

## Final Official Statement Dated September 24, 2025

**NEW MONEY: Book-Entry-Only**

**RATINGS: S&P Global Ratings: “AAA”**

*In the opinion of Bond Counsel, rendered in reliance upon and assuming the accuracy of and continuing compliance by the Town with certain representations and covenants relating to the applicable requirements of the Internal Revenue Code of 1986 (the “Code”), under existing law, interest on the Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of the federal alternative minimum tax under the Code; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. (See “Tax Matters” herein.)*



### **Town of Berlin, Connecticut** **\$3,585,000** **General Obligation Bonds, Issue of 2025** **(Bank Qualified)**

**Dated: Date of Delivery**

**Due: Serially October 1, 2026-2035**  
**as detailed below:**

The \$3,585,000 General Obligation Bonds, Issue of 2025 (the “Bonds”) will be general obligations of the Town of Berlin, Connecticut (the “Town”) and the Town will pledge its full faith and credit to pay the principal of and the interest on the Bonds when due. (See “Security and Remedies” herein.) Interest on the Bonds will be payable on April 1, 2026 and semiannually thereafter on October 1 and April 1 in each year until maturity.

The Bonds will be issued in book-entry-only form and registered in the name of Cede & Co., as nominee for the Depository Trust Company (“DTC”), New York, New York. The beneficial owners of the Bonds will not receive certificates representing their ownership interest in the Bonds. Principal of, redemption premium, if any, and interest payments on, the Bonds will be made by the Town of Berlin, Connecticut (the “Town”) or its agent to DTC, or its nominee as registered owner of the Bonds. DTC will credit its participants in accordance with their respective holdings shown in the records of DTC. It is anticipated that the beneficial owners of the Bonds will receive payment or credit from DTC participants and other nominees of the beneficial owners. Ownership of the Bonds may be in principal amounts of \$5,000 or integral multiples thereof. (See “Book-Entry-Only Transfer System” herein.)

The Bonds are subject to redemption prior to maturity as more fully described under “Redemption Provisions” herein.

| <b>Year</b> | <b>Principal</b> | <b>Coupon</b> | <b>Yield</b> | <b>CUSIP<sup>1</sup></b> | <b>Year</b> | <b>Principal</b> | <b>Coupon</b> | <b>Yield</b> | <b>CUSIP<sup>1</sup></b> |
|-------------|------------------|---------------|--------------|--------------------------|-------------|------------------|---------------|--------------|--------------------------|
| 2026        | \$ 360,000       | 5.000%        | 2.000%       | 084851YZ1                | 2031        | \$ 360,000       | 5.000%        | 2.020%       | 084851ZE7                |
| 2027        | 360,000          | 5.000%        | 1.800%       | 084851ZA5                | 2032*       | 360,000          | 4.000%        | 2.180%       | 084851ZF4                |
| 2028        | 360,000          | 5.000%        | 1.800%       | 084851ZB3                | 2033*       | 355,000          | 4.000%        | 2.280%       | 084851ZG2                |
| 2029        | 360,000          | 5.000%        | 1.820%       | 084851ZC1                | 2034*       | 355,000          | 4.000%        | 2.450%       | 084851ZH0                |
| 2030        | 360,000          | 5.000%        | 1.860%       | 084851ZD9                | 2035*       | 355,000          | 4.000%        | 2.600%       | 084851ZJ6                |

\* Priced assuming redemption on October 1, 2031; however, any such redemption is at the option of the Town.

### **RAYMOND JAMES & ASSOCIATES, INC.**

The Registrar, Transfer Agent, Certifying Agent and Paying Agent will be U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27th Floor, Hartford, Connecticut 06103.

The Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Pullman & Comley, LLC, Bond Counsel, of Hartford, Connecticut. It is expected that delivery of the Bonds in book-entry-only form will be made to DTC on or about October 9, 2025.

<sup>1</sup> CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems, Inc, which is not affiliated with the Town and are included solely for the convenience of the holders of the Bonds. The Town is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

No dealer, broker, salesperson or other person has been authorized by the Town of Berlin, Connecticut (the “Town”) to give any information or to make any representations other than that contained in this Official Statement or any supplement which may be issued hereto, and if given or made, such other information or representations must not be relied upon as having been authorized by the Town. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement has been prepared only in connection with the initial offering and sale of the Bonds and may not be reproduced or used in whole or in part for any other purpose. The information, estimates and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of this Official Statement.

Any references to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, any such websites and the information or links contained therein are not incorporated into, and are not part of, this offering document.

This Official Statement may include “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Without limiting the foregoing, the words “may,” “believe,” “could,” “might,” “possible,” “potential,” “project,” “will,” “should,” “expect,” “intend,” “plan,” “predict,” “anticipate,” “estimate,” “approximate,” “contemplate,” “continue,” “target,” “goal” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these words. All forward-looking statements included in this Official Statement are based on information available to the Town up to the date as of which such statements are to be made, or otherwise up to, and including, the date of this document, and the Town assumes no obligation to update any such forward-looking statements to reflect events or circumstances that arise after the date hereof or after the date of any report containing such forward-looking statement, as applicable. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain important factors, including, but not limited to (i) the effect of and from, future municipal, state and federal budgetary matters, including state and federal grants and other forms of financial aid to the Town; (ii) federal tax policy, including the deductibility of state and local taxes for federal tax purposes; (iii) macroeconomic economic and business developments, both for the country as a whole and particularly affecting the Town; (iv) financial services industry developments; (v) litigation or arbitration; (vi) climate and weather related developments, natural disasters and other acts of God; (vii) factors used in estimating future obligations of the Town; (viii) the effects of epidemics and pandemics, including economic effects; (ix) foreign hostilities or wars; (x) foreign or domestic terrorism or domestic violent extremism; (xi) disruptions to the Town’s technology network and systems, including computer systems and software; and (xii) other factors contained in this Official Statement.

*(The remainder of this page intentionally left blank)*

## **Table of Contents**

|  | <u><b>Page</b></u> |   | <u><b>Page</b></u> |
|--|--------------------|---|--------------------|
| <b>Bond Issue Summary</b> .....                        | 1                  | <b>IV. Tax Base Data</b> .....                              | 25                 |
| <b>I. Bond Information</b> .....                       | 2                  | Property Tax - Assessments.....                             | 25                 |
| Introduction.....                                      | 2                  | Levy.....   | 25                 |
| Public Health Considerations.....                      | 3                  | Comparative Assessed Valuations.....                        | 26                 |
| Climate Change.....                                    | 3                  | Exempt Property.....  | 26                 |
| Cybersecurity.....                                     | 3                  | Property Tax Levies and Collections.....                    | 27                 |
| Municipal Advisor.....                                 | 3                  | Ten Largest Taxpayers.....                                  | 27                 |
| The Bonds.....   | 4                  | <b>V. Debt Summary</b> .....                                | 28                 |
| Description of the Bonds.....                          | 4                  | Principal Amount of Indebtedness.....                       | 28                 |
| Redemption Provisions.....                             | 4                  | Short Term Debt.....  | 28                 |
| Authorization and Purpose.....                         | 5                  | Annual Bonded Debt Maturity Schedule.....                   | 29                 |
| Use of Proceeds.....                                   | 5                  | Clean Water Fund Program and Drinking                       |                    |
| Book-Entry-Only Transfer System.....                   | 5                  | Water State Revolving Programs.....                         | 29                 |
| DTC Practices.....                                     | 6                  | Overlapping Debt.....                                       | 30                 |
| Replacement Bonds.....                                 | 7                  | Underlying Debt.....  | 30                 |
| Security and Remedies.....                             | 7                  | Debt Statement.....   | 31                 |
| Qualification for Financial Institutions.....          | 7                  | Current Debt Ratios.....                                    | 31                 |
| Availability of Continuing Information.....            | 8                  | Bond Authorization.....                                     | 32                 |
| Ratings.....   | 8                  | Maturities.....   | 32                 |
| Tax Matters.....                                       | 8                  | Temporary Financing.....                                    | 32                 |
| Insurance.....   | 10                 | Debt Management Policy.....                                 | 32                 |
| <b>II. The Issuer</b> .....                            | 11                 | Limitation of Indebtedness.....                             | 33                 |
| Description of the Municipality.....                   | 11                 | Statement of Debt Limitation.....                           | 33                 |
| Government Organization.....                           | 12                 | Authorized But Unissued Debt.....                           | 34                 |
| Board of Education.....                                | 12                 | Principal Amount of Outstanding Debt.....                   | 35                 |
| Fire Districts.....                                    | 12                 | Ratios of Net Long-Term Debt to Valuation                   |                    |
| Mattabassett District.....                             | 12                 | Population and Income.....                                  | 35                 |
| Police Commissioners.....                              | 12                 | Ratio of Total General Fund Debt Service                    |                    |
| Town Officials.....                                    | 13                 | Expenditures To Total General Fund Expenditures.....        | 35                 |
| Town Council Members.....                              | 13                 | <b>VI. Financial Administration</b> .....                   | 36                 |
| Municipal Services.....                                | 14                 | Fiscal Year.....  | 36                 |
| Principal Public Facilities.....                       | 16                 | Basis of Accounting.....                                    | 36                 |
| Educational Services.....                              | 17                 | Budget Procedure.....                                       | 36                 |
| School Enrollment.....                                 | 17                 | Capital Improvement Plan.....                               | 37                 |
| School Facilities.....                                 | 17                 | Audit.....  | 37                 |
| Employee Relations and Collective Bargaining.....      | 18                 | Liability Insurance.....                                    | 37                 |
| Municipal Employees.....                               | 18                 | Certificate of Achievement.....                             | 37                 |
| Employee Relations.....                                | 18                 | Pensions.....   | 37                 |
| Binding Arbitration.....                               | 18                 | Other Post Employment Benefits.....                         | 39                 |
| <b>III. Economic and Demographic Information</b> ..... | 19                 | Compensated Absences.....                                   | 40                 |
| Economic Condition and Outlook.....                    | 19                 | Energy Efficiency Projects.....                             | 40                 |
| Major Economic Initiatives.....                        | 19                 | Risk Management.....  | 40                 |
| Population and Density.....                            | 20                 | Enterprise Fund.....  | 40                 |
| Age Distribution of the Population.....                | 20                 | Investment Policy.....                                      | 41                 |
| Income Distribution.....                               | 20                 | Capital Improvement Plan.....                               | 41                 |
| Income Levels.....                                     | 21                 | General Fund Revenues and Expenditures.....                 | 42                 |
| Educational Attainment.....                            | 21                 | Analysis of General Fund Balance.....                       | 42                 |
| Major Employers.....                                   | 21                 | <b>VII. Legal and Other Information</b> .....               | 43                 |
| Employment by Industry.....                            | 22                 | Litigation.....   | 43                 |
| Employment Data.....                                   | 22                 | Documents Furnished at Delivery.....                        | 43                 |
| Age Distribution of Housing.....                       | 23                 | Concluding Statement.....                                   | 44                 |
| Commute to Work.....                                   | 23                 |   |                    |
| Housing Inventory.....                                 | 23                 | <b>Appendix A: 2024 Financial Statements Excerpted from</b> |                    |
| Housing Vacancy Rates.....                             | 24                 | <b>    the Town's Annual Financial Report</b>               |                    |
| Owner Occupied Housing Values.....                     | 24                 | <b>Appendix B: Form of Legal Opinion of Bond Counsel</b>    |                    |
| Building Permits.....                                  | 24                 | <b>Appendix C: Form of Continuing Disclosure Agreement</b>  |                    |
| Land Use Breakdown.....                                | 24                 | <b>Appendix D: Notice of Sale</b>                           |                    |

*(This page intentionally left blank)*

## **Bond Issue Summary**

*The information in this Bond Issue Summary and the front cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. This Official Statement speaks only as of its date and the information herein is subject to change.*

|  |  |
|--|--|
| <b>Date of Sale:</b>   | Wednesday, September 24, 2025 at 11:30 A.M. (E.D.T.).  |
| <b>Location of Sale:</b>   | Berlin Town Hall, Office of the Finance Director, 240 Kensington Road, Berlin, CT 06037.   |
| <b>Issuer:</b>   | Town of Berlin, Connecticut (the “Town”).  |
| <b>Issue:</b>  | \$3,585,000 General Obligation Bonds, Issue of 2025 (the “Bonds”).   |
| <b>Dated Date:</b>   | October 9, 2025.   |
| <b>Interest Due:</b>   | April 1, 2026 and semiannually thereafter on October 1 and April 1, in each year until maturity.   |
| <b>Principal Due:</b>  | Principal due serially October 1, 2026 through October 1, 2035.  |
| <b>Purpose:</b>  | The Bond proceeds will be used to fund various general purpose and school capital projects. See “Authorization and Purpose” herein.  |
| <b>Redemption:</b>   | The Bonds are subject to redemption prior to maturity.   |
| <b>Security:</b>   | The Bonds will be general obligations of the Town, and the Town will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due.   |
| <b>Credit Rating:</b>  | The Bonds have received a rating of “AAA” from S&P Global Ratings.   |
| <b>Bond Insurance:</b>   | The Town does not expect to direct purchase a credit enhancement facility.   |
| <b>Tax Exemption:</b>  | See “Tax Matters” herein.  |
| <b>Bank Qualification:</b>   | The Bonds <u>shall be</u> designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986 for purposes of the deduction by financial institutions of interest expense allocable to the Bonds.   |
| <b>Continuing Disclosure:</b>  | In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided: (i) annual financial information and operating data, (ii) notices of the occurrence of certain listed events not in excess of ten (10) business days after the occurrence of such events, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix C to this Official Statement. |
| <b>Registrar, Transfer Agent, Certifying Agent and Paying Agent:</b> | U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27th Floor, Hartford, Connecticut 06103.  |
| <b>Municipal Advisor:</b>  | Phoenix Advisors, a division of First Security Municipal Advisors, Inc., of Milford, Connecticut will act as Municipal Advisor. Telephone: (203) 878-4945.   |
| <b>Legal Opinion:</b>  | Pullman & Comley, LLC, of Hartford, Connecticut.   |
| <b>Delivery and Payment:</b>   | It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about October 9, 2025. Delivery of the Bonds will be made against payment in Federal Funds.   |
| <b>Issuer Official:</b>  | Questions concerning the Official Statement should be addressed to Mr. Kevin J. Delaney, Finance Director, Berlin Town Hall, 240 Kensington Road, Berlin, CT 06037. Telephone (860) 828-7044.  |

## ***I. Bond Information***

### ***Introduction***

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Berlin, Connecticut (the “Town”), in connection with the original issuance and sale of \$3,585,000 General Obligation Bonds, Issue of 2025 (the “Bonds”) of the Town, and may not be reproduced or used in whole or in part for any other purpose.

This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds. Any statement made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. All quotations from and summaries and explanations of provisions of statutes, charters, or other laws and acts and proceedings of the Town contained herein do not purport to be complete, are subject to repeal or amendment, and are qualified in their entirety by reference to such laws and the original official documents. All references to the Bonds and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

The Bonds are being offered for sale through public bidding. A Notice of Sale dated September 17, 2025 has been furnished to prospective bidders and is included herein as Appendix D for the Bonds. Reference is made to the Notice of Sale for the terms and conditions of the bidding.

U.S. Bank Trust Company, National Association will certify and act as Registrar, Transfer Agent, Certifying Agent and Paying Agent for the Bonds.

The presentation of information in this Official Statement is intended to show recent historical trends and is not intended to indicate future or continuing trends in the financial or other positions of the Town.

The independent auditors for the Town are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in this Official Statement (other than matters expressly set forth in their opinion in Appendix A – Financial Statements excerpted from the Town’s 2023 Annual Financial Report), and they make no representation that they have independently verified the same. The Auditors have not been engaged nor performed audit procedures regarding the past audit period nor reviewed the Official Statement. The Auditors have not provided their written consent to use their Independent Auditors Report.

Bond Counsel is not passing on and does not assume any responsibility for the sufficiency, accuracy or completeness of the statements made or financial information presented in this Official Statement, other than matters expressly set forth as its opinion, and makes no representation that it has independently verified the same.

The Town deems this Official Statement to be “final” for purpose of Securities and Exchange Commission Rule 15c2-12(b)(1), but is subject to revision or amendment.

The Town currently files its official statements for primary offerings with the Municipal Securities Rulemaking Board.

*(The remainder of this page intentionally left blank)*

## ***Public Health Considerations***

Commencing in late 2019, an outbreak of a respiratory disease caused by a new strain of coronavirus (“COVID-19”) resulted in a global public health crisis. The federal and State governments both declared public health emergencies and, along with local governments, took action to limit the spread of the outbreak and reduce the resulting economic impact. The federal and State public health emergency declarations have since been terminated.

To date, the COVID-19 outbreak has had no material adverse effect on the finances of the Town. However, prospective investors should assume that restrictions and limitations related to COVID-19 and any future variants or pandemics may be instituted by the federal or State governments and that any resurgence of COVID-19 or another infectious disease could have a material adverse effect on the Town and its financial and operational performance.

The Town received \$6,048,046 from the American Rescue Plan Act of 2021 in response to the COVID-19 pandemic (the “COVID-19 Aid”). The Town developed a plan for the use of such funds that focused on infrastructure improvements and other initiatives that complied with the program eligibility criteria. No assurance can be given that the Town would receive federal aid akin to the COVID-19 Aid if another pandemic or similar public health emergency were to occur.

## ***Climate Change***

Numerous scientific studies have detailed changing global weather patterns and the potential for increasingly extreme weather events across the world. The Town faces certain threats due to climate change, including flooding, drought and damaging wind that could become more severe and frequent. The Town cannot predict the timing, extent or severity of climate change and its impact on the Town’s operations and finances.

The Town has taken a few steps to deal with climate change. Solar panels were installed on four school roofs in 2016, and the Town is testing the first hybrid Police vehicles. While flooding is a risk at the Public Works complex, the Town has elected not to make changes in the near term. Funding is available in the General Insurance Fund to cover remediation costs.

## ***Cybersecurity***

The Town, like many other public and private entities, relies on technology to conduct its operations. The Town and its departments face cyber threats from time to time, including but not limited to hacking, viruses, malware, phishing, and other attacks on computers and other sensitive digital networks and systems. To reduce the risk of a successful cyber security threat the Town has and continues to invest in its cyber security infrastructure. In addition, the Town contracts with a cybersecurity company to monitor the Town’s IT systems and to block any suspicious activity and alert IT leadership. These security protection systems are continually evaluated for upgrades or replacements.

To mitigate the risk of business operations impact and/or damage from cyber security incidents or cyber-attacks, the Town has invested in disaster recovery systems and a continuity of IT operations plan which leverages a multifaceted back up schema. In the event of a cybersecurity incident, recovery from an earlier state for any enterprise application system is possible. No assurances can be given, however, that such security and operational control measures will be completely successful in guarding against cyber threats and attacks. The results of any such attack could impact financial operations and/or damage the Town’s digital networks and systems and the costs of remedying any such damage could be substantial. The Town has purchased cyber insurance to mitigate the impact of a cyber incident. Cyber training is offered with both the Town and Board of Education utilizing KnowBe4 for mandatory training and employee testing (sending simulated phishing emails periodically to see if employees click on unfamiliar links).

## ***Municipal Advisor***

Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Milford, Connecticut, has served as Municipal Advisor to the Town in connection with the issuance of the Bonds (the “Municipal Advisor”) and has assisted in matters related to the planning, structuring and terms of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the Appendices hereto. The Municipal Advisor is an Independent Registered Municipal Advisor pursuant to the Dodd-Frank Act and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

## ***The Bonds***

### ***Description of the Bonds***

The Bonds will be dated October 9, 2025 and will bear interest at the rates per annum specified on the front cover page, payable semiannually on April 1 and October 1 in each year until maturity, commencing April 1, 2026. Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months. Interest is payable to the registered owner as of the close of business on the fifteenth day of March and September in each year, or the preceding business day if such fifteenth day is not a business day, by check mailed to the registered owner; or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, the Paying Agent and the Town shall agree. Principal will be payable at the principal office of U.S. Bank Trust Company, National Association. The Bonds will be issued as fully registered in denominations of \$5,000 or any integral multiple thereof.

The legal opinion for the Bonds will be rendered by Pullman & Comley, LLC, Bond Counsel, of Hartford, Connecticut. See Appendix B to this Official Statement.

### ***Redemption Provisions***

The Bonds maturing on or before October 1, 2031 are not subject to redemption prior to maturity. The Bonds maturing on October 1, 2032 and thereafter are subject to redemption prior to maturity, at the election of the Town, on and after October 1, 2031 at any time, in whole or in part, and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the redemption price or prices (expressed as a percentage of the principal amount of the Bonds to be redeemed), set forth in the following table, plus interest accrued and unpaid to the redemption date:

| <b><i>Redemption Dates</i></b>      | <b><i>Redemption Prices</i></b> |
|-------------------------------------|---------------------------------|
| October 1, 2031 and thereafter..... | 100%                            |

Notice of redemption shall be given by the Town or its agent by mailing a copy of the redemption notice by first-class mail not less than thirty (30) days nor more than sixty (60) days prior to the redemption date to the registered owner at the address of such registered owner as the same shall last appear on the registration books for the Bonds kept for such purpose. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of the Bonds of such maturity to be redeemed shall be selected by lot in such manner as the Town in its discretion may determine, provided, however, that the portion of any Bonds to be redeemed shall be in the principal amount of \$5,000 or a multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

The Town, so long as a book-entry system is used for the Bonds, will send any notice of redemption only to DTC (or successor securities depository) or its nominee. Any failure of DTC to advise any DTC Participant, or of any DTC Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption. Redemption of portions of the Bonds of any maturity by the Town will reduce the outstanding principal amount of such maturity held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interest held by DTC Participants in the Bonds to be redeemed, the interest to be reduced by such redemptions in accordance with its own rules or other agreements with DTC Participants. The DTC Participants and Indirect Participants may allocate reductions of the interests in the Bonds to be redeemed held by the Beneficial Owners. Any such allocation of reductions of interests in the Bonds to be redeemed will not be governed by the determination of the Town authorizing the issuance of the Bonds and will not be conducted by the Town, the Registrar or Paying Agent.



## **Authorization and Purpose**

The Bonds are issued pursuant to Title 7, Chapter 109, Sections 7-369 et seq. of the Connecticut General Statutes, as amended, the Charter of the Town of Berlin, and bond ordinances approved by the Town's Board of Finance and Town Council. (See "Use of Proceeds" below.)

## **Use of Proceeds**

Subject to the Issuer's election to reallocate proceeds among its bond authorized projects to meet its capital cash flow needs, the proceeds of the Bonds are expected to finance the following projects.

| <b>Project</b>                             | <b>Amount<br/>Authorized</b> | <b>This Issue:<br/>The Bonds</b> |
|--|------------------------------|----------------------------------|
| School HVAC Upgrades - Hubbard (2023)....  | \$ 4,950,000                 | \$ 1,600,000                     |
| Town Roof Replacements (2024).....         | 1,100,000                    | 485,000                          |
| Athletic Facility Improvements (2025)..... | 2,000,000                    | 750,000                          |
| Fire Vehicles (2025).....                  | 1,500,000                    | 750,000                          |
| <b>Total</b> .....                         | <b>\$ 9,550,000</b>          | <b>\$ 3,585,000</b>              |

## **Book-Entry-Only Transfer System**

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. For the Bonds, one fully-registered Security certificate will be issued for each maturity of the Securities in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, principal and interest and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, principal and interest and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

### ***DTC Practices***

The Town can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

## ***Replacement Bonds***

In the event that: (a) DTC determines not to continue to act as securities depository for the Bonds, and the Town fails to identify another qualified securities depository for the Bonds to replace DTC; or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Town is authorized to issue fully registered Bond or Note certificates directly to the Beneficial Owner. A Beneficial Owner of the Bonds, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of the Bonds.

## ***Security and Remedies***

The Bonds will be general obligations of the Town and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due.

Unless paid from other sources, the Bonds are payable from general property tax revenues of the Town. The Town has the power under Connecticut statutes to levy ad valorem taxes on all property subject to taxation by the Town without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income and of qualified disabled persons taxable at limited amounts. There was, however, no such certified forest land on the last completed grand list of the Town and under existing statutes, the State of Connecticut is obligated to pay the Town the amount of tax revenue which the Town would have received except for the limitation on its power to tax such dwelling houses.

Payment of the Bonds is not limited to property tax revenues or any other revenue source, but certain revenues of the Town may be restricted as to use and therefore may not be available to pay debt service on the Bonds.

There are no statutory provisions for priorities in the payment of general obligations of the Town. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Bonds, or judgments thereon, in priority to other claims.

The Town is subject to suit on its general obligation debt and a court of competent jurisdiction has power in appropriate proceedings to render a judgment against the Town. A Court of competent jurisdiction also has the power in appropriate proceedings to order a payment of a judgment on such Bonds from funds lawfully available therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts could take into account all relevant factors, including the current operating needs of the Town and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on the Bonds would also be subject to the applicable provisions of Federal bankruptcy laws as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors rights heretofore or, hereafter enacted by the Congress or the Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Under the Federal bankruptcy code, the Town may seek relief only, among other requirements, if it is specifically authorized in its capacity as a municipality or by name, to be a debtor under Chapter 9 thereof, or by State law or a governmental officer or organization empowered by State law to authorize such entity to become a debtor under such Chapter.

Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy under Chapter 9 of Title 11 of the United States Code without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State of Connecticut having the power to levy taxes and issue bonds or other obligations.

## ***Qualification for Financial Institutions***

The Bonds shall be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986 for purposes of the deduction by financial institutions of interest expense allocable to the Bonds.

## ***Availability of Continuing Information***

The Town prepares, in accordance with State law, annual audited financial statements and files such annual audits with the State of Connecticut, Office of Policy and Management on an annual basis. The Town provides, and will continue to provide, to the rating agencies ongoing disclosure in the form of the annual financial reports, recommended and adopted budgets, and other materials relating to its management and financial condition, as may be necessary or requested.

The Town will enter into Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C to this Official Statement (the “Continuing Disclosure Agreement”). The winning bidder’s obligation to purchase the Bonds shall be conditioned upon it receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement.

The Town has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds to provide certain annual financial information and event notices pursuant to the Rule. In the last five years, the Town has not failed to comply, in any material respect, with its undertakings under such agreements.

## ***Ratings***

The Town received a rating of “AAA” S&P Global Ratings (“S&P”) on the Bonds. The Town furnished S&P with certain information and materials, some of which may not have been included in this Official Statement.

The ratings reflect only the views of the S&P and an explanation of the significance of the rating may be obtained from such rating agency. There is no assurance that the rating will continue for any given period of time or that it will not be revised or withdrawn entirely if in the judgment of such rating agency, circumstances so warrant. A revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

## ***Tax Matters***

**Federal Taxes.** In the opinion of Bond Counsel, under existing law, (i) interest on the Bonds is excluded from gross income for federal income tax purposes, and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations.

Bond Counsel’s opinion with respect to the Bonds will be rendered in reliance upon and assuming the accuracy of and continuing compliance by the Town with its representations and covenants relating to certain requirements of the Internal Revenue Code of 1986 (the “Code”). The Code and regulations promulgated thereunder establish certain requirements which must be satisfied at and subsequent to the issuance of the Bonds in order that interest on the Bonds be and remain excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds irrespective of the date on which such noncompliance occurs. In the Tax Regulatory Agreement, which will be delivered concurrently with the issuance of the Bonds, the Town will covenant to comply with certain provisions of the Code and will make certain representations designed to assure compliance with such requirements of the Code including, but not limited to, investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of the Bond proceeds and certain other matters. The opinion of Bond Counsel delivered on the date of issuance of the Bonds is conditioned upon compliance by the Town with such requirements.

No other opinion is expressed by Bond Counsel regarding the federal tax consequences of the ownership of, or the receipt or accrual of interest on, the Bonds.

**Original Issue Discount.** The initial public offering prices of certain maturities of the Bonds may be less than the stated principal amount (the “OID Bonds”). Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Bonds will constitute original issue discount. The offering prices relating to the yields set forth on the cover page of this Official Statement for such OID Bonds are expected to be the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the OID Bonds are sold. Under existing law, original issue discount on the OID Bonds accrued and properly allocable to the owners thereof under the Code is excludable from gross income for federal income tax purposes if interest on the OID Bonds is excludable from gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner's adjusted basis in an OID Bond purchased at an original issue discount, original issue discount is treated as having accrued while the owner holds such OID Bond and will be added to the owner's basis. The owner's adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of such an OID Bond.

Prospective purchasers of OID Bonds should consult their own tax advisors as to the calculation of accrued original issue discount, the accrual of original issue discount in the case of owners of OID Bonds purchasing such OID Bonds after the initial offering and sale, and the state and local tax consequences of owning or disposing of such OID Bonds.

**Original Issue Premium.** The initial public offering prices of certain maturities of the Bonds may be more than their stated principal amounts payable at maturity (the "OIP Bonds"). In general, an owner who purchases an OIP Bond must amortize the original issue premium as provided in the applicable Treasury Regulations, and amortized premium reduces the owner's basis in the OIP Bond for federal income tax purposes. Prospective purchasers of OIP Bonds at a premium to its principal amount should consult their tax advisors regarding the amortization of premium and its effect upon basis.

**Other Federal Tax Matters.** Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, certain insurance companies, recipients of Social Security or Railroad Retirement benefits, certain S corporations, foreign corporations subject to the branch profits tax, taxpayers eligible for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Bond Counsel does not express any opinion regarding such collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors regarding collateral federal income tax consequences. Prospective purchasers of the Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

**State Taxes.** In the opinion of Bond Counsel, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax.

Interest on the Bonds is included in gross income for purposes of the Connecticut corporation business tax.

Accrued original issue discount on an OID Bond is also excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax.

Owners of the Bonds should consult their own tax advisors with respect to the determination for state and local income tax purposes of original issue discount or original issue premium accrued upon sale or redemption thereof, and with respect to the state and local tax consequences of owning or disposing of such Bonds.

**Changes in Federal and State Tax Law.** Legislation affecting tax-exempt obligations is regularly considered by the United States Congress. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

Investors in the Bonds should be aware that future legislative actions may increase, reduce or otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Bonds may be adversely affected and the ability of holders to sell their Bonds in the secondary market may be reduced. The Bonds are not subject to special mandatory redemption, and the interest rates on the Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Bonds.

**General.** The opinion of Bond Counsel is rendered as of its date, and Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention or any changes in law that may occur after the date of its opinion. Bond Counsel's opinion is based on existing law, which is subject to change. Such opinion is further based on factual representations made to Bond Counsel as of the date of issuance. Moreover, Bond Counsel's opinion is not a guarantee of a particular result, and is not binding on the Internal Revenue Service or the courts; rather, such opinion represents Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

The discussion above does not purport to deal with all aspects of federal or state or local taxation that may be relevant to a particular owner of the Bonds. Prospective owners of the Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal, state and local tax consequences of owning and disposing of the Bonds.

### ***Insurance***

The Town does not expect to direct purchase a credit enhancement facility.

*(The remainder of this page intentionally left blank)*

## II. The Issuer



## Connecticut

### **Description of the Municipality**

The Town of Berlin was incorporated as a town in 1785 from parts of Farmington, Middletown, and Wethersfield. The Town, which covers an area of 27.0 square miles, is located in the geographic center of the state in Hartford County. Berlin is eleven miles south of the City of Hartford and is bordered on the north by the City of New Britain, on the northeast by the Town of Newington, on the east by the Towns of Rocky Hill and Cromwell, and the City of Middletown, on the south by the City of Meriden, and on the west by the Town of Southington.

The Town seal is that of a Yankee peddler outfitted in revolutionary dress with a basket under his arm and a pack on his back full of tin ware. This image comes from the Patterson brothers who started their business on West Street (now Lower Lane). For 20 years, until 1760, the family sold tin wares from a basket. As their business grew, they took in apprentices and engaged peddlers to travel throughout the colonies to sell their products.

U.S. Route 5, a multi-lane divided highway, runs north-south through Berlin parallel to Interstate Route 91, connecting Meriden and Wethersfield. Central Connecticut Expressway Corridor (Routes 9 and 72) serves as a connector between Interstates 84 and 91. State Routes 15, 71, 71A, 160 and 372 also serve the Town. Amtrak provides passenger and freight service, and bus lines provide local and intrastate passenger transportation service. Air passenger and freight service is available at Bradley International Airport in Windsor Locks, approximately twenty-five miles from Berlin.

Within the Town, there are six reservoirs belonging to surrounding municipalities, three post offices, and four separate fire departments. The Berlin Fairgrounds are located in the eastern section of Town where once a year the Berlin Fair is held. The grounds are utilized for several other events during the year. The Town owns a municipal golf course. There is a private school, St. Paul School, as well as four fire companies and approximately 125 small- to medium-sized businesses in Town.

The Town is a member of The Mattabassett District, which provides sewer treatment services to its member Towns of Berlin and Cromwell and the Cities of New Britain and Middletown. There are two separate tax districts or coterminous entities within the territorial limits of the Town of Berlin. The Worthington Fire District, organized in 1920, and the Kensington Fire District, organized in 1922. Both districts provide water and sewer services to their respective sections of Berlin.

## ***Government Organization***

Under the Town Charter, adopted on November 4, 1973 and most recently amended on November 8, 2016, the Town Council acts as the legislative body. The Town Council consists of six members and a Mayor who is elected separately by the voters of Berlin.

The Town Council appoints a Town Manager, who is the chief executive officer of the Town. The Town Manager and the Town Council are responsible for the administration of all Town matters, with the exception of the education system, the Kensington and Worthington Fire Districts, the Water Control Commission, the Mattabassett District and the Police Department.

The Board of Finance is the budget-making authority of the Town and is responsible for financial and taxation matters. The Board of Finance is responsible to develop the annual budget and present it at the Annual Budget Hearing. The Board of Finance also establishes the tax rate once the budget is adopted.

## ***Board of Education***

The Board of Education is the policy-making body for grades pre-kindergarten through twelve. See “Educational System” herein.

## ***Fire Districts***

The Kensington and Worthington Fire Districts provide water and sewer services to their respective sections of Berlin. Members of the Fire Districts’ governing board are elected by the public and have the sole responsibility for the hiring and firing of employees, the purchase of equipment, the administration of fiscal operations, and establishment of the tax rate, assessments, and service charges. The Fire Districts are empowered to issue bonds and notes in their own name and credit.

## ***Mattabassett District***

The Mattabassett District (the “District”) is a quasi-municipal district established by Special Act of the State legislature. The District provides sewer treatment services for the constituent Towns of Berlin and Cromwell and the constituent Cities of New Britain and Middletown, and contractually to the Metropolitan District and the Town of Farmington. In June 2011, the state statutes creating the Mattabassett District were amended to allow the City of Middletown to become a constituent community. The Middletown admission process was completed in February 2014. As a result, the Mattabassett Board of Directors representation is now as follows: New Britain – five members, Middletown – four members, Berlin and Cromwell – three members each. The Board of Directors is responsible for the hiring and firing of employees, purchasing, budget adoption, and the administration of fiscal operations. See “Summary of Municipal Services, Water and Sewers” and “Summary of Overlapping Debt” herein.

## ***Police Commissioners***

The Board of Police Commissioners has the general management and control of the Police Department and has the sole responsibility for the hiring and firing of employees and the purchase of apparatus, supplies or property necessary for the Police Department, within the bounds of the adopted annual budget. The Board prepares an itemized budget for submission to the Town Manager.



### **Town Officials**

| <b>Office</b>                              | <b>Name</b>           | <b>Manner of Selection</b> | <b>Term</b>   | <b>Date Of Hire</b> |
|--|-----------------------|----------------------------|---------------|---------------------|
| Assessor.....                              | Joseph C. Ferraro     | Appointed                  | Indefinite    | 07/10/00            |
| Building Official.....                     | Frank Van Linter      | Appointed                  | Indefinite    | 12/02/13            |
| Chief of Police.....                       | Matthew J. McNally IV | Appointed                  | Indefinite    | 11/04/21            |
| Community, Parks & Recreation Director.... | Jennifer Ochoa        | Appointed                  | Indefinite    | 07/22/16            |
| Corporation Counsel.....                   | Jeffrey M. Donofrio   | Appointed                  | November-2025 | 06/01/16            |
| Development Services Director.....         | Maureen Giusti        | Appointed                  | Indefinite    | 08/29/12            |
| Economic Development Director.....         | Christopher Edge      | Appointed                  | Indefinite    | 01/29/15            |
| Finance Director & Treasurer.....          | Kevin J. Delaney      | Appointed                  | Indefinite    | 10/11/16            |
| Human Resources Director.....              | Paula Carabetta       | Appointed                  | Indefinite    | 06/06/22            |
| Information Technology Director.....       | Brian Freeman         | Appointed                  | Indefinite    | 10/01/12            |
| Library Director.....                      | Carrie Tysza          | Appointed                  | Indefinite    | 08/28/00            |
| Public Works Director.....                 | Michael Ahern         | Appointed                  | Indefinite    | 09/17/18            |
| Purchasing Agent.....                      | Maryssa Tsois         | Appointed                  | Indefinite    | 06/05/17            |
| Revenue Collector.....                     | Deborah Swan          | Appointed                  | Indefinite    | 09/18/17            |
| School Business Manager.....               | Ashley Dorsey         | Appointed                  | Indefinite    | 07/06/10            |
| Superintendent of Schools.....             | Brian Benigni         | Appointed                  | Indefinite    | 01/03/18            |
| Town Clerk.....                            | Kathryn J. Wall       | Appointed                  | Indefinite    | 01/10/02            |
| Town Manager.....                          | Ryan J. Curley        | Appointed                  | Indefinite    | 01/02/25            |

*Source: Town of Berlin.*

### **Town Council Members**

| <b>Name</b>                        | <b>Manner of Selection</b> | <b>Term</b> |
|------------------------------------|----------------------------|-------------|
| Mark H. Kaczynski, Mayor.....      | Elected / 2 years          | 5th term    |
| Charles Paonessa, Deputy Mayor.... | Elected / 2 years          | 6th term    |
| Donna Veach.....                   | Elected / 2 years          | 3rd term    |
| Peter A. Rosso.....                | Elected / 2 years          | 5th term    |
| Kate Atkinson.....                 | Elected / 2 years          | 1st term    |
| Mark Pruzin.....                   | Elected / 2 years          | 1st term    |
| Sandra Coppola.....                | Elected / 2 years          | 2nd term    |

*(The remainder of this page intentionally left blank)*

## **Municipal Services**

**Police:** The Police Department is headed by a five-member Board of Police Commissioners elected biennially for four-year staggered terms – three at one election, two at the next. The Department is headed by a chief and staffed with one deputy chief, three lieutenants, seven sergeants, and one detective. There are 60 authorized sworn positions including 47 police officers. In addition, there are ten dispatchers and a support staff of three.

