the Trustees of Trust Funds and are used to account for resources held in trust for use by the Town. These can include legal trusts for which the interest on the corpus provides funds for the Town’s cemetery operations.

All the governmental funds not meeting the criteria established for major funds are presented in the other governmental column of the fund financial statements. The Town reports three nonmajor governmental funds.

Fiduciary Fund Financial Statements – Include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The Town’s fiduciary funds are private purpose trust and custodial funds, which are custodial in nature. These funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting.

The Town reports the following fiduciary funds:

Private Purpose Trust Fund – are used to report trust arrangements, other than pension and investment trusts, under which principal and income benefit individuals, private organizations, or other governments.

Custodial Fund – are custodial in nature and do not belong to the primary government. A custodial fund is used to account for assets held on behalf of outside parties, including other governments.

1-C Cash and Cash Equivalents

The Town considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Deposits with financial institutions consist primarily of demand deposits and savings accounts.

The treasurer is required to deposit such moneys in solvent banks in state or the Public Deposit Investment Pool pursuant to New Hampshire RSA 383:22. Funds may be deposited in banks outside of the state if such banks pledge and deliver to a third party custodial bank or the Federal Reserve Bank, collateral security for such deposits, United States government or government agency obligations or obligations to the State of New Hampshire in value at least equal to the amount of the deposit in each case.

1-D Investments

State statutes place certain limitations on the nature of deposits and investments available as follows:

New Hampshire law authorizes the Town to invest in the following type of obligations:

- Obligations of the United States government,
- The public deposit investment pool established pursuant to RSA 383:22,
- Savings bank deposits,
- Certificates of deposit and repurchase agreements of banks incorporated under the laws of the State of New Hampshire or in banks recognized by the State treasurer.

TOWN OF BROOKFIELD, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

Any person who directly or indirectly receives any such funds or moneys for deposit or for investment in securities of any kind shall, prior to acceptance of such funds, make available at the time of such deposit or investment an option to have such funds secured by collateral having a value at least equal to the amount of such funds. Such collateral shall be segregated for the exclusive benefit of the Town. Only securities defined by the bank commissioner as provided by rules adopted pursuant to RSA 386:57 shall be eligible to be pledged as collateral.

Fair Value Measurements of Investments – In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, except for investments measured using net asset value (NAV) as a practical expedient to estimate fair value, the Town categorizes the fair value measurements of its investments within the fair value hierarchy established by US GAAP. The fair value hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

Level 1 – Inputs reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the Town has the ability to access at the measurement date. Directly held marketable equity securities would be examples of Level 1 investments.

Level 2 – Inputs are other than quoted prices that are observable for the assets or liabilities, either directly or indirectly, including inputs in markets that are not considered to be active. Because they most often are priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held fixed income securities are categorized in Level 2. All of the Town's holdings in New Hampshire Public Deposit Investment Pool (NHPDIP) would be examples of Level 2 investments.

Level 3 – Inputs are significant unobservable inputs.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In certain instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, is the level in the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. Investments are reported at fair value. If an investment is held directly by the Town and an active market with quoted prices exists, such as for domestic equity securities, the market price of an identical security is used to report fair value and is classified in Level 1. Corporate fixed income securities and certain governmental securities utilize pricing that may involve estimation using similar securities or trade dates and are classified in Level 2. Fair values for shares in registered mutual funds and exchange-traded funds are based on published share prices and classified in Level 1.

In determining fair value, the Town utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible.

Investments in Certain External Investment Pools – In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, the Town held investments with the New Hampshire Public Deposit Investment Pool (NHPDIP) are categorized as Level 2. The NHPDIP measures all of its investments at amortized cost. There are no redemption restrictions and shares may be redeemed by the Town in accordance with the NHPDIP's Information Statement.

1-E Receivables

Receivables recorded in the financial statements represent amounts due to the Town at December 31. They are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. They consist primarily of taxes, billing for charges, and other user fees.

1-F 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 the transfers and other financing sources in the funds receiving the transfers. In the government-wide financial statements, all interfund transfers between individual governmental funds have been eliminated.