The Berlin Police Department is a State and Internationally Accredited law enforcement agency. The department has been accredited by the Commission on Accreditation for Law Enforcement Agencies, Inc. since March 1996. It is one of only 16 agencies in the State to be so recognized. The Police Officers Standards and Training Council also awarded State accreditation to the Berlin Police Department in November 2004.

**Fire:** A volunteer force of approximately 86 volunteers and 20 officers, organized into four separately incorporated companies housed in four fire stations, provides fire protection. Each company is headed by a chief, an assistant chief, a captain, and two lieutenants. A Fire Administrator is responsible for preparing the budget, reporting documentation, incentives and capital purchases. A Board of Fire Chiefs consisting of the chief from each company is responsible for establishing operating procedures and determining necessary training courses. Present equipment includes seven Class-A pumpers, one 100-foot aerial ladder truck, one 100-foot tower ladder, one tanker truck and one heavy-duty rescue truck. Dispatching is accomplished through the Berlin Police Department, employing both radio and siren alert systems.

**Ambulance:** The Town contracts with Hartford Healthcare/Hunter's Ambulance Service to provide services to Town residents. In 2019, the Town entered an eleven-year contract extension with Hartford Healthcare/Hunters.

**Water and Sewers:** Berlin's water and sewer services are spread among the Town's Water Control Commission, the Kensington Fire District, and the Worthington Fire District. Both the Kensington Fire District and the Worthington Fire District (the "Fire Districts") were established under a Special Act of the Connecticut Legislature. The City of New Britain and the Cromwell Fire District supply 45% of the water to the Town, and 55% is supplied by the Town's Elton well field.

The Town's Water Control Commission presently serves approximately 2,800 water and sanitary sewer accounts. The Worthington Fire District serves 1,200 water and sanitary sewer accounts. The Kensington Fire District has 3,100 water and sanitary sewer accounts. Approximately 75% of the population is presently connected to the sanitary sewer systems of the Town or one of the Fire Districts, with the balance of residents served by individual well and septic.

Approximately 99.23 miles of sewer mains and 72 miles of water mains have been installed by the Town of Berlin and the Kensington and Worthington Fire Districts. Water produced by the Elton Wells #1A and #2A supplies 55% of the water needs of the Water Control Commission, and the Water Control Commission supplies Worthington Fire District with 100% of their water needs. The remaining 45% of the Water Control Commission water needs are purchased from the New Britain Water Department and Cromwell Fire District. The Kensington Fire District does not produce water and purchases 100% of its needs from the New Britain Water Department. Existing water storage for Berlin consists of two two-million-gallon storage tanks. The Atkins Street 300,000-gallon reservoir is presently not being used. The Water Control Commission purchases approximately 19,000,000 gallons annually from the Cromwell Fire District at a connection on Mill Street in East Berlin at the Cromwell town line. The supply of water is determined to be adequate to serve anticipated growth.

The Mattabassett District, the fifth largest sewage disposal district in the State of Connecticut, serves the Towns of Berlin and Cromwell, and the Cities of Middletown, and New Britain, and portions of the Metropolitan District Commission. Berlin pays the District annually July 1<sup>st</sup> based upon metered flows, fixed operating costs, and amortization of plant, trunk sewers, and debt. Berlin's present usage equates to 13.6% of Mattabassett's capacity, which is also the Town's share of Mattabassett's annual operating expenses. The Town's share of operating capital expenses is based upon current reserved plant capacity, which is 14.35%.

The District is empowered to issue bonds and notes in its own name. The District is authorized to issue general obligation bonds secured by the full faith and credit of the District and its constituent municipalities, or revenue bonds secured from revenue derived from the sewer system. General obligation bonds require referendum approval of each constituent municipality. To date, the District has not issued general obligation bonds. The District levies its annual assessment upon each member, including the Town of Berlin, to pay its expenses including debt. The Town in turn establishes sewer use rates in an amount sufficient to pay the District annual assessment. In the event a municipality fails to pay its annual assessment, the District may levy, collect and enforce payment from individual District facility users in such municipality. The Town of Berlin is not liable for payment of District debt. The Mattabassett District has never defaulted on its bond and note liabilities. See “Government Organization–Mattabassett District” and “Overlapping Debt” herein.

Subsequent to a comprehensive 1999 study, the Mattabassett District embarked on a plan to upgrade and expand treatment capabilities in order to meet the stricter Department of Energy and Environmental Protection requirements for the removal of nitrogen and sewage sludge incinerator emissions as well as to provide for the additional flow capacity needs of its member communities. The project has recently been completed. Total construction costs were approximately \$100 million. A grant from the Department of Environmental Protection Clean Water Fund will cover approximately 23% of the cost. The remainder of the costs are being financed with a 2% 20-year Clean Water Fund loan to the extent not funded by additional grants. The cost of the project will be borne by sewer fee increases spread across the member towns. The Town’s share of project cost is equal to its percent of future plant reserved capacity, estimated to be 14.35%.

The Town pays for all sewage flow, including that of the Fire Districts, to the Mattabassett District for treatment. Each of the Fire Districts makes payments to the Town of Berlin predicated on metered flow. In support of this system, Berlin Water Control completed two inflow and infiltration projects. First, a \$3 million program was completed in 2016 to abate a portion of inflow and infiltration from the Webster Square area of the Town. Second, in 2019, the Town completed a \$2 million inflow and infiltration project in the Belcher Brook area. Both projects were financed with 20-year, 2% Clean Water Fund loans.

**Community Services, Parks and Recreation:** The Town operates and maintains 2,272 acres of parks and open space, including 101 acres of school property, five parks, two public swimming pools, one community center, one municipal golf course, and one Senior Center.

**Open Space:** The Town owns 2,255 acres of land including 1,770 acres of open space, which is available primarily for passive recreation and natural resource protection. The largest Town-owned open space is within the Ragged Mountain Reserve, a 587-acre parcel located in the northwest corner of the Town. Major recent open space acquisitions include the 452 acre Blue Hills Conservation Area property that extends south of Orchard Road to the Meriden Town line, the 488 acre Hatchery Brook Conservation Area and Bicentennial Park area in the block bounded by Orchard Road, Chamberlain Highway, Norton Road and Kensington Road and 97 acres of the former Pistol Creek Golf Course. The Hatchery Brook Conservation Area was expanded by the purchase of 71 acres of the “Chotkowski family” property in March 2015. Berlin also contains many other publicly owned open spaces and watershed lands including major holdings of the New Britain and Meriden Water Departments, part of Lamentation Mountain State Park, Silver Lake State Park, and the New Britain-owned Willowbrook Park, and Hungerford Park.

**Libraries:** There are two libraries in town. One of the libraries is privately operated. The Berlin–Peck Memorial Library is a Town-operated facility which has approximately 122,835 volumes in its collection.

**Service Contract, Solid Waste Disposal:** Reworld Waste, LLC purchased Covanta Bristol, Inc., a Connecticut corporation (the “Company”), and operates a 650-ton-per-day mass-burn solid waste disposal, electric power generation, and resource recovery facility at 229 Technology Park.

The Town of Berlin’s relationship with Covanta Energy Corporation, a Delaware corporation, began in 1984 for the purpose of owning, designing, constructing, and operating the facility for the processing and disposal of acceptable solid waste from the City of Bristol and the Towns of Berlin, Branford, Burlington, Hartland, Morris, Plainville, Plymouth, Prospect, Seymour, Southington, Warren, Washington, and Wolcott (14 municipalities collectively referred to as the “Contracting Communities”). The Contracting Communities Agreement operating under the Bristol Resource Recovery Facility Operating Committee (“BRRFOC”) expired in 2014 and each municipality has contracted with Covanta through a collective agreement through 2034. Individual municipal tonnage commitments under the prior agreement were eliminated and replaced with an aggregated fourteen community commitment so that no shortfall will occur if the municipalities, in total, reach the required aggregate commitment. The Town intends to continue operating with Reworld under the same terms it operated with Covanta Bristol, Inc.

The facility design provides for two furnaces designed to process acceptable waste, each with a rated capacity of 325 tons per day. The Company has guaranteed, pursuant to the service agreement, that the yearly facility capacity will be 197,630 tons per year to the Contracting Communities, which represents an availability factor of 83.3%. The furnaces produce steam that is used to generate electricity for sale, pursuant to an agreement with Eversource. The facility has a net output of 16.2 megawatts. A dry scrubber and baghouse is utilized for the removal of acid gas and particulates from stack flue gas emissions. The facility was designed using technology developed and owned by Martin GmbH of Munich, Germany.

Waste disposal service by the Company is provided through the operation of the facility or by any other alternative disposal method reasonably acceptable to the Contracting Communities, including permitted sanitary landfills. The service fee payable by each Contracting Community for such waste disposal service is its pro-rata share, based on its respective tonnage deliveries of acceptable waste, of the sum for each period of (1) an amount equal to debt service on the bonds issued for the project, (2) the operation and maintenance expenses, and (3) pass-through costs, including certain taxes, insurance and utility costs, less a credit equal to 90% of all energy revenues and with an adjustment with respect to recovered ferrous metals. The Town pays a tipping fee for refuse and is required to deliver up to its minimum commitment of 5,113 tons for the current fiscal year. Beginning in 2019, the Town began paying a tipping fee for recyclables in response to the international decline in demand for U.S. recyclables.

If the facility is temporarily or permanently shut down and partially or completely unable to receive and process acceptable waste, the Company is obligated to provide waste disposal services by alternative disposal methods. The Company is obligated under the service agreement to seek to mitigate the effect of any shutdown, and the operation and maintenance expenses are to be adjusted to the extent the facility is unable to receive and process acceptable waste, to reflect the Company's actual direct costs of alternative disposal. Should the facility be shut down for an extended time, the cost of alternative disposal will depend upon transportation costs and tipping fees at the alternative disposal site.

The Contracting Communities are obligated to pay the service fee to the Company, whether or not the Contracting Communities deliver acceptable waste to the facility and whether or not the Company disposes of such acceptable waste through the facility. This obligation is absolute and unconditional, is not subject to any rights of set-off, recoupment or counterclaim which any Contracting Community may have against the Company, the trustee, or any other person, and may not be suspended or discontinued for any purpose. In the event of a payment default under the service agreement by any one or more of the Contracting Communities, the non-defaulting Contracting Communities are jointly and severally liable to pay such defaulted amount. The Contracting Communities have pledged their full faith and credit to pay all amounts due.

The Contracting Communities' obligation to pay the service fee ceases if the service agreement is terminated. If the service agreement is terminated due to a default by any Contracting Community, the Contracting Communities are obligated to pay amounts sufficient to defease the bonds or pay amounts sufficient to make timely payments of principal and interest on the bonds. If the service agreement is terminated due to a default by the Company, the Company is generally obligated to defease the bonds or to continue to make timely payments of principal and interest on the bonds.

### ***Principal Public Facilities***

| <b><i>School</i></b>                                | <b><i>Date of Construction<br/>(Additions, Remodeling)</i></b> | <b><i>Type of<br/>Construction</i></b> |
|---|--|--|
| Town Hall Complex.....                              | 1975 (1995, 2016, 2019, 2024, 2025)                            | Masonry                                |
| Berlin–Peck Memorial Library/Community Center...    | 1988 (2000, 2016, 2018, 2023)                                  | Masonry                                |
| Senior Citizens Center.....                         | 1955 (1985, 2009)  | Wood Frame                             |
| Golf Course Facility.....                           | 1970 (2008, 2015)  | Wood Frame                             |
| Fire Station #1, Berlin Vol. Fire Dept.....         | 1946 (1980, 1995)  | Masonry/Frame                          |
| Fire Station #2, East Berlin Vol. Fire Dept.....    | 1960 (1972, 1990)  | Masonry                                |
| Fire Station #3, Kensington Vol. Fire Dept.....     | 1968 (1976, 1995)  | Masonry                                |
| Fire Station #4, So. Kensington Vol. Fire Dept..... | Unknown (1973, 1994)   | Masonry                                |
| Animal Control Facility.....                        | 2009   | Masonry                                |

*Source: Town of Berlin*

## Educational Services

The Town's school system services grades pre-kindergarten through twelve and is governed by the local Board of Education. Berlin has a nine-member Board of Education elected to three-year staggered terms. The primary function of the Board is to establish educational policy. Some of the areas for which policies are set include curriculum, budget requests and submission, ensuring funds for education as appropriated by the Town are properly expended, implementation of both State and Federal laws, and planning for facilities needed by the system, including construction and renovation.

The Town has five schools for grades pre-kindergarten through twelve. Enrollment in grades pre-kindergarten through twelve as of October 1, 2024 was 2,594. The rated capacity of the system facilities is 3,769.

### School Enrollment

| <i>Historical</i>  |              |            |              |               |              |
|--------------------|--------------|------------|--------------|---------------|--------------|
| <i>School Year</i> | <i>Pre-K</i> | <i>K-5</i> | <i>6 - 8</i> | <i>9 - 12</i> | <i>Total</i> |
| 2015-2016          | 57           | 1,181      | 672          | 953           | 2,863        |
| 2016-2017          | 60           | 1,126      | 714          | 892           | 2,792        |
| 2017-2018          | 62           | 1,146      | 664          | 909           | 2,781        |
| 2018-2019          | 51           | 1,147      | 685          | 904           | 2,787        |
| 2019-2020          | 59           | 1,117      | 644          | 914           | 2,734        |
| 2020-2021          | 53           | 1,093      | 632          | 913           | 2,691        |
| 2021-2022          | 51           | 1,105      | 600          | 885           | 2,641        |
| 2022-2023          | 55           | 1,137      | 582          | 884           | 2,658        |
| 2023-2024          | 60           | 1,137      | 590          | 857           | 2,644        |
| 2024-2025          | 72           | 1,090      | 595          | 837           | 2,594        |
| <i>Projected</i>   |              |            |              |               |              |
| <i>School Year</i> | <i>Pre-K</i> | <i>K-5</i> | <i>K - 8</i> | <i>9 - 12</i> | <i>Total</i> |
| 2025-2026          | 69           | 1,110      | 597          | 786           | 2,562        |
| 2026-2027          | 74           | 1,111      | 586          | 802           | 2,573        |
| 2027-2028          | 66           | 1,113      | 593          | 806           | 2,578        |

Source: Town of Berlin, Board of Education

### School Facilities

| <i>School</i>              | <i>Grades</i> | <i>Date of Construction<br/>(Additions, Remodeling)</i> | <i>Number of<br/>Classrooms</i> | <i>10/1/2024<br/>Enrollment</i> | <i>Rated<br/>Capacity</i> |
|----------------------------|---------------|---|---------------------------------|---------------------------------|---------------------------|
| Hubbard School .....       | K-5           | 1965 (1993, 2019)                                       | 12                              | 215                             | 325                       |
| Willard School .....       | Pre-K-5       | 1955 (2013, 2019, 2024, 2025)                           | 21                              | 434                             | 720                       |
| Griswold School .....      | Pre-K-5       | 1963 (1992, 2019)                                       | 26                              | 513                             | 600                       |
| Catherine McGee School ... | 6-8           | 1969 (2010, 2019)                                       | 58                              | 595                             | 924                       |
| Berlin High School .....   | 9-12          | 1953 (2013-2016)  | 68                              | 837                             | 1,200                     |
| <b>Total.....</b>          |               |   | 185                             | 2,594                           | 3,769                     |

Source: Town of Berlin, Board of Education

## **Employee Relations and Collective Bargaining Municipal Employees<sup>1</sup>**

The following table reflects total Town employment for the past five fiscal years:

|                               | <b>2025</b> | <b>2024</b> | <b>2023</b> | <b>2022</b> | <b>2021</b> |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|
| General Government.....       | 174         | 175         | 177         | 173         | 171         |
| Board of Education.....       | 517         | 517         | 517         | 518         | 512         |
| Water Control Commission..... | 6           | 5           | 5           | 5           | 5           |
| <b>Total.....</b>             | <b>698</b>  | <b>697</b>  | <b>700</b>  | <b>696</b>  | <b>688</b>  |

<sup>1</sup> Full-time equivalent.

Source: Town of Berlin

### **Employee Relations**

| <b>Employees</b>   | <b>Board of Education Groups</b>  | <b>Positions Covered</b> | <b>Current Contract Expiration Date</b> |
|--|---|--------------------------|---|
| Administrators.....  | Association of Berlin Administrators  | 15                       | 6/30/2029                               |
| Teachers.....  | Berlin Education Association – Local Chapter of Connecticut Education Association | 245                      | 6/30/2028                               |
| Custodians.....  | Berlin Custodial Employees, Local 222   | 18                       | 6/30/2026                               |
| Head Custodians  | Berlin Association of Head Custodians   | -                        | 6/30/2026                               |
| Clerical.....  | Berlin Clerical Employees, Local 1278   | 17                       | 6/30/2028                               |
| Cafeteria.....   | Berlin Cafeteria Employees, Local 424   | 11                       | 6/30/2028                               |
| Cook Managers.....   | Berlin Cook Managers, Local 424   | 5                        | 6/30/2028                               |
| Paraprofessionals.....   | Berlin Aides Employees, Local 1303-276  | 95                       | 6/30/2027                               |
| <b>Total Unionized Board of Education Employees.....</b>                     |   | <b>406</b>               |   |
| <b>General Government</b>  |   |                          |   |
| Police.....  | Fraternal Order of Police Lodge 056   | 44                       | 6/30/2026                               |
| Emergency Dispatchers.....   | Connecticut Association of Labor Unions, Local 911                                | 10                       | 6/30/2026                               |
| Highway, Garage, Park, Water & Sewer, Golf Course, Building Maintenance..... | Connecticut Independent Labor Union   | 53                       | 6/30/2027                               |
| Clerical.....  | Connecticut Independent Labor Union   | 28                       | 6/30/2026                               |
| Nursing.....   | Connecticut Health Care Associates  | 12                       | 6/30/2027                               |
| Supervisors.....   | Berlin Middle Management Association  | 42                       | 6/30/2028                               |
| <b>Total Unionized General Government Employees.....</b>                     |   | <b>189</b>               |   |
| Non-Union. (Town and Board of Education).....                                |   | 69                       |   |
| <b>Total Union/Non-Union Employees.....</b>                                  |   | <b>664</b>               |   |

Source: Town of Berlin

### **Binding Arbitration**

Connecticut General Statutes Sections 7-473c, 7-474, and 10-153a to 10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipality may reject an arbitration panel's decision by a two-thirds majority vote. The State of Connecticut and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either of the parties. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. For binding arbitration contracts, in assessing the financial capability of a municipal entity, there is an irrefutable presumption that a budget reserve of (i) 5% or less with respect to teachers' contracts, and (ii) 15% or less with respect to municipal employees, is not available for payment of the cost of any item subject to arbitration. In light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and the wages, salaries, fringe benefits and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

### **III. Economic and Demographic Information**

#### **Economic Condition and Outlook**

The Town has continued to implement an economic development strategy to bolster the tax base and to create local job opportunities. The Town's Plan of Conservation and Development (the "Master Plan") was adopted in 2023. Proposals included in the Plan of Conservation and Development are being implemented, including continued progress toward the creation of a Town Center and economic development along the Berlin Turnpike. The Town has partnered with the State of Connecticut and private developers to rebuild the local train station and develop the land surrounding the station. To encourage maintenance of private open space, preferential tax treatment was also extended to open space parcels to add to the farm and forest protection incentives already provided pursuant to Section 7-131b of the Connecticut General Statutes.

There are over 100 industrial firms, producing a wide range of products, located in the Town. Among the Town's largest taxpayers are Eversource and its subsidiaries (Connecticut Light & Power Company and Yankee Gas), Comcast Corp., Assa Abloy, Corbin Russwin, Forest Machine, Cedar Brickyard, TOMZ Corporation, B & F Machine, TIGHTCO, Connecticut Natural Gas, Stonebridge Berlin Associates, Legion Square Associates, Berlin Commerce Park and Orchard Ridge Associates.

#### **Major Economic Initiatives**

Public projects in Berlin's Commercial Core Area include the construction of new residential condominiums next to the train station and continued sidewalk expansion connecting missing links in the Kensington Center area.

The Town completed several major capital projects including a \$5.0 million HVAC upgrade at Willard Elementary School, a \$3.5 million renovation of the Police Station, a \$1.3 million migration to the State of Connecticut Police radio system and replacement of the last of three Elementary School playscapes.

Additionally, the Mattabassett District (which currently provides sewer treatment services for Berlin, Cromwell, Middletown and New Britain) completed a major upgrade for nitrogen removal, increased capacity to accommodate the City of Middletown and related required improvements to meet the EPA and DEEP nitrogen removal requirements as well as the EPA's sewage sludge incinerator emissions requirements and odor control enhancements. The three-year construction project began in the summer of 2012 and was complete as of June 30, 2016. The project was funded by a combination of grants and a 2% 20-year Clean Water Fund loan. As of June 30, 2025, the district had \$34.8 million in Clean Water Fund debt outstanding. The cost of the project will be borne by sewer fee increases spread across the member towns. The Town's share of project cost is equal to its percentage of future plant reserved capacity, currently estimated to be 14.35%. This percentage is factored into the Town's assessment and is subject to change. See "Debt Summary – Overlapping Debt" herein.

In summary, Berlin continues to be an attractive location for a diverse mix of projects including office, industrial, commercial and age restricted residential developments. Significant projects are proceeding in all areas of Town with the necessary zoning and infrastructure. At the same time, Berlin has added 825 acres of open space to continue to provide a balanced community including areas that maintain the Town's rural heritage.

*(The remainder of this page intentionally left blank)*

### Population and Density

| <b>Year</b>       | <b>Population <sup>1</sup></b> | <b>% Increase<br/>(Decrease)</b> | <b>Density <sup>2</sup></b> |
|-------------------|--------------------------------|----------------------------------|-----------------------------|
| 2023 <sup>3</sup> | 20,210                         | 0.2%                             | 748.5                       |
| 2020              | 20,175                         | 1.6%                             | 747.2                       |
| 2010              | 19,866                         | 9.1%                             | 735.8                       |
| 2000              | 18,215                         | 8.5%                             | 674.6                       |
| 1990              | 16,787                         | 11.0%                            | 621.7                       |
| 1980              | 15,121                         | 6.9%                             | 560.0                       |
| 1970              | 14,149                         | --                               | 524.0                       |

<sup>1</sup> 1970-2020, U.S. Department of Commerce, Bureau of Census

<sup>2</sup> Per square mile: 27.0 square miles

<sup>3</sup> American Community Survey 2019-2023.

### Age Distribution of the Population

| <b>Age</b>                                 | <b>Town of Berlin</b> |                | <b>State of Connecticut</b> |                |
|--|-----------------------|----------------|-----------------------------|----------------|
|  | <b>Number</b>         | <b>Percent</b> | <b>Number</b>               | <b>Percent</b> |
| Under 5 years .....                        | 966                   | 4.8%           | 181,240                     | 5.1%           |
| 5 to 9 years .....                         | 1,183                 | 5.9            | 195,390                     | 5.5            |
| 10 to 14 years .....                       | 957                   | 4.7            | 217,297                     | 6.1            |
| 15 to 19 years .....                       | 1,294                 | 6.4            | 238,145                     | 6.7            |
| 20 to 24 years .....                       | 1,306                 | 6.5            | 233,423                     | 6.5            |
| 25 to 34 years .....                       | 1,577                 | 7.8            | 449,771                     | 12.6           |
| 35 to 44 years .....                       | 2,143                 | 10.6           | 451,461                     | 12.6           |
| 45 to 54 years .....                       | 2,692                 | 13.3           | 462,543                     | 12.9           |
| 55 to 59 years .....                       | 1,883                 | 9.3            | 260,758                     | 7.3            |
| 60 to 64 years .....                       | 1,372                 | 6.8            | 257,548                     | 7.2            |
| 65 to 74 years .....                       | 2,726                 | 13.5           | 376,023                     | 10.5           |
| 75 to 84 years .....                       | 1,298                 | 6.4            | 187,378                     | 5.2            |
| 85 years and over .....                    | 813                   | 4.0            | 87,371                      | 2.4            |
| <b>Total.....</b>                          | <b>20,210</b>         | <b>100.0%</b>  | <b>3,574,097</b>            | <b>100.0%</b>  |
| Median Age (Years) 2023.....               | 48.2                  |                | 41.2                        |                |
| Median Age (Years) 2010 <sup>1</sup> ..... | 45.5                  |                | 40.0                        |                |

<sup>1</sup> U.S. Department of Commerce, Bureau of Census, 2010.

Source: American Community Survey 2019-2023.

### Income Distribution

| <b>Income</b>               | <b>Town of Berlin</b> |                | <b>State of Connecticut</b> |                |
|-----------------------------|-----------------------|----------------|-----------------------------|----------------|
|                             | <b>Families</b>       | <b>Percent</b> | <b>Families</b>             | <b>Percent</b> |
| Less than \$10,000.....     | 31                    | 0.5%           | 22,973                      | 2.5%           |
| \$10,000 to \$14,999.....   | 9                     | 0.2            | 12,547                      | 1.4            |
| \$15,000 to \$24,999.....   | 146                   | 2.5            | 29,893                      | 3.3            |
| \$25,000 to \$34,999.....   | 72                    | 1.2            | 35,598                      | 3.9            |
| \$35,000 to \$49,999.....   | 443                   | 7.6            | 61,793                      | 6.7            |
| \$50,000 to \$74,999.....   | 494                   | 8.4            | 108,046                     | 11.8           |
| \$75,000 to \$99,999.....   | 796                   | 13.6           | 108,216                     | 11.8           |
| \$100,000 to \$149,999..... | 1,248                 | 21.3           | 185,242                     | 20.2           |
| \$150,000 to \$199,999..... | 1,104                 | 18.9           | 128,574                     | 14.0           |
| \$200,000 or more.....      | 1,509                 | 25.8           | 224,258                     | 24.5           |
| <b>Total.....</b>           | <b>5,852</b>          | <b>100.0%</b>  | <b>917,140</b>              | <b>100.0%</b>  |

Source: American Community Survey 2019-2023.



### Income Levels

|                                    | <b>Town of<br/>Berlin</b> | <b>State of<br/>Connecticut</b> |
|------------------------------------|---------------------------|---------------------------------|
| Per Capita Income, 2023.....       | \$56,532                  | \$54,409                        |
| Median Family Income, 2023.....    | \$134,494                 | \$120,011                       |
| Median Household Income, 2023..... | \$110,657                 | \$93,760                        |

Source: American Community Survey 2019-2023.

### Educational Attainment Years of School Completed Age 25 and Over

|   | <b>Town of Berlin</b> |                | <b>State of Connecticut</b> |                |
|---|-----------------------|----------------|-----------------------------|----------------|
|   | <b>Number</b>         | <b>Percent</b> | <b>Number</b>               | <b>Percent</b> |
| Less than 9th grade.....                        | 407                   | 4.2%           | 101,530                     | 4.4%           |
| 9th to 12th grade, no diploma.....              | 676                   | 5.8            | 118,019                     | 6.1            |
| High School graduate (includes equivalency).... | 3,207                 | 26.7           | 647,094                     | 27.5           |
| Some college, no degree.....                    | 2,368                 | 18.1           | 410,591                     | 17.8           |
| Associate degree.....                           | 1,502                 | 8.7            | 193,216                     | 7.4            |
| Bachelor's degree.....                          | 3,557                 | 20.3           | 581,935                     | 20.5           |
| Graduate or professional degree.....            | 2,787                 | 16.3           | 480,468                     | 16.4           |
| <b>Total.....</b>                               | <b>14,504</b>         | <b>100.0%</b>  | <b>2,532,853</b>            | <b>100.0%</b>  |
| Percent high school graduate or higher.....     |                       | 92.5%          |                             | 91.3%          |
| Percent bachelor's degree or higher.....        |                       | 43.7%          |                             | 41.9%          |

Source: American Community Survey 2019-2023.

### Major Employers As of August 2025

| <b>Employer</b>               | <b>Type of Business</b>    | <b>Approximate<br/>Number of<br/>Employees</b> |
|-------------------------------|----------------------------|--|
| Eversource.....               | Utility                    | 1,605  |
| Town of Berlin.....           | Municipal Government       | 703  |
| Assa Abloy.....               | Locks and Security Devices | 465  |
| Keep Me Home.....             | Home Health Care           | 300  |
| Comcast Cable Systems.....    | Cable TV                   | 210  |
| Budney Overhaul & Repair..... | Precision Machining        | 180  |
| CT Air Temp.....              | HVAC Service Provider      | 170  |
| Budney Industries.....        | Aerospace Parts            | 146  |
| Parker Fluid Control.....     | Solenoid Valves            | 130  |
| EuroAmerican Home Care.....   | Home Health Care           | 110  |

Source: Town of Berlin Economic Development.

**Employment by Industry**  
**Employed Persons 16 Years and Over**

| <b>Sector</b>  | <b>Town of Berlin</b> |                | <b>State of Connecticut</b> |                |
|--|-----------------------|----------------|-----------------------------|----------------|
|  | <b>Number</b>         | <b>Percent</b> | <b>Number</b>               | <b>Percent</b> |
| Agriculture, forestry, fishing and hunting,<br>and mining.....                     | 57                    | 0.5%           | 7,261                       | 0.4%           |
| Construction.....  | 646                   | 5.8            | 112,821                     | 6.1            |
| Manufacturing.....   | 1,137                 | 10.3           | 195,355                     | 10.6           |
| Wholesale trade.....   | 244                   | 2.2            | 37,294                      | 2.0            |
| Retail trade.....  | 1,374                 | 12.4           | 192,535                     | 10.5           |
| Transportation warehousing, and utilities.....                                     | 810                   | 7.3            | 84,571                      | 4.6            |
| Information.....   | 109                   | 1.0            | 36,631                      | 2.0            |
| Finance, insurance, real estate, and leasing....                                   | 1,111                 | 10.0           | 162,724                     | 8.9            |
| Professional, scientific, management,<br>administrative, and waste management..... | 1,317                 | 11.9           | 223,982                     | 12.2           |
| Education, health and social services.....   | 2,762                 | 24.9           | 490,839                     | 26.7           |
| Arts, entertainment, recreation,<br>accommodation and food services.....           | 650                   | 5.9            | 145,445                     | 7.9            |
| Other services (except public admin.).....   | 399                   | 3.6            | 78,662                      | 4.3            |
| Public Administration.....   | 455                   | 4.1            | 67,335                      | 3.7            |
| <b>Total Labor Force, Employed.....</b>  | <b>11,071</b>         | <b>100.0%</b>  | <b>1,835,455</b>            | <b>100.0%</b>  |

Source: American Community Survey 2019-2023.

**Employment Data**  
**By Place of Residence**

The following table presents employment data (not seasonally adjusted) for the Town, the Hartford Labor Market and the State of Connecticut.

| <b>Period</b>         | <b>Town of Berlin</b> |                   | <b>Percentage Unemployed</b> |                              |                             |
|-----------------------|-----------------------|-------------------|------------------------------|------------------------------|-----------------------------|
|                       | <b>Employed</b>       | <b>Unemployed</b> | <b>Town of Berlin</b>        | <b>Hartford Labor Market</b> | <b>State of Connecticut</b> |
| July 2025.....        | 11,125                | 409               | 3.5                          | 4.3                          | 4.2                         |
| <b>Annual Average</b> |                       |                   |                              |                              |                             |
| 2024.....             | 11,496                | 335               | 2.8                          | 3.5                          | 3.5                         |
| 2023.....             | 11,350                | 372               | 3.2                          | 3.7                          | 3.7                         |
| 2022.....             | 11,366                | 393               | 3.4                          | 4.1                          | 4.1                         |
| 2021.....             | 10,513                | 594               | 5.4                          | 6.6                          | 6.6                         |
| 2020.....             | 11,097                | 664               | 5.7                          | 7.0                          | 7.3                         |
| 2019.....             | 11,560                | 386               | 3.2                          | 3.8                          | 3.9                         |
| 2018.....             | 11,458                | 414               | 3.5                          | 4.1                          | 4.1                         |
| 2017.....             | 11,364                | 448               | 3.8                          | 4.8                          | 4.7                         |
| 2016.....             | 11,221                | 504               | 4.3                          | 5.3                          | 5.3                         |
| 2015.....             | 11,211                | 543               | 4.6                          | 5.6                          | 5.6                         |

Source: Department of Labor, State of Connecticut

### Age Distribution of Housing

| Year Built                      | Town of Berlin |               | State of Connecticut |               |
|---------------------------------|----------------|---------------|----------------------|---------------|
|                                 | Units          | Percent       | Units                | Percent       |
| 2010 or later.....              | 291            | 3.4%          | 72,896               | 4.7%          |
| 2000 to 2009.....               | 879            | 10.3          | 108,430              | 7.1           |
| 1990 to 1999.....               | 974            | 11.4          | 116,617              | 7.6           |
| 1980 to 1989.....               | 1,011          | 11.8          | 197,533              | 12.9          |
| 1970 to 1979.....               | 1,400          | 16.4          | 210,611              | 13.7          |
| 1940 to 1969.....               | 3,021          | 35.4          | 516,528              | 33.6          |
| 1939 or earlier.....            | 969            | 11.3          | 313,434              | 20.4          |
| <b>Total Housing Units.....</b> | <b>8,545</b>   | <b>100.0%</b> | <b>1,536,049</b>     | <b>100.0%</b> |

Source: American Community Survey 2019-2023.

### Commute to Work

| Category                         | Town of Berlin |               | State of Connecticut |               |
|----------------------------------|----------------|---------------|----------------------|---------------|
|                                  | Number         | Percent       | Number               | Percent       |
| Drove alone.....                 | 8,797          | 80.4%         | 1,271,480            | 70.6%         |
| Car Pools.....                   | 279            | 2.5           | 138,268              | 7.7           |
| Using Public Transportation..... | 55             | 0.5           | 61,239               | 3.4           |
| Walked.....                      | 153            | 1.4           | 44,756               | 2.5           |
| Other Means.....                 | 111            | 1.0           | 26,695               | 1.5           |
| Worked at Home.....              | 1,552          | 14.2          | 258,466              | 14.4          |
| <b>Total.....</b>                | <b>10,947</b>  | <b>100.0%</b> | <b>1,800,904</b>     | <b>100.0%</b> |

Mean Travel to Work (minutes)..... 21.7 26.6

Source: American Community Survey 2019-2023.

### Housing Inventory

| Housing Units               | Town of Berlin |               | State of Connecticut |               |
|-----------------------------|----------------|---------------|----------------------|---------------|
|                             | Units          | Percent       | Units                | Percent       |
| 1-unit, detached.....       | 6,795          | 79.5%         | 901,187              | 58.7%         |
| 1-unit, attached.....       | 123            | 1.4           | 95,202               | 6.2           |
| 2 units.....                | 724            | 8.5           | 118,295              | 7.7           |
| 3 or 4 units.....           | 160            | 1.9           | 126,755              | 8.3           |
| 5 to 9 units.....           | 213            | 2.5           | 76,750               | 5.0           |
| 10 to 19 units.....         | 144            | 1.7           | 55,290               | 3.6           |
| 20 or more units.....       | 344            | 4.0           | 150,986              | 9.8           |
| Mobile home.....            | 15             | 0.2           | 10,967               | 0.7           |
| Boat, RV, van, etc.....     | 27             | 0.3           | 617                  | 0.0           |
| <b>Total Inventory.....</b> | <b>8,545</b>   | <b>100.0%</b> | <b>1,536,049</b>     | <b>100.0%</b> |

Source: American Community Survey 2019-2023.

### Housing Vacancy Rates

| <b>Housing Units</b>         | <b>Town of Berlin</b> |                | <b>State of Connecticut</b> |                |
|------------------------------|-----------------------|----------------|-----------------------------|----------------|
|                              | <b>Units</b>          | <b>Percent</b> | <b>Units</b>                | <b>Percent</b> |
| Occupied Housing Units ..... | 8,323                 | 97.4%          | 1,420,170                   | 92.5%          |
| Vacant Housing Units .....   | 222                   | 2.6%           | 115,879                     | 7.5%           |
| <b>Total Units</b> .....     | 8,545                 | 100.0%         | 1,536,049                   | 100.0%         |
| Homeowner Vacancy Rate ..... | —                     | 0.0            | —                           | 0.9            |
| Rental Vacancy Rate .....    | —                     | 0.0            | —                           | 4.6            |

Source: American Community Survey 2019-2023.

### Owner Occupied Housing Values

| <b>Specified Owner-Occupied Units</b> | <b>Town of Berlin</b> |                | <b>State of Connecticut</b> |                |
|---------------------------------------|-----------------------|----------------|-----------------------------|----------------|
|                                       | <b>Number</b>         | <b>Percent</b> | <b>Number</b>               | <b>Percent</b> |
| Less than \$50,000.....               | 106                   | 1.6%           | 22,174                      | 2.4%           |
| \$50,000 to \$99,999.....             | 0                     | -              | 15,116                      | 1.6            |
| \$100,000 to \$149,999.....           | 170                   | 2.5            | 38,832                      | 4.1            |
| \$150,000 to \$199,999.....           | 225                   | 3.3            | 77,152                      | 8.2            |
| \$200,000 to \$299,999.....           | 1,855                 | 27.2           | 233,824                     | 24.9           |
| \$300,000 to \$499,999.....           | 3,428                 | 50.3           | 319,703                     | 34.0           |
| \$500,000 to \$999,999.....           | 1000                  | 14.7           | 173,643                     | 18.5           |
| \$1,000,000 or more.....              | 30                    | 0.4            | 59,468                      | 6.3            |
| <b>Total</b> .....                    | 6,814                 | 100.0%         | 939,912                     | 100.0%         |
| <b>Median Value</b> .....             | \$347,000             |                | \$343,200                   |                |

Source: American Community Survey 2019-2023.