TOWN OF BROOKFIELD, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

1-G Property Taxes

Property tax billings occur semi-annually and are based on the assessed inventory values as of April 1 of each year in accordance with RSA 76:15-a, *Semi-Annual Collection of Taxes in certain Towns and Cities*. Warrants for the year were issued on May 14, 2021 and November 12, 2021, and due on July 1, 2021 and December 22, 2021. Interest accrues at a rate of 8% on bills outstanding after the due date and 14% on tax liens outstanding. The Town placed a lien on all outstanding taxes from 2020 on March 18, 2021.

In connection with the setting of the tax rate, Town officials with the approval of the Department of Revenue Administration, establish and raise through taxation an amount for tax abatement and refunds, known as overlay. This amount is reported as a reduction in tax revenue and is adjusted by management for any reserve for uncollectable at year-end. The property taxes collected by the Town include taxes levied for the State of New Hampshire, Governor Wentworth Regional School District, and Carroll County, which are remitted to these entities as required by law.

The Town net assessed valuation as of April 1, 2021 utilized in the setting of the tax rate was as follows:

Total assessment valuation with utilities	\$128,516,821
Total assessment valuation without utilities	\$126,719,121

The tax rates and amounts assessed for the year ended December 31, 2021 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$5.46	\$ 700,847
School portion:		
State of New Hampshire	\$1.71	217,266
Local	\$9.47	1,216,860
County portion	\$1.08	139,271
Total	<u>\$17.72</u>	<u>\$ 2,274,244</u>

1-H Deferred Inflows of Resources

Deferred inflows of resources, a separate financial statement element, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within 60 days after year-end.

1-I Net Position/Fund Balances

Government-wide Statements – Equity is classified as net position and displayed in two components:

Restricted net position – Results when constraints placed on net position use are either externally imposed by a third party (statutory, bond covenant, or granting agency) or are imposed by law through constitutional provisions or enabling legislation. The Town typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a further project.

Unrestricted net position – Consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

TOWN OF BROOKFIELD, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

Fund Balance Classifications – GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides more clearly defined fund balance categories to make sure the nature and extent of the constraints placed on a government's fund balances are more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable – Amounts that cannot be spent because they are either (a) not in spendable form (such as prepaid items, inventory, or tax deeded property subject to resale); or (b) are legally or contractually required to be maintained intact.

Restricted – Amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the legislative body (Town Meeting). These amounts cannot be used for any other purpose unless the legislative body removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Unassigned – Amounts that are available for any purpose. Positive amounts are reported only in the general fund.

When multiple net position/fund balance classifications are available for use, it is the government's policy to utilize the most restricted balances first, then the next most restricted balance as needed. When components of unrestricted fund balance are used, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

1-J Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the period reported. These estimates include assessing the collectability of taxes receivables. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements which govern the Town's operations. At its annual meeting, the Town adopts a budget for the current year for the general fund. Except as reconciled below, the budget was adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

Management may transfer appropriations between operating categories as deemed necessary, but expenditures may not legally exceed budgeted appropriations in total. All annual appropriations lapse at year-end unless encumbered.

State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2021, \$80,000 of the beginning general fund unassigned fund balance was applied for this purpose.

2-B Budgetary Reconciliation to GAAP Basis

While the Town reports financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual is presented for the major governmental fund which had a budget.

TOWN OF BROOKFIELD, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

Differences between the budgetary basis and GAAP basis of accounting for the general fund are as follows:

Revenues and other financing sources:	
Per Exhibit D (budgetary basis)	\$1,086,414
Adjustments:	
Basis differences:	
GASB Statement No. 54:	
To record miscellaneous income of the blended funds	4,966
To eliminate transfers between blended funds	(37,180)
Change in deferred tax revenue relating to 60-day revenue recognition recognized as revenue on the GAAP basis, but not on the budgetary basis	(2,274)
Per Exhibit C-3 (GAAP basis)	<u>\$1,051,926</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$1,002,214
Adjustments:	
Basis differences:	
GASB Statement No. 54:	
To record expenditures of the blended funds during the year	10,130
To eliminate transfers between general and blended funds	(91,500)
Per Exhibit C-3 (GAAP basis)	<u>\$ 920,844</u>