### Building Permits

The following is a schedule of building permits and their estimated values over the last ten years:

| <b>Fiscal Year</b> | <b>Residential</b> |               | <b>Comm./Industrial</b> |               | <b>Total</b> |               |
|--------------------|--------------------|---------------|-------------------------|---------------|--------------|---------------|
|                    | <b>No.</b>         | <b>Value</b>  | <b>No.</b>              | <b>Value</b>  | <b>No.</b>   | <b>Value</b>  |
| 2025               | 1,982              | \$ 50,348,655 | 52                      | \$ 14,491,170 | 2,034        | \$ 64,839,825 |
| 2024               | 1,769              | 42,397,191    | 121                     | 36,118,357    | 1,890        | 78,515,548    |
| 2023               | 1,856              | 37,445,677    | 114                     | 11,600,833    | 1,970        | 49,046,510    |
| 2022               | 1,987              | 35,618,063    | 115                     | 7,897,235     | 2,102        | 43,515,298    |
| 2021               | 1,921              | 26,301,024    | 102                     | 5,876,587     | 2,023        | 32,177,611    |
| 2020               | 1,579              | 24,227,062    | 40                      | 2,500,042     | 1,619        | 26,727,104    |
| 2019               | 1,245              | 14,374,493    | 215                     | 14,310,037    | 1,460        | 28,684,530    |
| 2018               | 1,290              | 14,209,727    | 100                     | 5,009,788     | 1,390        | 19,219,515    |
| 2017               | 1,215              | 18,259,742    | 69                      | 9,447,474     | 1,284        | 27,707,216    |
| 2016               | 1,465              | 19,617,671    | 96                      | 5,502,097     | 1,561        | 25,119,768    |

Source: Town of Berlin, Building Official

### Land Use Breakdown

| <b>Land Use Category</b> | <b>Total Area</b> |                | <b>Developed</b> |                | <b>Undeveloped</b> |                |
|--------------------------|-------------------|----------------|------------------|----------------|--------------------|----------------|
|                          | <b>Acres</b>      | <b>Percent</b> | <b>Acres</b>     | <b>Percent</b> | <b>Acres</b>       | <b>Percent</b> |
| Residential.....         | 8,509             | 50.4%          | 6,270            | 77.2%          | 2,239              | 83.6%          |
| Commercial/Industrial... | 2,288             | 13.6%          | 1,851            | 22.8%          | 438                | 16.4%          |
| Municipal/State.....     | 6,088             | 36.1%          | N/A              | N/A            | N/A                | N/A            |
| <b>Total</b> .....       | 16,885            | 100.0%         | 8,121            | 100.0%         | 2,676              | 100.0%         |

## **IV. Tax Base Data**

### **Property Tax**

#### **Assessments**

The maintenance of an equitable tax base by locating and appraising all real and personal property within the Town for inclusion onto the grand list is the responsibility of the Assessor's Office. The grand list represents the total assessed values for all taxable and tax-exempt real estate, taxable personal property and motor vehicles located within the Town on October 1. Generally, the law requires a revaluation every five years and a physical inspection once every ten years. The Town's most recent revaluation occurred for the assessment year commencing October 1, 2022. The Town last performed a revaluation based on physical observation for the assessment year commencing October 1, 2017. Assessments for real estate are computed at 70% of the estimated market value at the time of the last revaluation, while assessments for motor vehicles and personal property are computed at 70% of the current fair market value. Each year the Board of Assessment Appeals determines whether taxpayer petitions for assessment reductions on the current grand list are warranted.

When a new structure, or modification to an existing structure, is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Official. Upon issuance of a certification of completion, a physical inspection is conducted and a new fair market value is determined with the aid of schedules developed at the time of the last revaluation. All value adjustments are reviewed to determine equity with similar properties and estimate changes to existing income streams.

All personal property (furniture, fixtures, equipment, machinery, supplies, non-registered motor vehicles, and leased equipment) is revalued annually. Random audits are conducted periodically.

Motor vehicle registration lists are furnished to the Town by the State Department of Motor Vehicles. The New legislation passed for the October 1, 2024 grand list changed the way motor vehicles are valued. Under the new legislation, all motor vehicles are valued at their original MSRP and depreciated based on the depreciation schedule included in the legislation. The same process is applied to the Supplemental Motor Vehicle list, which represents new or replacement vehicles which were registered after the October 1 assessment date, but before the following July 1. Bills for this supplemental list are issued the following January, eighteen months after the grand list date.

Connecticut General Statutes Section 12-71e, as amended, allows municipalities to tax motor vehicles at a different rate than other taxable property, but caps the motor vehicle tax rate at 32.46 mills for the assessment year commencing October 1, 2021. Section 4-66f of the General Statutes, as amended ("Section 4-66f"), diverts a portion of state collected sales tax revenue to provide funding to municipalities to mitigate the revenue loss attributed to the motor vehicle property tax cap. The Town's motor vehicle tax rate for the current 2024 assessment year (Fiscal Year ending June 30, 2026) is 30.65 mills.

The Town of Berlin has not approved the use of Section 12-124a of the Connecticut General Statutes, which permits a municipality, upon approval of its legislative body, to abate property taxes on owner-occupied residences to the extent that the taxes exceed eight percent of the owner's total income, from any source, adjusted for self-employed persons to reflect expenses allowed in determining adjusted gross income.

#### **Levy**

Property taxes are levied on all taxable assessed property on the grand list of October 1 prior to the beginning of the fiscal year. Taxes are payable on July 1 following the levy date, although a 30-day grace period is provided. Motor vehicle supplemental bills are payable on January 1. Payments not received within one month after the due date become delinquent, with interest charged at the rate of one and one-half percent per month from the due date on the tax. In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are lien-ed each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills.

Delinquent motor vehicle and personal property accounts are transferred to a suspense account after two years at which time they cease to be carried as receivables. Real estate accounts are transferred to suspense 15 years after the due date in accordance with State statutes.

Property tax revenues are recognized when they become available. Available means due or past due and receivable within the current period or expected to be collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. Property taxes receivable not expected to be collected during the available period are reflected as deferred revenue.

Section 12-165 of the Connecticut General Statutes, as amended, requires each municipality to write off, on an annual basis, the property taxes that are deemed to be uncollectible.

### Comparative Assessed Valuations

The following table sets forth the Town's Taxable Grand List by component:

| <b>Grand<br/>List<br/>As Of<br/>10/1</b> | <b>Real<br/>Property<br/>(%)</b> | <b>Personal<br/>Property<br/>(%)</b> | <b>Motor<br/>Vehicles<br/>(%)</b> | <b>Gross<br/>Taxable<br/>Grand List<br/>(000's)</b> | <b>Exemptions,<br/>Veterans<br/>Relief and<br/>Disabled<br/>(000's)</b> | <b>Net<br/>Taxable<br/>Grand List<br/>(000's)</b> | <b>Percent<br/>Growth</b> |
|--|----------------------------------|--------------------------------------|-----------------------------------|---|---|---|---------------------------|
| 2024                                     | 76.9                             | 12.8                                 | 10.3                              | \$ 3,034,083  | \$ 142,354  | \$ 2,891,729                                      | 17.7%                     |
| 2023                                     | 78.6                             | 14.6                                 | 12.1                              | 2,587,381   | 129,732   | 2,457,649   | 3.1%                      |
| 2022 <sup>1</sup>                        | 80.5                             | 15.1                                 | 10.0                              | 2,516,597   | 133,233   | 2,383,365   | 0.5%                      |
| 2021                                     | 81.5                             | 14.6                                 | 9.5                               | 2,503,577   | 132,429   | 2,371,148   | 1.6%                      |
| 2020                                     | 82.5                             | 13.4                                 | 9.4                               | 2,457,816   | 123,599   | 2,334,217   | 2.2%                      |
| 2019                                     | 84.4                             | 10.3                                 | 9.3                               | 2,377,596   | 93,424  | 2,284,172   | 3.2%                      |
| 2018                                     | 82.9                             | 12.2                                 | 9.2                               | 2,307,655   | 94,434  | 2,213,221   | 0.8%                      |
| 2017 <sup>1</sup>                        | 83.0                             | 11.7                                 | 9.2                               | 2,280,713   | 85,997  | 2,194,716   | (0.8%)                    |
| 2016                                     | 82.8                             | 8.5                                  | 8.7                               | 2,307,691   | 94,434  | 2,213,256   | 0.9%                      |
| 2015                                     | 82.3                             | 8.9                                  | 8.8                               | 2,281,430   | 88,825  | 2,192,605   | 0.7%                      |

<sup>1</sup> Revaluation.

Source: Town of Berlin, Assessor's Office.

### Exempt Property

| <b>Public</b>                                   | <b>Assessed<br/>Value <sup>1</sup></b> |
|---|--|
| Regular Veterans .....                          | \$ 7,460,020                           |
| Additional Veterans .....                       | 95,510                                 |
| Additional Veterans (1/2) .....                 | 460,100                                |
| 100% Disabled and Blind .....                   | 115,160                                |
| Local Option Veterans (non-reimbursed) .....    | -                                      |
| Public buildings/property .....                 | -                                      |
| <b>Sub-Total Public .....</b>                   | <b>\$ 8,130,790</b>                    |
| <b>Private</b>                                  |  |
| Agricultural or Horticultural .....             | \$ 1,318,830                           |
| Manufacturing machinery .....                   | 92,465,060                             |
| Enterprise zone .....                           | -                                      |
| Miscellaneous .....                             | 10,794,254                             |
| <b>Sub-Total Private .....</b>                  | <b>104,578,144</b>                     |
| <b>Total Exempt Property .....</b>              | <b>\$ 112,708,934</b>                  |
| Percent Compared to Net Taxable Grand List .... | 3.9%                                   |

<sup>1</sup> Based on the Net Taxable Grand List of October 1, 2024 of \$2,891,728,702.

Source: Town of Berlin, Assessor's Office.

### Property Tax Levies and Collections

| <b>Grand List of 10/1</b> | <b>Fiscal Year Ending 6/30</b> | <b>Net Taxable Grand List (000's)</b> | <b>Mill Rate</b> | <b>Adjusted Annual Levy (000's)</b> | <b>Percent of Annual Levy Collected at End of Fiscal Year</b> | <b>Percent of Annual Levy Uncollected at End of Fiscal Year</b> | <b>Percent of Annual Levy Uncollected as of 6/30/2025</b> |
|---------------------------|--------------------------------|---------------------------------------|------------------|-------------------------------------|---|---|---|
| 2024 <sup>2</sup>         | 2026                           | \$ 2,891,729                          | 30.65            | \$ 90,785                           | <i>In Collection</i>  |   |   |
| 2023 <sup>2</sup>         | 2025                           | 2,457,649                             | 30.21            | 87,900                              | 98.8%   | 1.2%  | 1.2%  |
| 2022 <sup>1</sup>         | 2024                           | 2,383,365                             | 29.56            | 86,007                              | 98.8%   | 1.2%  | 0.2%  |
| 2021                      | 2023                           | 2,371,148                             | 34.31            | 84,551                              | 99.2%   | 0.8%  | 0.1%  |
| 2020                      | 2022                           | 2,334,217                             | 33.93            | 81,784                              | 99.1%   | 0.9%  | 0.0%  |
| 2019                      | 2021                           | 2,284,172                             | 33.93            | 79,390                              | 98.9%   | 1.1%  | 0.0%  |
| 2018                      | 2020                           | 2,213,221                             | 33.93            | 79,443                              | 99.1%   | 0.9%  | 0.0%  |
| 2017 <sup>1</sup>         | 2019                           | 2,194,716                             | 32.50            | 75,738                              | 99.1%   | 0.9%  | 0.0%  |
| 2016                      | 2018                           | 2,213,256                             | 31.61            | 69,186                              | 98.8%   | 1.2%  | 0.0%  |
| 2015                      | 2017                           | 2,192,605                             | 30.81            | 68,276                              | 98.8%   | 1.2%  | 0.0%  |

<sup>1</sup> Revaluation.

<sup>2</sup> Subject to audit.

Source: Town of Berlin, Tax Collector

### Ten Largest Taxpayers

The following table sets forth the ten largest taxpayers in the Town according to most recent Grand List:

| <b>Name of Taxpayer</b>                     | <b>Nature of Business</b> | <b>Taxable Valuation</b> | <b>Percent of Net Taxable Grand List <sup>1</sup></b> |
|---|---------------------------|--------------------------|---|
| Rocky River Realty Company.....             | Utility                   | \$ 370,526,360           | 12.81%  |
| Corbin Russwin.....                         | Hardware                  | 22,779,020               | 0.79%   |
| Tomz Corporation.....                       | Medical/Aerospace Parts   | 22,743,730               | 0.79%   |
| Murphy Road Recycling.....                  | Recycling                 | 21,653,770               | 0.75%   |
| Cedar Brickyard LLC.....                    | Shopping Center           | 17,494,050               | 0.60%   |
| Connecticut Natural Gas Corp.....           | Utility                   | 17,484,080               | 0.60%   |
| 224 Berlin Tpke (incl Acura of Berlin)..... | Automotive                | 14,037,474               | 0.49%   |
| Stonebridge Berlin Associates.....          | Apartments                | 10,287,774               | 0.36%   |
| Comcast.....                                | Communications            | 10,135,490               | 0.35%   |
| Stanchem Inc.....                           | Manufacturing             | 9,718,270                | 0.34%   |
| <b>Total.....</b>                           |                           | <b>\$ 516,860,018</b>    | <b>17.87%</b>   |

<sup>1</sup> Based on the Net Taxable Grand List of October 1, 2024 of \$2,891,728,702.

Source: Town of Berlin, Assessor's Office.

(The remainder of this page intentionally left blank)

**V. Debt Summary**  
**Principal Amount of Indebtedness**  
**As of October 9, 2025**  
**(Pro Forma)**

**Long-Term Debt:**

| <b>Date</b>                               | <b>Purpose</b>                 | <b>Interest<br/>Rate %</b> | <b>Original<br/>Issue</b> | <b>Amount<br/>Outstanding<sup>1</sup></b> | <b>Fiscal<br/>Year of<br/>Maturity</b> |
|---|--------------------------------|----------------------------|---------------------------|---|--|
| 2013                                      | General Purpose.....           | 2.25-4.00                  | \$ 2,480,000              | \$ 340,000                                | 2033                                   |
| 2013                                      | Schools.....                   | 2.25-4.00                  | 6,015,000                 | 660,000                                   | 2033                                   |
| 2015                                      | Sewers - CWF 212-CSL.....      | 2.00                       | 2,236,514                 | 1,006,431                                 | 2035                                   |
| 2015                                      | General Purpose.....           | 2.00-4.00                  | 720,000                   | 40,000                                    | 2035                                   |
| 2015                                      | Schools.....                   | 2.00-4.00                  | 13,000,000                | 685,000                                   | 2035                                   |
| 2016                                      | General Purpose.....           | 2.00-4.00                  | 3,620,000                 | 910,000                                   | 2036                                   |
| 2016                                      | Schools.....                   | 2.00-4.00                  | 13,150,000                | 4,155,000                                 | 2036                                   |
| 2017                                      | General Purpose.....           | 2.00-4.00                  | 4,150,000                 | 1,350,000                                 | 2030                                   |
| 2017                                      | Schools.....                   | 2.00-4.00                  | 515,000                   | 150,000                                   | 2030                                   |
| 2019                                      | General Purpose.....           | 2.00-4.00                  | 6,500,000                 | 2,300,000                                 | 2029                                   |
| 2019                                      | Sewers - CWF 217-CSL.....      | 2.00                       | 1,933,314                 | 1,313,043                                 | 2039                                   |
| 2020                                      | General Purpose.....           | 3.00-5.00                  | 4,200,000                 | 2,520,000                                 | 2031                                   |
| 2023                                      | Water - DWSRF 2023-7109.....   | 2.00                       | 1,152,727                 | 1,042,258                                 | 2044                                   |
| 2024                                      | General Purpose.....           | 4.00-5.00                  | 2,160,000                 | 1,945,000                                 | 2035                                   |
| 2024                                      | Schools.....                   | 4.00-5.00                  | 2,400,000                 | 2,160,000                                 | 2035                                   |
| 2024                                      | General Purpose Refunding..... | 4.00-5.00                  | 1,246,000                 | 1,110,000                                 | 2036                                   |
| 2024                                      | Schools Refunding.....         | 4.00-5.00                  | 18,344,000                | 17,440,000                                | 2036                                   |
| <b>Total Outstanding Bonded Debt.....</b> |                                |                            | <b>\$ 83,822,555</b>      | <b>\$ 39,126,732</b>                      |  |
| <b><u>This Issue</u></b>                  |                                |                            |                           |   |  |
| 2025                                      | General Purpose.....           | 4.00-5.00                  | \$ 1,985,000              | \$ 1,985,000                              | 2036                                   |
| 2025                                      | Schools.....                   | 4.00-5.00                  | 1,600,000                 | 1,600,000                                 | 2036                                   |
| <b>Total This Issue.....</b>              |                                |                            | <b>\$ 3,585,000</b>       | <b>\$ 3,585,000</b>                       |  |
| <b>Grand Total.....</b>                   |                                |                            | <b>\$ 87,407,555</b>      | <b>\$ 42,711,732</b>                      |  |

<sup>1</sup> Excludes bonds refunded or defeased with this issue or prior refunding bond issues.

**Short-Term Debt**  
**As of October 9, 2025**  
**(Pro Forma)**

The Town does not have any outstanding short-term debt as of October 9, 2025

(The remainder of this page intentionally left blank)



**Annual Bonded Debt Maturity Schedule**  
**As of October 9, 2025**  
**(Pro Forma)**

| <b>Fiscal<br/>Year<br/>Ended<br/>6/30</b> | <b>Principal<br/>Payments</b> | <b>Interest<br/>Payments</b> | <b>Total<br/>Debt<br/>Service</b> | <b>This Issue</b>          |                     |                     | <b>Total<br/>Principal</b> | <b>Cumulative<br/>Principal<br/>Retired %</b> |
|---|-------------------------------|------------------------------|-----------------------------------|----------------------------|---------------------|---------------------|----------------------------|---|
|   |                               |                              |                                   | <b>General<br/>Purpose</b> | <b>Schools</b>      | <b>Total</b>        |                            |   |
| 2026                                      | \$ 4,654,596                  | \$ 1,299,835                 | \$ 5,954,431                      | \$ -                       | \$ -                | \$ -                | \$ 4,654,596               | 10.90%  |
| 2027                                      | 4,861,128                     | 1,253,027                    | 6,114,155                         | 200,000                    | 160,000             | 360,000             | 5,221,128                  | 23.12%  |
| 2028                                      | 4,876,128                     | 1,077,062                    | 5,953,190                         | 200,000                    | 160,000             | 360,000             | 5,236,128                  | 35.38%  |
| 2029                                      | 4,426,128                     | 904,610                      | 5,330,738                         | 200,000                    | 160,000             | 360,000             | 4,786,128                  | 46.59%  |
| 2030                                      | 3,771,128                     | 749,353                      | 4,520,481                         | 200,000                    | 160,000             | 360,000             | 4,131,128                  | 56.26%  |
| 2031                                      | 3,721,128                     | 600,961                      | 4,322,089                         | 200,000                    | 160,000             | 360,000             | 4,081,128                  | 65.81%  |
| 2032                                      | 3,221,128                     | 452,395                      | 3,673,523                         | 200,000                    | 160,000             | 360,000             | 3,581,128                  | 74.20%  |
| 2033                                      | 3,261,128                     | 302,901                      | 3,564,029                         | 200,000                    | 160,000             | 360,000             | 3,621,128                  | 82.68%  |
| 2034                                      | 2,906,128                     | 172,175                      | 3,078,303                         | 195,000                    | 160,000             | 355,000             | 3,261,128                  | 90.31%  |
| 2035                                      | 1,967,259                     | 78,908                       | 2,046,167                         | 195,000                    | 160,000             | 355,000             | 2,322,259                  | 95.75%  |
| 2036                                      | 764,302                       | 27,826                       | 792,128                           | 195,000                    | 160,000             | 355,000             | 1,119,302                  | 98.37%  |
| 2037                                      | 154,302                       | 12,537                       | 166,839                           | -                          | -                   | -                   | 154,302                    | 98.73%  |
| 2038                                      | 154,302                       | 9,447                        | 163,749                           | -                          | -                   | -                   | 154,302                    | 99.09%  |
| 2039                                      | 138,191                       | 6,371                        | 144,562                           | -                          | -                   | -                   | 138,191                    | 99.42%  |
| 2040                                      | 57,636                        | 4,478                        | 62,114                            | -                          | -                   | -                   | 57,636                     | 99.55%  |
| 2041                                      | 57,636                        | 3,322                        | 60,958                            | -                          | -                   | -                   | 57,636                     | 99.69%  |
| 2042                                      | 57,636                        | 2,166                        | 59,802                            | -                          | -                   | -                   | 57,636                     | 99.82%  |
| 2043                                      | 57,636                        | 1,010                        | 58,646                            | -                          | -                   | -                   | 57,636                     | 99.96%  |
| 2044                                      | 19,212                        | 80                           | 19,292                            | -                          | -                   | -                   | 19,212                     | 100.00%                                       |
| <b>Total.....</b>                         | <b>\$ 39,126,732</b>          | <b>\$ 6,958,464</b>          | <b>\$ 46,085,196</b>              | <b>\$ 1,985,000</b>        | <b>\$ 1,600,000</b> | <b>\$ 3,585,000</b> | <b>\$ 42,711,732</b>       |   |

<sup>1</sup> Excludes principal payments of \$1,861,532 and interest payments of \$155,380 made between July 1, 2025 and October 9, 2025.

**Clean Water Fund and Drinking Water State Revolving Programs**

The Town is a participant in the State of Connecticut's Clean Water Fund and Drinking Water State Revolving Fund Programs (General Statutes Sections 22a-475 et seq., as amended) which provides financial assistance through a combination of grants and loans bearing interest at a rate of 2% per annum (the "CWF Program"). All participating municipalities receive a grant of 20% and a loan of 80% of total eligible costs (with the exception of combined sewer overflow correction projects which are financed with a 50% grant and a 50% loan).

Loans to a participating municipality are made pursuant to a Project Grant and Project Loan Agreement. Each municipality is obligated to repay only that amount which it draws down for the payment of project costs. Municipalities must permanently finance draws under the Interim Funding Obligations ("IFO") through the issuance of a Project Loan Obligation ("PLO").

Amortization of each loan is required to begin one year from the earlier of the project completion date specified in the PLO, or the actual project completion date. The final maturity of each loan is twenty years from the scheduled completion date. Principal and interest payments are payable 1) in equal monthly installments commencing one month after the scheduled completion date, or 2) in a single annual installment representing 1/20 of total principal not later than one year from the project completion date specified in the PLO, and thereafter in monthly installments. Borrowers may elect to make level debt service payments or level principal payments. Borrowers may prepay their loans at any time prior to maturity without penalty. Each municipality must deliver to the State an obligation secured by the full faith and credit of the municipality and/or a dedicated source of revenue of such municipality.

The Town has the following permanent loans through the CWF Program:

| <b>Project</b>   | <b>Date of<br/>Issue</b> | <b>Interest<br/>Rate</b> | <b>Amount</b>                                |
|--|--------------------------|--------------------------|--|
|  |                          |                          | <b>Outstanding as of<br/>October 9, 2025</b> |
| Webster Square Road (CWF No. 212-CSL).....                 | 3/30/2015                | 2.00%                    | \$ 1,006,431                                 |
| Belcher Brook (CWF No. 217-CSL).....                       | 10/30/2019               | 2.00%                    | 1,313,043                                    |
| Berlin Turnpike Pipe Replacement (DWSRF No. 2023-7109).... | 10/31/2023               | 2.00%                    | 1,042,258                                    |

### ***Overlapping Debt***

The Town of Berlin, along with the Cities of New Britain and Middletown and the Town of Cromwell, is a member of The Mattabassett District, which was organized under a Special Act of the 1961 Session of the Connecticut General Assembly. The constituent municipalities approved the District's charter dated May 1963. The function of the District is to operate and maintain a water pollution control system, and it is governed by a District Board composed of fifteen members appointed by the constituent municipalities. As of June 30, 2025, the District has two 20 year 2% Clean Water Fund loans outstanding in the amount of \$34,772,560 to finance its sewage treatment plant and construction upgrade. It is estimated that, based on future treatment plant reserved capacity, the Town's annual assessment from the District will include 14.35% of Clean Water Fund debt service, which equals \$4,989,862. The responsibility for payment of District expenses, including debt service, is ultimately the individual sewer user.

See "Clean Water Fund and Drinking Water State Revolving Programs," "Summary of Municipal Services," and "Water and Sewers" herein.

### ***Underlying Debt***

The Kensington Fire District and the Worthington Fire District were both chartered in the early 1920s to provide municipal services to the residents living within their boundaries. Such services included water, sewerage, street lighting, and refuse collection, all of which have since been taken over by the Town, except for water and sewer service. As independent municipal corporations within the Town, the Fire Districts have the power to levy taxes and issue debt which constitutes underlying debt of the Town. No funds or services are provided by the Town of Berlin. As of June 30, 2025, the debt outstanding for these districts is as follows:

|                                |           |                |
|--------------------------------|-----------|----------------|
| Kensington Fire District.....  | \$        | 561,897        |
| Worthington Fire District..... |           | <u>339,007</u> |
| <b>Total.....</b>              | <b>\$</b> | <b>900,904</b> |

***THE TOWN OF BERLIN HAS NEVER DEFAULTED IN THE PAYMENT OF  
PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES***

*(The remainder of this page intentionally left blank)*

**Debt Statement**  
**As of October 9, 2025**  
**(Pro Forma)**

**Long-Term Debt Outstanding:** <sup>1</sup>

|  |                      |
|--|----------------------|
| General Purpose (Includes this issue).....                         | \$ 12,500,000        |
| Schools (Includes this issue).....                                 | 26,850,000           |
| Sewers.....  | 2,319,474            |
| Water.....   | 1,042,258            |
| <b>Total Long-Term Debt.....</b>                                   | <b>42,711,732</b>    |
| <b>Short-Term Debt .....</b>                                       | <b>-</b>             |
| <b>Direct Debt.....</b>  | <b>42,711,732</b>    |
| <b>Overlapping Debt - Mattabassett District</b> <sup>2</sup> ..... | <b>4,989,862</b>     |
| <b>Underlying Debt - Fire Districts .....</b>                      | <b>900,904</b>       |
| <b>Total Overall Debt .....</b>                                    | <b>48,602,499</b>    |
| Less: Self-Supporting Sewer & Water Debt.....                      | (3,361,732)          |
| <b>Total Overall Net Debt.....</b>                                 | <b>\$ 45,240,766</b> |

<sup>1</sup> Excludes a \$10.3 million guaranteed energy savings performance contract and lease financing. As of June 30, 2025, \$7.1 million is outstanding. See "Energy Efficiency Projects" herein.

<sup>2</sup> See Overlapping Debt.

**Current Debt Ratios**  
**As of October 9, 2025**  
**(Pro Forma)**

|   |                 |
|---|-----------------|
| Population (2023) <sup>1</sup> .....              | 20,210          |
| Net Taxable Grand List (10/1/24) .....            | \$3,043,007,823 |
| Estimated Full Value (70%).....                   | \$4,347,154,033 |
| Equalized Grand List (10/1/23) <sup>2</sup> ..... | \$4,950,008,176 |
| Money Income per Capita (2023) <sup>1</sup> ..... | \$56,532        |

|  | <b>Total<br/>Direct Debt</b> | <b>Total<br/>Overall Debt</b> | <b>Total Overall<br/>Net Debt</b> |
|--|------------------------------|-------------------------------|-----------------------------------|
|  | <b>\$42,711,732</b>          | <b>\$48,602,499</b>           | <b>\$45,240,766</b>               |
| Per Capita.....  | \$2,113.40                   | \$2,404.87                    | \$2,238.53                        |
| Ratio to Net Taxable Grand List.....                   | 1.40%                        | 1.60%                         | 1.49%                             |
| Ratio to Estimated Full Value.....                     | 0.98%                        | 1.12%                         | 1.04%                             |
| Ratio to Equalized Grand List.....                     | 0.86%                        | 0.98%                         | 0.91%                             |
| Debt per Capita to Money Income per Capita (2023)..... | 3.74%                        | 4.25%                         | 3.96%                             |

<sup>1</sup> American Community Survey 2019-2023.

<sup>2</sup> Office of Policy and Management, State of Connecticut.

## **Bond Authorization**

The Town has the power to incur indebtedness as provided by the Connecticut General Statutes and the Town Charter. The issuance of bonds and notes is authorized upon adoption of an ordinance by the Town Council. Notice of passage of the bond ordinance shall be provided by newspaper publication. Adoption of a bond ordinance exceeding \$5,000,000 shall be subject to automatic referendum approved by a majority of those voting thereon. Adoption of the bond ordinance shall be subject to referendum approval by a majority of those voting if petitioned not later than 14 days from publication by at least three percent of the total number of qualified electors whose names appear on the last voting list with the Town Clerk.

The Connecticut General Statutes authorize the issuance of refunding bonds upon the approval of the elected legislative body, Berlin's Town Council, where the refunding results in net present value savings.

## **Maturities**

General obligation bonds (serial and term) are required to be payable in maturities wherein a succeeding maturity may not exceed any prior maturity by more than 50% or aggregate annual principal and interest payments must be substantially equal. The first installment of any series of bonds shall mature not later than three years from the date of the issue of such series. Pursuant to state law, all bonds issued on or after July 1, 2017, including sewer and school bonds, shall be due not later than thirty years from the date of their issuance.

## **Temporary Financing**

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of temporary notes when they become due and payable, and the legislative body schedules principal reductions by no later than the end of the third year and for each subsequent year during which such temporary notes remain outstanding in an amount equal to a minimum of 1/20th (1/30th for sewer projects and certain school projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years.

Temporary notes may be funded beyond ten years from the initial borrowing if a written commitment exists for State and/or Federal grants, for terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to 15 years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year (whichever is sooner), and in each year thereafter, the notes must be reduced by 1/15th of the total amount of the notes issued by funds derived from certain sources of payment specified by statute. Temporary notes may be issued in one-year maturities for up to 15 years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

## **Debt Management Policy**

On July 11, 2017, the Town Council adopted a comprehensive Debt Management Policy, setting forth the parameters for issuing debt. The policy outlines the complete capital planning process and the planning and structuring of Town indebtedness. The policy establishes standards regarding the timing and purposes for which debt may be issued, types and amounts of permissible debt, method of sale that may be used, and, if recommended, structural features that may be incorporated. The standards do not bind debt management decisions. The policy was updated on February 5, 2019 to account for revisions to SEC Rule 15c2-12.

*(The remainder of this page intentionally left blank)*

## Limitation of Indebtedness

Municipalities shall not incur indebtedness through the issuance of bonds which will cause aggregate indebtedness by class to exceed the following:

|                                 |  |
|---------------------------------|--|
| General Purposes:               | 2.25 times annual receipts from taxation |
| School Purposes:                | 4.50 times annual receipts from taxation |
| Sewer Purposes:                 | 3.75 times annual receipts from taxation |
| Urban Renewal Purposes:         | 3.25 times annual receipts from taxation |
| Unfunded Past Pension Purposes: | 3.00 times annual receipts from taxation |

“Annual receipts from taxation” (the “base”) are defined as total tax collections (including interest and penalties) and state payments for revenue losses under CGS Section 12-129d and P.A. 87-584, Sections 3 and 4. In no case shall total indebtedness exceed seven times the base.

The statutes also provide for exclusion from the debt limit calculation debt issued in anticipation of taxes; for the supply of water, gas, electricity; for the construction of underground conduits for cables, wires and pipes; and for two or more of such purposes. There are additional exclusions for indebtedness issued in anticipation of the receipt of proceeds from assessments levied upon property benefited by any public improvement, for indebtedness issued in anticipation of the receipt of proceeds from State or federal grants evidenced by a written commitment or contract but only to the extent such indebtedness can be paid from such proceeds, for indebtedness issued for certain water pollution control projects, and for refunding indebtedness.

### Statement of Debt Limitation As of October 9, 2025 (Pro Forma)

Total Tax Collections (including tax district collections, interest and lien fees)

|   |                      |
|---|----------------------|
| received by the Treasurer for the year ended June 30, 2025..... | \$ 86,499,180        |
| Reimbursement For Revenue Loss (Tax relief for elderly).....    | -                    |
| <b>Base for Debt Limitation Computation.....</b>                | <b>\$ 86,499,180</b> |

|   | <b>General<br/>Purpose</b> | <b>Schools</b>        | <b>Sewers</b>         | <b>Urban Renewal</b>  | <b>Unfunded<br/>Pension</b> |
|---|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------------|
| <b>Debt Limitation:</b>                       |                            |                       |                       |                       |                             |
| 2 <sup>1</sup> / <sub>4</sub> times base..... | \$ 194,623,155             | -                     | -                     | -                     | -                           |
| 4 <sup>1</sup> / <sub>2</sub> times base..... | -                          | \$ 389,246,310        | -                     | -                     | -                           |
| 3 <sup>3</sup> / <sub>4</sub> times base..... | -                          | -                     | \$ 324,371,925        | -                     | -                           |
| 3 <sup>1</sup> / <sub>4</sub> times base..... | -                          | -                     | -                     | \$ 281,122,335        | -                           |
| 3 times base.....                             | -                          | -                     | -                     | -                     | \$ 259,497,540              |
| <b>Total Debt Limitation.....</b>             | <b>\$ 194,623,155</b>      | <b>\$ 389,246,310</b> | <b>\$ 324,371,925</b> | <b>\$ 281,122,335</b> | <b>\$ 259,497,540</b>       |

#### Indebtedness: <sup>3, 5</sup>

|                                    |                   |                        |                           |          |          |
|------------------------------------|-------------------|------------------------|---------------------------|----------|----------|
| Bonds Outstanding .....            | \$ 10,515,000     | \$ 25,250,000          | \$ 2,319,474 <sup>1</sup> | \$ -     | \$ -     |
| Bonds – This Issue.....            | 1,985,000         | 1,600,000              | -                         | -        | -        |
| Overlapping/Underlying Debt.....   | 900,904           | -                      | 4,989,862 <sup>2</sup>    | -        | -        |
| Debt Authorized But Unissued.....  | 7,687,787         | 8,459,430 <sup>4</sup> | -                         | -        | -        |
| <b>Total Net Indebtedness.....</b> | <b>21,088,691</b> | <b>35,309,430</b>      | <b>7,309,337</b>          | <b>-</b> | <b>-</b> |

#### DEBT LIMITATION IN EXCESS

|   |                       |                       |                       |                       |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>OF OUTSTANDING INDEBTEDNESS.....</b> | <b>\$ 173,534,464</b> | <b>\$ 353,936,880</b> | <b>\$ 317,062,588</b> | <b>\$ 281,122,335</b> | <b>\$ 259,497,540</b> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|

<sup>1</sup> Includes Clean Water Fund Project Loan Obligations.

<sup>2</sup> Based on Town's 14.35% share of Mattabassett District's currently outstanding CWF project funding; included for illustrative purposes only. See "Overlapping Debt".

<sup>3</sup> Excludes a \$10.3 million guaranteed energy savings performance contract and lease financing. As of June 30, 2025, \$7.1 million is outstanding. See "Energy Efficiency Projects" herein.

<sup>4</sup> Takes into account expected grants. See "Authorized but Unissued Debt" herein.

<sup>5</sup> Excludes \$1,042,258 of outstanding Water debt per State Statute.

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$605,494,260

**Authorized but Unissued Debt**  
**As of October 9, 2025**  
**(Pro Forma)**

| <b>Project</b>  | <b>Amount<br/>Authorized</b> | <b>Previously<br/>Bonded/<br/>CWF Loan</b> | <b>Appropriations,<br/>Transfers &amp;<br/>Grants Received</b> | <b>This Issue:<br/>The Bonds</b> | <b>Premium<br/>Applied</b> | <b>Authorized<br/>But Unissued<br/>Debt</b> |
|---|------------------------------|--|--|----------------------------------|----------------------------|---|
| Athletic Field Improvements. (2020).....                | \$ 1,000,000                 | \$ 805,399                                 | \$ -   | \$ -                             | \$ -                       | \$ 194,601                                  |
| Fire Vehicles (2020).....                               | 800,000                      | 400,000                                    | -  | -                                | 335,656                    | 64,344                                      |
| Highway Wash Bay (2020).....                            | 500,000                      | 493,926                                    | -  | -                                | -                          | 6,074                                       |
| High School Renovations.....                            | 84,950,000                   | 50,574,268                                 | 32,698,644   | -                                | -                          | 1,677,088                                   |
| Open Space (2003).....                                  | 2,000,000                    | 1,050,000                                  | 350,000  | -                                | -                          | 600,000                                     |
| Open Space (2006).....                                  | 2,000,000                    | 790,000                                    | -  | -                                | -                          | 1,210,000                                   |
| School HVAC Upgrades (2023).....                        | 4,900,000                    | 860,000                                    | -  | -                                | -                          | 4,040,000                                   |
| School HVAC Upgrades - Griswold (2025) <sup>1</sup> ... | 5,000,000                    | 1,000,000                                  | 1,277,999  | -                                | -                          | 2,722,001                                   |
| School HVAC Upgrades - Hubbard (2023).....              | 4,950,000                    | 1,400,000                                  | 1,929,659  | 1,600,000                        | -                          | 20,341                                      |
| Lighting Upgrades (2021).....                           | 1,500,000                    | 522,352                                    | -  | -                                | -                          | 977,648                                     |
| Police Station Renovations (2023).....                  | 3,700,000                    | -  | 1,600,000  | -                                | -                          | 2,100,000                                   |
| Police Radio Upgrade (2024).....                        | 1,300,000                    | 1,300,000                                  | -  | -                                | -                          | -   |
| Town Roof Replacements (2024).....                      | 1,100,000                    | 415,536                                    | -  | 485,000                          | -                          | 199,464                                     |
| Athletic Facility Improvements (2025).....              | 2,000,000                    | -  | -  | 750,000                          | -                          | 1,250,000                                   |
| Fire Vehicles (2025).....                               | 1,500,000                    | -  | -  | 750,000                          | -                          | 750,000                                     |
| <b>Total.....</b>                                       | <b>\$117,200,000</b>         | <b>\$ 59,611,481</b>                       | <b>\$ 37,856,302</b>   | <b>\$ 3,585,000</b>              | <b>\$ 335,656</b>          | <b>\$ 15,811,561</b>                        |

<sup>1</sup> The total bonding authorization (\$5,000,000) is less than the total appropriation amount authorized (\$6,000,000). \$1,000,000 of the Town's funds will not count against bond authorization.

(The remainder of this page intentionally left blank)

**Principal Amount of Outstanding Debt  
Last Five Fiscal Years**

| <b>Long-Term Debt <sup>1</sup></b>    | <b>2025</b>      | <b>2024</b>      | <b>2023</b>      | <b>2022</b>      | <b>2021</b>      |
|---------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Bonds.....                            | \$ 36,565        | \$ 41,465        | \$ 47,825        | \$ 54,145        | \$ 60,425        |
| CWF .....                             | 3,428            | 3,694            | 2,789            | 2,997            | 3,206            |
| <b>Sub-Total Long-Term Debt.....</b>  | <b>39,993</b>    | <b>45,159</b>    | <b>50,614</b>    | <b>57,142</b>    | <b>63,631</b>    |
| <b>Short-Term Debt</b>                |                  |                  |                  |                  |                  |
| Bond Anticipation Notes .....         | -                | -                | -                | -                | -                |
| CWF IFO.....                          | -                | -                | -                | -                | -                |
| <b>Sub-Total Short-Term Debt.....</b> | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         |
| <b>Grand Total.....</b>               | <b>\$ 39,993</b> | <b>\$ 45,159</b> | <b>\$ 50,614</b> | <b>\$ 57,142</b> | <b>\$ 63,631</b> |

<sup>1</sup> Does not include water debt, compensated absences, overlapping debt or capital lease obligations.