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

At December 31, 2021, the reported amount of the Town's deposits was \$1,271,784 and the bank balance was \$1,260,859. Petty cash totaled \$75. Of the bank balance \$250,000 was covered by federal depository insurance in the Town's name, and \$579,037 was uninsured and uncollateralized.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 1,265,435
Cash per Statement of Fiduciary Net Position (Exhibit E-1)	6,349
Total cash and cash equivalents	<u>\$ 1,271,784</u>

NOTE 4 – INVESTMENTS

Note 1-D describes statutory requirements covering the investment of the Town funds. The Town holds investments that are measured at fair value on a recurring basis. Since investing is not a core part of the Town's mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

TOWN OF BROOKFIELD, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

The Town has the following recurring fair value measurements and maturities as of December 31, 2021:

	Valuation Measurement Method	Reported Balance	Less Than 1 Year	1-5 Years	6-10 Years	Exempt from Disclosure
Investments type:						
Equity exchange traded funds	Level 1	\$ 47,637	\$ -	\$ -	\$ -	\$ 47,637
Fixed income exchange traded funds	Level 2	83,506	-	-	-	83,506
U.S. Government agency bonds	Level 2	80,874	-	65,836	15,038	-
U.S. Treasury bonds	Level 2	151,617	5,004	141,686	4,927	-
Total fair value		<u>\$ 363,634</u>	<u>\$ 5,004</u>	<u>\$ 207,522</u>	<u>\$ 19,965</u>	<u>\$ 131,143</u>
Investments carried at amortized cost:						
New Hampshire Public Deposit Investment Pool		<u>67,787</u>				
Total investments		<u>\$ 431,421</u>				

Interest Rate Risk – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - The Town has no formal policy on managing credit risk; however, state law limits investments as explained in Note 1-D.

Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)	\$ 407,908
Investments per Statement of Fiduciary Net Position (Exhibit E-1)	23,513
Total investments	<u>\$ 431,421</u>

NOTE 5 – TAXES RECEIVABLE

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2021. The amount has been reduced by an allowance for an estimated uncollectible amount of \$1,800. Taxes receivable by year are as follows:

	As reported on:	
	Exhibit A	Exhibit C-1
Property:		
Levy of 2021	\$ 132,157	\$ 132,157
Unredeemed (under tax lien):		
Levy of 2020	37,646	37,646
Levy of 2019	23,469	23,469
Levies of 2018 and prior	1,582	1,582
Land use change	5,500	5,500
Less: allowance for estimated uncollectible taxes	(1,800) *	-
Net taxes receivable	<u>\$ 198,554</u>	<u>\$ 200,354</u>

*The allowance for uncollectible property taxes is not recognized under the modified accrual basis of accounting (Exhibit C-1 and C-3) due to the 60-day rule as explained in Note 1-B. However, the allowance is recognized under the accrual basis of accounting (Exhibits A and B).

TOWN OF BROOKFIELD, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

NOTE 6 – INTERFUND TRANSFERS

The composition of interfund transfers for the year ended December 31, 2021 is as follows:

	Transfers In:		
	General Fund	Nonmajor Fund	Total
Transfers out:			
General fund	\$ -	\$ 500	\$ 500
Nonmajor fund	487	-	487
Total	<u>\$ 487</u>	<u>\$ 500</u>	<u>\$ 987</u>

During the year, transfers are used to (1) move revenues from the fund with collection authority to the fund responsible for expenditure and (2) move general fund resources to provide an annual subsidy.

NOTE 7 – INTERGOVERNMENTAL PAYABLES

Amounts due to other governments of \$667,691 at December 31, 2021 consist of the following:

	Governmental Fund General	Fiduciary Funds
Property taxes due to the custodial funds	\$ 667,691 ³	\$ -
Taxes due to the Governor Wentworth Regional School District	-	667,691 ⁴
Total intergovernmental payables due	<u>\$ 667,691</u>	<u>\$ 667,691</u>

3. Property taxes due to the custodial funds represent amounts collected by the Town on behalf of Governor Wentworth Regional School District and are reported as a component of general fund cash at year-end.