Source: Town of Berlin Audited Financial Reports 2021-2024, 2025 is subject to audit.

**Ratios of Net Long-Term Debt to Valuation, Population and Income**

| <b>Fiscal Year Ended 6/30</b> | <b>Net Assessed Value</b> | <b>Estimated Full Value</b> | <b>Net Long-Term Debt <sup>1</sup></b> | <b>Net Long-Term Debt to Assessed Value (%)</b> | <b>Ratio of Net Long-Term Debt to Estimated Full Value (%)</b> | <b>Population <sup>2</sup></b> | <b>Net Long-Term Debt per Capita</b> | <b>Ratio of Net Long-Term Debt per Capita to Per Capita Income <sup>3</sup></b> |
|-------------------------------|---------------------------|-----------------------------|--|---|--|--------------------------------|--------------------------------------|---|
| 2025 <sup>4</sup>             | \$ 2,891,729              | \$ 4,131,041                | \$ 36,565                              | 1.26%   | 0.89%  | 20,210                         | \$ 1,809.25                          | 3.20%   |
| 2024                          | 2,457,649                 | 3,510,927                   | 41,465                                 | 1.69%   | 1.18%  | 20,210                         | 2,051.71                             | 3.63%   |
| 2023                          | 2,383,365                 | 3,404,807                   | 47,825                                 | 2.01%   | 1.40%  | 20,210                         | 2,366.40                             | 4.19%   |
| 2022                          | 2,371,148                 | 3,387,354                   | 54,145                                 | 2.28%   | 1.60%  | 20,210                         | 2,679.12                             | 4.74%   |
| 2021                          | 2,334,217                 | 3,334,596                   | 60,425                                 | 2.59%   | 1.81%  | 20,210                         | 2,989.86                             | 5.29%   |

<sup>1</sup> Long-Term debt does not include Water debt, compensated absences, capital lease obligations, or State of Connecticut Clean Water Fund Debt.

<sup>2</sup> Bureau of Census.

<sup>3</sup> American Community Survey (2019-2023), Money Income Per Capita \$56,532.

<sup>4</sup> Subject to audit.

Source: Town of Berlin Audited Financial Reports 2021-2024.

**Ratio of Total General Fund Debt Service Expenditures  
To Total General Fund Expenditures and Transfers Out**

| <b>Fiscal Year Ended 6/30</b> | <b>Total Debt Service</b> | <b>Total General Fund Expenditures <sup>1</sup></b> | <b>Ratio of Total Debt Service To General Fund Expenditures</b> |
|-------------------------------|---------------------------|---|---|
| 2025 (Est.)                   | \$ 7,559,695              | \$ 111,040,012                                      | 6.8%  |
| 2024                          | 7,699,926                 | 108,404,385   | 7.1%  |
| 2023                          | 7,901,950                 | 104,087,012   | 7.6%  |
| 2022                          | 8,124,388                 | 106,812,916   | 7.6%  |
| 2021                          | 8,246,859                 | 98,135,764  | 8.4%  |
| 2020                          | 8,868,818                 | 96,466,883  | 9.2%  |
| 2019                          | 8,273,308                 | 93,425,482  | 8.9%  |

<sup>1</sup> Includes transfers out.

Source: Town of Berlin Finance Department.

## **VI. Financial Administration**

### **Fiscal Year**

The Town's fiscal year begins July 1 and ends June 30.

### **Basis of Accounting**

See footnote number 1 in "Notes to Financial Statements."

### **Budget Procedure**

In accordance with the Town Charter, all departments, boards, commissions, committees and agencies submit budget requests, including revenue estimates, to the Town Manager. The Town Manager prepares a proposed Town budget and presents said budget together with the budget of the Board of Education as submitted along with whatever analysis or comments desired to the Board of Finance. The Board of Finance prepares and recommends the total Town budget to the annual budget hearing to be held no later than the second Tuesday in April. Following the annual budget hearing, the Board of Finance recommends the Town budget to the Town Council. The Town Council determines the Town budget to be recommended for adoption at the Annual Town Budget Referendum. The Annual Town Budget Referendum is held on the last Tuesday in April. Should the budget not be adopted by the first referendum vote, the budget is returned to the Board of Finance to consider and recommend a second budget to the Town Council. The Town Council shall consider the second Board of Finance budget and send a budget to the second Annual Town Budget Referendum. Should the budget not be adopted by the second referendum, the budget is returned to the Board of Finance to recommend a third budget to the Town Council. The Town Council shall consider the Board of Finance recommended budget and adopt an annual Town budget for the ensuing fiscal year.

The Town's budget process must also anticipate the impact of the State's budget which proceeds simultaneously with the Town's. The Town expects State funding to be \$1.1 million higher in fiscal year 2026 than in fiscal year 2025. This increase is driven by Education Cost Sharing Grant.

Connecticut General Statutes Section 4-66(h) (the "Act") reduces a municipality's revenue sharing grant if its general budget expenditures (as modified by the Act) in any fiscal year exceeds a threshold set forth in the Act. As a result of utilizing modified budget growth to reduce a municipality's revenue sharing grant the Act is sometimes popularly referred to as imposing a "spending cap". Beginning in fiscal year 2018, the Office of Policy and Management ("OPM") must reduce the municipal revenue sharing grant amount for those municipalities whose spending, with certain exceptions, exceeds the spending limits specified in the Act. Each fiscal year, OPM must determine the municipality's percentage growth in spending over the prior fiscal year and reduce the grant if the growth rate is equal to or greater than 2.5% or the inflation rate, whichever is greater. The reduction is generally equal to 50 cents for every dollar the municipality spends over this cap.

The Act requires that each municipality annually certify to the Secretary of OPM whether the municipality exceeded the spending cap and if so, the amount over the cap.

Under the Act, municipal spending does not include expenditures: (1) for debt service, special education, costs to implement court orders or arbitration awards, budgeting for an audited deficit, nonrecurring grants, capital expenditures of \$100,000 or more, or payments on unfunded pension liabilities; (2) associated with a major disaster or emergency declaration by the President or disaster emergency declaration issued by the Governor under the civil preparedness law; or (3) for any municipal revenue sharing grant the municipality disburses to a special taxing district, up to the difference between the amount of property taxes the district levied on motor vehicles in the 2013 assessment year and the amount the levy would have been had the motor vehicle mill rate been 32 mills, for FY 17 disbursements, or 29.63 mills, for FY 18 disbursements and thereafter. In addition, if budget expenditures exceed the 2.5% cap, but are proportional to population growth from the previous year, the municipal revenue sharing grant will not be reduced.



## ***Capital Improvement Plan***

A 5-year Capital Improvement Plan is presented to the Board of Finance each year as part of the annual budget process. The most recently adopted Capital Improvement Plan is set forth below. The Town expects to finance the capital projects through debt, grants and various Town resources.

## ***Audit***

Pursuant to the Municipal Auditing Act (Chapter 111 of the Connecticut General Statutes) and the Town Charter, the Town is obligated to undergo an annual examination by an independent certified public accountant. The audit must be conducted under the guidelines issued by the State of Connecticut, Office of Policy and Management. The Town is in full compliance with said provisions.

## ***Liability Insurance***

See footnote number 12 in “Notes to Financial Statements.”

## ***Certificate of Achievement***

The Town’s Annual Comprehensive Financial Report (“ACFR”) for the year ended June 30, 2024 was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada for the thirtieth consecutive year. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized ACFR, whose contents conform to program standards. Such ACFR must satisfy both generally accepted accounting principles and applicable legal requirements.

## ***Pensions***

The Town sponsors and administers a single-employer Public Employee Retirement System (PERS). It covers all full-time employees who have elected to participate in the Plan except certified teachers who are eligible to participate in the State Teachers’ Retirement System. The PERS was authorized by vote of the Town Meeting held on October 1, 1961. The PERS is considered to be part of the Town’s financial reporting entity and is included in the Town’s financial reports as a Pension Trust Fund. A separate stand-alone report is not issued.

In 1987-88, the Town renegotiated the pension plan with all employee groups. All new participating employees are enrolled in a defined contribution retirement plan. Employees employed prior to March 17, 1987 will receive the higher of the defined contribution or the defined benefit plan (which was in force prior to this new plan). The Berlin Police Department remained in the defined benefit plan until July 1, 2000. After this date, new police officers are enrolled in the defined contribution plan. Police officers employed prior to July 1, 2000 receive the higher of the two plans. The Town of Berlin hybrid type plan necessitates the presentation of the retirement program in two parts: defined contribution and defined benefit, each of which are described herein.

In fiscal year 2023, the Town Council approved a new defined benefit pension plan for union Police Officers. The plan requires all participants to contribute 8% of their base salary.

The Town implemented Government Accounting Standards Board (“GASB”) Statement No. 67 in fiscal year 2015. The Town pension plan had a net pension liability of \$530,793 at June 30, 2024 as of the July 1, 2023 valuation date which represents a decrease of approximately \$0.6 million from the net pension liability as June 30, 2023. This liability reflects an increase in the post-retirement expected rate of return from 2.16% to 3.24%. There are 3 members still in active service who participate in the defined benefit plan. All three active defined benefit plan participants are expected to retire over the next ten years and to request the lump sum benefit payment option available under the plan.

The Police pension plan had a net pension liability of \$2,051,985 at June 30, 2024 as of the July 1, 2023 valuation. This was the first year the plan reported results.

The Town intends to continue to fund the plan’s actuarially-determined contribution. The pension liability continues to represent a relatively low percentage of the budget.

## Net Pension Liability

The components of the net pension liability of the Town at June 30, 2024 were as follows:

|  | <b>Town Plan</b>  | <b>Police Plan</b>  |
|--|-------------------|---------------------|
| Total Pension Liability .....  | \$ 3,071,153      | \$ 8,370,790        |
| Plan Fiduciary Net Position .....  | 2,540,360         | 6,318,805           |
| Total Net Pension Liability .....  | <u>\$ 530,793</u> | <u>\$ 2,051,985</u> |
| Plan Fiduciary Net Position as a<br>Percentage of the Total Pension Liability .... | 82.72%            | 75.49%              |

## Schedules of Contributions

### Town Plan

|  | <b>2025<sup>1</sup></b> | <b>2024</b> | <b>2023</b>  | <b>2022</b>    | <b>2021</b>  |
|--|-------------------------|-------------|--------------|----------------|--------------|
| Actuarially Determined Contribution.....                                     | \$ 652,688              | \$ 742,609  | \$ 2,664,914 | \$ 2,395,640   | \$ 1,762,733 |
| Contributions in Relation to the Actuarially<br>Determined Contribution..... | 652,688                 | 742,609     | 185,000      | 5,495,640      | 2,185,000    |
| Contribution Deficiency (Excess).....  | \$ -                    | \$ -        | \$ 2,479,914 | \$ (3,100,000) | \$ (422,267) |
| Contributions as a Percentage of ADC.....                                    | 100.00%                 | 100.00%     | 6.94%        | 229.40%        | 123.96%      |
| Covered Payroll.....   | \$ 362,057              | \$ 355,868  | \$ 550,838   | \$ 776,492     | \$ 954,644   |
| Contributions as a Percentage<br>of Covered Payroll.....                     | 180.27%                 | 208.68%     | 33.59%       | 707.75%        | 228.88%      |

<sup>1</sup> Budgeted amounts.

### Police Plan

|  | <b>2025<sup>1</sup></b> | <b>2024</b>  |
|--|-------------------------|--------------|
| Actuarially Determined Contribution.....                                     | \$ 985,927              | \$ 938,978   |
| Contributions in Relation to the Actuarially<br>Determined Contribution..... | 902,020                 | 748,474      |
| Contribution Deficiency (Excess).....  | \$ 83,907               | \$ 190,504   |
| Contributions as a Percentage of ADC.....                                    | 91.49%                  | 79.71%       |
| Covered Payroll.....   | \$ 3,719,271            | \$ 3,237,354 |
| Contributions as a Percentage<br>of Covered Payroll.....                     | 24.25%                  | 23.12%       |

<sup>1</sup> Budgeted amounts.

Note: The Police Pension plan started reporting results in Fiscal Year 2024.

## Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following represents the net pension liability of the Town's plans, calculated using the discount rate of 3.50% for Town employees and 5.00% for Police employees, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

|  | <b>1% Decrease<br/>(2.50%)</b> | <b>Current<br/>Discount Rate<br/>(3.50%)</b> | <b>1% Increase<br/>(4.50%)</b> |
|--|--------------------------------|--|--------------------------------|
| Employees' Net Pension Liability ..... | \$ 768,387                     | \$ 530,793                                   | \$ 335,053                     |
| Police Net Pension Liability .....     | \$ 3,959,660                   | \$ 2,051,985                                 | \$ 550,679                     |

For more information regarding the Town's Pension and other post retirement plans including statistics, assumptions and funding levels, see Note 4 "Pension and Other Post Retirement Plans", Exhibit A.

## Other Post-Employment Benefits

The Town makes available health insurance and other benefits to certain eligible retirees and their spouses according to various collective bargaining agreements. Retired program members and beneficiaries currently receiving benefits are required to contribute 100% towards the cost of receiving those benefits under the Town's self-insured medical benefits program. The Town's liability is solely from the implicit rate subsidy calculation, and the net OPEB obligation for fiscal year ending June 30, 2024 was \$8,658,496. The Town implemented GASB 75 at June 30, 2018.

### Changes in Net OPEB Liability

|   | 2024          | 2023          | 2022          |
|---|---------------|---------------|---------------|
| OPEB Liability  |               |               |               |
| Service Cost.....   | \$ 497,844    | \$ 495,664    | \$ 622,957    |
| Interest.....   | 319,689       | 331,573       | 230,094       |
| Differences Between Expected<br>and Actual Experience.....          | -             | (1,232,376)   | -             |
| Changes in Assumptions.....   | (282,991)     | 39,407        | (1,772,316)   |
| Benefit Payments, Including Refunds<br>of Member Contributions..... | (271,149)     | (218,004)     | (261,440)     |
| Net Change in Total OPEB Liability.....                             | 263,393       | (583,736)     | (1,180,705)   |
| OPEB Liability-July 1.....  | 8,395,103     | 8,978,839     | 10,159,544    |
| OPEB Liability-June 30.....   | \$ 8,658,496  | \$ 8,395,103  | \$ 8,978,839  |
| Covered Payroll.....  | \$ 44,973,133 | \$ 44,973,133 | \$ 44,604,276 |
| Total OPEB Liability as a<br>Percentage of Covered Payroll.....     | 19.25%        | 18.67%        | 20.13%        |

### Sensitivity of the OPEB Liability to Changes in the Discount Rate

The following represents the net OPEB liability of the Town, calculated using the discount rate of 3.65%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

|                     | 1% Decrease<br>(2.65%) | Current<br>Discount Rate<br>(3.65%) | 1% Increase<br>(4.65%) |
|---------------------|------------------------|-------------------------------------|------------------------|
| OPEB Liability..... | \$ 9,735,617           | \$ 8,658,496                        | \$ 7,749,515           |

### Sensitivity of the OPEB Liability to Changes in the Healthcare Cost Rate

The following presents the net OPEB liability of the Town as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are percentage point lower decreasing to or percentage point higher decreasing to than the current healthcare cost trend rates:

|                     | 1% Decrease  | Current<br>Health Care<br>Trend Rates | 1% Increase   |
|---------------------|--------------|---------------------------------------|---------------|
| OPEB Liability..... | \$ 7,341,526 | \$ 8,658,496                          | \$ 10,330,641 |

## ***Compensated Absences***

Accumulated unpaid vacation time is accrued by the Town and Board of Education. Town employees are required to use vacation time by June 30 of each year; however, employees may carryover an amount identified in each union contract and the carryover amount must be taken before the end of the subsequent fiscal year. The total value of accrued vacation, sick and compensatory time at June 30, 2024 is \$385,189.

The accrued vacation, sick, and separation pay amounts are reported in the government-wide statement of net assets. The General Fund and the Water/Sewer Enterprise Fund are used to liquidate the compensated absence liabilities. For more information regarding the Town's Pension and other post retirement plans including statistics, assumptions and funding levels. See Note 4 "Pension and Other Post Retirement Plans", Exhibit A.

## ***Energy Efficiency Projects***

During 2015 and 2016, the Town entered into two energy-savings project agreements. The first agreement was with NORESCO. This agreement allows for the funding of energy efficiency projects in both town and school facilities. The second agreement was with Tanko Lighting. Under this agreement, the Town purchased certain streetlights from the local utility Eversource. The lights will be replaced with more energy-efficient LED lights. These projects were financed by a \$10,340,341 twenty-year lease financing through Banc of America Public Capital Corp.

## ***Risk Management***

The Town maintains two insurance funds: the General Insurance Fund (fully insured) and the Medical and Health Insurance Fund (self-insured). Both of these funds are reported as Internal Service Funds.

The General Insurance Fund receives funds from various funds and departments. The fund purchases insurance and provides ancillary services for the administration of this fund and accumulates reserves. Other than agreed-upon deductibles, claims have not exceeded insurance coverage in any of the past three years. Worker's Compensation coverage, which makes up the largest component of the general insurance needs, is provided by insurance through Traveler's Corp.. The Town examines the coverage annually.

The Medical and Health Insurance Fund also receives funds from various funds and departments. The funds are used to purchase medical and health insurance and provide ancillary services. This fund is used to pay claims and administrative fees directly to Cigna Corp.. The Town does not have to pay the State insurance premium tax to the State, since a self-insurance fund is not subject to this tax. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. These liabilities amounted to \$1,433,428 in the Medical and Health Insurance Fund at June 30, 2025.

## ***Enterprise Fund***

The Town maintains an enterprise fund for its water and sewer operations, which is intended to be self-supporting through user fees charged to their customers. As of June 30, 2024, the increase in net position after transfers for the Water and Sewer Fund was \$1,651,150.

## Investment Policy

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by statute or in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an “out of state bank,” as defined by the statutes, which is not a “qualified public depository.”

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the statutes cover specific municipal funds with particular investment authority. The provisions of the statutes regarding the investment of municipal pension funds does not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan. The Pension Trust Fund operates under a trust agreement, and investments are allowed in fixed-income securities; e.g., notes, bills, bonds and insurance contracts. Investments in the Deferred Compensation Plan held by ICMA are in various mutual funds.

The Connecticut General Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (“STIF”). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

## Capital Improvement Plan

| <b>Purpose</b>              | <b>Fiscal<br/>2025-26</b> | <b>Fiscal<br/>2026-27</b> | <b>Fiscal<br/>2027-28</b> | <b>Fiscal<br/>2028-29</b> | <b>Fiscal<br/>2029-30</b> | <b>Total</b>         |
|-----------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|----------------------|
| General Government.....     | \$ -                      | \$ 245,000                | \$ 100,000                | \$ 43,333                 | \$ -                      | \$ 388,333           |
| Economic Development.....   | -                         | 50,000                    | 50,000                    | 50,000                    | 50,000                    | 200,000              |
| Public Safety.....          | 910,000                   | 818,400                   | 2,268,500                 | 2,848,240                 | 1,370,000                 | 8,215,140            |
| Public works.....           | 4,998,642                 | 10,060,642                | 6,809,142                 | 7,970,642                 | 7,330,192                 | 37,169,260           |
| Recreation.....             | 780,000                   | 4,432,842                 | 865,000                   | 688,534                   | 1,194,607                 | 7,960,983            |
| Education.....              | 3,895,589                 | 8,219,429                 | 4,728,375                 | 3,619,794                 | 5,049,445                 | 25,512,632           |
| Water Control Commission... | 2,600,000                 | 1,301,000                 | 460,000                   | 2,740,000                 | 60,000                    | 7,161,000            |
| <b>Total .....</b>          | <b>\$ 13,184,231</b>      | <b>\$ 25,127,313</b>      | <b>\$ 15,281,017</b>      | <b>\$ 17,960,543</b>      | <b>\$ 15,054,244</b>      | <b>\$ 86,607,348</b> |

| <b>Funding</b>               | <b>Fiscal<br/>2025-26</b> | <b>Fiscal<br/>2026-27</b> | <b>Fiscal<br/>2027-28</b> | <b>Fiscal<br/>2028-29</b> | <b>Fiscal<br/>2029-30</b> | <b>Total</b>         |
|------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|----------------------|
| Town – Capital.....          | \$ -                      | \$ 9,973,742              | \$ 5,982,375              | \$ 5,581,901              | \$ 7,330,602              | \$ 28,868,620        |
| Bonds and Notes.....         | 5,485,000                 | 9,670,000                 | 6,775,000                 | 6,475,000                 | 5,600,000                 | 34,005,000           |
| Grants.....                  | 6,879,231                 | 4,132,571                 | 1,913,642                 | 5,113,642                 | 1,913,642                 | 19,952,728           |
| Capital Non-Recurring Fund.. | 120,000                   | 450,000                   | 150,000                   | 150,000                   | 150,000                   | 1,020,000            |
| Water and Sewer Funds.....   | 700,000                   | 901,000                   | 460,000                   | 640,000                   | 60,000                    | 2,761,000            |
| <b>Total .....</b>           | <b>\$ 13,184,231</b>      | <b>\$ 25,127,313</b>      | <b>\$ 15,281,017</b>      | <b>\$ 17,960,543</b>      | <b>\$ 15,054,244</b>      | <b>\$ 86,607,348</b> |

*(The remainder of this page intentionally left blank)*

**General Fund Revenues and Expenditures**  
**Four Year Summary of Audited Revenues and Expenditures (GAAP Basis)**  
**Estimated Actual and Budget (Budgetary Basis)**

|  | <b>Budget <sup>1</sup></b> | <b>Estimated Actual <sup>1</sup></b> | <b>Actual</b>      | <b>Actual</b>       | <b>Actual</b>         | <b>Actual</b>      |
|--|----------------------------|--------------------------------------|--------------------|---------------------|-----------------------|--------------------|
| <b>Revenues:</b>   | <b>2025-26</b>             | <b>2024-25</b>                       | <b>2023-24</b>     | <b>2022-23</b>      | <b>2021-22</b>        | <b>2020-21</b>     |
| Property Taxes .....   | \$ 92,634,079              | \$ 90,043,139                        | \$ 86,075,816      | \$ 85,980,330       | \$ 82,532,057         | \$ 80,997,529      |
| Intergovernmental .....  | 7,612,471                  | 6,402,812                            | 16,062,246         | 14,740,639          | 13,173,980            | 13,305,974         |
| Income on Investments.....   | 1,750,000                  | 2,063,780                            | 2,504,011          | 2,100,692           | 108,758               | 60,033             |
| Other (including Charges for Services) .....   | 4,546,305                  | 4,318,977                            | 4,284,785          | 4,635,849           | 4,651,457             | 4,455,033          |
| <b>Total Revenues.....</b>   | <b>106,542,855</b>         | <b>102,828,708</b>                   | <b>108,926,858</b> | <b>107,457,510</b>  | <b>100,466,252</b>    | <b>98,818,569</b>  |
| <b>Expenditures:</b>   |                            |                                      |                    |                     |                       |                    |
| General government .....   | 6,179,304                  | 6,197,830                            | 5,357,096          | 6,049,776           | 10,018,253            | 6,920,699          |
| Public Safety .....  | 13,161,898                 | 11,665,030                           | 11,126,244         | 10,103,085          | 9,958,546             | 9,603,718          |
| Health and Welfare .....   | 1,974,965                  | 1,857,719                            | 2,092,200          | 2,280,194           | 2,219,358             | 2,419,050          |
| Physical Services .....  | 9,032,659                  | 8,393,028                            | 8,254,561          | 7,637,009           | 7,151,822             | 7,066,296          |
| Parks & Recreation, and Libraries .....  | 5,799,149                  | 5,183,527                            | 4,974,888          | 4,604,971           | 4,407,730             | 4,066,411          |
| Community Development .....  | 1,440,559                  | 1,314,317                            | 1,254,239          | 1,196,256           | 1,032,677             | 887,834            |
| Education .....  | 59,749,532                 | 57,370,656                           | 64,394,570         | 61,595,568          | 59,260,299            | 56,481,597         |
| Debt Service .....   | 8,176,789                  | 7,559,695                            | 7,699,926          | 7,901,950           | 8,124,388             | 8,246,859          |
| Capital Outlays .....  | -                          | 326,741                              | -                  | -                   | -                     | -                  |
| <b>Total Expenditures.....</b>   | <b>105,514,855</b>         | <b>99,868,543</b>                    | <b>105,153,724</b> | <b>101,368,809</b>  | <b>102,173,073</b>    | <b>95,692,464</b>  |
| Revenues over (under) expenditures .....   | 1,028,000                  | 2,960,165                            | 3,773,134          | 6,088,701           | (1,706,821)           | 3,126,105          |
| <b>Other Financing Sources Uses:</b>   |                            |                                      |                    |                     |                       |                    |
| Issuance of Refunding Bonds.....   | -                          | 19,590,000                           | -                  | -                   | -                     | -                  |
| Premium on Financing.....  | -                          | 2,310,710                            | -                  | -                   | -                     | -                  |
| Payments to Escrow Agents.....   | -                          | (21,796,315)                         | -                  | -                   | -                     | -                  |
| Sale of Capital Assets.....  | -                          | -                                    | -                  | -                   | -                     | 235,000            |
| Issuance of Capital Leases.....  | -                          | -                                    | -                  | -                   | -                     | -                  |
| Operating Transfers In .....   | 4,500                      | 4,668                                | 91,806             | 304,500             | 1,667,578             | 4,500              |
| Operating Transfers (Out) .....  | (1,032,500)                | (2,520,970)                          | (3,250,661)        | (2,718,203)         | (4,639,843)           | (2,443,300)        |
| <b>Total other Financing Sources (uses) ....</b>   | <b>(1,028,000)</b>         | <b>(2,411,907)</b>                   | <b>(3,158,855)</b> | <b>(2,413,703)</b>  | <b>(2,972,265)</b>    | <b>(2,203,800)</b> |
| <b>Revenues and other financing sources over (under) expenditures and other financing (uses) .....</b> | <b>\$ -</b>                | <b>\$ 548,258</b>                    | <b>\$ 614,279</b>  | <b>\$ 3,674,998</b> | <b>\$ (4,679,086)</b> | <b>\$ 922,305</b>  |

<sup>1</sup> Budgetary basis, subject to audit.

**Analysis of General Fund Equity**

|                                | <b>Adopted Budget <sup>1</sup></b> | <b>Estimated Actual <sup>1</sup></b> | <b>Actual</b>        | <b>Actual</b>        | <b>Actual</b>        | <b>Actual</b>        |
|--------------------------------|------------------------------------|--------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                | <b>2025-26</b>                     | <b>2024-25</b>                       | <b>2023-24</b>       | <b>2022-23</b>       | <b>2021-22</b>       | <b>2020-21</b>       |
| Nonspendable.....              | N/A                                | \$ 4,812                             | \$ 4,812             | \$ 1,157             | \$ 211,802           | \$ -                 |
| Committed.....                 | N/A                                | -                                    | -                    | -                    | -                    | -                    |
| Assigned.....                  | N/A                                | 595,618                              | 952,688              | 1,343,000            | 865,000              | 485,000              |
| Unassigned.....                | N/A                                | 17,690,339                           | 17,437,699           | 16,436,763           | 13,029,120           | 18,300,008           |
| <b>Total Fund Balance.....</b> | <b>N/A</b>                         | <b>\$ 18,290,769</b>                 | <b>\$ 18,395,199</b> | <b>\$ 17,780,920</b> | <b>\$ 14,105,922</b> | <b>\$ 18,785,008</b> |

<sup>1</sup> Budgetary basis, subject to audit.

## **VII. Legal and Other Information**

### ***Litigation***

The Town, its officers, employees, boards and commissions are named defendants in a number of lawsuits, tax appeals, administrative proceedings and other miscellaneous claims. Town Officials believe, after consulting with Corporation Counsel, that such pending litigation will not be finally determined, individually or in the aggregate, so as to result in final judgments against the Town which would have a material adverse effect on the Town's financial position.

### ***Documents Furnished at Delivery***

The original purchaser of the Bonds will be furnished the following documentation when the Bonds are delivered:

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay them.
2. A certificate on behalf of the Town, signed by the Mayor, Town Manager and Finance Director/Treasurer which will be dated the date of delivery and which will certify, to the best of said officials' knowledge and belief, that at the time the bids were awarded for the Bonds, the descriptions and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement.
3. A receipt for the purchase price of the Bonds.
4. The approving opinion of Pullman & Comley, LLC, Bond Counsel, of Hartford, Connecticut in substantially the form attached hereto as Appendix B to this Official Statement.
5. An executed Continuing Disclosure Agreement for the Bonds in substantially the form attached hereto as Appendix C to this Official Statement.
6. The Town has prepared an Official Statement for the Bonds which is dated September 24, 2025. The Town deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12 (b)(1), but it is subject to revision or amendment. The Town will make available to the winning bidder a reasonable number of copies of the final Official Statement at the Town's expense. The copies of the Official Statement will be made available to the winning bidder at the office of the Town's Municipal Advisor no later than seven business days of the bid opening. If the Town's Municipal Advisor is provided with the necessary information from the winning bidder by noon of the day following the day bids on the Bonds are received, the copies of the final Official Statement will include an additional cover page and other pages indicating the interest rates, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, and any changes on the Bonds. The purchaser shall arrange with the Municipal Advisor the method of delivery of the copies of the Official Statement to the winning bidder.

A record of the proceedings taken by the Town in authorizing the Bonds will be kept on file at the principal office of the Certifying Agent, U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27<sup>th</sup> Floor, Hartford, Connecticut 06103 and may be examined upon reasonable request.

*(The remainder of this page intentionally left blank)*

## ***Concluding Statement***

This Official Statement is submitted only in connection with the sale of the Bonds by the Town and may not be reproduced or used in whole or in part for any other purpose.

The following officials, in their capacity as officers of the Town, and in the name and on behalf of the Town, do hereby certify in connection with this issue that they have examined this Official Statement, and to the best of their knowledge and belief, the description and statements relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

### ***TOWN OF BERLIN, CONNECTICUT***

By: /S/ Mark H. Kaczynski  
MARK H. KACZYNSKI, *Mayor*

By: /S/ Ryan J. Curley  
RYAN J. CURLEY, *Town Manager*

By: /S/ Kevin J. Delaney  
KEVIN J. DELANEY, *Finance Director & Treasurer*

Dated: September 24, 2025



## ***Appendix A***

### ***2024 Financial Statements Excerpted from the Town's Annual Financial Report***

The following includes the General Purpose Financial Statements of the Town of Berlin, Connecticut for the fiscal year ended June 30, 2024. The supplemental data that was a part of that report has not been reproduced herein. A copy of the complete report is available upon request from Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 53 River Street, Suite 1, Milford, Connecticut 06460. Telephone (203) 878-4945.

*(This page intentionally left blank)*

## **Independent Auditors' Report**

**Town Council  
Town of Berlin, Connecticut**

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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 of Berlin, Connecticut ("Town"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town, 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.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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'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.

#### ***Auditors' 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 auditors' 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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'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'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***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, budgetary comparisons, and the pension and other post-employment benefit schedules as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2024 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's 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.

*PKF O'Connor Davies, LLP*

Wethersfield, Connecticut  
December 9, 2024



# TOWN OF BERLIN

## *Finance Department*

240 KENSINGTON ROAD • BERLIN CT 06037

### **Management's Discussion and Analysis For the Year Ended June 30, 2024**

This discussion and analysis of the Town of Berlin, Connecticut's ("Town") financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2024. Please read this Management Discussion and Analysis ("MD&A") in conjunction with the transmittal letter and the Town's financial statements, Exhibits A to K.

#### **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 as follows:

|                           | Governmental<br>Activities | Business-Type<br>Activities | Total         |
|---------------------------|----------------------------|-----------------------------|---------------|
| Change in net position    | \$ 9,986,565               | \$ 1,651,150                | \$ 11,637,715 |
| Total net position        | 172,497,317                | 24,220,975                  | 196,718,292   |
| Unrestricted net position | 24,096,047                 | 8,930,856                   | 33,026,903    |

The Town's total net position increased by \$11,637,715. The increase is due to the following:

#### Governmental fund activity:

|   |             |
|---|-------------|
| ➤ positive operations of the general fund of          | \$ 614,279  |
| ➤ negative operations of the capital projects fund of | (3,318,094) |

#### Conversion to accrual basis on Exhibit E:

|  |             |
|--|-------------|
| ➤ capital outlay net of depreciation/amortization expense of | 7,350,307   |
| ➤ net long-term debt activity of                             | 7,055,242   |
| ➤ change in net pension liability of                         | (1,398,732) |
| ➤ change in OPEB liability of                                | (276,486)   |
| ➤ net revenues of the internal service funds of              | (451,616)   |

## **Town of Berlin, Connecticut**

### **Management's Discussion and Analysis (continued)**

---

- Revenues for the Town's governmental activities increased \$3,454,273 or 2.9% to \$124,536,348. This was an increase of 7.7% in the prior year. The major drivers of this increase were grand list growth leading to planned higher property tax revenues, investment income from cash management and a consistent interest rate environment and building permit revenue primarily from commercial projects.
- The total cost of the Town's governmental activities increased by \$8,173,247 or 7.7% to \$114,554,283. This was an increase of 5.4% in the prior year. The major drivers were higher public safety costs from increased staffing levels and first year contributions to a new defined benefit pension plan, and higher education costs driven by increased wages and benefits and higher teachers' retirement on behalf payments.
- The General Fund ending fund balance was \$18,395,199, an increase of \$614,279 or 3.5%, from the previous year. The increase was driven by higher than anticipated investment income and building permit revenue, combined with lower than budgeted expenditures caused by vacant positions, favorable utility costs and on-going expenditure management to avoid using contingency funds.
- The Capital Projects Fund reported a total fund balance this year of \$11,369,476, a decrease of \$3,318,094 or 22.6%, from the previous year. The decrease was driven by expenditures of projects funded with existing intergovernmental grants exceeding new intergovernmental grants.
- Revenues and total cost for the Town's business-type activities increased \$837,803 and \$424,490 respectively, driven by higher volume and an increase in rates charged.

#### **Overview of the financial statements**

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

#### **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 of resources, liabilities and deferred inflows of resources, with the difference being reported as the net position. Over time, increases or decreases in net position serve as a useful indicator of the Town's financial health. Other non-financial events such as the impact of changes in the Town's tax base or infrastructure should also be considered when evaluating the Town's financial health.

## Town of Berlin, Connecticut Management's Discussion and Analysis (continued)

---

The *statement of activities* presents information showing how the Town's net position changed during the year. In this statement, all changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of when the cash is actually received or paid. Therefore, revenues and expenses are reported in this statement for some items whose cash flow may occur in a future fiscal period. Taxes uncollected but levied or vacation leave unused but earned are examples of this.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenue (*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 general government, community development, public safety, physical services, parks, recreation and libraries, health and human services and schools. The business-type activities of the Town include water and sewer.

The government-wide financial statements can be found on Exhibits A and B of this report.

### **Fund financial statements**

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

**Governmental funds** - Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. 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. This information may be useful in evaluating a government'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 to 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 government'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 a comparison between governmental funds and governmental activities.

For governmental funds, the Town presents separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for each major fund. The remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements on Schedules 2 and 3. The funds reported as major funds are as follows:

- General Fund
- Capital Projects Fund

The basic governmental fund financial statements can be found on Exhibits C, D and E.

**Proprietary funds** - The Town uses two different types of proprietary funds. Enterprise funds are used to report the functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to report the activities of the water and sewer. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions.



**Town of Berlin, Connecticut**  
**Management's Discussion and Analysis (continued)**

---

The Town uses internal service funds to account for its employees and retirees self-insured medical benefits and for general insurance claims. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, but in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund. The Water and Sewer Fund is considered a major fund.

The basic proprietary fund financial statements can be found on Exhibits F, G, and H.

***Fiduciary funds*** - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on Exhibits I and J.

**Notes to financial statements**

The notes to 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 financial statements can be found on Exhibit K of this report.

**Required supplementary information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information as follows:

- A budgetary comparison schedule for the General Fund to demonstrate compliance with this budget.
- Schedules to demonstrate the Town's progress in funding pension benefits.
- Schedules to demonstrate the Town's progress in funding other post-employment benefits.

**Other information**

The combining statements referred to earlier in connection with other governmental funds are presented immediately following the required supplementary information.

**Town of Berlin, Connecticut**  
**Management's Discussion and Analysis (continued)**

**Government-wide financial analysis**

The Town's combined net position increased from \$185,080,577 to \$196,718,292. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental and business-type activities.

**Table 1**  
**Summary Statement of Net Position**  
**June 30**

|                                  | <b>Governmental Activities</b> |                       | <b>Business-Type Activities</b> |                      | <b>Totals</b>         |                       |
|----------------------------------|--------------------------------|-----------------------|---------------------------------|----------------------|-----------------------|-----------------------|
|                                  | <b>2024</b>                    | <b>2023</b>           | <b>2024</b>                     | <b>2023</b>          | <b>2024</b>           | <b>2023</b>           |
| Current and other assets         | \$ 52,452,066                  | \$ 57,679,173         | \$ 9,511,914                    | \$ 9,652,961         | \$ 61,963,980         | \$ 67,332,134         |
| Capital assets (net)             | 197,372,224                    | 190,022,720           | 19,088,729                      | 17,438,478           | 216,460,953           | 207,461,198           |
| Total assets                     | 249,824,290                    | 247,701,893           | 28,600,643                      | 27,091,439           | 278,424,933           | 274,793,332           |
| Deferred outflows of resources   | 1,560,639                      | 1,895,532             | 3,858                           | 7,621                | 1,564,497             | 1,903,153             |
| Long-term liabilities            | 57,178,275                     | 63,085,230            | 3,451,008                       | 3,646,840            | 60,629,283            | 66,732,070            |
| Other liabilities                | 16,485,466                     | 20,433,350            | 925,872                         | 871,302              | 17,411,338            | 21,304,652            |
| Total liabilities                | 73,663,741                     | 83,518,580            | 4,376,880                       | 4,518,142            | 78,040,621            | 88,036,722            |
| Deferred inflows of resources    | 5,223,871                      | 3,568,093             | 6,646                           | 11,093               | 5,230,517             | 3,579,186             |
| Net investment in capital assets | 145,847,342                    | 128,234,432           | 15,290,119                      | 13,540,023           | 161,137,461           | 141,774,455           |
| Restricted                       | 2,553,928                      | 4,635,942             | -                               | -                    | 2,553,928             | 4,635,942             |
| Unrestricted                     | 24,096,047                     | 29,640,378            | 8,930,856                       | 9,029,802            | 33,026,903            | 38,670,180            |
| Total net position               | <u>\$ 172,497,317</u>          | <u>\$ 162,510,752</u> | <u>\$ 24,220,975</u>            | <u>\$ 22,569,825</u> | <u>\$ 196,718,292</u> | <u>\$ 185,080,577</u> |

Net position of the Town's governmental activities increased by 6.1%. The increase was driven by the reduction in long-term liabilities due to scheduled debt repayments and investments in capital assets funded with State and Federal grants in addition to local funds.