4. Property taxes due to the Washington School District represent amounts collected by the Town that will be paid to the School District in incremental payments based upon an agreed schedule in the next calendar year.

NOTE 8 – DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources are as follows:

	Government-wide	General Fund
Deferred property taxes not collected within 60 days of fiscal year-end	\$ -	\$ 32,874
Property taxes collected in advance of the issuance of warrants	1,303	1,303
Total deferred inflows of resources	<u>\$ 1,303</u>	<u>\$ 34,177</u>

NOTE 9 – GOVERNMENTAL ACTIVITIES AND FIDUCIARY FUNDS NET POSITION

Net position reported on the governmental activities and fiduciary funds Statements of Net Position at December 31, 2021 include the following:

	Governmental Activities	Fiduciary Funds
Restricted net position:		
Perpetual care - nonexpendable	\$ 26,569	\$ -
Perpetual care - expendable	35,650	-
Individuals, organizations, and other governments	-	29,862
Total restricted net position	<u>62,219</u>	<u>29,862</u>
Unrestricted	1,142,720	-
Total net position	<u>\$ 1,204,939</u>	<u>\$ 29,862</u>

TOWN OF BROOKFIELD, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

NOTE 10 – GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2021 include the following:

	General Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable:			
Permanent fund - principal balance	\$ -	\$ 26,569	\$ 26,569
Restricted:			
Permanent fund - income balance	-	35,650	35,650
Committed:			
Expendable trusts	466,629	-	466,629
Conservation commission	-	5,645	5,645
Heritage commission	-	8,658	8,658
Total committed fund balance	466,629	14,303	480,932
Unassigned	630,714	-	630,714
Total governmental fund balances	\$ 1,097,343	\$ 76,522	\$ 1,173,865

NOTE 11 – PRIOR PERIOD ADJUSTMENT

Net position/fund balance at January 1, 2021 was restated to give retroactive effect to the following prior period adjustment:

	Government-wide Statements	General Fund (GAAP)	General Fund (Budgetary)
To restate for allowance for uncollectible taxes	\$ (1,000)	\$ (1,000)	\$ (1,000)
Net position/fund balance, as previously reported	1,066,942	967,261	578,588
Net position/fund balance, as restated	\$ 1,065,942	\$ 966,261	\$ 577,588

NOTE 12 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2021, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs.

The New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from January 1, 2021 to December 31, 2021 by Primex³, which retained \$1,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits Primex³ to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. In 2021 the Town paid \$2,767 and \$1,617 respectively, to Primex for property, liability, and worker's compensation. At this time, Primex³ foresees no likelihood of any additional assessment for this or any prior year.

The Town continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

TOWN OF BROOKFIELD, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

NOTE 13 – RELATED PARTY TRANSACTIONS

Financial reporting standards require disclosure of significant related-party transactions, including the nature of the relationship, a description of the transactions, dollar amounts of the transaction, and amounts due to or due from the related party at the financial statement date.

The Town has a contract in place with T.E.N. Construction, LLC, owned by the Road Agent, to maintain the highways and streets. During 2021 the Town paid the company \$179,503.28 for those services.

NOTE 14 – CONTINGENCIES

The Town participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the Town's compliance with applicable grant requirements will be established at a future date. The number of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town anticipates such amounts, if any, will be immaterial.

NOTE 15 – COVID-19

As a result of the spread of COVID-19, Coronavirus, economic uncertainties continue. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

The Town was allotted a total of \$72,026 in federal funding from the American Rescue Plan Act (ARPA) in 2021. A total of \$36,013 or 50% of the funding was received in 2021. The remainder is expected to be received in 2022. Eligible uses of these funds include pandemic response or its negative impacts, workforce/personnel, including payroll and hazard/premium pay, provision of government services to the extent of reduced revenue and necessary water, sewer, and broadband investment. For the year ended December 31, 2021 the Town spent all of the funds received. The remaining funds are included in deferred inflows of resources until eligible expenditures have been made.