**Town of Berlin, Connecticut**  
**Management's Discussion and Analysis (continued)**

The narrative following Table 2 includes a discussion of revenue and expense variations by category.

**Table 2**  
**Statement of Changes in Net Position**  
**For the Years Ended June 30**

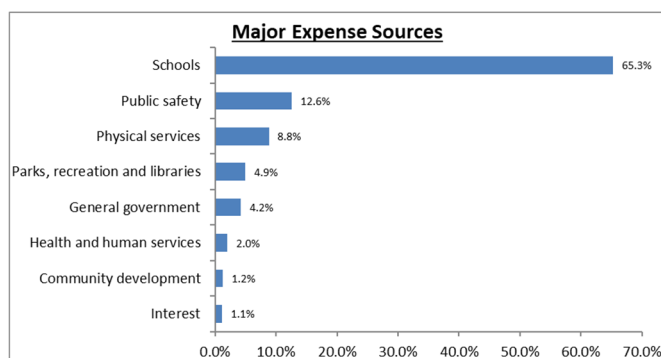
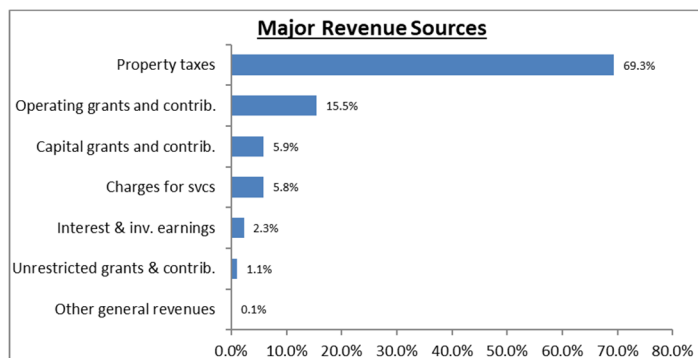
|  | <b>Governmental Activities</b> |                | <b>Business-Type Activities</b> |               | <b>Totals</b>  |                |
|--|--------------------------------|----------------|---------------------------------|---------------|----------------|----------------|
|  | 2024                           | 2023           | 2024                            | 2023          | 2024           | 2023           |
| Revenues:  |                                |                |                                 |               |                |                |
| Program revenues:  |                                |                |                                 |               |                |                |
| Charges for services   | \$ 7,177,655                   | \$ 6,519,442   | \$ 5,899,141                    | \$ 5,495,590  | \$ 13,076,796  | \$ 12,015,032  |
| Operating grants and contributions                           | 19,241,429                     | 19,003,051     | 26,733                          | 222,032       | 19,268,162     | 19,225,083     |
| Capital grants and contributions                             | 7,396,872                      | 6,853,190      | -                               | -             | 7,396,872      | 6,853,190      |
| General revenues:  |                                |                |                                 |               |                |                |
| Property taxes   | 86,341,206                     | 85,367,845     | -                               | -             | 86,341,206     | 85,367,845     |
| Grants and contributions not restricted to specific programs | 1,404,684                      | 1,006,081      | -                               | -             | 1,404,684      | 1,006,081      |
| Income from investments                                      | 2,831,679                      | 2,288,056      | 268,520                         | 175,417       | 3,100,199      | 2,463,473      |
| Other  | 142,823                        | 44,410         | 547,380                         | 10,932        | 690,203        | 55,342         |
| Total revenues   | 124,536,348                    | 121,082,075    | 6,741,774                       | 5,903,971     | 131,278,122    | 126,986,046    |
| Expenses:  |                                |                |                                 |               |                |                |
| General government   | 4,835,248                      | 4,977,180      | -                               | -             | 4,835,248      | 4,977,180      |
| Community development  | 1,327,579                      | 1,284,130      | -                               | -             | 1,327,579      | 1,284,130      |
| Public safety  | 14,409,186                     | 10,422,774     | -                               | -             | 14,409,186     | 10,422,774     |
| Physical services  | 10,088,424                     | 9,471,230      | -                               | -             | 10,088,424     | 9,471,230      |
| Parks, recreation and libraries                              | 5,599,033                      | 5,277,618      | -                               | -             | 5,599,033      | 5,277,618      |
| Health and human services                                    | 2,293,085                      | 2,370,297      | -                               | -             | 2,293,085      | 2,370,297      |
| Schools  | 74,792,516                     | 71,248,234     | -                               | -             | 74,792,516     | 71,248,234     |
| Interest   | 1,209,212                      | 1,329,573      | -                               | -             | 1,209,212      | 1,329,573      |
| Water and sewer services                                     | -                              | -              | 5,086,124                       | 4,661,634     | 5,086,124      | 4,661,634      |
| Total expenses   | 114,554,283                    | 106,381,036    | 5,086,124                       | 4,661,634     | 119,640,407    | 111,042,670    |
| Change in net position before transfers                      | 9,982,065                      | 14,701,039     | 1,655,650                       | 1,242,337     | 11,637,715     | 15,943,376     |
| Transfers  | 4,500                          | 4,500          | (4,500)                         | (4,500)       | -              | -              |
| Change in net position after transfers                       | 9,986,565                      | 14,705,539     | 1,651,150                       | 1,237,837     | 11,637,715     | 15,943,376     |
| Net position - July 1  | 162,510,752                    | 147,805,213    | 22,569,825                      | 21,331,988    | 185,080,577    | 169,137,201    |
| Net position - June 30                                       | \$ 172,497,317                 | \$ 162,510,752 | \$ 24,220,975                   | \$ 22,569,825 | \$ 196,718,292 | \$ 185,080,577 |

The Town's total revenues (governmental and business-type) were \$131,278,122. The total cost of all programs and services (governmental and business-type) was \$119,640,407. The analysis below separately discusses the operations of governmental and business-type activities.

## Town of Berlin, Connecticut Management's Discussion and Analysis (continued)

### **Governmental activities**

As the graphs below display, the largest source of revenues was property taxes, and the largest cost driver was schools. While grants and public safety were smaller, each was also a significant contributor to revenues and expenses, respectively.



#### Major revenue factors include:

- Grants and contributions not restricted to specific programs increased \$398,603 or 39.6% driven by increases from two State of Connecticut grants. First, the State reimbursement for lost tax revenue caused by a motor vehicle cap was higher driven by the fiscal year 2023 mill rate. Second, State sales tax revenue exceeded an established threshold leading to the payment of a non-guaranteed grant to municipalities.
- Charges for services increased \$658,213 or 10.1% driven by higher building permit fees and increased cafeteria charges as purchases returned to pre-COVID levels.
- Property tax revenue increased \$973,361 or 1.1% driven by a higher grand list.
- Investment income increased \$543,623 or 23.8% driven the continuation of an improved interest rate environment.
- Capital grants and contributions increased \$543,682 or 7.9% driven by State support for three projects - the police station renovation project, road renovations in the heavily traveled center of town and continued work on a major economic development initiative along the State's transit-oriented route.

#### Major expense factors include:

- Public Safety expenses increased \$3,986,412 or 38.2% driven by increased staffing, first year funding of a new defined benefit pension plan and infrastructure investments to expand and improve the existing police station.
- Education expenses increased \$3,544,282 or 5.0% driven by higher wage and benefit costs, planned new programs and a higher on-behalf payment to the teachers' retirement fund.
- The Town increased net two positions with three new Police officers and one new library position offset by the elimination of two positions in the visiting nurse's department. The Board of Education had no net position changes.

### **Business-type activities**

Revenues from the Town's business-type activities (see Table 2) increased \$837,803 or 14.2% and expenses increased \$424,490 or 9.1%.

**Town of Berlin, Connecticut**  
**Management's Discussion and Analysis (continued)**

---

The increase in revenues and expenses was driven by higher usage volume, the full year impact of a 10% rate increase in April 2023, and an increase in the Mattabassett wastewater facility charge, a percentage of which was passed on to the fire districts in proportion to each district's flow volumes.

**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 the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit C) reported a combined fund balance of \$32,730,777, which is a 7.8% decrease from last year's total of \$35,488,769. This decrease was primarily driven by investment in capital infrastructure partially offset by favorable net General Fund operations.

Fund balance has been classified as:

|              |                             |
|--------------|-----------------------------|
| Nonspendable | \$ 73,109                   |
| Restricted   | 2,485,631                   |
| Committed    | 11,781,650                  |
| Assigned     | 952,688                     |
| Unassigned   | <u>17,437,699</u>           |
| Total        | <u><u>\$ 32,730,777</u></u> |

The total fund balance decreased by \$2,757,992. This decrease is a result of the following funds activity:

**General Fund** - Included in this year's total change in governmental fund balance is an increase of \$614,279 in the Town's General Fund, compared to an increase of \$3,674,998 in the prior year. The drivers of the increase were lower than anticipated expenses, higher interest income and higher building permit fees, as noted earlier.

**Capital Projects Fund** - \$13,472,200 was expended for asset acquisitions and improvements, most notably road, bridge and sidewalk improvements, police station renovations, and improvements to Biscoglio Field. The \$3,318,094 decrease in fund balance was driven by the capital outlay, partially offset by \$7,396,872 of grant revenues and \$3,260,661 of transfers in.

**Proprietary Funds** - As the Town completed the year, its business-type proprietary fund (as presented in the balance sheet - Exhibit F) reported net position of \$24,220,975, which is an increase of \$1,651,150 or 7.3% from the previous year's total of \$22,569,825. The increase was driven by continued strong revenue collections and management's close review of operating spending requests.

**Internal Service Funds** - The internal service funds experienced a combined decrease in net position of \$451,616, or 9.1% from the prior year. The major driver of this decrease was higher than planned medical claims.

**Town of Berlin, Connecticut**  
**Management's Discussion and Analysis (continued)**

---

**General Fund budgetary highlights**

Significant budget transfers during the year included:

- Additional revenues of \$509,000 from the Municipal Revenue Sharing grant to fund the purchase of several vehicles (transfers out)
- Additional appropriation of fund balance of \$2,725,000 (transfers out)
  - \$1,000,000 to fund police station renovations
  - \$920,000 to fund the purchase of several vehicles
  - \$300,000 to reduce the impact of expenditure increases on the current levy
  - \$280,000 to fund the renovation of playground
  - \$150,000 to fund the required local match of State and Federal grants
  - \$75,000 to fund recapping the basketball/tennis courts at Berlin High School

***Revenues***

Revenue and other financing sources were \$2,299,697 below budget (including \$4,068,000 budgeted use of fund balance). Revenues alone were \$1,680,997 above budget. The major sources of this favorability were higher than budgeted current year taxes, higher building permit fees and higher investment income.

Property tax revenues were \$339,624 higher than the budget. The revenues recorded for fiscal year 2024 reflect a tax rate of 29.56 mills, a decrease from the 34.31 rate used in the previous fiscal year and a continued strong collection rate of 98.78%.

Income from investments was \$948,793 higher than budget due to tight cashflow management and higher market interest rates as mentioned earlier.

***Expenditures***

Authorized General Fund budget appropriations for operating expenditures and other financing uses of \$2,913,976 remained unspent at year end. This is the result of proactive expenditure management throughout the fiscal year and from salary and benefit savings caused by position vacancies during the year. The most significant position savings were in the Police Department and Parks and Recreation.

Significant departments that were underspent during the year were as follows:

- General government was underspent by \$735,641 driven by budgeted contingency remaining unspent, lower property tax refunds, lower unemployment charges and lower personnel costs from vacant positions.
- Physical services was underspent by \$788,343 driven by lower refuse disposal fees, favorable storm-related expenditures caused by a milder winter and favorable utility costs for electricity, telephone and fuel.
- Schools were underspent by \$339,612 driven by lower electricity costs and lower contractual services costs.

**Town of Berlin, Connecticut**  
**Management's Discussion and Analysis (continued)**

**Capital assets and long-term liabilities**

***Capital assets***

The Town's capital assets (net of accumulated depreciation/amortization) totaled \$216,460,953. Capital assets by type are detailed in the table below:

**Table 3**  
**Capital Assets - Net**  
**June 30**

|                                | <b>Governmental Activities</b> |                       | <b>Business-Type Activities</b> |                      | <b>Totals</b>         |                       |
|--------------------------------|--------------------------------|-----------------------|---------------------------------|----------------------|-----------------------|-----------------------|
| Category                       | 2024                           | 2023                  | 2024                            | 2023                 | 2024                  | 2023                  |
| Land                           | \$ 23,705,966                  | \$ 23,705,966         | \$ 1,415,112                    | \$ 1,415,112         | \$ 25,121,078         | \$ 25,121,078         |
| Intangible assets              | -                              | -                     | 564,551                         | 564,551              | 564,551               | 564,551               |
| Construction in progress       | 16,556,634                     | 13,175,940            | 7,612,621                       | 5,798,694            | 24,169,255            | 18,974,634            |
| Land improvements              | 6,531,056                      | 3,979,210             | -                               | -                    | 6,531,056             | 3,979,210             |
| Buildings and systems          | 101,663,011                    | 104,032,905           | 812,710                         | 900,123              | 102,475,721           | 104,933,028           |
| Intangible right-to-use assets | 775,561                        | 1,042,754             | -                               | -                    | 775,561               | 1,042,754             |
| Machinery and equipment        | 11,853,635                     | 7,994,291             | 683,442                         | 622,872              | 12,537,077            | 8,617,163             |
| Infrastructure                 | 36,286,361                     | 36,091,654            | 8,000,293                       | 8,137,126            | 44,286,654            | 44,228,780            |
| <b>Total</b>                   | <b>\$ 197,372,224</b>          | <b>\$ 190,022,720</b> | <b>\$ 19,088,729</b>            | <b>\$ 17,438,478</b> | <b>\$ 216,460,953</b> | <b>\$ 207,461,198</b> |
| Dollar change                  | <u>\$ 7,349,504</u>            |                       | <u>\$ 1,650,251</u>             |                      | <u>\$ 8,999,755</u>   |                       |
| Percentage change              | <u>3.87%</u>                   |                       | <u>9.46%</u>                    |                      | <u>4.34%</u>          |                       |

This year's major additions included:

***Governmental Activities***

- Construction in progress
  - Willard Elementary School HVAC renovations \$3,764,870
  - Christian Ln/Deming Rd/Porter's Pass Rd project 919,675
  - Police station renovations 795,406
- Land improvements
  - Biscoglio Field grass-to-turf conversion 2,399,842
  - Percival soccer field renovations 459,329
- Buildings and systems
  - Highway vehicle wash bay 482,837
- Machinery and equipment
  - Firetrucks (2) 1,800,000
  - Townwide fire radio upgrade 1,278,779
  - Fire alarm upgrade – Willard 292,500
  - Fire alarm upgrade – Griswold 261,000
- Infrastructure
  - Streets 1,226,763

**Town of Berlin, Connecticut**  
**Management's Discussion and Analysis (continued)**

**Business-type Activities**

- Construction in progress
  - Water main replacement \$1,758,000
- Machinery and equipment
  - Ford F550 4x4 103,883

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

**Long-term debt**

**Table 4**  
**Long-Term Debt**  
**June 30**

|                            | <b>Governmental Activities</b> |                      | <b>Business-Type Activities</b> |                     | <b>Totals</b>         |                      |
|----------------------------|--------------------------------|----------------------|---------------------------------|---------------------|-----------------------|----------------------|
| Category                   | 2024                           | 2023                 | 2024                            | 2023                | 2024                  | 2023                 |
| General obligation bonds   | \$ 41,465,000                  | \$ 47,825,000        | \$ -                            | \$ -                | \$ 41,465,000         | \$ 47,825,000        |
| Notes payable              | 7,555,702                      | 7,992,654            | 3,694,389                       | 2,788,578           | 11,250,091            | 10,781,232           |
| Interim funding obligation | -                              | -                    | -                               | 1,029,914           | -                     | 1,029,914            |
| Leases payable             | 519,512                        | 635,650              | -                               | -                   | 519,512               | 635,650              |
| Subscriptions payable      | 284,535                        | 426,687              | -                               | -                   | 284,535               | 426,687              |
| <b>Total</b>               | <b>\$ 49,824,749</b>           | <b>\$ 56,879,991</b> | <b>\$ 3,694,389</b>             | <b>\$ 3,818,492</b> | <b>\$ 53,519,138</b>  | <b>\$ 60,698,483</b> |
| Dollar change              | <u>\$ (7,055,242)</u>          |                      | <u>\$ (124,103)</u>             |                     | <u>\$ (7,179,345)</u> |                      |
| Percentage change          | <u>(12.40%)</u>                |                      | <u>(3.25%)</u>                  |                     | <u>(11.83%)</u>       |                      |

The Town's general obligation bonds outstanding decreased by \$6,360,000 due to scheduled bond repayments. The Town maintains a Capital Improvement Plan (CIP) as well as a Debt Issuance Plan to track projects that need to be completed and identify funding for such projects. The Town elected not to issue new general obligation bonds during 2024.

The Town had \$7,555,702 in equipment financing notes, a decrease of \$436,952 due to scheduled principal payments. The Town had \$2,580,087 in Clean Water Fund notes, a decrease of \$208,491 due to scheduled principal payments. The Town converted Drinking Water Fund interim obligations into a \$1,152,726 permanent obligation, an increase of \$84,388, net of current year principal payments.

The Town has two twenty-year 2% loans with the State of Connecticut Department of Energy and Environmental Protection's Clean Water Fund ("Clean Water Fund") to fund inflow and infiltration projects. These projects are accounted for in the Water and Sewer Enterprise Fund and are funded exclusively by a separate charge on customer bills. The future debt service for the loans is \$2,912,447 (\$2,580,087 principal and \$332,360 interest). The Town has one twenty-year 2% loan with the State of Connecticut Department of Public Health's Drinking Water State Revolving Loan Fund to fund a water main upgrade. These projects are accounted for in the Water and Sewer Enterprise fund and are funded exclusively by a separate charge on customer bills. The future debt service for the loans is \$1,330,663 (\$1,114,302 principal and \$216,361 interest). More detailed information about these two loans is presented in Note III F to the financial statements.



## **Town of Berlin, Connecticut Management's Discussion and Analysis (continued)**

---

The Town reviews new debt issuances critically with the goal of lowering the overall debt level. Before issuing new debt, the Town evaluates the existing cash level, future demands on that cash and attempts to fund capital projects with cash when prudent.

The State of Connecticut limits the amount of general obligation debt that towns can issue based on a formula determined under State Statutes which considers the type of debt and tax base. The Town's outstanding general obligation debt is significantly below the State-imposed limit of \$605,494,260.

Other long-term obligations include accrued compensated absences (vacation pay and sick leave), heart and hypertension, a net pension liability, and an implicit liability for other post-employment benefits. More detailed information about these long-term liabilities is presented in Note III F to the financial statements.

### **Economic factors and next year's budgets and rates**

General Fund appropriations totaled \$102,837,661 in the fiscal year 2025 budget. This is an increase of approximately 3.2% over fiscal year 2024. The tax mill rate increased from 29.56 to 30.21.

For the business-type activities, the Town, in conjunction with the Water Control Commission, has set related fees to offset the cost of operations. As noted in the previous section, the Town has entered a drinking water revolving fund loan agreement with the State to fund a water main upgrade; this loan will be repaid over twenty years, and the loan repayments will also impact future rates. The Town substantially completed a sewer project for the replacement of one of the main pump stations. This project is being funded with Enterprise Fund reserves and the Fund will be reimbursed for 75% of the cost over five years by the main supplier of waste to this pump station.

The Town funds most services with local taxes; however, the State provides important education grant funding that offset local taxes. The Education Cost Sharing grant represents approximately 93.7% of the fiscal year 2025 intergovernmental grant revenue budget and 5.9% of the total revenue budget. As the State considers education grant funding going forward, the Town is addressing potential uncertainty with tight expense management, evaluating capital requests carefully and taking steps to reduce long-term liabilities.

The Town's unemployment rate continued to be less than the State, regional and national averages. As of June 2024, the unemployment rate in Berlin was 2.1% (not seasonally adjusted) compared to 2.8% in the Hartford Labor Market Area, 2.8% in the State of Connecticut and 4.3% in the United States.

### **Requests for information**

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, 240 Kensington Road, Town of Berlin, Connecticut 06037.

*(This page intentionally left blank)*

---

# **Basic Financial Statements**

---

Town of Berlin, Connecticut

Statement of Net Position  
June 30, 2024

|   | Governmental<br>Activities | Business-type<br>Activities | Total         |
|---|----------------------------|-----------------------------|---------------|
| <u>Assets</u>   |                            |                             |               |
| Current assets:   |                            |                             |               |
| Cash  | \$ 9,697,873               | \$ 4,285,744                | \$ 13,983,617 |
| Investments   | 34,161,049                 | 4,442,758                   | 38,603,807    |
| Receivables:  |                            |                             |               |
| Property taxes  | 888,251                    | -                           | 888,251       |
| Usage   | -                          | 682,598                     | 682,598       |
| Special assessments and connection charges                          | -                          | 14,490                      | 14,490        |
| Accounts  | 201,959                    | -                           | 201,959       |
| Intergovernmental   | 1,736,086                  | -                           | 1,736,086     |
| Leases  | 26,691                     | -                           | 26,691        |
| Other   | 55,401                     | -                           | 55,401        |
| Total current assets  | 46,767,310                 | 9,425,590                   | 56,192,900    |
| Noncurrent assets:  |                            |                             |               |
| Restricted assets:  |                            |                             |               |
| Temporarily restricted:   |                            |                             |               |
| Cash  | 1,959,158                  | -                           | 1,959,158     |
| Investments   | 500,563                    | -                           | 500,563       |
| Permanently restricted:   |                            |                             |               |
| Cash  | 68,297                     | -                           | 68,297        |
| Total restricted assets   | 2,528,018                  | -                           | 2,528,018     |
| Receivables (net):  |                            |                             |               |
| Property taxes  | 471,594                    | -                           | 471,594       |
| Usage   | -                          | 86,324                      | 86,324        |
| Leases  | 2,685,144                  | -                           | 2,685,144     |
| Total receivables (net)   | 3,156,738                  | 86,324                      | 3,243,062     |
| Capital assets (net of accumulated depreciation/amortization):      |                            |                             |               |
| Land  | 23,705,966                 | 1,415,112                   | 25,121,078    |
| Intangible assets   | -                          | 564,551                     | 564,551       |
| Construction in progress  | 16,556,634                 | 7,612,621                   | 24,169,255    |
| Land improvements   | 6,531,056                  | -                           | 6,531,056     |
| Buildings and systems   | 101,663,011                | 812,710                     | 102,475,721   |
| Intangible right-to-use assets                                      | 775,561                    | -                           | 775,561       |
| Machinery and equipment   | 11,853,635                 | 683,442                     | 12,537,077    |
| Infrastructure  | 36,286,361                 | 8,000,293                   | 44,286,654    |
| Total capital assets (net of accumulated depreciation/amortization) | 197,372,224                | 19,088,729                  | 216,460,953   |
| Total noncurrent assets   | 203,056,980                | 19,175,053                  | 222,232,033   |
| Total assets  | 249,824,290                | 28,600,643                  | 278,424,933   |
| <u>Deferred Outflows of Resources</u>                               |                            |                             |               |
| Pension related   | 103,361                    | -                           | 103,361       |
| OPEB related  | 1,402,929                  | 3,858                       | 1,406,787     |
| Deferred amount on refunding  | 54,349                     | -                           | 54,349        |
| Total deferred outflows of resources                                | 1,560,639                  | 3,858                       | 1,564,497     |

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

(Continued)

Town of Berlin, Connecticut

Statement of Net Position  
June 30, 2024

|   | Governmental<br>Activities | Business-type<br>Activities | Total          |
|---|----------------------------|-----------------------------|----------------|
| <u>Liabilities</u>                      |                            |                             |                |
| Current liabilities:                    |                            |                             |                |
| Accounts payable                        | \$ 2,231,391               | \$ 539,358                  | \$ 2,770,749   |
| Retainage payable                       | 460,893                    | 104,221                     | 565,114        |
| Accrued payroll and related liabilities | 386,110                    | 4,429                       | 390,539        |
| Accrued interest payable                | 133,187                    | -                           | 133,187        |
| Unearned revenue                        | 4,076,803                  | -                           | 4,076,803      |
| Long-term debt                          | 7,093,503                  | 266,128                     | 7,359,631      |
| Compensated absences                    | 237,810                    | 10,736                      | 248,546        |
| Claims payable                          | 1,436,769                  | -                           | 1,436,769      |
| Heart and hypertension                  | 32,000                     | -                           | 32,000         |
| OPEB liability                          | 329,000                    | 1,000                       | 330,000        |
| Tax overpayments                        | 68,000                     | -                           | 68,000         |
| Total current liabilities               | 16,485,466                 | 925,872                     | 17,411,338     |
| Noncurrent liabilities:                 |                            |                             |                |
| Performance bonds                       | 2,440,883                  | -                           | 2,440,883      |
| Long-term debt and related liabilities  | 43,655,079                 | 3,428,261                   | 47,083,340     |
| Compensated absences                    | 147,379                    | -                           | 147,379        |
| Heart and hypertension                  | 46,407                     | -                           | 46,407         |
| Net pension liability                   | 2,582,778                  | -                           | 2,582,778      |
| OPEB liability                          | 8,305,749                  | 22,747                      | 8,328,496      |
| Total noncurrent liabilities            | 57,178,275                 | 3,451,008                   | 60,629,283     |
| Total liabilities                       | 73,663,741                 | 4,376,880                   | 78,040,621     |
| <u>Deferred Inflows of Resources</u>    |                            |                             |                |
| Lease related                           | 2,680,332                  | -                           | 2,680,332      |
| Pension related                         | 126,937                    | -                           | 126,937        |
| OPEB related                            | 2,416,602                  | 6,646                       | 2,423,248      |
| Total deferred inflows of resources     | 5,223,871                  | 6,646                       | 5,230,517      |
| <u>Net Position</u>                     |                            |                             |                |
| Net investment in capital assets        | 145,847,342                | 15,290,119                  | 161,137,461    |
| Restricted for:                         |                            |                             |                |
| Endowments:                             |                            |                             |                |
| Nonexpendable                           | 68,297                     | -                           | 68,297         |
| Expendable                              | 18,838                     | -                           | 18,838         |
| Community development                   | 34,280                     | -                           | 34,280         |
| Public safety                           | 202,105                    | -                           | 202,105        |
| Health and human services               | 2,466                      | -                           | 2,466          |
| Parks, recreation and libraries         | 423,059                    | -                           | 423,059        |
| Schools                                 | 1,804,883                  | -                           | 1,804,883      |
| Unrestricted                            | 24,096,047                 | 8,930,856                   | 33,026,903     |
| Total net position                      | \$ 172,497,317             | \$ 24,220,975               | \$ 196,718,292 |

(Concluded)

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

## Town of Berlin, Connecticut

**Statement of Activities**  
**For the Year Ended June 30, 2024**

| Functions/Programs   | Program Revenues     |                         |  |  | Net Revenues (Expenses) and<br>Change in Net Position |                             |                     |
|--|----------------------|-------------------------|--|--|---|-----------------------------|---------------------|
|  | Expenses             | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                            | Business-type<br>Activities | Total               |
| <u>Governmental activities:</u>                              |                      |                         |  |  |   |                             |                     |
| General government   | \$ 4,835,248         | \$ 1,845,568            | \$ 258,483                               | \$ 2,119,355                           | \$ (611,842)  | \$ -                        | \$ (611,842)        |
| Community development  | 1,327,579            | -                       | 480                                      | 23,714                                 | (1,303,385)   | -                           | (1,303,385)         |
| Public safety  | 14,409,186           | 919,608                 | 15,367                                   | 418,540                                | (13,055,671)  | -                           | (13,055,671)        |
| Physical services  | 10,088,424           | 101,018                 | -  | 4,835,263                              | (5,152,143)   | -                           | (5,152,143)         |
| Parks, recreation and libraries                              | 5,599,033            | 1,845,964               | -  | -                                      | (3,753,069)   | -                           | (3,753,069)         |
| Health and human services                                    | 2,293,085            | 574,757                 | -  | -                                      | (1,718,328)   | -                           | (1,718,328)         |
| Schools  | 74,792,516           | 1,890,740               | 18,967,099                               | -                                      | (53,934,677)  | -                           | (53,934,677)        |
| Interest   | 1,209,212            | -                       | -  | -                                      | (1,209,212)   | -                           | (1,209,212)         |
| Total governmental activities                                | 114,554,283          | 7,177,655               | 19,241,429                               | 7,396,872                              | (80,738,327)  | -                           | (80,738,327)        |
| <u>Business-type activities:</u>                             |                      |                         |  |  |   |                             |                     |
| Water and sewer services                                     | 5,086,124            | 5,899,141               | 26,733                                   | -                                      | -   | 839,750                     | 839,750             |
| Total  | <u>\$119,640,407</u> | <u>\$13,076,796</u>     | <u>\$19,268,162</u>                      | <u>\$ 7,396,872</u>                    | <u>(80,738,327)</u>                                   | <u>839,750</u>              | <u>(79,898,577)</u> |
| General revenues:  |                      |                         |  |  |   |                             |                     |
| Property taxes   |                      |                         |  |  | 86,341,206  | -                           | 86,341,206          |
| Grants and contributions not restricted to specific programs |                      |                         |  |  | 1,404,684   | -                           | 1,404,684           |
| Income from investments                                      |                      |                         |  |  | 2,831,679   | 268,520                     | 3,100,199           |
| Other  |                      |                         |  |  | 142,823   | 547,380                     | 690,203             |
| Total general revenues                                       |                      |                         |  |  | 90,720,392  | 815,900                     | 91,536,292          |
| Change in net position before transfers                      |                      |                         |  |  | 9,982,065   | 1,655,650                   | 11,637,715          |
| Transfers in (transfers out)                                 |                      |                         |  |  | 4,500   | (4,500)                     | -                   |
| Change in net position                                       |                      |                         |  |  | 9,986,565   | 1,651,150                   | 11,637,715          |
| Net position - July 1, 2023                                  |                      |                         |  |  | 162,510,752   | 22,569,825                  | 185,080,577         |
| Net position - June 30, 2024                                 |                      |                         |  |  | \$ 172,497,317  | \$24,220,975                | \$ 196,718,292      |

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

Town of Berlin, Connecticut

Governmental Funds  
Balance Sheet  
June 30, 2024

|   | General              | Capital<br>Projects  | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|----------------------|----------------------|--------------------------------|--------------------------------|
| <u>Assets</u>   |                      |                      |                                |                                |
| Cash  | \$ 318,089           | \$ 25,000            | \$ 3,446,052                   | \$ 3,789,141                   |
| Restricted cash   | 1,940,320            | -                    | -                              | 1,940,320                      |
| Investments   | 19,946,417           | 14,214,632           | -                              | 34,161,049                     |
| Restricted investments  | 500,563              | -                    | -                              | 500,563                        |
| Receivables (net):  |                      |                      |                                |                                |
| Property taxes  | 1,359,845            | -                    | -                              | 1,359,845                      |
| Accounts  | 3,501                | -                    | 113,458                        | 116,959                        |
| Intergovernmental   | -                    | 1,620,298            | 115,788                        | 1,736,086                      |
| Leases  | 2,711,835            | -                    | -                              | 2,711,835                      |
| Due from other funds  | 60,000               | -                    | -                              | 60,000                         |
| Other   | -                    | -                    | 55,401                         | 55,401                         |
| Total assets  | <u>\$ 26,840,570</u> | <u>\$ 15,859,930</u> | <u>\$ 3,730,699</u>            | <u>\$ 46,431,199</u>           |
| <u>Liabilities</u>  |                      |                      |                                |                                |
| Accounts payable  | \$ 1,386,836         | \$ 826,213           | \$ 14,507                      | \$ 2,227,556                   |
| Retainage payable   | -                    | 460,893              | -                              | 460,893                        |
| Accrued payroll and related liabilities                               | 383,544              | -                    | 2,566                          | 386,110                        |
| Unearned revenue  | 125,931              | 3,203,348            | 747,524                        | 4,076,803                      |
| Performance bonds   | 2,440,883            | -                    | -                              | 2,440,883                      |
| Tax overpayments  | 68,000               | -                    | -                              | 68,000                         |
| Total liabilities   | <u>4,405,194</u>     | <u>4,490,454</u>     | <u>764,597</u>                 | <u>9,660,245</u>               |
| <u>Deferred Inflows of Resources</u>                                  |                      |                      |                                |                                |
| Unavailable revenue:  |                      |                      |                                |                                |
| Property taxes  | 1,359,845            | -                    | -                              | 1,359,845                      |
| Lease related   | 2,680,332            | -                    | -                              | 2,680,332                      |
| Total deferred inflows of resources                                   | <u>4,040,177</u>     | <u>-</u>             | <u>-</u>                       | <u>4,040,177</u>               |
| <u>Fund Balances</u>  |                      |                      |                                |                                |
| Nonspendable  | 4,812                | -                    | 68,297                         | 73,109                         |
| Restricted  | -                    | -                    | 2,485,631                      | 2,485,631                      |
| Committed   | -                    | 11,369,476           | 412,174                        | 11,781,650                     |
| Assigned  | 952,688              | -                    | -                              | 952,688                        |
| Unassigned  | 17,437,699           | -                    | -                              | 17,437,699                     |
| Total fund balances   | <u>18,395,199</u>    | <u>11,369,476</u>    | <u>2,966,102</u>               | <u>32,730,777</u>              |
| Total liabilities, deferred inflows of resources<br>and fund balances | <u>\$ 26,840,570</u> | <u>\$ 15,859,930</u> | <u>\$ 3,730,699</u>            | <u>\$ 46,431,199</u>           |

(Continued)

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

**Town of Berlin, Connecticut**  
**Reconciliation of Fund Balance**  
**to Net Position of Governmental Activities**  
**June 30, 2024**

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different from the governmental fund balance sheet due to:

|   |               |
|---|---------------|
| Total fund balance (Exhibit C, Page 1 of 2) | \$ 32,730,777 |
|---|---------------|

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

|  |             |
|--|-------------|
| Beginning capital assets (net)                             | 190,022,720 |
| Capital assets additions (net of construction in progress) | 13,573,428  |
| Depreciation/amortization expense                          | (6,223,121) |
| Disposal of capital assets                                 | (803)       |
|  | 197,372,224 |
| Total  |             |

Other long-term assets and deferred outflows of resources are not available to pay for current period expenditures and, therefore, are unavailable in the funds:

|  |           |
|--|-----------|
| Property taxes - accrual basis change              | 1,359,845 |
| Deferred outflows of resources related to pensions | 103,361   |
| Deferred outflows of resources related to OPEB     | 1,402,929 |
| Deferred amount on refunding                       | 54,349    |
|  | 2,920,484 |
| Total  |           |

Internal service funds are used by management for risk financing activities:

|   |           |
|---|-----------|
| The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position | 4,501,856 |
|---|-----------|

Some liabilities and deferred inflows of resources, are not due and payable in the current period and, therefore, are not reported in the funds:

|   |              |
|---|--------------|
| Long-term debt and related liabilities            | (50,748,582) |
| Compensated absences                              | (385,189)    |
| Net pension liability                             | (2,582,778)  |
| OPEB liability                                    | (8,634,749)  |
| Accrued interest payable                          | (133,187)    |
| Deferred inflows of resources related to pensions | (126,937)    |
| Deferred inflows of resources related to OPEB     | (2,416,602)  |
|   | (65,028,024) |
| Total   |              |

|   |                |
|---|----------------|
| Net position of governmental activities (Exhibit A) | \$ 172,497,317 |
|---|----------------|

(Concluded)

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



## Town of Berlin, Connecticut

**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2024**

|   | General              | Capital<br>Projects  | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|----------------------|----------------------|--------------------------------|--------------------------------|
| Revenues:   |                      |                      |                                |                                |
| Property taxes                                    | \$ 86,075,816        | \$ -                 | \$ -                           | \$ 86,075,816                  |
| Intergovernmental                                 | 16,062,246           | 7,396,872            | 4,445,460                      | 27,904,578                     |
| Charges for services                              | 4,284,785            | 158,524              | 2,734,346                      | 7,177,655                      |
| Income from investments                           | 2,504,011            | -                    | 9,582                          | 2,513,593                      |
| Contributions                                     | -                    | -                    | 138,407                        | 138,407                        |
| Other   | -                    | 56,595               | 86,228                         | 142,823                        |
| Total revenues                                    | <u>108,926,858</u>   | <u>7,611,991</u>     | <u>7,414,023</u>               | <u>123,952,872</u>             |
| Expenditures:                                     |                      |                      |                                |                                |
| Current:  |                      |                      |                                |                                |
| General government                                | 5,357,096            | 30,749               | 8,100                          | 5,395,945                      |
| Community development                             | 1,254,239            | -                    | 5,206                          | 1,259,445                      |
| Public safety                                     | 11,126,244           | -                    | 635,442                        | 11,761,686                     |
| Physical services                                 | 8,254,561            | -                    | 4,587                          | 8,259,148                      |
| Parks, recreation and libraries                   | 4,974,888            | -                    | 135,696                        | 5,110,584                      |
| Health and human services                         | 2,092,200            | -                    | 164,090                        | 2,256,290                      |
| Schools   | 64,394,570           | -                    | 6,505,079                      | 70,899,649                     |
| Debt service                                      | 7,699,926            | 640,502              | -                              | 8,340,428                      |
| Capital outlay                                    | -                    | 13,472,200           | -                              | 13,472,200                     |
| Total expenditures                                | <u>105,153,724</u>   | <u>14,143,451</u>    | <u>7,458,200</u>               | <u>126,755,375</u>             |
| Excess (deficiency) of revenues over expenditures | <u>3,773,134</u>     | <u>(6,531,460)</u>   | <u>(44,177)</u>                | <u>(2,802,503)</u>             |
| Other financing sources (uses):                   |                      |                      |                                |                                |
| Sale of assets                                    | -                    | 38,698               | -                              | 38,698                         |
| Transfers in                                      | 91,806               | 3,260,661            | -                              | 3,352,467                      |
| Transfers out                                     | (3,250,661)          | (85,993)             | (10,000)                       | (3,346,654)                    |
| Net other financing sources (uses)                | <u>(3,158,855)</u>   | <u>3,213,366</u>     | <u>(10,000)</u>                | <u>44,511</u>                  |
| Net change in fund balances                       | 614,279              | (3,318,094)          | (54,177)                       | (2,757,992)                    |
| Fund balances - July 1, 2023                      | <u>17,780,920</u>    | <u>14,687,570</u>    | <u>3,020,279</u>               | <u>35,488,769</u>              |
| Fund balances - June 30, 2024                     | <u>\$ 18,395,199</u> | <u>\$ 11,369,476</u> | <u>\$ 2,966,102</u>            | <u>\$ 32,730,777</u>           |