The full extent of the financial impact cannot be determined as of the date of the financial statements.

NOTE 16 – TAX ABATEMENTS

Governmental Accounting Standards Board Statement No. 77, *Tax Abatement Disclosures*, defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The Town had no such tax abatements.

NOTE 17 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date but arose after the date. Management has evaluated subsequent events through August 18, 2022, the date the December 31, 2021 financial statements were available to be issued, and noted no events occurred that requires recognition or disclosure.

COMBINING AND INDIVIDUAL FUND SCHEDULES

SCHEDULE 1
TOWN OF BROOKFIELD, NEW HAMPSHIRE
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2021

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 681,817	\$ 680,273	\$ (1,544)
Land use change	25,000	26,990	1,990
Yield	4,100	4,409	309
Interest and penalties on taxes	13,000	8,747	(4,253)
Total from taxes	<u>723,917</u>	<u>720,419</u>	<u>(3,498)</u>
Licenses, permits, and fees:			
Motor vehicle permit fees	150,000	183,326	33,326
Building permits	9,000	15,442	6,442
Other	1,550	2,768	1,218
Total from licenses, permits, and fees	<u>160,550</u>	<u>201,536</u>	<u>40,986</u>
Intergovernmental:			
State:			
Shared revenues	-	635	635
Meals and rooms distribution	54,887	54,887	-
Highway block grant	32,534	32,526	(8)
Federal:			
ARPA grant	-	36,013	36,013
Total from intergovernmental	<u>87,421</u>	<u>124,061</u>	<u>36,640</u>
Miscellaneous:			
Sale of municipal property	200	-	(200)
Interest on investments	500	749	249
Other	900	1,982	1,082
Total from miscellaneous	<u>1,600</u>	<u>2,731</u>	<u>1,131</u>
Other financing sources:			
Transfers in	<u>183,000</u>	<u>37,667</u>	<u>(145,333)</u>
Total revenues and other financing sources	<u>1,156,488</u>	<u>\$ 1,086,414</u>	<u>\$ (70,074)</u>
Unassigned fund balance used to reduce tax rate	80,000		
Total revenues, other financing sources, and use of fund balance	<u>\$ 1,236,488</u>		

SCHEDULE 2
TOWN OF BROOKFIELD, NEW HAMPSHIRE
Major General Fund
Schedule of Appropriations and Expenditures (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2021

	Appropriations	Expenditures	Variance Positive (Negative)
Current:			
General government:			
Executive	\$ 46,332	\$ 33,754	\$ 12,578
Election and registration	23,342	24,039	(697)
Financial administration	53,350	48,163	5,187
Legal	15,000	4,225	10,775
Personnel administration	9,617	8,486	1,131
Planning and zoning	11,100	3,221	7,879
General government buildings	23,350	14,408	8,942
Cemeteries	7,300	7,764	(464)
Insurance, not otherwise allocated	2,767	2,767	-
Advertising and regional associations	1	-	1
Other	12,500	16,183	(3,683)
Total general government	204,659	163,010	41,649
Public safety:			
Police	367,773	367,775	(2)
Fire	1,603	274	1,329
Building inspection	7,375	6,032	1,343
Emergency management	500	-	500
Total public safety	377,251	374,081	3,170
Highways and streets:			
Highways and streets	240,000	199,914	40,086
Sanitation:			
Solid waste collection	75,308	75,852	(544)
Health:			
Health agencies	2,500	1,500	1,000
Welfare:			
Administration and direct assistance	10,000	-	10,000
Vendor payments and other	3,600	3,600	-
Total welfare	13,600	3,600	10,000
Culture and recreation:			
Parks and recreation	4,217	4,216	1
Library	14,000	14,000	-
Patriotic purposes	1	-	1
Other	2,850	1,261	1,589
Total culture and recreation	21,068	19,477	1,591
Conservation	601	-	601
Debt service:			
Interest on tax anticipation notes	1	-	1
Capital outlay	210,000	72,780	137,220
Other financing uses:			
Transfers out	91,500	92,000	(500)
Total appropriations, expenditures, and other financing uses	\$ 1,236,488	\$ 1,002,214	\$ 234,274

See Independent Auditor's Report.

SCHEDULE 3
TOWN OF BROOKFIELD, NEW HAMPSHIRE
Major General Fund
Schedule of Changes in Unassigned Fund Balance
For the Fiscal Year Ended December 31, 2021

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis), as restated (see Note 11)		\$ 577,588
Changes:		
Unassigned fund balance used to reduce 2021 tax rate		(80,000)
2021 Budget summary:		
Revenue surplus (Schedule 1)	\$ (70,074)	
Unexpended balance of appropriations (Schedule 2)	234,274	
2021 Budget surplus		164,200
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		661,788
Reconciliation on Non-GAAP Budgetary Basis to GAAP Basis		
To record deferred property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis		(32,874)
Elimination of the allowance for uncollectible taxes		1,800
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)		<u>\$ 630,714</u>

SCHEDULE 4
TOWN OF BROOKFIELD, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2021

	Special Revenue Funds			
	Conservation	Heritage	Permanent	
	Commission	Commission	Fund	Total
ASSETS				
Cash and cash equivalents	\$ 5,645	\$ 8,658	\$ 3,087	\$ 17,390
Investments	-	-	59,132	59,132
Total assets	\$ 5,645	\$ 8,658	\$ 62,219	\$ 76,522
FUND BALANCES				
Nonspendable	\$ -	\$ -	\$ 26,569	\$ 26,569
Restricted	-	-	35,650	35,650
Committed	5,645	8,658	-	14,303
Total fund balances	\$ 5,645	\$ 8,658	\$ 62,219	\$ 76,522

See Independent Auditor's Report.

SCHEDULE 5
TOWN OF BROOKFIELD, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2021

	Special Revenue Funds			
	Conservation	Heritage	Permanent	
	Commission	Commission	Fund	Total
REVENUES				
Miscellaneous	\$ 1	\$ 1,105	\$ 4,972	\$ 6,078
EXPENDITURES				
Current:				
General government	-	-	450	450
Excess of revenues over expenditures	1	1,105	4,522	5,628
OTHER FINANCING SOURCES (USES)				
Transfers in	-	500	-	500
Transfers out	-	-	(487)	(487)
Total other financing sources (uses)	-	500	(487)	13
Net change in fund balances	1	1,605	4,035	5,641
Fund balances, beginning	5,644	7,053	58,184	70,881
Fund balances, ending	\$ 5,645	\$ 8,658	\$ 62,219	\$ 76,522

SCHEDULE 6
TOWN OF BROOKFIELD, NEW HAMPSHIRE
Combining Schedule of Custodial Funds Fiduciary Net Position
December 31, 2021

	Custodial Funds		Total
	Taxes	Heritage	
ASSETS			
Cash and cash equivalents	\$ -	\$ 3,161	\$ 3,161
Intergovernmental receivables	667,691	-	667,691
Total assets	667,691	3,161	670,852
LIABILITIES			
Intergovernmental payables:			
School	667,691	-	667,691
NET POSITION			
Restricted	\$ -	\$ 3,161	\$ 3,161

See Independent Auditor's Report.

SCHEDULE 7
TOWN OF BROOKFIELD, NEW HAMPSHIRE
Combining Schedule of Custodial Funds Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2021

	Custodial Funds		
	Taxes	Heritage	Total
Additions:			
Tax collections for other governments	\$ 1,573,397	\$ -	\$ 1,573,397
Deductions:			
Payments of taxes to other governments	1,573,397	-	1,573,397
Net change in fiduciary net position	-	-	-
Net position, beginning	-	3,161	3,161
Net position, ending	\$ -	\$ 3,161	\$ 3,161

See Independent Auditor's Report.