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

Town of Berlin, 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, 2024**

Amounts reported for governmental activities in the statement of activities (Exhibit B) are due to:

Net change in fund balances - total governmental funds (Exhibit D) \$ (2,757,992)

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/amortization expense:

|                                   |                    |
|-----------------------------------|--------------------|
| Capital outlay                    | 13,573,428         |
| Depreciation/amortization expense | <u>(6,223,121)</u> |
| Total                             | <u>7,350,307</u>   |

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase/decrease net position. In the statement of activities, only the loss on the sale of assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold or donated:

|                            |              |
|----------------------------|--------------|
| Loss on disposal of assets | <u>(803)</u> |
|----------------------------|--------------|

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds and revenues recognized in the fund financial statements are not recognized in the statement of activities:

|  |                |
|--|----------------|
| Change in property tax receivable - accrual basis change | <u>265,390</u> |
|--|----------------|

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

|  |                  |
|--|------------------|
| Principal repayments:                      |                  |
| General obligation bonds and notes payable | 6,796,952        |
| Leases                                     | 116,138          |
| Subscriptions                              | <u>142,152</u>   |
| Total                                      | <u>7,055,242</u> |

(Continued)

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

Town of Berlin, 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, 2024**

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

|   |                     |
|---|---------------------|
| Changes in/amortization of:   |                     |
| Premium   | \$ 341,512          |
| Compensated absences  | 196,515             |
| Net pension liability   | (1,398,732)         |
| OPEB liability  | (276,486)           |
| Accrued interest payable  | 24,996              |
| Deferred amount on refunding  | (32,244)            |
| Deferred outflows related to pension  | 23,386              |
| Deferred outflows related to OPEB   | (326,035)           |
| Deferred inflows related to pension   | (126,937)           |
| Deferred inflows related to OPEB  | 100,062             |
| Total   | <u>(1,473,963)</u>  |
| Internal service funds are used by management for risk financing activities:                      |                     |
| The net revenue (expense) of the internal service funds are reported with governmental activities | <u>(451,616)</u>    |
| Change in net position of governmental activities (Exhibit B)                                     | <u>\$ 9,986,565</u> |
|   | (Concluded)         |

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

Town of Berlin, Connecticut

Proprietary Funds  
Statement of Net Position  
June 30, 2024

|  | Business-type<br>Activities | Governmental<br>Activities |
|--|-----------------------------|----------------------------|
|  | Enterprise Fund             | Internal Service<br>Funds  |
| <u>Assets</u>                              | Water and<br>Sewer Fund     |                            |
| Current assets:                            |                             |                            |
| Cash                                       | \$ 4,285,744                | \$ 5,995,867               |
| Investments                                | 4,442,758                   | -                          |
| Receivables:                               |                             |                            |
| Accounts                                   | -                           | 25,000                     |
| Usage                                      | 682,598                     | -                          |
| Special assessments and connection charges | 14,490                      | -                          |
| Total current assets                       | 9,425,590                   | 6,020,867                  |
| Noncurrent assets:                         |                             |                            |
| Receivables (net):                         |                             |                            |
| Usage                                      | 86,324                      | -                          |
| Capital assets (net):                      |                             |                            |
| Land                                       | 1,415,112                   | -                          |
| Intangible assets                          | 564,551                     | -                          |
| Construction in progress                   | 7,612,621                   | -                          |
| Buildings and systems                      | 812,710                     | -                          |
| Machinery and equipment                    | 683,442                     | -                          |
| Infrastructure                             | 8,000,293                   | -                          |
| Total capital assets                       | 19,088,729                  | -                          |
| Total noncurrent assets                    | 19,175,053                  | -                          |
| Total assets                               | 28,600,643                  | 6,020,867                  |
| <u>Deferred Outflows of Resources</u>      |                             |                            |
| OPEB related                               | 3,858                       | -                          |

(Continued)

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

Town of Berlin, Connecticut

Proprietary Funds  
Statement of Net Position  
June 30, 2024

|   | Business-type<br>Activities | Governmental<br>Activities |
|---|-----------------------------|----------------------------|
|   | Enterprise Fund             | Internal Service<br>Funds  |
|   | Water and<br>Sewer Fund     |                            |
| <u>Liabilities</u>                      |                             |                            |
| Current liabilities:                    |                             |                            |
| Accounts payable                        | \$ 539,358                  | \$ 3,835                   |
| Retainage payable                       | 104,221                     | -                          |
| Accrued payroll and related liabilities | 4,429                       | -                          |
| Notes payable                           | 266,128                     | -                          |
| Compensated absences                    | 10,736                      | -                          |
| OPEB liability                          | 1,000                       | -                          |
| Claims payable                          | -                           | 1,436,769                  |
| Heart and hypertension                  | -                           | 32,000                     |
| Total current liabilities               | <u>925,872</u>              | <u>1,472,604</u>           |
| Noncurrent liabilities:                 |                             |                            |
| Notes payable                           | 3,428,261                   | -                          |
| Heart and hypertension                  | -                           | 46,407                     |
| OPEB liability                          | <u>22,747</u>               | <u>-</u>                   |
| Total noncurrent liabilities            | <u>3,451,008</u>            | <u>46,407</u>              |
| Total liabilities                       | <u>4,376,880</u>            | <u>1,519,011</u>           |
| <u>Deferred Inflows of Resources</u>    |                             |                            |
| OPEB related                            | <u>6,646</u>                | <u>-</u>                   |
| <u>Net Position</u>                     |                             |                            |
| Net investment in capital assets        | 15,290,119                  | -                          |
| Unrestricted                            | <u>8,930,856</u>            | <u>4,501,856</u>           |
| Total net position                      | <u>\$ 24,220,975</u>        | <u>\$ 4,501,856</u>        |

(Concluded)

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

## Town of Berlin, Connecticut

**Proprietary Funds**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2024**

|  | Business-type<br>Activities | Governmental<br>Activities |
|--|-----------------------------|----------------------------|
|  | Enterprise Fund             | Internal Service<br>Funds  |
|  | Water and<br>Sewer Fund     |                            |
| Operating revenues:                    |                             |                            |
| Premiums                               | \$ -                        | \$ 11,168,918              |
| Charges for services                   | 5,899,141                   | -                          |
| Insurance proceeds                     | -                           | 14,688                     |
| Other                                  | 547,380                     | -                          |
| Total operating revenues               | <u>6,446,521</u>            | <u>11,183,606</u>          |
| Operating expenses:                    |                             |                            |
| Claims                                 | -                           | 10,548,636                 |
| Repairs and maintenance                | -                           | 131,872                    |
| Administration                         | 254,023                     | 1,271,487                  |
| Employee benefits                      | 258,765                     | -                          |
| Purchase of water                      | 872,641                     | -                          |
| Source of supply                       | 2,440,630                   | -                          |
| Pumping                                | 170,445                     | -                          |
| Transmission and distribution          | 205,841                     | -                          |
| Salaries - administrative and general  | 163,984                     | -                          |
| Salaries - operating and maintenance   | 372,953                     | -                          |
| Depreciation                           | 268,525                     | -                          |
| Total operating expenses               | <u>5,007,807</u>            | <u>11,951,995</u>          |
| Income (loss) from operations          | <u>1,438,714</u>            | <u>(768,389)</u>           |
| Nonoperating revenues (expenses):      |                             |                            |
| Intergovernmental                      | 26,733                      | -                          |
| Income from investments                | 268,520                     | 318,086                    |
| Interest expense                       | (78,317)                    | -                          |
| Total nonoperating revenues (expenses) | <u>216,936</u>              | <u>318,086</u>             |
| Income (loss) before transfers         | 1,655,650                   | (450,303)                  |
| Transfers out                          | <u>(4,500)</u>              | <u>(1,313)</u>             |
| Change in net position                 | 1,651,150                   | (451,616)                  |
| Total net position - July 1, 2023      | <u>22,569,825</u>           | <u>4,953,472</u>           |
| Total net position - June 30, 2024     | <u>\$ 24,220,975</u>        | <u>\$ 4,501,856</u>        |

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

Town of Berlin, Connecticut

Proprietary Funds  
Statement of Cash Flows  
For the Year Ended June 30, 2024

|   | Business-type<br>Activities | Governmental<br>Activities |
|---|-----------------------------|----------------------------|
|   | Enterprise Fund             | Internal<br>Service Funds  |
|   | Water and<br>Sewer Fund     |                            |
| Cash flows from (used in) operating activities:                     |                             |                            |
| Cash received from other  | \$ 547,380                  | \$ -                       |
| Cash received from premiums and employees                           | -                           | 11,151,838                 |
| Cash received from customers  | 5,789,458                   | -                          |
| Cash received from insurance and others                             | -                           | 14,688                     |
| Cash payments to employees for services                             | (539,430)                   | -                          |
| Cash payments to providers of benefits and for claims               | -                           | (9,793,307)                |
| Cash payments to providers of administration                        | -                           | (1,271,487)                |
| Cash payments to suppliers for goods and services                   | (4,217,695)                 | (156,021)                  |
| Net cash from (used in) operating activities                        | 1,579,713                   | (54,289)                   |
| Cash flows from (used in) noncapital financing activities:          |                             |                            |
| Transfers out   | (4,500)                     | (1,313)                    |
| Cash flows from (used in) capital and related financing activities: |                             |                            |
| Purchase of capital assets  | (1,918,776)                 | -                          |
| Proceeds from grants and drinking water notes                       | 149,545                     | -                          |
| Principal payments  | (246,915)                   | -                          |
| Interest payments   | (78,317)                    | -                          |
| Net cash from (used in) capital and related financing activities    | (2,094,463)                 | -                          |
| Cash flows from (used in) investing activities:                     |                             |                            |
| Income from investments   | 268,520                     | 318,086                    |
| Increase (decrease) in cash   | (250,730)                   | 262,484                    |
| Cash and cash equivalents - July 1, 2023                            | 8,979,232                   | 5,733,383                  |
| Cash and cash equivalents - June 30, 2024                           | \$ 8,728,502                | \$ 5,995,867               |
| Reconciliation to statement of net position:                        |                             |                            |
| Cash and cash equivalents per above                                 | \$ 8,728,502                | \$ 5,995,867               |
| Cash and cash equivalents reported as investments                   | (4,442,758)                 | -                          |
| Statement of net position   | \$ 4,285,744                | \$ 5,995,867               |

(Continued)

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

Town of Berlin, Connecticut

Proprietary Funds  
Statement of Cash Flows  
For the Year Ended June 30, 2024

|  | Business-type<br>Activities | Governmental<br>Activities |
|--|-----------------------------|----------------------------|
|  | Enterprise Fund             | Internal<br>Service Funds  |
|  | Water and<br>Sewer Fund     |                            |
| Reconciliation of operating income (loss) to net cash<br>from (used in) operating activities:        |                             |                            |
| Income (loss) from operations  | \$ 1,438,714                | \$ (768,389)               |
| Adjustments to reconcile operating income (loss) to net<br>cash from (used in) operating activities: |                             |                            |
| Depreciation   | 268,525                     | -                          |
| (Increase) decrease in:  |                             |                            |
| Accounts receivable  | -                           | (17,080)                   |
| Usage receivable   | (111,194)                   | -                          |
| Special assessments and connection charges receivable  | 1,511                       | -                          |
| Deferred outflows of resources - OPEB related  | 3,763                       | -                          |
| Increase (decrease) in:  |                             |                            |
| Accounts payable   | (24,589)                    | (24,149)                   |
| Retainage payable  | 24,258                      | -                          |
| Claims payable   | -                           | 786,624                    |
| Heart and hypertension   | -                           | (31,295)                   |
| Accrued payroll and related  | (2,493)                     | -                          |
| Compensated absences   | (1,242)                     | -                          |
| OPEB liability   | (13,093)                    | -                          |
| Deferred inflows of resources - OPEB related   | (4,447)                     | -                          |
| Net cash from (used in) operating activities   | <u>\$ 1,579,713</u>         | <u>\$ (54,289)</u>         |
|  |                             | (Concluded)                |

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



**Town of Berlin, Connecticut**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**June 30, 2024**

|                               | Pension<br>and OPEB<br>Trust Fund | Private<br>Purpose Trust<br>Fund<br>Memorial<br>Fund |
|-------------------------------|-----------------------------------|--|
| <u>Assets</u>                 |                                   |  |
| Cash                          | \$ 17,770                         | \$ -   |
| Investments:                  |                                   |  |
| Mutual funds:                 |                                   |  |
| Money market                  | 2,817,562                         | -  |
| Equity                        | 15,889,862                        | -  |
| Bond                          | 3,077,492                         | -  |
| Real estate                   | 256,102                           | -  |
| Diversified                   | 22,687,478                        | -  |
| Bank money market             | -                                 | 60,985   |
| Annuities                     | 2,025,345                         | -  |
| Fixed income funds            | 12,622,687                        | -  |
| Total investments             | 59,376,528                        | 60,985   |
| Total assets                  | 59,394,298                        | 60,985   |
| <u>Liabilities</u>            |                                   |  |
| Due to other funds            | 60,000                            | -  |
| <u>Net Position</u>           |                                   |  |
| Restricted for:               |                                   |  |
| Pensions                      | 58,884,751                        | -  |
| OPEB                          | 449,547                           | -  |
| Individuals and organizations | -                                 | 60,985   |
| Total net position            | \$ 59,334,298                     | \$ 60,985  |

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

**Town of Berlin, Connecticut**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Position**  
**For the Year Ended June 30, 2024**

|   | Pension<br>and OPEB<br>Trust Fund | Private<br>Purpose Trust<br>Fund<br>Memorial<br>Fund |
|---|-----------------------------------|--|
| Additions:                              |                                   |  |
| Contributions:                          |                                   |  |
| Employer                                | \$ 2,872,995                      | \$ -   |
| Employee                                | 1,043,795                         | -  |
| Other                                   | 95,627                            | -  |
| Total contributions                     | <u>4,012,417</u>                  | <u>-</u>   |
| Investment income (loss):               |                                   |  |
| Net change in fair value of investments | 4,749,342                         | 513  |
| Interest and dividends                  | 1,247,533                         | -  |
| Total investment income (loss)          | <u>5,996,875</u>                  | <u>513</u>   |
| Total additions                         | <u>10,009,292</u>                 | <u>513</u>   |
| Deductions:                             |                                   |  |
| Benefits                                | 5,169,918                         | -  |
| Administration                          | 219,755                           | -  |
| Total deductions                        | <u>5,389,673</u>                  | <u>-</u>   |
| Change in net position                  | 4,619,619                         | 513  |
| Net position - July 1, 2023             | <u>54,714,679</u>                 | <u>60,472</u>  |
| Net position - June 30, 2024            | <u><u>\$ 59,334,298</u></u>       | <u><u>\$ 60,985</u></u>                              |

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

## Town of Berlin, Connecticut

**Notes to Financial Statements  
As of and for the Year Ended June 30, 2024****History and organization**

The Town of Berlin, CT ("Town") was incorporated in 1785 from parts of Farmington, Middletown and Wethersfield. Under the Town Charter, adopted November 4, 1973, and most recently amended November 8, 2016, the Town Council is the legislative body for specific purposes. The Town Manager serves as the Chief Executive Officer of the Town and acts as the liaison to the Town Council. The Town Council is responsible for establishing policy. Charter revisions on November 8, 1994 replaced an Executive Board, Board of Finance/Town Meeting form of government with a Town Manager/Council form of government, which took effect November 15, 1995. Charter revisions on November 8, 2016 reinstated a Board of Finance effective November 20, 2017.

The accompanying financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable. The Town is financially accountable for the pension and OPEB trust funds and therefore, they are considered fiduciary component units. The financial statements of the fiduciary component units are reported as pension and OPEB trust funds in the fiduciary fund financial statements. The pension and OPEB trust funds do not issue separate financial statements.

**I. Summary of significant accounting policies****A. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**B. Measurement focus, basis of accounting and financial statement presentation**

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

## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**B. Measurement focus, basis of accounting and financial statement presentation (continued)**

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. In addition, the Town considers reimbursement grants to be available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pension and OPEB benefits, certain other employee benefits, and certain other long-term liabilities are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds.

Expenditure reimbursement type grants, certain intergovernmental revenues, certain charges for services, transfers 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items, including property taxes, are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

|                       |   |
|-----------------------|---|
| General Fund          | The Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.  |
| Capital Projects Fund | Accounts for and reports financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets. The major sources of revenues for this fund are capital grants and the proceeds from the issuance of general obligation bonds. |

The Town reports the following major proprietary fund:

|                      |  |
|----------------------|--|
| Water and Sewer Fund | Accounts for the operating activity of the water and sewer operations. The major source of revenues for this fund is charges for services. |
|----------------------|--|

Additionally, the Town reports the following fund types:

|                       |  |
|-----------------------|--|
| Special Revenue Funds | Accounts for and reports the proceeds of specific revenue resources that are restricted, committed or assigned to expenditures for specified purposes other than debt. |
| Permanent Funds       | Reports resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the Town's programs.              |

## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**B. Measurement focus, basis of accounting and financial statement presentation (continued)**

|                              |   |
|------------------------------|---|
| Internal Service Funds       | Accounts for risk financing activities for medical insurance benefits, heart and hypertension and workers' compensation as allowed by GASB Statement No. 10.  |
| Pension and OPEB Trust Funds | Accounts for the activities of the Town of Berlin Employee and Police Retirement Plans and the Town of Berlin Police Retiree Health Plan which accumulate resources for pension and OPEB benefit payments to qualified employees. |
| Private-Purpose Trust Fund   | Accounts for the receipt of private donations to be used for student awards.  |

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions are charges between certain Town functions because elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the Town's internal service fund are charges to customers for sales and services.

For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position and additions to/deductions from fiduciary net position of the Town pension and OPEB plans, the Connecticut State Teachers' Retirement System ("TRS"), and the Connecticut State Retiree Health Insurance Plan ("RHIP") have been determined on the same basis as they are reported by the Town's pension and OPEB plans, TRS, and RHIP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

**C. Assets, liabilities, deferred outflows/inflows of resources and equity****1. Cash and investments****a. Cash**

The Town considers cash as cash on hand and demand deposits.

For cash flow purposes the Town considers cash equivalents as money market accounts and short-term investments with original maturities of three months or less from the date of acquisition.

## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)****b. Investments**

In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool or no-load, open-end management type investment company or investment trust (as defined), in obligations of any State or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. Investment income is recorded in the fund in which it was earned.

State Treasurer's Short-Term Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c - 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

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

There is no formal investment policy for the Town of Berlin Employee Retirement Plan. The following was the Town's adopted asset allocation policy for the Town of Berlin Police Pension Benefit Fund:

| <u>Asset Class</u>            | <u>Target<br/>Allocation</u> |
|-------------------------------|------------------------------|
| Short-term fixed income       | 43.00%                       |
| Core fixed income             | 30.00%                       |
| Publicly traded global equity | <u>27.00%</u>                |
| Total                         | <u><u>100.00%</u></u>        |

**c. Method used to value investments**

Investments for the Town are reported at fair value except as described below. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Real estate is valued based upon the purchase price, which approximates fair value.

**Fair value of investments**

The Town measures and records its investments using fair value measurement guidelines established by accounting principles generally accepted in the United States of America (GAAP). These guidelines recognize a three-tiered fair value hierarchy, as follows:

|         |  |
|---------|--|
| Level 1 | Quoted prices for identical investments in active markets              |
| Level 2 | Quoted prices for identical investments in markets that are not active |
| Level 3 | Unobservable inputs  |

## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)****d. Risk policies**

|                              |   |
|------------------------------|---|
| Interest rate risk           | Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.  |
| Credit risk                  | Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Town has no investment policy that would limit its investment choices due to credit risk other than State Statutes governing investments in obligations of any State or political subdivision or in obligations of the State of Connecticut or political subdivision.   |
| Concentration of credit risk | Concentration of credit risk is the risk attributed to the magnitude of an entity's investments in a single issuer. The Town follows the limitations specified in the Connecticut General Statutes. Generally, the Town's deposits cannot be 75% or more of the total capital in any one depository.  |
| Custodial credit risk        | Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Town's custodial credit risk policy is to only allow the Town to use banks that are in the State of Connecticut. The State of Connecticut requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk-based capital ratio. |
| Foreign currency risk        | Foreign currency risk is the risk that the value of the investment may be affected by changes in the rate of exchange. The Town does not have a formal policy with respect to the foreign currency risk.  |

**2. Receivables and payables****a. Interfunds**

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). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)****b. Property taxes and other receivables**

In the fund financial and government-wide financial statements, all trade and property tax receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 2.00% to 40.00% of outstanding receivable balances and are calculated based upon prior collections.

In the fund financial statements, property taxes receivable which have not been collected as of June 30, have been recorded as deferred inflows of resources, since they are not considered to be available to finance expenditures of the current year.

Property taxes are assessed on property as of October 1. Taxes are billed in the following July and are due in two installments, July 1 and January 1. Personal property and motor vehicle taxes are billed in July and are due in one installment, on July 1, and supplemental motor vehicle taxes are due in full January 1. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date.

**c. Leases receivable**

The Town recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments related to leases include:

|                |  |
|----------------|--|
| Discount Rate  | The Town uses its estimated incremental borrowing rate as the discount rate used to discount the expected lease receipts to present value. |
| Term           | The lease term includes the noncancellable period of the lease.  |
| Lease Payments | Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.                          |

The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**3. Prepaid items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items, if any, is recorded as expenditures/expenses when consumed rather than when purchased.



## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)****4. Restricted assets**

The restricted assets for the Town are restricted for performance bonds and endowments. Performance bonds are temporarily restricted until the monies are returned to the vendor after satisfactory completion of contract or the Town calls the bond for nonperformance. The trust agreement restricts the expenditure of the investment income only for the designated purpose.

**5. Capital assets**

Capital assets are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost as noted in the table below and an estimated useful life in excess of one year. 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 the asset or materially extend the 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/amortized using the straight-line method over the following estimated useful lives:

| Assets                                      | Years             | Threshold   |
|---|-------------------|---|
| Land  | N/A               | \$ 20,000   |
| Construction in progress                    | N/A               | Same as applicable asset type at project completion |
| Intangible assets                           | Varies, if any    | 5,000   |
| Land improvements                           | 10-30             | 20,000  |
| Buildings and systems                       | 40                | 20,000  |
| Machinery and equipment                     | 5-20              | 5,000   |
| Infrastructure                              | 20-50             | 100,000   |
| Intangible right-to-use leased assets       | Lease term        | 20,000  |
| Intangible right-to-use subscription assets | Subscription term | 20,000  |

**6. Deferred outflows/inflows of resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

## Town of Berlin, Connecticut

**Notes to Financial Statements  
As of and for the Year Ended June 30, 2024****C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**

The Town reports deferred outflows and inflows of resources related to pensions and OPEB in the government-wide statements for differences between expected and actual experience, changes in assumptions and net difference between projected and actual earnings on plan investments. The deferred outflow or inflow related to differences between expected and actual experience and changes in assumptions will be amortized over the average remaining service life of all plan members. The deferred outflow or inflow related to the net difference between projected and actual earnings on plan investments will be amortized over a five-year period.

Deferred outflows of resources also include deferred outflows relating to advance refunding of debt. These amounts are deferred and are amortized over the shorter of the refunding or refunded debt.

Advance tax collections represent taxes associated with a future period. This amount is recognized during the period in which the revenue is associated.

Deferred inflows of resources include deferred inflows relating to the lease receivable. These amounts are deferred and are amortized to lease revenue in a systematic and rational manner over the term of the lease.

For governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds' balance sheet. The governmental funds report unavailable revenues from property taxes (including advance collections, if any). These amounts are recognized as an inflow of resources in the period that the amounts become available.

**7. Compensated absences**

Town employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement (Police are the only group paid for unused sick leave and only at retirement.) Town employees are required to use vacation time by June 30 each year, however, employees may carryover up to an amount allowed by the employee's bargaining unit agreement. Any carryover vacation must be used by June 30 of the subsequent year or be forfeited. Vacation expenses to be paid in future periods are accrued when incurred in the government-wide and proprietary fund financial statements. Sick leave and vacation leave expenditures are recognized in the governmental funds in the current year to the extent they are paid during the year or the vested amount is expected to be paid with available resources. A liability for these amounts has been recorded in the government-wide financial statements.

**8. Long-term liabilities**

In the government-wide financial statements, long-term debt and other long-term liabilities are reported as liabilities in the governmental activities' 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**C. liabilities, deferred outflows/inflows of resources and equity (continued)****9. Lease and subscription liabilities**

The Town recognizes a lease/subscription liability and an intangible right-to-use lease/subscription asset (lease/subscription asset) in the government-wide financial statements.

At the commencement of a lease/subscription, the Town initially measures the lease/subscription liability at the present value of payments expected to be made during the term. Subsequently, the lease/subscription liability is reduced by the principal portion of payments made. The lease/subscription asset is initially measured as the initial amount of the lease/subscription liability, adjusted for payments made at or before the commencement date, plus certain initial direct costs. Subsequently, the lease/subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases and subscriptions include:

|               |   |
|---------------|---|
| Discount rate | The Town uses the interest rate charged by the lessor/subscription vendor as the discount rate to discount the expected payments to the present value. When the interest rate charged is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate. |
| Term          | The lease/subscription term includes the noncancellable period of the lease/agreement.  |
| Payments      | Lease/subscription payments included in the measurement of the liability are composed of fixed payments and any purchase option price that the Town is reasonably certain to exercise.  |

The Town monitors changes in circumstances that would require a remeasurement of its lease or subscriptions and will remeasure the lease/subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the lease/subscription liability.

Lease/subscription assets are reported with other capital assets and lease/subscription liabilities are reported with long-term debt on the statement of net position.

**10. Net position and fund balances**

In the government-wide financial statements, net position is classified into the following categories:

|                                  |  |
|----------------------------------|--|
| Net Investment in Capital Assets | This category presents the net position that reflects capital assets net of depreciation/amortization and net of only the debt applicable to the acquisition or construction of these assets. Debt issued for non-capital purposes, and unspent bond proceeds, are excluded. |
| Restricted Net Position          | This category presents the net position restricted by external parties (creditors, grantors, contributors or laws and regulations).  |
| Unrestricted Net Position        | This category presents the net position of the Town which is not classified in the preceding two categories.   |

## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**

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.

In the fund financial statements, fund balances are classified into the following categories:

|              |   |
|--------------|---|
| Nonspendable | This category presents amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.   |
| Restricted   | This category presents amounts that can be spent only for specific purposes because of enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.   |
| Committed    | This category presents amounts that can be used only for specific purposes determined by a formal action at the highest level of decision-making authority for the Town. Commitments may be established, modified or rescinded only through resolutions approved by the Town Council and Board of Finance.                            |
| Assigned     | This category presents amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority to assign fund balance rests with the Town Council and Board of Finance. Intent is also expressed by a properly approved purchase order (encumbrance). |
| Unassigned   | This category presents amounts that do not meet the criteria above and are available for any purpose. This category is only reported in the general fund for positive amounts and in any other fund that has a fund balance deficit.  |

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless Town Council has provided otherwise in its commitment or assignment actions.

**Minimum fund balance policy**

The Town Council has adopted a minimum fund balance policy for the General Fund. The policy establishes the intent to maintain a level of unassigned fund balance of at least 11.00% of the budgeted year's total expenditures (including debt service and transfers). Any budgeted contingency shall be included in the current year unassigned fund balance when calculating compliance with this policy.

## Town of Berlin, Connecticut

**Notes to Financial Statements  
As of and for the Year Ended June 30, 2024****C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)****11. Use of estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, deferred outflows and inflows of resources including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year. Actual results could differ from those estimates.

**12. Reclassifications**

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**II. Stewardship, compliance and accountability****A. Donor-restricted endowments**

The Town has received certain endowments for purchase of trees, medical assistance and library resources. The amounts are reflected in net position as restricted for endowments. Investment income is approved for disbursement by the applicable Trustee and is included in restricted fund balance. At year end, net appreciation available for appropriation is \$18,838.

The Town allocates investment income of donor-restricted endowments in accordance with donor restrictions and Connecticut law, which has adopted the provisions of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). Under UPMIFA, investment income earned on donor-restricted endowment funds is considered to be unrestricted in the absence of explicit donor restrictions. Further, in the absence of explicit donor restrictions regarding investment appreciation, such appreciation is treated the same as the related investment income. Investment losses that reduce the value of endowment investments below the original principal amount serve to reduce restricted net position or unrestricted net position, depending upon the applicable donor's stipulations regarding the treatment of investment income and appreciation.

## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**B. Capital projects authorizations**

Appropriations for the Capital Projects Funds do not lapse at the end of the fiscal year, but continue until the completion of the project.

The following is a summary of certain capital projects:

| Project   | Project<br>Authorization | Cumulative<br>Expenditures | Balance              |
|---|--------------------------|----------------------------|----------------------|
| Berlin High School renovations                  | \$ 84,950,000            | \$ 81,158,070              | \$ 3,791,930         |
| Recycling Center improvements                   | 534,485                  | 18,542                     | 515,943              |
| Bridge rehabilitation program                   | 3,620,322                | 2,957,593                  | 662,729              |
| 55 Steele Blvd (889 Farmington Ave remediation) | 2,081,865                | 1,233,498                  | 848,367              |
| Fire truck                                      | 950,000                  | 473,416                    | 476,584              |
| Kensington Road bridge                          | 462,000                  | 183,980                    | 278,020              |
| Edgewood Road bridge                            | 421,445                  | 16,319                     | 405,126              |
| Glen Street bridge                              | 500,000                  | 215,784                    | 284,216              |
| HVAC upgrades (ARPA grant)                      | 5,048,046                | 3,795,685                  | 1,252,361            |
| LOTICIP road improvement                        | 5,472,399                | 4,488,261                  | 984,138              |
| Police station renovations                      | 3,700,000                | 1,277,737                  | 2,422,263            |
| Police radio upgrades                           | 1,300,000                | -                          | 1,300,000            |
| Total   | <u>\$ 109,040,562</u>    | <u>\$ 95,818,885</u>       | <u>\$ 13,221,677</u> |

## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**III. Detailed notes****A. Cash and investments****1. Cash**

At year end, the Town's bank balance, including bank money market accounts, classified as investments, was exposed to custodial credit risk as follows:

|  |                             |
|--|-----------------------------|
| Bank balance   | <u>\$ 31,273,653</u>        |
| Uninsured and uncollateralized   | \$ 14,941,652               |
| Uninsured and collateral held by the pledging bank's<br>trust department, not in the Town's name | <u>4,733,470</u>            |
| Total amount subject to custodial credit risk  | <u><u>\$ 19,675,122</u></u> |

Financial instruments that potentially subject the Town to significant concentrations of credit risk consist primarily of cash. From time to time, the Town's cash account balances exceeded the Federal Deposit Insurance Corporation limit. The Town reduces its credit risk by maintaining its cash deposits with major financial institutions and monitoring their credit ratings.

**2. Investments**

- a. The Town's investments consisted of the following types and maturities. Specific identification was used to determine maturities:

| Type of Investment   | Fair<br>Value               | Investment Maturities (In Years) |                      |                      |                     |
|----------------------|-----------------------------|----------------------------------|----------------------|----------------------|---------------------|
|                      |                             | N/A                              | Less<br>Than 1       | 1-5<br>Years         | 5-10<br>Years       |
| Mutual funds:        |                             |                                  |                      |                      |                     |
| Money market         | \$ 2,817,562                | \$ -                             | \$ 2,817,562         | \$ -                 | \$ -                |
| Equity               | 15,889,862                  | 15,889,862                       | -                    | -                    | -                   |
| Bond                 | 3,077,492                   | -                                | -                    | 55,768               | 3,021,724           |
| Real estate          | 256,102                     | 256,102                          | -                    | -                    | -                   |
| Diversified          | 22,687,478                  | 22,687,478                       | -                    | -                    | -                   |
| Bank money market    | 13,539,928                  | -                                | 13,539,928           | -                    | -                   |
| Pooled fixed income  | 25,625,427                  | -                                | 25,625,427           | -                    | -                   |
| Annuities            | 2,025,345                   | -                                | -                    | 2,025,345            | -                   |
| Fixed income funds   | <u>12,622,687</u>           | <u>-</u>                         | <u>-</u>             | <u>12,622,687</u>    | <u>-</u>            |
| Total                | 98,541,883                  | <u>\$ 38,833,442</u>             | <u>\$ 41,982,917</u> | <u>\$ 14,703,800</u> | <u>\$ 3,021,724</u> |
| Less fiduciary funds | <u>(59,437,513)</u>         |                                  |                      |                      |                     |
| Other funds          | <u><u>\$ 39,104,370</u></u> |                                  |                      |                      |                     |

## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**A. Cash and investments (continued)**

b. The Town had the following recurring fair value measurements:

|                                       | Amount                      | Quoted Market<br>Prices in Active<br>Markets<br>Level 1 | Significant<br>Observable<br>Inputs<br>Level 2 | Significant<br>Unobservable<br>Inputs<br>Level 3 |
|---------------------------------------|-----------------------------|---|--|--|
| Investments by fair value level       |                             |   |  |  |
| Mutual funds:                         |                             |   |  |  |
| Money market                          | \$ 2,817,562                | \$ 2,817,562  | \$ -   | \$ -   |
| Equity                                | 15,889,862                  | 15,889,862  | -  | -  |
| Bond                                  | 3,077,492                   | 3,077,492   | -  | -  |
| Real estate                           | 256,102                     | 256,102   | -  | -  |
| Diversified                           | 22,687,478                  | 22,687,478  | -  | -  |
| Annuities                             | 2,025,345                   | -   | -  | 2,025,345  |
| Fixed income funds                    | 12,622,687                  | -   | 12,622,687                                     | -  |
| Total investments by fair value level | <u>59,376,528</u>           | <u>\$ 44,728,496</u>                                    | <u>\$ 12,622,687</u>                           | <u>\$ 2,025,345</u>                              |
| Other investments:                    |                             |   |  |  |
| Bank money market                     | 13,539,928                  |   |  |  |
| Pooled fixed income                   | <u>25,625,427</u>           |   |  |  |
| Total other investments               | <u>39,165,355</u>           |   |  |  |
| Total investments                     | <u><u>\$ 98,541,883</u></u> |   |  |  |

Level 1: Quoted prices for identical investments in active markets

Level 2: Observable inputs: quoted prices for identical securities in markets that are not active. The fair value was determined based on quoted prices in less active, dealer or broker markets. Fair values are primarily obtained from third party pricing services for identical or comparable assets.

Level 3: Unobservable inputs: carrying value or fair value of the underlying assets as available.

c. The Town's investments subject to credit risk had average ratings by Standard & Poor's as follows:

| Type of Investment  | Ratings                     |                            |                             |                             |
|---------------------|-----------------------------|----------------------------|-----------------------------|-----------------------------|
|                     | AAA                         | AA                         | Unrated                     | Total                       |
| Mutual funds        |                             |                            |                             |                             |
| Money market        | \$ -                        | \$ -                       | \$ 2,817,562                | \$ 2,817,562                |
| Bond                | -                           | -                          | 3,077,492                   | 3,077,492                   |
| Pooled fixed income | 25,625,427                  | -                          | -                           | 25,625,427                  |
| Annuities           | -                           | 2,025,345                  | -                           | 2,025,345                   |
| Fixed income funds  | -                           | -                          | 12,622,687                  | 12,622,687                  |
| Total               | <u><u>\$ 25,625,427</u></u> | <u><u>\$ 2,025,345</u></u> | <u><u>\$ 18,517,741</u></u> | <u><u>\$ 46,168,513</u></u> |



## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**A. Cash and investments (continued)**

- d. Certain investments are covered by the Securities Investor Protection Corporation ("SIPC") up to \$500,000, including \$250,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, debentures, certificates of deposit and money funds.

There are no Town investments held by the counterparty's trust department or agent but not in the Town's name and, therefore, are subject to custodial credit risk.

**B. Receivables**

1. Receivable balances have been disaggregated by type and presented separately in the financial statements. Receivables and related allowances for uncollectible accounts, are presented below:

|                                   | Property Taxes     |                           |                    | Water and<br>Sewer<br>Usage |
|-----------------------------------|--------------------|---------------------------|--------------------|-----------------------------|
|                                   | Taxes              | Interest and<br>Lien Fees | Total              |                             |
| Current portion                   | \$ 697,272         | \$ 190,979                | \$ 888,251         | \$ 682,598                  |
| Long-term portion                 | 776,877            | 370,631                   | 1,147,508          | 101,997                     |
| Less allowance for uncollectibles | (453,214)          | (222,700)                 | (675,914)          | (15,673)                    |
| Net long-term portion             | 323,663            | 147,931                   | 471,594            | 86,324                      |
| Total receivable                  | <u>\$1,020,935</u> | <u>\$ 338,910</u>         | <u>\$1,359,845</u> | <u>\$ 768,922</u>           |

**2. Leases receivable**

The Town reports the following lease balances and activity:

| Description           | Lease<br>Receivable | Deferred<br>Inflows of<br>Resources | Lease<br>Revenue  | Lease<br>Interest<br>Revenue |
|-----------------------|---------------------|-------------------------------------|-------------------|------------------------------|
| Mobile home lots      | \$ -                | \$ -                                | \$ 50,986         | \$ 64                        |
| Town hall cell tower  | <u>2,711,835</u>    | <u>2,680,332</u>                    | <u>116,662</u>    | <u>28,054</u>                |
| Total                 | 2,711,835           | <u>\$2,680,332</u>                  | <u>\$ 167,648</u> | <u>\$ 28,118</u>             |
| Less: current portion | <u>(26,691)</u>     |                                     |                   |                              |
| Long-term portion     | <u>\$2,685,144</u>  |                                     |                   |                              |

## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**B. Receivables (continued)**

| Description          | Terms  |
|----------------------|--|
| Mobile home lots     | In July 2022, the Town entered into fifteen separate, two-year lease agreements for the lease of land used as lot property for mobile homes. The lease term can be renewed for an additional 6 month period by the Town, although the lessee has the option to reject the extension. Based on these agreements, the Town is receiving monthly payments through June 2024.  |
| Town hall cell tower | In February 1999, the Town, as lessor, entered into a 10-year lease agreement for the right to use a tract of land. The lease agreement includes three automatic five-year renewal terms. In fiscal year 2024, the Town entered into an extension of the cell tower lease which includes an initial five-year agreement and four five-year extensions that are expected to be used. Based on this agreement, the Town is receiving monthly payments through February 2049. |

**C. Interfund accounts****1. Interfund payables and receivables**

A summary of interfund balances is as follows:

|                             | Corresponding<br>Fund       | Due From         | Due To           |
|-----------------------------|-----------------------------|------------------|------------------|
| General fund                | Pension and OPEB trust fund | \$ 60,000        | \$ -             |
| Fiduciary funds:            |                             |                  |                  |
| Pension and OPEB trust fund | General fund                | -                | 60,000           |
| Total                       |                             | <u>\$ 60,000</u> | <u>\$ 60,000</u> |

All interfund balances resulted from the time lag between the dates payments occurred between funds for interfund goods, payroll and services provided or in instances where certain funds do not have an operations cash account.

## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**C. Interfund accounts (continued)****2. Interfund transfers**

A summary of interfund transfers for the fiscal year is as follows:

|                                   | Corresponding<br>Fund | Transfers<br>In | Transfers<br>Out |
|-----------------------------------|-----------------------|-----------------|------------------|
| General fund:                     |                       |                 |                  |
| Capital projects fund             | N/A                   | \$ 85,993       | \$ 3,250,661     |
| Water and sewer fund              | N/A                   | 4,500           | -                |
| Internal service funds            | N/A                   | 1,313           | -                |
| Total general fund                |                       | 91,806          | 3,250,661        |
| Capital projects fund             |                       |                 |                  |
| General fund                      | N/A                   | 3,250,661       | 85,993           |
| Town funds                        | N/A                   | 10,000          | -                |
| Total capital projects fund       |                       | 3,260,661       | 85,993           |
| Other governmental funds:         |                       |                 |                  |
| Special revenue funds             |                       |                 |                  |
| Town funds                        | Capital projects fund | -               | 10,000           |
| Total governmental funds          |                       | 3,352,467       | 3,346,654        |
| Enterprise funds:                 |                       |                 |                  |
| Water and sewer fund              | General fund          | -               | 4,500            |
| Internal service funds:           |                       |                 |                  |
| Medical and health insurance fund | General fund          | -               | 1,313            |
| Total                             |                       | \$ 3,352,467    | \$ 3,352,467     |

Transfers are used to move budgeted appropriations from the general fund for funding of the capital projects fund and various programs and activities in other funds.

## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**D. Capital assets**

Capital asset activity for the fiscal year was as follows:

Governmental Activities:

|  | Balance<br>July 1, 2023 | Increases     | Decreases    | Balance<br>June 30, 2024 |
|--|-------------------------|---------------|--------------|--------------------------|
| Capital assets not being depreciated             |                         |               |              |                          |
| Land   | \$ 23,705,966           | \$ -          | \$ -         | \$ 23,705,966            |
| Construction in progress                         | 13,175,940              | 6,037,833     | 2,657,139    | 16,556,634               |
| Total capital assets not being depreciated       | 36,881,906              | 6,037,833     | 2,657,139    | 40,262,600               |
| Capital assets being depreciated/amortized       |                         |               |              |                          |
| Land improvements                                | 7,597,613               | 2,897,227     | -            | 10,494,840               |
| Buildings and systems                            | 152,266,556             | 683,314       | -            | 152,949,870              |
| Intangible right-to-use assets                   | 1,275,553               | -             | -            | 1,275,553                |
| Machinery and equipment                          | 21,810,276              | 4,998,145     | 769,770      | 26,038,651               |
| Infrastructure                                   | 73,947,656              | 1,614,048     | -            | 75,561,704               |
| Total capital assets being depreciated/amortized | 256,897,654             | 10,192,734    | 769,770      | 266,320,618              |
| Total capital assets                             | 293,779,560             | 16,230,567    | 3,426,909    | 306,583,218              |
| Less accumulated depreciation/amortization       |                         |               |              |                          |
| Land improvements                                | 3,618,403               | 345,381       | -            | 3,963,784                |
| Buildings and systems                            | 48,233,651              | 3,053,208     | -            | 51,286,859               |
| Intangible right-to-use assets                   | 232,799                 | 267,193       | -            | 499,992                  |
| Machinery and equipment                          | 13,815,985              | 1,137,998     | 768,967      | 14,185,016               |
| Infrastructure                                   | 37,856,002              | 1,419,341     | -            | 39,275,343               |
| Total accumulated depreciation/amortization      | 103,756,840             | 6,223,121     | 768,967      | 109,210,994              |
| Net capital assets being depreciated/amortized   | 153,140,814             | 3,969,613     | 803          | 157,109,624              |
| Net capital assets                               | \$ 190,022,720          | \$ 10,007,446 | \$ 2,657,942 | \$ 197,372,224           |

Intangible right-to-use assets by category are as follows:

|   | Asset        | Accumulated<br>Amortization |
|---|--------------|-----------------------------|
| Intangible right-to-use leased buildings and improvements | \$ 320,854   | \$ 116,673                  |
| Intangible right-to-use leased machinery and equipment    | 388,408      | 102,599                     |
| Intangible right-to-use subscription assets               | 566,291      | 280,720                     |
| Total intangible right-to-use assets                      | \$ 1,275,553 | \$ 499,992                  |

## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**D. Capital assets (continued)**

Depreciation/amortization expense was charged to the functions of the Town as follows:

|                                 |                     |
|---------------------------------|---------------------|
| General government              | \$ 429,691          |
| Community development           | 1,814               |
| Public safety                   | 547,720             |
| Physical services               | 1,617,044           |
| Parks, recreation and libraries | 509,170             |
| Health and human services       | 13,270              |
| Schools                         | 3,104,412           |
|                                 | <u>\$ 6,223,121</u> |

Business-Type Activities:

|  | Balance<br>July 1, 2023 | Increases           | Decreases   | Balance<br>June 30, 2024 |
|--|-------------------------|---------------------|-------------|--------------------------|
| Capital assets not being depreciated       |                         |                     |             |                          |
| Land                                       | \$ 1,415,112            | \$ -                | \$ -        | \$ 1,415,112             |
| Intangible assets                          | 564,551                 | -                   | -           | 564,551                  |
| Construction in progress                   | 5,798,694               | 1,813,927           | -           | 7,612,621                |
| Total capital assets not being depreciated | <u>7,778,357</u>        | <u>1,813,927</u>    | <u>-</u>    | <u>9,592,284</u>         |
| Capital assets being depreciated           |                         |                     |             |                          |
| Buildings and systems                      | 3,181,704               | -                   | -           | 3,181,704                |
| Machinery and equipment                    | 1,399,496               | 104,849             | -           | 1,504,345                |
| Infrastructure                             | 15,285,708              | -                   | -           | 15,285,708               |
| Total capital assets being depreciated     | <u>19,866,908</u>       | <u>104,849</u>      | <u>-</u>    | <u>19,971,757</u>        |
| Total capital assets                       | <u>27,645,265</u>       | <u>1,918,776</u>    | <u>-</u>    | <u>29,564,041</u>        |
| Less accumulated depreciation              |                         |                     |             |                          |
| Buildings and systems                      | 2,281,581               | 87,413              | -           | 2,368,994                |
| Machinery and equipment                    | 776,623                 | 44,280              | -           | 820,903                  |
| Infrastructure                             | 7,148,583               | 136,832             | -           | 7,285,415                |
| Total accumulated depreciation             | <u>10,206,787</u>       | <u>268,525</u>      | <u>-</u>    | <u>10,475,312</u>        |
| Net capital assets being depreciated       | <u>9,660,121</u>        | <u>(163,676)</u>    | <u>-</u>    | <u>9,496,445</u>         |
| Net capital assets                         | <u>\$ 17,438,478</u>    | <u>\$ 1,650,251</u> | <u>\$ -</u> | <u>\$ 19,088,729</u>     |

## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**D. Capital assets (continued)**

Depreciation/amortization expense was charged to business-type activities as follows:

|       |                          |
|-------|--------------------------|
| Water | \$ 88,580                |
| Sewer | <u>179,945</u>           |
|       | <u><u>\$ 268,525</u></u> |

**E. Construction commitments**

The Town has the following construction commitments:

|                               |                            |
|-------------------------------|----------------------------|
| Bridge Rehabilitation Program | \$ 306,017                 |
| 55 Steele Boulevard           | 600,628                    |
| Firetruck                     | 380,000                    |
| HVAC upgrades (ARPA grant)    | 1,116,933                  |
| LOTICIP road improvement      | 202,577                    |
| Police Station renovations    | <u>2,257,460</u>           |
| Total                         | <u><u>\$ 4,863,615</u></u> |

**Town of Berlin, Connecticut**  
**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**F. Changes in long-term liabilities**

Bonds, notes, leases, and subscriptions are direct obligations and pledge the full faith and credit of the Town.

**1. Summary of changes**

The following is a summary of changes in long-term liabilities during the fiscal year:

**Governmental Activities:**

| Description  | Original Amount | Year of Issue | Date of Maturity | Interest Rate | Balance July 1, 2023 | Additions | Deductions | Balance June 30, 2024 | Current Portion | Long-Term Portion |
|--|-----------------|---------------|------------------|---------------|----------------------|-----------|------------|-----------------------|-----------------|-------------------|
| <b>Bonds:</b>  |                 |               |                  |               |                      |           |            |                       |                 |                   |
| <u>General purpose:</u>                              |                 |               |                  |               |                      |           |            |                       |                 |                   |
| General obligation                                   | \$ 2,480,000    | 2013          | 12/01/32         | 2.50-4.00%    | \$ 1,120,000         | \$ -      | \$ 170,000 | \$ 950,000            | \$ 170,000      | \$ 780,000        |
| General obligation                                   | 1,855,000       | 2014          | 12/01/33         | 3.00-5.00%    | 780,000              | -         | 130,000    | 650,000               | 130,000         | 520,000           |
| General obligation                                   | 720,000         | 2015          | 12/01/34         | 2.00-4.00%    | 440,000              | -         | 40,000     | 400,000               | 40,000          | 360,000           |
| General obligation                                   | 3,620,000       | 2016          | 12/01/35         | 2.00-4.00%    | 1,580,000            | -         | 335,000    | 1,245,000             | 335,000         | 910,000           |
| Refunding bonds                                      | 5,676,000       | 2016          | 09/01/25         | 2.00-5.00%    | 2,560,000            | -         | 924,000    | 1,636,000             | 937,000         | 699,000           |
| General obligation                                   | 4,150,000       | 2017          | 12/01/29         | 2.00-4.00%    | 2,150,000            | -         | 400,000    | 1,750,000             | 400,000         | 1,350,000         |
| General obligation                                   | 6,500,000       | 2019          | 12/01/28         | 2.00-4.00%    | 3,700,000            | -         | 700,000    | 3,000,000             | 700,000         | 2,300,000         |
| General obligation                                   | 4,200,000       | 2020          | 12/01/30         | 5.00%         | 3,360,000            | -         | 420,000    | 2,940,000             | 420,000         | 2,520,000         |
| Total general purpose                                | 29,201,000      |               |                  |               | 15,690,000           | -         | 3,119,000  | 12,571,000            | 3,132,000       | 9,439,000         |
| <u>School bonds:</u>                                 |                 |               |                  |               |                      |           |            |                       |                 |                   |
| General obligation                                   | 6,015,000       | 2013          | 12/01/32         | 2.50-4.00%    | 3,310,000            | -         | 335,000    | 2,975,000             | 335,000         | 2,640,000         |
| General obligation                                   | 16,500,000      | 2014          | 12/01/33         | 3.00-5.00%    | 9,520,000            | -         | 870,000    | 8,650,000             | 865,000         | 7,785,000         |
| General obligation                                   | 13,000,000      | 2015          | 12/01/34         | 2.00-4.00%    | 8,205,000            | -         | 685,000    | 7,520,000             | 685,000         | 6,835,000         |
| General obligation                                   | 13,150,000      | 2016          | 12/01/35         | 2.00-4.00%    | 8,980,000            | -         | 695,000    | 8,285,000             | 695,000         | 7,590,000         |
| Refunding bonds                                      | 5,244,000       | 2016          | 09/01/25         | 2.00-5.00%    | 1,870,000            | -         | 606,000    | 1,264,000             | 623,000         | 641,000           |
| General obligation                                   | 515,000         | 2017          | 12/01/29         | 2.00-4.00%    | 250,000              | -         | 50,000     | 200,000               | 50,000          | 150,000           |
| Total school bonds                                   | 54,424,000      |               |                  |               | 32,135,000           | -         | 3,241,000  | 28,894,000            | 3,253,000       | 25,641,000        |
| Total bonds  | 83,625,000      |               |                  |               | 47,825,000           | -         | 6,360,000  | 41,465,000            | 6,385,000       | 35,080,000        |
| <u>Equipment financing notes (direct borrowing):</u> |                 |               |                  |               |                      |           |            |                       |                 |                   |
| Energy   | 10,340,341      | 2016          | 12/12/35         | 2.93%         | 7,992,654            | -         | 436,952    | 7,555,702             | 469,249         | 7,086,453         |
| Total bonds/notes                                    | \$ 93,965,341   |               |                  |               | 55,817,654           | -         | 6,796,952  | 49,020,702            | 6,854,249       | 42,166,453        |

**Town of Berlin, Connecticut**  
**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**F. Changes in long-term liabilities (continued)**

| Description                                  | Original Amount | Year of Issue | Date of Maturity | Interest Rate | Balance July 1, 2023 | Additions    | Deductions    | Balance June 30, 2024 | Current Portion | Long-Term Portion |
|--|-----------------|---------------|------------------|---------------|----------------------|--------------|---------------|-----------------------|-----------------|-------------------|
| Leases payable                               |                 |               |                  |               | \$ 635,650           | \$ -         | \$ 116,138    | \$ 519,512            | \$ 114,460      | \$ 405,052        |
| Subscriptions payable                        |                 |               |                  |               | 426,687              | -            | 142,152       | 284,535               | 124,794         | 159,741           |
| Total long-term debt                         |                 |               |                  |               | 56,879,991           | -            | 7,055,242     | 49,824,749            | 7,093,503       | 42,731,246        |
| Premium                                      |                 |               |                  |               | 1,265,345            | -            | 341,512       | 923,833               | -               | 923,833           |
| Total long-term debt and related liabilities |                 |               |                  |               | 58,145,336           | -            | 7,396,754     | 50,748,582            | 7,093,503       | 43,655,079        |
| Compensated absences (net change)            |                 |               |                  |               | 581,704              | -            | 196,515       | 385,189               | 237,810         | 147,379           |
| Heart and hypertension                       |                 |               |                  |               | 109,702              | -            | 31,295        | 78,407                | 32,000          | 46,407            |
| Net pension liability                        |                 |               |                  |               | 1,184,046            | 8,960,776    | 7,562,044     | 2,582,778             | -               | 2,582,778         |
| OPEB liability                               |                 |               |                  |               | 8,358,263            | 815,326      | 538,840       | 8,634,749             | 329,000         | 8,305,749         |
| Total long-term liabilities                  |                 |               |                  |               | \$ 68,379,051        | \$ 9,776,102 | \$ 15,725,448 | \$ 62,429,705         | \$ 7,692,313    | \$ 54,737,392     |

All long-term liabilities are generally liquidated by the general fund.

In September 2024, the Town issued \$4,560,000 of General Obligation Bonds that mature in October 2034 and carry interest rates of 4.0% - 5.0%.  
In October 2024, the Town issued \$19,590,000 of General Obligation Refunding Bonds that mature in December 2035 and carry interest rates of 4.0% - 5.0%.



**Town of Berlin, Connecticut**  
**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**F. Changes in long-term liabilities (continued)**

Business-Type Activities:

| Description                       | Original Amount | Year of Issue | Date of Maturity | Interest Rate | Balance July 1, 2023 | Additions  | Deductions | Balance June 30, 2024 | Current Portion | Long-Term Portion |
|-----------------------------------|-----------------|---------------|------------------|---------------|----------------------|------------|------------|-----------------------|-----------------|-------------------|
| <u>Notes:</u>                     |                 |               |                  |               |                      |            |            |                       |                 |                   |
| Clean Water:                      |                 |               |                  |               |                      |            |            |                       |                 |                   |
| CWF 212-CSL                       | \$ 2,236,514    | 2015          | 09/30/34         | 2.00%         | \$ 1,258,038         | \$ -       | \$ 111,826 | \$ 1,146,212          | \$ 111,826      | \$ 1,034,386      |
| CWF 217-CSL                       | 1,933,314       | 2019          | 04/30/39         | 2.00%         | 1,530,540            | -          | 96,665     | 1,433,875             | 96,666          | 1,337,209         |
| Drinking Water                    |                 |               |                  |               |                      |            |            |                       |                 |                   |
| DWSRF 2023-7109                   | 1,152,726       | 2024          | 10/31/43         | 2.00%         | 1,029,914            | 122,812    | 38,424     | 1,114,302             | 57,636          | 1,056,666         |
| Total notes                       | 5,322,554       |               |                  |               | 3,818,492            | 122,812    | 246,915    | 3,694,389             | 266,128         | 3,428,261         |
| Compensated absences (net change) |                 |               |                  |               | 11,978               | -          | 1,242      | 10,736                | 10,736          | -                 |
| OPEB liability                    |                 |               |                  |               | 36,840               | 2,207      | 15,300     | 23,747                | 1,000           | 22,747            |
| Total long-term liabilities       |                 |               |                  |               | \$ 3,867,310         | \$ 125,019 | \$ 263,457 | \$ 3,728,872          | \$ 277,864      | \$ 3,451,008      |

## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**F. Changes in long-term liabilities (continued)**

The following is a summary of bonds and notes payable principal and interest payments to maturity:

| Year Ended<br>June 30, | Governmental Activities |                     |                     | Business-Type Activities |                   |
|------------------------|-------------------------|---------------------|---------------------|--------------------------|-------------------|
|                        | Bond<br>Principal       | Note<br>Principal   | Total<br>Interest   | Note<br>Principal        | Note<br>Interest  |
| 2025                   | \$ 6,385,000            | \$ 469,249          | \$ 1,356,015        | \$ 266,128               | \$ 71,447         |
| 2026                   | 6,110,000               | 500,314             | 1,144,221           | 266,128                  | 66,125            |
| 2027                   | 4,445,000               | 533,190             | 966,875             | 266,128                  | 60,803            |
| 2028                   | 4,435,000               | 570,078             | 827,841             | 266,128                  | 55,481            |
| 2029                   | 3,955,000               | 608,749             | 696,247             | 266,128                  | 50,158            |
| 2030                   | 3,275,000               | 649,671             | 579,750             | 266,128                  | 44,835            |
| 2031                   | 3,195,000               | 692,171             | 467,989             | 266,128                  | 39,513            |
| 2032                   | 2,660,000               | 736,696             | 360,089             | 266,128                  | 34,191            |
| 2033                   | 2,655,000               | 783,726             | 255,463             | 266,128                  | 28,868            |
| 2034                   | 2,265,000               | 832,597             | 153,841             | 266,128                  | 23,545            |
| 2035                   | 1,400,000               | 802,869             | 70,683              | 182,257                  | 18,781            |
| 2036                   | 685,000                 | 376,392             | 15,792              | 154,302                  | 15,601            |
| 2037                   | -                       | -                   | -                   | 154,302                  | 12,514            |
| 2038                   | -                       | -                   | -                   | 154,302                  | 9,425             |
| 2039                   | -                       | -                   | -                   | 138,183                  | 6,403             |
| 2040                   | -                       | -                   | -                   | 57,636                   | 4,467             |
| 2041                   | -                       | -                   | -                   | 57,636                   | 3,314             |
| 2042                   | -                       | -                   | -                   | 57,636                   | 2,161             |
| 2043                   | -                       | -                   | -                   | 57,636                   | 1,009             |
| 2044                   | -                       | -                   | -                   | 19,219                   | 80                |
| Totals                 | <u>\$ 41,465,000</u>    | <u>\$ 7,555,702</u> | <u>\$ 6,894,806</u> | <u>\$ 3,694,389</u>      | <u>\$ 548,721</u> |

**2. Assets pledged as collateral**

The Town's outstanding equipment financing notes of \$7,555,702 are secured with collateral of the equipment purchased.

## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**F. Changes in long-term liabilities (continued)****3. Statutory debt limitations**

The Town's indebtedness does not exceed the legal debt limitations as required by Connecticut General Statutes as reflected in the following schedule:

| Category        | Debit Limit    | Net Indebtedness | Balance        |
|-----------------|----------------|------------------|----------------|
| General purpose | \$ 194,623,155 | \$ 12,571,000    | \$ 182,052,155 |
| Schools         | 389,246,310    | 28,894,000       | 360,352,310    |
| Sewer           | 324,371,925    | 1,006,751        | 323,365,174    |
| Urban renewal   | 281,122,335    | -                | 281,122,335    |
| Pension deficit | 259,497,540    | -                | 259,497,540    |

The total overall statutory debt limit for the Town is equal to seven times annual receipts from prior year taxation:

\$ 605,494,260

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding.

**4. Overlapping debt**

A summary of overlapping debt is presented below:

|                           |                     |
|---------------------------|---------------------|
| Kensington Fire District  | \$ 658,683          |
| Worthington Fire District | <u>348,068</u>      |
| Total                     | <u>\$ 1,006,751</u> |

There is also \$5,526,073 of overlapping debt for the Mattabassett District that is related to the water and sewer proprietary fund.

**5. Authorized/unissued bonds**

The amount of authorized, unissued bonds are as follows:

| Type            | Authorized but<br>Unissued |
|-----------------|----------------------------|
| General purpose | \$ 6,660,675               |
| Schools         | <u>12,565,219</u>          |
| Total           | <u>\$ 19,225,894</u>       |

## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**F. Changes in long-term liabilities (continued)****6. Leases**

Lease agreements are summarized as follows:

| Description        | Year | Lease<br>Term<br>(years) | Interest<br>Rate* | Original<br>Amount | Balance           |
|--------------------|------|--------------------------|-------------------|--------------------|-------------------|
| One Liberty Square | 2022 | 9                        | 1.372%            | \$ 320,854         | \$ 209,858        |
| Golf carts         | 2023 | 5                        | 1.372%            | 388,408            | 309,654           |
| Total              |      |                          |                   | <u>\$ 709,262</u>  | <u>\$ 519,512</u> |

\*All interest rates have been imputed based on the rate from a credit spread average from commercial banks plus the cost of funds as there were no interest rates specified in the lease agreement.

| Description        | Terms  |
|--------------------|--|
| One Liberty Square | In December 2019, the Town entered into a ten-year lease extension for the lease of Unit B of Liberty Square Condominium, owned by the Town of New Britain. Based on this agreement, the Town is paying monthly payments through September 2029. There are no renewal options included in this lease agreement.          |
| Golf carts         | In May 2023, the Town entered into a five-year lease for golf carts and related equipment. Based on this agreement, the Town is paying annual payments through September 2027. There are no renewal options and the Town does not anticipate purchasing the equipment at fair market value at the end of the lease term. |

The following is a summary of lease payable principal and interest payments to maturity:

| Year Ending<br>June 30 | Governmental Activities |                  |
|------------------------|-------------------------|------------------|
|                        | Principal               | Interest         |
| 2025                   | \$ 114,460              | \$ 6,887         |
| 2026                   | 116,277                 | 5,310            |
| 2027                   | 117,875                 | 3,711            |
| 2028                   | 119,496                 | 2,091            |
| 2029                   | 41,052                  | 448              |
| 2030                   | 10,352                  | 24               |
| Totals                 | <u>\$ 519,512</u>       | <u>\$ 18,471</u> |

## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**F. Changes in long-term liabilities (continued)****7. Subscription arrangements**

Subscription arrangements are summarized as follows:

| Description         | Year | Subscription<br>Term<br>(years) | Interest<br>Rate* | Original<br>Amount | Balance    |
|---------------------|------|---------------------------------|-------------------|--------------------|------------|
| Hosted online index | 2023 | 5                               | 2.11%             | \$ 527,287         | \$ 284,535 |

\*All interest rates have been imputed based on the rate from a credit spread average from commercial banks plus the cost of funds as there were no interest rates specified in the lease agreement.

| Description         | Terms   |
|---------------------|---|
| Hosted online index | The Town has a subscription arrangement for a hosted online land records index. This arrangement does not include extension or termination terms. |

The following is a summary of subscription payable principal and interest payments to maturity:

|                           | Governmental Activities |                 |
|---------------------------|-------------------------|-----------------|
| Year<br>Ending<br>June 30 | Principal               | Interest        |
| 2025                      | \$ 124,794              | \$ 4,631        |
| 2026                      | 127,455                 | 1,922           |
| 2027                      | 32,286                  | 57              |
| Totals                    | <u>\$ 284,535</u>       | <u>\$ 6,610</u> |

## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**G. Fund balance classifications and restricted net position**

Fund balances are composed of the following:

|  | General<br>Fund      | Capital<br>Projects<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------|-----------------------------|--------------------------------|--------------------------------|
| <b>Nonspendable</b>                      |                      |                             |                                |                                |
| Leases                                   | \$ 4,812             | \$ -                        | \$ -                           | \$ 4,812                       |
| Tree purchases                           | -                    | -                           | 5,000                          | 5,000                          |
| Medical assistance                       | -                    | -                           | 21,965                         | 21,965                         |
| Library materials                        | -                    | -                           | 41,332                         | 41,332                         |
| Total nonspendable                       | <u>4,812</u>         | <u>-</u>                    | <u>68,297</u>                  | <u>73,109</u>                  |
| <b>Restricted</b>                        |                      |                             |                                |                                |
| Community development                    | -                    | -                           | 35,223                         | 35,223                         |
| Public safety programs                   | -                    | -                           | 202,105                        | 202,105                        |
| Health and human services programs       | -                    | -                           | 2,837                          | 2,837                          |
| Parks, recreation and libraries programs | -                    | -                           | 440,583                        | 440,583                        |
| School programs                          | -                    | -                           | 1,043,339                      | 1,043,339                      |
| Lunch program*                           | -                    | -                           | 761,544                        | 761,544                        |
| Total restricted                         | <u>-</u>             | <u>-</u>                    | <u>2,485,631</u>               | <u>2,485,631</u>               |
| <b>Committed</b>                         |                      |                             |                                |                                |
| Capital projects                         |                      |                             |                                |                                |
| Fire truck                               | -                    | 158,813                     | -                              | 158,813                        |
| Land acquisition and development         | -                    | 230,195                     | -                              | 230,195                        |
| Economic development                     | -                    | 317,318                     | -                              | 317,318                        |
| Police station                           | -                    | 1,018,969                   | -                              | 1,018,969                      |
| Energy and streetlights                  | -                    | 1,027,497                   | -                              | 1,027,497                      |
| Other capital projects                   | -                    | 3,720,569                   | -                              | 3,720,569                      |
| Construction contracts                   | -                    | 4,896,115                   | -                              | 4,896,115                      |
| Town special events and activities       | -                    | -                           | 238,539                        | 238,539                        |
| Parks, recreation and libraries programs | -                    | -                           | 167,650                        | 167,650                        |
| Schools                                  | -                    | -                           | 5,985                          | 5,985                          |
| Total committed                          | <u>-</u>             | <u>11,369,476</u>           | <u>412,174</u>                 | <u>11,781,650</u>              |
| <b>Assigned</b>                          |                      |                             |                                |                                |
| Pension funding                          | 652,688              | -                           | -                              | 652,688                        |
| Subsequent year's budget                 | 300,000              | -                           | -                              | 300,000                        |
| Total assigned                           | <u>952,688</u>       | <u>-</u>                    | <u>-</u>                       | <u>952,688</u>                 |
| <b>Unassigned</b>                        | <u>17,437,699</u>    | <u>-</u>                    | <u>-</u>                       | <u>17,437,699</u>              |
| <b>Total fund balance</b>                | <u>\$ 18,395,199</u> | <u>\$ 11,369,476</u>        | <u>\$ 2,966,102</u>            | <u>\$ 32,730,777</u>           |

\*The amount of net position restricted by enabling legislation totaled: \$ 761,544

## Town of Berlin, Connecticut

**Notes to Financial Statements  
As of and for the Year Ended June 30, 2024****IV. Other information****A. Risk management**

The Town is exposed to various risks of loss including torts, theft of, damage to and destruction of assets; errors or omissions; injuries to employees and natural disasters. Generally, the Town obtains commercial insurance for these risks, but has chosen to retain limited risks for heart and hypertension claims and employee medical claims. The Town contracts with outside organizations to pay claims and provide administrative services. Additionally, insurance coverage has been purchased to limit the Town's liability for worker's compensation, general liability and medical claims. Settled claims have not exceeded commercial coverage in any of the past three years, and there has not been any significant reductions in insurance coverage from amounts held in prior years.

The Town is a member in Connecticut Interlocal Risk Management Association ("CIRMA"). CIRMA is a public entity risk pool established under the provisions of the Connecticut General Statutes Section 7-479a et. seq. The Town is liable only for contributions to the pool. Members do not retain the risk of loss, as they have transferred the risk by purchasing pool coverage with no deductible retention. A separate agreement limits the member's obligation to pay indemnification obligations and expenses should CIRMA be unable to do so.

The Town is a member of CIRMA's Liability-Automobile-Property Pool, a risk sharing pool. The Town paid CIRMA for provisions of general liability, automobile liability, employee benefit liability, law enforcement liability, public officials and property coverage. The premium is subject to these coverages and claims and expense payments falling within the deductible amounts are the responsibility of the Town. CIRMA's Liability-Automobile-Property Pool retains \$1,000,000 per occurrence for each line of liability coverage.

The Town is also a member of CIRMA's Workers' Compensation Pool, a risk sharing pool. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is subject to an insured 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. The premium is subject to a payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains \$1,000,000 per occurrence and purchases reinsurance above that amount to the limit of liability of \$10,000,000 per occurrence.

As of July 1, 2024, the Town is no longer a member of CIRMA and purchases commercial insurance for liability-automobile-property and worker's compensation.

The Town is a self-insured provider of claims under C.G.S. 7-433c, the Heart and Hypertension Act.

The Town utilizes two risk management funds (the Internal Service Funds) to account for and finance its uninsured risks of loss for general insurance and health insurance. The fund records all claim expenditures and liabilities when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. All Town departments and agencies are charged premiums by the Internal Service Fund, which are included in department and agency expenditures, to cover the estimated cost of claims payment based on historical cost estimates of the amounts needed to pay prior and current year claims. Claims liabilities include an estimate of claims incurred but not reported and are the Town's best estimate based on available information.

## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**A. Risk management (continued)**

The General Insurance Fund charges funds and benefiting activities premiums. The fund purchases insurance, pays heart and hypertension claims, provides ancillary services for the administration of this fund and accumulates reserves. Claims have not exceeded insurance coverage in any of the past three years.

The Medical and Health Insurance Fund also charges funds and benefiting activities premiums. The funds are used to pay claims, purchase medical and health insurance and provide ancillary services. The Town self-insures its employees for medical and dental claims through the use of the Medical and Health Insurance Fund. Maximum liability to the Town per covered participant is \$150,000. The Town retains an insurance policy for employee claims in excess of \$150,000. A third party administers the plan for which the Town pays an administrative fee. The plan is funded monthly by Town and employee contributions, as required. An actuarial study is performed annually.

The Town records all claim expenditures and liabilities when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated in the government-wide statements. The claims liability reported is based upon accounting principles which require that a liability for estimated claims incurred but not reported be accrued. The amount of claim accrual is based on the ultimate costs of settling the claim, which include past experience data, inflation and other future economic and social factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual does not include other allocated or unallocated claims adjustment expenses.

|  | Claims<br>Payable<br>July 1 | Current year<br>Claims and<br>Changes in<br>Estimates | Claims<br>Paid      | Claims<br>Payable<br>June 30 | Current<br>Portion  | Long-term<br>Portion |
|--|-----------------------------|---|---------------------|------------------------------|---------------------|----------------------|
| <u>General Insurance Fund (Heart and Hypertension)</u> |                             |   |                     |                              |                     |                      |
| 2022-2023  | \$ 263,634                  | \$ 46,549   | \$ 200,481          | \$ 109,702                   | \$ 83,423           | \$ 26,279            |
| 2023-2024  | 109,702                     | -   | 31,295              | 78,407                       | 32,000              | 46,407               |
| <u>Medical and Health Insurance Fund</u>               |                             |   |                     |                              |                     |                      |
| 2022-2023  | 704,183                     | 9,922,747   | 9,976,785           | 650,145                      | 650,145             | -                    |
| 2023-2024  | 650,145                     | 10,548,636  | 9,762,012           | 1,436,769                    | 1,436,769           | -                    |
| <u>Totals</u>  |                             |   |                     |                              |                     |                      |
| 2022-2023  | <u>\$ 967,817</u>           | <u>\$ 9,969,296</u>                                   | <u>\$10,177,266</u> | <u>\$ 759,847</u>            | <u>\$ 733,568</u>   | <u>\$ 26,279</u>     |
| 2023-2024  | <u>\$ 759,847</u>           | <u>\$ 10,548,636</u>                                  | <u>\$ 9,793,307</u> | <u>\$ 1,515,176</u>          | <u>\$ 1,468,769</u> | <u>\$ 46,407</u>     |

**B. Commitments and litigation**

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

The Town is a defendant in various lawsuits and the outcome of these lawsuits is not presently determinable. The resolution of these matters is not expected to have a material adverse effect on the financial condition of the Town.



## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**C. Tax abatements**

The Town is authorized by Connecticut State Statutes to enter into property tax abatement agreements for the purpose of economic development, competitiveness and to encourage business investment. The Town has the following abatement programs:

| Program or Agreement Name   |   | Local   |
|---|---|---|
| Purpose of the program or agreement   |   | Economic development  |
| Tax being abated  |   | Real estate   |
| Authority under which abatement agreements are entered into   |   | State statute   |
| Criteria to be eligible to receive abatement  |   | Tax Abatement Program adopted by the Berlin Town Council and consistent with CGS 12-81. Projects must involve real property improvements with at least one of the following:  |
|   | a | For office use.   |
|   | b | For manufacturing use.  |
|   | c | For warehouse, storage or distribution use.   |
|   | d | For information technology.   |
|   | e | For recreation facilities.  |
|   | f | For restaurants other than fast food, new retail developments or redevelopment of existing retail properties that involve substantial renovations or restoration of the exterior of the building and improvements to landscaping. |
| How recipients' taxes are reduced   |   | Reduced assessment  |
| How the abatement amount is determined  |   | Consistent with State statute, the Town abates taxes over:  |
|   | 1 | 3-years with a schedule of 50%/40%/30% for an investment of at least \$50,000   |
|   | 2 | 5-years with a schedule of 50%/40%/30%/20%/10% for an investment of \$1 million   |
|   | 3 | 7-years with a schedule of 50%/50%/40%/40%/30%/20%/10% for an investment of \$3 million   |
|   | 4 | 10-years with a schedule of 70%/70%/60%/60%/60%/60%/60%/60%/50%/50% for an investment of \$12.5 million   |
| Provision for recapturing abated tax, if any  |   | None  |
| Types of commitments made by the Town other than to reduce taxes  |   | None  |
| Gross dollar amount, on the accrual basis, by which the Town's tax revenues were reduced as a result of abatement agreement |   | \$200,492   |
| Assessment value  |   | \$6,782,546   |

## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**D. Jointly governed organizations****The Mattabassett District**

The Mattabassett District (the “District”) is a quasi-municipal district established in accordance with State Statutes to provide sewer treatment services for the constituent Towns of Berlin and Cromwell and the constituent Cities of New Britain and Middletown and contractually to the Metropolitan District and the Town of Farmington. As a result of the 2010 census data released in February 2011 and the June 2011 amendment to the state statutes creating the District, the Mattabassett Board of Directors representation is as follows: New Britain-five members, Middletown-four members, Berlin-three members and Cromwell-three members.

The Town pays an annual assessment to the District. The annual assessment includes funds for the payment of the Town’s portion of the District’s debt service. The Town is responsible for a pro-rata share of the Mattabassett District’s debt based on population. As of June 30, the District has \$38,509,222 of debt outstanding. The percentage applicable to the Town is 14.35%, or \$5,526,073. This debt is paid out of the Town’s enterprise fund. The District’s financial statements can be obtained from [www.mattabassettdistrict.org/audits](http://www.mattabassettdistrict.org/audits).

**V. Pensions and other post-employment benefit plans****A. Town pension plans****1. Plan description****a. Plan administration**

The Town of Berlin is the sponsor and administrator of two single-employer defined benefit public employee retirement systems (“Plans”), the Town of Berlin Employee Retirement Plan and the Town of Berlin Police Benefit Fund, established and administered by the Town to provide pension benefits for its full-time employees and police employees who have elected to participate in the plan (excluding teachers covered under the Connecticut State Teachers’ Retirement System). The Town of Berlin Employee Retirement Plan is closed to police officers hired after June 30, 2000 and all other employees hired after March 18, 1987.

The Police Pension Benefit Fund was implemented effective July 1, 2023. All police officers participating in the defined contribution plan as of July 1, 2023, were given a one-time option during a 60-day window period to become a participant in the new defined benefit plan or remain a participant in the defined contribution plan. The buy-in amount was funded by the individual’s defined contribution plan account which was transferred to the new defined benefit plan. All police officers hired by the Town on or after July 1, 2023 will not be eligible to participate in the defined contribution plan and will only be eligible to participate in the Police Pension Benefit Fund. Any police officers participating in the Berlin Defined Benefit Plan are not eligible to participate in the Police Pension Benefit Fund.

The plans are part of the Town’s financial reporting entity and are included in the Town’s financial statement as a pension trust fund. A separate stand-alone financial report is not issued.

The Plans are governed by the Pension Committee (the “Board”), which is a subcommittee of the Board of Finance.

## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**A. Town pension plans (continued)**

Management of the Employee Retirement Plan rests with its Pension Committee, which consists of 12 members. The 12 members are the Town Manager, Finance Director, Director of Human Resources, Assistant Finance Director, Director of Business Operations, top management representative, and the presidents of each of the six bargaining units. The Committee convenes on a quarterly basis for detailed plan review.