PLODZIK & SANDERSON

Professional Association/Certified Public Accountants

193 North Main Street • Concord • New Hampshire • 03301-5063 • 603-225-6996 • FAX 603-224-1380

INDEPENDENT AUDITOR'S COMMUNICATION OF SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESS

To the Members of the Board of Selectmen
Town of Brookfield
Brookfield, New Hampshire

In planning and performing our audit of the basic financial statements of the Town of Brookfield as of and for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Town of Brookfield's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Brookfield's internal control over financial reporting.

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 significant deficiencies or material weaknesses and therefore, significant deficiencies or material weaknesses may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be a material weakness.

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 over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.
- Probable. The future event or events are likely to occur.

We consider the following deficiency in the Town of Brookfield's internal control to be material weakness:

Capital Asset Reporting

It was noted during the audit that capital asset records are not maintained by the Town. GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, requires that capital assets be inventoried at cost and properly depreciated in the governmental activities. We recommend that the Town maintain capital asset records and reconcile them to the general ledger, as appropriate, on a timely basis to ensure accurate accounting over the assets. Specifically, the capital asset records should include the following information: description of the asset; cost; vendor name and date purchased; date placed in service; estimated useful life; depreciation method; depreciation expense; and accumulated depreciation for the year; and date asset retired and selling price, if applicable. Complete information such as the above on all the capital assets would provide excellent control for the safeguarding of these assets, which are significant in costs.

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 following deficiencies in Town of Brookfield's internal control to be significant deficiencies:

Segregation of Duties

It was identified during the documentation of Town's internal control procedures that the Treasurer is responsible for the maintenance of the Town's general ledger. Furthermore, the Treasurer is responsible for the collection and deposit of Selectmen's deposits, custody of Town deposits (bank accounts), authorization of disbursement of Town funds (signer on bank

***Town of Brookfield
Independent Auditor's Communication of
Significant Deficiencies and Material Weakness***

accounts), and periodic reconciliation of bank accounts and the general ledger. While the Town does have some mitigating internal controls in place, per best practice, additional risk-mitigating procedures should be put in place to address the risks associated with a lack of segregation of duties across all financial areas involving the Treasurer. We recommend that the Board establish and formally document procedures and policies to address the obligations of the Board in the review and approval of activity as prepared and presented by the Treasurer. This includes, but is not limited to, more refined review of transactions and source documentation provided by the Treasurer and documented approval across all transaction areas (accounts payable, periodic deposit activity, payroll, etc.).

Manual Tracking of Town Clerk Activity

During the documentation of procedures over Town Clerk revenues, it was noted that Town Clerk activity was tracked manually during the year under audit and did not use the State MAAP software reporting capabilities or the Town's ClerkWorks software for reporting to the Treasurer. As a result, certain reconciling items were not properly accounted for in the periodic reporting to the Treasurer. Per best practice, the Town should make use of automated and digital mediums of processing transactions and reporting for recording financial transactions and data in the Town's general ledger, rather than relying on manually calculated data. There is an increased risk of misstatement with the use of manually tracked financial activity. We recommend that the Town make use of existing digital and automated systems for use in reporting to the Treasurer to record such financial data in the Town's general ledger.

Duplication of Work

During the documentation of Town procedures over payroll, it was noted that the Town uses a separate software for the processing of payroll, but then must manually input the payroll data from that software to enter individual payroll transactions into the existing QuickBooks software used for the Town's general ledger. Per best practice, the need for manual re-entry of financial data should be avoided to prevent misstatement and errors resulting from manual entry. This is especially important for payroll transactions, where amending payroll following the printing of checks can result in timely corrections to payroll records as well as State and Federal payroll forms and reports. Risk of misstatement or errors is increased due to the need for manual entry between software systems used to process and report payroll. We recommend the Town consider the use of complementary or importable software or data for processing payroll. The use of QuickBooks payroll module should be considered to provide efficiencies in the processing of payroll and prevent errors in manual entry between software systems.

This communication is intended solely for the information and use of management, the Board of Selectmen, and others within the Town of Brookfield, and is not intended to be, and should not be, used by anyone other than these specified parties.

August 18, 2022

*Plodzik & Sanderson
Professional Association*