Management of the Police Pension Benefit Fund rests with its Pension Committee, which consists of four members. The four members are the Town Manager, Finance Director, a representative from the Town Council and a representative from the Police Union.

**b. Plan membership**

The membership in the Plans as of the date indicated is comprised of the following:

| Valuation date: July 1, 2023                  | Employee<br>Retirement<br>Plan | Police<br>Retirement<br>Plan |
|---|--------------------------------|------------------------------|
| Retirees and beneficiaries receiving benefits | 12                             | -                            |
| Terminated employees entitled to benefits     | 1                              | -                            |
| Active members                                | 3                              | 35                           |
| Total   | <u>16</u>                      | <u>35</u>                    |

**2. Benefit provisions**

All full-time employees hired and participating in the Town of Berlin Employee Retirement Plan prior to March 17, 1987, and all police officers hired and participating before July 1, 2000, will receive the higher of the defined contribution earnings (as described in Note V.B) or the benefit due under the old defined benefit plan. Police officers participating in the Police Benefit Fund will receive benefits as described below. The Plans provides retirement, disability and death benefits to plan members and their beneficiaries.

|                     | Employee<br>Retirement Plan   | Police<br>Retirement Plan   |
|---------------------|---|---|
| Normal retirement   | Police: Age 55 or 25 years of service<br>All others: Age 65   | Age 55 and 10 years of service or 25 years of service   |
| Benefit calculation | 2.00% (2.125% for police) times final earnings times years of benefit service (max 25 years for Town employees and 30 for police employees) times ratio of credited service to benefit service at normal retirement less non-self-directed defined contribution account balance | 2.00% times average earnings times years of credited service (max 20 years) plus 2.50% times average earnings times years of credited service in excess of 20 years, but less than or equal to 30 years of credited service |

## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**A. Town pension plans (continued)**

|                                      | Employee<br>Retirement Plan  | Police<br>Retirement Plan  |
|--------------------------------------|--|--|
| Final earnings                       | Highest average rate of earnings on January 1st of any 5 (3 for police) consecutive calendar years during the last 10 years before normal retirement | Highest average of any three consecutive plan years.<br>Participants employed for a period of less than three plan years will have their compensation averaged over the entire period of his or her employment.  |
| Early retirement age                 | Age 55 (age 45 for police)   | Age 45   |
| Early retirement service requirement | 10 years   | 10 years   |
| Early retirement amount              | Actuarially reduced normal retirement benefit to reflect early retirement  | Actuarially reduced normal retirement benefit to reflect early retirement  |
| Service connected disability amount  | 60% of rate of earnings as of date of disability reduced by worker's compensation and any other disability benefits received                         | 60% of rate of earnings as of date of disability reduced by worker's compensation and any other disability benefits received   |
| Vesting - age                        | None   | None   |
| Vesting - service                    | 5 years  | 5 years  |
| Vesting - amount                     | 100%   | 100%   |
| Death benefit amount                 | Refund of employee contributions plus interest, reduced by any annuity payments made provided 10 year certain and life option not elected            | Refund of employee contributions and transferred employer contributions (if any) plus interest. If the death is work-related, the surviving spouse will receive the deceased participant's rate of pay at his or her date of death, through his or her Normal Retirement Date. At Normal Retirement Date, the surviving spouse will receive the accrued benefit that the participant would have been entitled to if he or she had continued to work until his or her Normal Retirement Date. |
| Cost of living increases             | None   | None   |

## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**A. Town pension plans (continued)****3. Contributions**

Each participant is required to contribute the following percentage of their pensionable wages to the plans.

|                   | Employee<br>Retirement Plan  | Police<br>Retirement Plan  |
|-------------------|--|--|
| Police            | 6.00% to the defined contribution plan                                 | 8.00%  |
| All others        | 5.00% to the defined contribution plan                                 | Not applicable   |
| Town              | Amount determined by the actuary, considering the member contributions | Amount determined by the actuary, considering the member contributions |
| Town contribution | \$742,609  | \$748,474  |

**4. Investments****a. Investment policy and rate of return**

The pension plans' policy in regard to the allocation of invested assets is established and may be amended by the Pension Committee by a majority vote of its members. The investment policy for the Town of Berlin Employee Retirement Plan has historically been to protect the pension funds as much as possible from market volatility by investing them in a guaranteed deposit account. The current pension committee is working with its actuaries and investment advisors to revisit this plan to evaluate whether it is still reasonable.

The Town of Berlin Police Retirement Pension Plan's investment policy was adopted by the Investment Committee of the Town of Berlin on September 11, 2023. The goal of the overall investment strategy is to meet or exceed (a risk-appropriate) benchmark over full market cycles.

Best estimates of geometric real rates of return for each major asset class are included in the pension plans' target asset allocation.

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.

## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**A. Town pension plans (continued)**

The following is the Committee's adopted asset allocation policy and long-term expected real rate of return for the Town of Berlin Employee Retirement Plan:

| Asset Class                       | Target<br>Allocation | Long-Term<br>Expected Real<br>Rate of Return |
|-----------------------------------|----------------------|--|
| Guaranteed deposit account        | <u>100.00%</u>       | 0.90%  |
| Long-term inflation rate          |                      | <u>2.40%</u>                                 |
| Portfolio nominal mean rate       |                      | <u>3.30%</u>                                 |
| Long-term expected nominal return |                      | <u>3.30%</u>                                 |

The following is the Committee's adopted asset allocation policy and long-term expected real rate of return for the Town of Berlin Police Retirement Plan:

| Asset Class                       | Target<br>Allocation | Long-Term<br>Expected Real<br>Rate of Return |
|-----------------------------------|----------------------|--|
| Short term fixed income           | 43.00%               | 3.00%  |
| Core fixed income                 | 30.00%               | 3.30%  |
| US large cap                      | 10.00%               | 4.10%  |
| US small cap                      | 5.00%                | 3.60%  |
| International equity developed    | 12.00%               | 5.80%  |
| Total/weighted average            | <u>100.00%</u>       | 3.57%  |
| Long-term inflation rate          |                      | <u>2.40%</u>                                 |
| Portfolio nominal mean rate       |                      | <u>5.97%</u>                                 |
| Long-term expected nominal return |                      | <u>5.97%</u>                                 |

**Annual money-weighted rate of return**

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was as follows:

|                | Employee<br>Retirement<br>Plan | Police<br>Retirement<br>Plan |
|----------------|--------------------------------|------------------------------|
| Rate of return | <u>0.46%</u>                   | <u>7.98%</u>                 |

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**A. Town pension plans (continued)****b. Concentrations**

There were no investments in any one organization that represented 5.00% or more of the pension plan's net position.

**5. Net pension liability**

The components of the net pension liability were as follows:

|   | Employee<br>Retirement Plan | Police<br>Retirement Plan  |
|---|-----------------------------|----------------------------|
| Total pension liability   | \$ 3,071,153                | \$ 8,370,790               |
| Plan fiduciary net position   | <u>2,540,360</u>            | <u>6,318,805</u>           |
| Net pension liability   | <u><u>\$ 530,793</u></u>    | <u><u>\$ 2,051,985</u></u> |
| Plan fiduciary net position as a percentage<br>of the total pension liability | <u><u>82.72%</u></u>        | <u><u>75.49%</u></u>       |

**6. Actuarial methods and significant assumptions**

|                            | Employee<br>Retirement Plan  | Police<br>Retirement Plan   |
|----------------------------|--|---|
| Valuation date             | July 1, 2023   | July 1, 2023  |
| Actuarial cost method      | Entry age normal   | Entry age normal  |
| Amortization method        | Level percent  | Level percent   |
| Amortization period        | 2 years  | 10 years, closed  |
| Asset valuation method     | Fair value   | Fair value  |
| Investment rate of return  | 3.50% pre-retirement and 3.86% post-retirement   | 5.00%   |
| Discount rate              | 3.50%  | 5.00%   |
| Inflation                  | 2.40%  | 2.40%   |
| Salary increases           | 3.25% for police and 2.75% for all others  | 3.25%   |
| Cost of living adjustments | None   | None  |
| Mortality rates            | Pre-retirement: Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety and Teachers), projected to the valuation date with Scale MP-2021 | Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables for Public Safety employees, projected to the valuation date with Scale MP-2021 |
|                            | Post-retirement: IRS 2021 Applicable Mortality Table for 417(e) dynamic  |   |

## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**A. Town pension plans (continued)****7. Changes from prior year****a. Changes in assumptions**

| Employee Retirement Plan                    |             |           |
|---|-------------|-----------|
|   | <b>From</b> | <b>To</b> |
| Investment rate of return - post-retirement | 3.24%       | 3.86%     |

**b. Changes in benefit terms**

The new police retirement plan effective July 1, 2024 is considered a change in benefit terms from the prior valuation.

**8. Discount rate**

The discount rate used to measure the total pension liability was as follows:

|               | <u>Employee<br/>Retirement Plan</u> | <u>Police<br/>Retirement Plan</u> |
|---------------|-------------------------------------|-----------------------------------|
| Discount Rate | 3.50%                               | 5.00%                             |

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 Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plans' projected fiduciary net position will be sufficient to cover projected benefit payments and administrative expenses indefinitely. Therefore, the long-term expected rate of return on pension plans' investments was used to discount plan liabilities.



## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**A. Town pension plans (continued)****9. Changes in the net pension liability**

The Town's net pension liability was measured at June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated as noted below. The changes in net pension liability were as follows:

| Valuation Date: July 1, 2023                                | Increase (Decrease)            |                                    |                                    |
|---|--------------------------------|------------------------------------|------------------------------------|
| Employee Retirement Plan                                    | Total Pension Liability<br>(a) | Plan Fiduciary Net Position<br>(b) | Net Pension Liability<br>(a) - (b) |
| Balance at July 1, 2023                                     | \$ 3,174,565                   | \$1,990,519                        | \$ 1,184,046                       |
| Service cost  | 77,139                         | -                                  | 77,139                             |
| Interest  | 110,259                        | -                                  | 110,259                            |
| Differences between expected and actual experience          | 203,792                        | -                                  | 203,792                            |
| Changes in assumptions                                      | (289,954)                      | -                                  | (289,954)                          |
| Contributions - employer                                    | -                              | 742,609                            | (742,609)                          |
| Net investment income                                       | -                              | 11,880                             | (11,880)                           |
| Benefit payments, including refunds of member contributions | (204,648)                      | (204,648)                          | -                                  |
| Net change  | (103,412)                      | 549,841                            | (653,253)                          |
| Balance at June 30, 2024                                    | <u>\$ 3,071,153</u>            | <u>\$2,540,360</u>                 | <u>\$ 530,793</u>                  |

| Valuation Date: July 1, 2023                                | Increase (Decrease)            |                                    |                                    |
|---|--------------------------------|------------------------------------|------------------------------------|
| Police Retirement Plan                                      | Total Pension Liability<br>(a) | Plan Fiduciary Net Position<br>(b) | Net Pension Liability<br>(a) - (b) |
| Balance at July 1, 2023                                     | \$ -                           | \$ -                               | \$ -                               |
| Service cost  | 876,774                        | -                                  | 876,774                            |
| Interest  | 403,311                        | -                                  | 403,311                            |
| Change in benefit terms                                     | 7,285,776                      | -                                  | 7,285,776                          |
| Contributions - employer                                    | -                              | 748,474                            | (748,474)                          |
| Contributions - member                                      | -                              | 220,936                            | (220,936)                          |
| Net investment income                                       | -                              | 433,440                            | (433,440)                          |
| Benefit payments, including refunds of member contributions | (195,071)                      | (195,071)                          | -                                  |
| Administrative expenses                                     | -                              | (3,725)                            | 3,725                              |
| Transfer from defined contribution plan                     | -                              | 5,114,751                          | (5,114,751)                        |
| Net change  | <u>8,370,790</u>               | <u>6,318,805</u>                   | <u>2,051,985</u>                   |
| Balance at June 30, 2024                                    | <u>\$ 8,370,790</u>            | <u>\$6,318,805</u>                 | <u>\$ 2,051,985</u>                |

## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**Town pension plans (continued)****10. Sensitivity of the net pension liability to changes in the discount rate**

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

| <u>Net pension liability</u> | <u>Discount<br/>Rate</u> | <u>1%<br/>Decrease</u> | <u>Current<br/>Discount Rate</u> | <u>1%<br/>Increase</u> |
|------------------------------|--------------------------|------------------------|----------------------------------|------------------------|
| Employee retirement plan     | <u>3.50%</u>             | <u>\$ 768,387</u>      | <u>\$ 530,793</u>                | <u>\$ 335,053</u>      |
| Police retirement plan       | <u>5.00%</u>             | <u>\$3,959,660</u>     | <u>\$ 2,051,985</u>              | <u>\$ 550,679</u>      |

**11. Pension expense and deferred outflows and inflows of resources**

The Town reported deferred outflows of resources and deferred inflows of resources and pension expense as follows:

| <u>Employee Retirement Plan</u>  | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|--|---|--|
| <u>Description of Outflows</u>   |   |  |
| Net difference between projected and actual earnings on pension plan investments | <u>\$ 103,361</u>                             | <u>\$ -</u>                                  |
| <u>Pension Expense</u>   |   |  |
| The plan recognized pension expense of   | <u>\$ 65,970</u>                              |  |
| <u>Police Retirement Plan</u>  | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
| <u>Description of Outflows</u>   |   |  |
| Net difference between projected and actual earnings on pension plan investments | <u>\$ -</u>                                   | <u>\$ 126,937</u>                            |
| <u>Pension Expense</u>   |   |  |
| The plan recognized pension expense of   | <u>\$ 2,927,396</u>                           |  |

Actual investment earnings below (or above) projected earnings are amortized over 5 years. Changes of assumptions and experience losses (gains) are amortized over the average remaining service period of active and inactive employees, which was 1 year.

## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**A. Town pension plans (continued)**

The amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending<br>June 30, | Employee<br>Retirement<br>Plan | Police<br>Retirement<br>Plan |
|-------------------------|--------------------------------|------------------------------|
| 2025                    | \$ 38,593                      | \$ (31,734)                  |
| 2026                    | 30,673                         | (31,734)                     |
| 2027                    | 20,671                         | (31,734)                     |
| 2028                    | 13,424                         | (31,735)                     |
| Total                   | <u>\$ 103,361</u>              | <u>\$ (126,937)</u>          |

**B. Defined contribution retirement savings plan**

The Town provides benefits for all of its full-time employees through a defined contribution plan, the Town of Berlin Employee Retirement Plan. Employees enrolled in the plan before March 17, 1987, and police officers enrolled before July 1, 2000, will receive the better of the defined benefit or defined contribution plan. The defined contribution is computed first and accounted for in the defined contribution section of the plan, which is fully funded. Any difference to which the employee is entitled is computed in the defined benefit component of the plan.

Effective July 2004, in the defined contribution component, the benefits depend upon the combination of the employee contributions (limited to 5.00% of base earnings, 6.00% of base earnings for police officers), which are matched by the employer contributions (200% of employee contribution), plus investment earnings. Employees are allowed to contribute additional funds, which are not matched by the Town. Employees enrolled in the plan prior to July 1, 2004, are fully vested from the date of employment. Effective July 1, 2004, all new participants in the Town's defined contribution plan shall not be vested as to the employer contribution until the fifth anniversary of his/her participation in the plan. Effective January 1, 2015, new employees (other than Police) must wait a year before receiving a match and the match is a 100% match up to 6.00%. Those employed prior to January 1, 2015, were grandfathered under the old rules.

The defined contribution plan became effective on April 1988. The prior contributions were computed and matched by the Town and interest of 4.00% credited to the accounts. Employees contributed \$787,397 and the Town's matching share was \$1,381,912. Contribution requirements may be amended by the Town Council subject to various bargaining unit approvals and after the expiration dates specified in the collective bargaining agreements.

During fiscal year 2012, a separate defined contribution plan, the Robert Wolf Plan, was created specifically for the Town's volunteer firefighters. The Town annually contributes \$500 per qualifying firefighter. Employees contributed \$19,020 and the Town contributed \$26,000.

## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**C. Connecticut state teachers' retirement system****1. Plan description**

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System ("TRS"), a cost sharing multiple-employer defined benefit pension plan administered by the Teachers' Retirement Board ("TRB"). Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS issues a publicly available financial report that can be obtained at [www.ct.gov/trb](http://www.ct.gov/trb).

**2. Benefit provisions**

|  |  |
|--|--|
| Normal retirement                                    | Age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut   |
| Benefit calculation                                  | 2.00% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary)  |
| Minimum benefit                                      | Effective January 1, 1999, Public Act 98-251 provides a minimum monthly completed at least 25 years of full time Connecticut service at retirement.  |
| Early retirement                                     | 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service  |
| Early retirement amount                              | Benefit amounts are reduced by 6.00% per year for the first 5 years preceding normal retirement age and 4.00% per year for the next 5 years preceding the normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3.00% per year by which retirement precedes normal retirement date  |
| Service connected disability amount                  | 2.00% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of social security benefits and workers' compensation cannot exceed 75% of annual average salary |
| Non-service connected disability service requirement | 5 years of credited service  |
| Vesting - service                                    | 10 years of service  |
| Vesting - amount                                     | 100%   |
| Pre-retirement death benefit amount                  | Lump-sum return of contributions with interest or surviving spouse benefit depending on length of service  |

## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**C. Connecticut state teachers' retirement system (continued)****3. Contributions****State of Connecticut**

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

**Employer (school districts)**

School district employers are not required to make contributions to the plan.

**Employees**

Each teacher is required to contribute 7.00% of their salary for the pension benefit.

**4. Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions**

The Town reports no amounts for its proportionate share of the collective net pension liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amounts recognized by the Town as its proportionate share of the collective net pension liability, the related State support, and the total portion of the collective net pension liability that was associated with the Town were as follows:

|  |                         |
|--|-------------------------|
| Town's proportionate share of the collective net pension liability   | \$ -                    |
| State's proportionate share of the collective net pension liability associated with the Town                             | <u>93,230,760</u>       |
| Total  | <u>\$ 93,230,760</u>    |
| <br>The plan recognized pension expense and revenue for on-behalf amounts for contributions to the plan by the State of: | <br><u>\$ 8,650,499</u> |

The collective net pension liability was measured as of June 30, 2023, and the collective total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of June 30, 2023. The Town has no proportionate share of the collective net pension liability.

## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**C. Connecticut state teachers' retirement system (continued)****5. Actuarial assumptions**

The collective total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |  |
|---------------------------|--|
| Valuation date            | June 30, 2023  |
| Investment rate of return | 6.90%  |
| Inflation                 | 2.50%  |
| Salary increases          | 3.00-6.50%, including inflation  |
| Mortality rates           | Mortality rates were based on the PubT-2010 Table, projected generationally with MP-2019 |

Future cost-of-living increases are as follows:

|  |  |
|--|--|
| Teachers who retired prior to September 1, 1992  | Pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3.00% and a maximum of 5.00% per annum  |
| Teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992 | Pension benefit adjustments are made that are consistent with those provided for social security benefits on January 1 of the year granted, with a maximum of 6.00% per annum. If the return on assets in the previous year was less than 8.50%, the maximum increase is 1.50%   |
| Teachers who were members of the Teachers' Retirement System after July 1, 2007  | Pension benefit adjustments are made that are consistent with those provided for social security benefits on January 1 of the year granted, with a maximum of 5.00% per annum. If the return on assets in the previous year was less than 11.50%, the maximum increase is 3.00%, and if the return on the assets in the previous year was less than 8.50%, the maximum increase is 1.00% |

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the 5-year period ending June 30, 2019.

**Changes in assumptions and inputs**

There were no changes in assumptions from the prior measurement date.

## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**C. Connecticut state teachers' retirement system (continued)****Long-term expected rate of return**

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis 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 asset allocation and best estimates of geometric rates of return for each major class are summarized in the following table:

| <u>Asset Class</u>                   | <u>Target<br/>Allocation</u> | <u>Long-Term Target<br/>Expected Real<br/>Rate of Return</u> |
|--------------------------------------|------------------------------|--|
| Global equity                        | 37.00%                       | 6.80%  |
| Public credit                        | 2.00%                        | 2.90%  |
| Core fixed income                    | 13.00%                       | 0.40%  |
| Liquidity fund                       | 1.00%                        | (0.40%)  |
| Risk mitigation                      | 5.00%                        | 0.10%  |
| Private equity                       | 15.00%                       | 11.20%   |
| Private credit                       | 10.00%                       | 6.10%  |
| Real estate                          | 10.00%                       | 6.30%  |
| Infrastructure and natural resources | 7.00%                        | 7.70%  |
| Total                                | <u>100.00%</u>               |  |

**6. Discount rate**

The discount rate used to measure the total pension liability was 6.90%. 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 rates equal to the difference between actuarially determined contribution rates and the member rate. 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.

**7. Sensitivity of the collective net pension liability to changes in the discount rate**

The Town's proportionate share of the collective net pension liability is \$0 and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**C. Connecticut state teachers' retirement system (continued)****8. Plan fiduciary net position**

The net pension liability and proportional share of pension expense presented in this report have been determined based on Connecticut State Teachers Retirement Systems' fiduciary net position included in the State of Connecticut ACFR as of and for the year ended June 30, 2023, which was audited by the State of Connecticut Auditors of Public Accounts and is included in the State of Connecticut's ACFR as a pension trust fund.

**D. Total pension plans**

|          | Net Pension<br>Liability | Pension<br>Expense | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|----------|--------------------------|--------------------|--------------------------------------|-------------------------------------|
| Employee | \$ 530,793               | \$ 65,970          | \$ 103,361                           | \$ -                                |
| Police   | 2,051,985                | 2,927,396          | -                                    | 126,937                             |
| Total    | <u>\$ 2,582,778</u>      | <u>\$2,993,366</u> | <u>\$ 103,361</u>                    | <u>\$ 126,937</u>                   |

**E. Other post-employment benefit plan****1. Plan description****a. Plan administration**

The Town, in accordance with various collective bargaining agreements, is committed to providing health and other benefits to certain eligible retirees and their spouses through a single-employer defined benefit plan administered by the Town. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Town does not issue a separate stand-alone financial statement for this program.

**b. Plan membership**

The membership in the Plan as of the date indicated is comprised of the following:

| <u>Valuation date: July 1, 2022</u>           | <u>Town</u> |
|---|-------------|
| Retirees and beneficiaries receiving benefits | 40          |
| Active members                                | 620         |
| Total   | <u>660</u>  |

**2. Benefit provisions**

The plan provides for health insurance benefits for all eligible Town, Police and Education retirees and their spouses. Benefits and contributions are established by contract and may be amended by union negotiations.



## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**E. Other post-employment benefit plan (continued)****3. Contributions**

Retired program members and beneficiaries currently receiving benefits are required to contribute 100% towards the cost of receiving those benefits under the Town's self-insured medical benefits program.

**4. OPEB liability**

The OPEB liability was measured as of June 30, 2024 and was \$8,658,496.

**5. Actuarial methods and significant assumptions:**

|                              |  |
|------------------------------|--|
| Valuation date               | July 1, 2022   |
| Actuarial cost method        | Entry age normal   |
| Amortization method          | Level percentage   |
| Discount rate                | 3.93%  |
| Salary increases             | 3.50%  |
| Healthcare cost trend rates: |  |
| Inflation                    | 2.50%  |
| Initial medical trend rate   | 6.30%  |
| Ultimate medical trend rate  | 3.90%  |
| Mortality rates:             |  |
| Teachers and Administrators  | PubT-2010 Mortality Table with generational projection of future improvements per the MP-2021 ultimate scale |
| Police                       | PubS-2010 Mortality Table with generational projection of future improvements per the MP-2021 ultimate scale |
| All others                   | PubG-2010 Mortality Table with generational projection of future improvements per the MP-2021 ultimate scale |

The discount rate was based on the Bond Buyer General Obligation 20 Bond Municipal index as of the measurement date.

**6. Changes from prior year****a. Changes in assumptions**

|               | <b>From</b> | <b>To</b> |
|---------------|-------------|-----------|
| Discount rate | 3.65%       | 3.93%     |

**b. Changes in benefit terms**

There were no changes in benefit terms.

## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**E. Other post-employment benefit plan (continued)****7. Changes in the OPEB liability**

The Town's OPEB liability was measured at June 30, 2024, and was determined by an actuarial valuation dated as noted below:

| <u>Valuation Date: July 1, 2022</u>                            | <u>Total OPEB<br/>Liability</u> |
|--|---------------------------------|
| Balance at July 1, 2023  | \$ 8,395,103                    |
| Service cost   | 497,844                         |
| Interest   | 319,689                         |
| Changes in assumptions   | (282,991)                       |
| Benefit payments, including refunds<br>of member contributions | <u>(271,149)</u>                |
| Net change   | <u>263,393</u>                  |
| Balance at June 30, 2024                                       | <u><u>\$8,658,496</u></u>       |

**8. Sensitivity of the OPEB liability to changes in the discount rate**

The following presents the OPEB liability, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

|                | <u>Discount<br/>Rate</u> | <u>1%<br/>Decrease</u> | <u>Current<br/>Discount Rate</u> | <u>1%<br/>Increase</u> |
|----------------|--------------------------|------------------------|----------------------------------|------------------------|
| OPEB liability | <u>3.93%</u>             | <u>\$ 9,735,617</u>    | <u>\$ 8,658,496</u>              | <u>\$ 7,749,515</u>    |

**9. Sensitivity of the OPEB liability to changes in the healthcare cost trend rate**

The following presents the OPEB liability, as well as what the OPEB liability would be if it were calculated using trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current trend rates:

|                | <u>Trend<br/>Rates</u> | <u>1%<br/>Decrease</u> | <u>Health Care<br/>Trend Rates</u> | <u>1%<br/>Increase</u> |
|----------------|------------------------|------------------------|------------------------------------|------------------------|
| OPEB liability | <u>6.30% - 3.90%</u>   | <u>\$ 7,341,526</u>    | <u>\$ 8,658,496</u>                | <u>\$ 10,330,641</u>   |

## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**E. Other post-employment benefit plan (continued)****10. OPEB expense and deferred outflows/inflows of resources related to OPEB**

The Town reported deferred outflows of resources, deferred inflows of resources, and OPEB expense as follows:

| Description of Outflows/ Inflows                   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources | Net                   |
|--|--------------------------------------|-------------------------------------|-----------------------|
| Differences between expected and actual experience | \$ 162,577                           | \$ 975,630                          | \$ (813,053)          |
| Changes in assumptions                             | <u>1,244,210</u>                     | <u>1,447,618</u>                    | <u>(203,408)</u>      |
| Total  | <u>\$ 1,406,787</u>                  | <u>\$ 2,423,248</u>                 | <u>\$ (1,016,461)</u> |
| <u>OPEB Expense</u>                                |                                      |                                     |                       |
| The plan recognized OPEB expense of                | <u>\$ 759,831</u>                    |                                     |                       |

Experience losses (gains) and changes in assumptions are amortized over the average remaining service period of actives and inactive, which was 9.6 years.

Amounts reported as deferred outflows (inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

| <u>Year Ended June 30,</u> |                       |
|----------------------------|-----------------------|
| 2025                       | \$ (57,702)           |
| 2026                       | (57,702)              |
| 2027                       | (39,242)              |
| 2028                       | (86,096)              |
| 2029                       | (281,731)             |
| Thereafter                 | <u>(493,988)</u>      |
| Total                      | <u>\$ (1,016,461)</u> |

**F. Retiree health care defined contribution plan**

The Town has a defined contribution healthcare plan, the Town of Berlin Police Retiree Health Plan, covering police officers that was established in October 2018. The plan provides for retiree health care benefits through reimbursement of eligible medical care expenses including the reimbursement of retiree healthcare premiums upon retirement from the Town. Participation in the plan is mandatory for all eligible police officers. The employee contribution is 1.00%. There is no required Town contribution. The participant's account is 100% vested at all times. Total employee contributions were \$35,462. There were no Town contributions during the year.

## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**G. Connecticut state teachers' retirement board retiree health insurance plan****1. Plan description**

Teachers, principals, superintendents or supervisors engaged in service of public schools that are currently receiving a retirement or disability benefit through the Connecticut Teachers' Retirement System are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan ("TRS-RHIP") - a cost sharing multiple-employer defined benefit other post-employment benefit plan administered by the Teachers' Retirement Board ("TRB"). Chapter 167a Section 10-183t of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at [www.ct.gov/trb](http://www.ct.gov/trb).

**2. Benefit provisions**

The Plan provides for retiree health insurance benefits to retired teachers and administrators of public schools. Eligibility is as follows:

|  |   |
|--|---|
| Normal retirement                                    | Age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut                |
| Early retirement                                     | 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service |
| Service connected disability service requirement     | No service requirement  |
| Non-service connected disability service requirement | 5 years of credited service   |
| Vesting - service                                    | 10 years of service   |

**Retiree health care coverage**

Any member that is currently receiving a retirement or disability benefit is eligible to participate in the Plan. There are two types of health care benefits offered. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

Any member that is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer.

## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**G. Connecticut state teachers' retirement board retiree health insurance plan (continued)**

The subsidy amounts are set by State statutes as follows:

|   |  |
|---|--|
| Members that are not currently participating in Medicare Parts A & B  | A subsidy of up to \$220 per month for a retired member plus an additional \$220 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost                             |
| Members who has attained the normal retirement age to participate in Medicare but is not eligible for Part A of Medicare without cost | A subsidy amount of \$440 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost and contributes at least \$440 per month towards coverage under a local school district plan |

Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits).

Those participants electing vision, hearing, and/or dental are required by the System's funding policy to pay the full cost of coverage for these benefits, and no liability is assumed by the Plan for these benefits.

**3. Contributions****State of Connecticut**

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the State of Connecticut are amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The State pays for one third of plan costs through an annual appropriation in the General Fund.

**Employer (school districts)**

School district employers are not required to make contributions to the plan.

**Employees/retirees**

Employees: Each active member is required to contribute 1.25% of their pensionable wages

Retirees: Retirees are required to pay for 1/3 of the plan cost through monthly premiums

## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**G. Connecticut state teachers' retirement board retiree health insurance plan (continued)****4. OPEB liabilities, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB**

The Town reports no amounts for its proportionate share of the collective net OPEB liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amounts recognized by the Town as its proportionate share of the collective net OPEB liability, the related State support, and the total portion of the collective net OPEB liability that was associated with the Town were as follows:

|  |                     |
|--|---------------------|
| Town's proportionate share of the collective net OPEB liability  | \$ -                |
| State's proportionate share of the collective net OPEB liability<br>associated with the Town                         | <u>8,734,442</u>    |
| Total  | <u>\$ 8,734,442</u> |
| The plan recognized OPEB expense and revenue for on-behalf<br>amounts for contributions to the plan by the State of: | <u>\$ 117,716</u>   |

The collective net OPEB liability was measured as of June 30, 2023, and the collective total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2023. The Town has no proportionate share of the collective net OPEB liability.

**5. Actuarial assumptions**

The collective total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|   |  |
|---|--|
| Valuation date                          | June 30, 2023  |
| Investment rate of return               | 3.00%  |
| Discount rate                           | 3.64%  |
| Inflation                               | 2.50%  |
| Health care cost trend rate (Medicare)  | 5.125% decreasing to 4.50% by 2031   |
| Salary increases                        | 3.00-6.50%, including inflation  |
| Mortality rates                         | Mortality rates were based on the PubT-2010 Table, projected generationally with MP-2019 |
| Year fund net position will be depleted | 2028   |

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the 5-year period ending June 30, 2019.

## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**G. Connecticut state teachers' retirement board retiree health insurance plan (continued)****Changes in assumptions and inputs**

- The discount rate was increased from 3.53% to 3.64% to reflect the change in the Municipal Bond Index rate.

**Long-term expected rate of return**

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

All the plan assets are assumed to be invested in cash equivalents (treasuries). The expected 10-year geometric rate of return is 0.77%. The long-term real rate of return as of June 30, 2023 was 3.25%.

**6. Discount rate**

The discount rate used to measure the collective total OPEB liability was the Municipal Bond Index rate of 3.64%. 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 annual State contributions will equal the most recent 5-year average of state contributions.

**7. Sensitivity of the collective net OPEB liability to changes in the discount rate and the health care cost trend rate**

The Town's proportionate share of the collective net OPEB liability is \$0 and, therefore, the change in the discount rate and health care cost trend rate would only impact the amount recorded by the State of Connecticut.

**8. Plan fiduciary net position**

The net pension liability and proportional share of pension expense presented in this report have been determined based on Connecticut State Teachers Retiree Health Insurance Plan's fiduciary net position included in the State of Connecticut ACFR as of and for the year ended June 30, 2023, which was audited by the State of Connecticut Auditors of Public Accounts and is included in the State of Connecticut's ACFR as a OPEB trust fund.

## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**H. Pension and other post-employment benefit statements**

Combining Statement of Fiduciary Net Position  
Pension and OPEB Trust Funds  
June 30, 2024

|                     | Pension<br>Trust Funds |                           |                         | Other Post<br>Employment<br>Benefits Trust |               |
|---------------------|------------------------|---------------------------|-------------------------|--|---------------|
|                     | Defined<br>Benefit     | Police Defined<br>Benefit | Defined<br>Contribution | Defined<br>Contribution                    | Total         |
| <u>Assets</u>       |                        |                           |                         |  |               |
| Cash                | \$ -                   | \$ -                      | \$ 17,770               | \$ -                                       | \$ 17,770     |
| Investments:        |                        |                           |                         |  |               |
| Mutual funds:       |                        |                           |                         |  |               |
| Money market        | -                      | 2,724,160                 | 93,402                  | -  | 2,817,562     |
| Equity              | -                      | 1,716,627                 | 14,151,414              | 21,821                                     | 15,889,862    |
| Bond                | -                      | 1,878,018                 | 1,199,474               | -  | 3,077,492     |
| Real estate funds   | -                      | -                         | 256,102                 | -  | 256,102       |
| Diversified         | -                      | -                         | 22,266,979              | 420,499                                    | 22,687,478    |
| Annuities           | 1,228,741              | -                         | 796,604                 | -  | 2,025,345     |
| Fixed income funds  | 1,311,619              | -                         | 11,303,841              | 7,227                                      | 12,622,687    |
| Total investments   | 2,540,360              | 6,318,805                 | 50,067,816              | 449,547                                    | 59,376,528    |
| Total assets        | 2,540,360              | 6,318,805                 | 50,085,586              | 449,547                                    | 59,394,298    |
| <u>Liabilities</u>  |                        |                           |                         |  |               |
| Due to other funds  | -                      | -                         | 60,000                  | -  | 60,000        |
| <u>Net Position</u> |                        |                           |                         |  |               |
| Restricted for:     |                        |                           |                         |  |               |
| Pensions            | 2,540,360              | 6,318,805                 | 50,025,586              | -  | 58,884,751    |
| OPEB                | -                      | -                         | -                       | 449,547                                    | 449,547       |
| Total net position  | \$ 2,540,360           | \$ 6,318,805              | \$ 50,025,586           | \$ 449,547                                 | \$ 59,334,298 |



## Town of Berlin, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**H. Pension and other post-employment benefit statements (continued)**

Combining Statement of Changes in Fiduciary Net Position  
Pension and OPEB Trust Funds  
For the Year Ended June 30, 2024

|   | Pension Trust Funds |                        |                      | Other Post Employment Benefits Trust |               |
|---|---------------------|------------------------|----------------------|--------------------------------------|---------------|
|   | Defined Benefit     | Police Defined Benefit | Defined Contribution | Defined Contribution                 | Total         |
| Additions:                              |                     |                        |                      |                                      |               |
| Contributions:                          |                     |                        |                      |                                      |               |
| Employer                                | \$ 742,609          | \$ 748,474             | \$ 1,381,912         | \$ -                                 | \$ 2,872,995  |
| Employee                                | -                   | 220,936                | 787,397              | 35,462                               | 1,043,795     |
| Other                                   | -                   | -                      | 95,627               | -                                    | 95,627        |
| Total contributions                     | 742,609             | 969,410                | 2,264,936            | 35,462                               | 4,012,417     |
| Investment income (loss):               |                     |                        |                      |                                      |               |
| Net change in fair value of investments | 9,385               | 253,490                | 4,430,317            | 56,150                               | 4,749,342     |
| Interest and dividends                  | 2,495               | 179,950                | 1,065,088            | -                                    | 1,247,533     |
| Total investment income (loss)          | 11,880              | 433,440                | 5,495,405            | 56,150                               | 5,996,875     |
| Total additions                         | 754,489             | 1,402,850              | 7,760,341            | 91,612                               | 10,009,292    |
| Deductions:                             |                     |                        |                      |                                      |               |
| Benefits                                | 204,648             | 195,071                | 4,768,553            | 1,646                                | 5,169,918     |
| Administration                          | -                   | 3,725                  | 214,605              | 1,425                                | 219,755       |
| Total deductions                        | 204,648             | 198,796                | 4,983,158            | 3,071                                | 5,389,673     |
| Transfers:                              |                     |                        |                      |                                      |               |
| Transfers in                            | -                   | 5,114,751              | -                    | -                                    | 5,114,751     |
| Transfers out                           | -                   | -                      | (5,114,751)          | -                                    | (5,114,751)   |
| Change in net position                  | 549,841             | 6,318,805              | (2,337,568)          | 88,541                               | 4,619,619     |
| Net position - July 1, 2023             | 1,990,519           | -                      | 52,363,154           | 361,006                              | 54,714,679    |
| Net position - June 30, 2024            | \$ 2,540,360        | \$ 6,318,805           | \$ 50,025,586        | \$ 449,547                           | \$ 59,334,298 |

## Town of Berlin, Connecticut

**Notes to Financial Statements  
As of and for the Year Ended June 30, 2024****VI. Recently issued GASB pronouncements**

**GASB Statement No. 101**, "Compensated Absences", provides guidance on the accounting and financial reporting for compensated absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

**GASB Statement No. 102**, "Certain Risk Disclosures", provides guidance on disclosure for risks related to a government's vulnerabilities due to certain concentrations or constraints. A concentration is defined as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending.

Under this Statement, a government is required to assess whether an event or events associated with a concentration or constraint that could cause substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

**GASB Statement No. 103**, "Financial Reporting Model Improvements", has been issued to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

This is not an all-inclusive list of recently issued GASB pronouncements but rather a listing of Statements that the Town believes will most impact its financial statements. The Town will evaluate the impact of this and other pronouncements may have on its financial statements and will implement them as applicable and when material.

\*\*\*\*\*

# Required Supplementary Information

| Type   | Description  |
|--|--|
| Budgetary  | Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund  |
|  | Notes to Required Supplementary Information - Budgets and Budgetary Accounting                     |
|  |  |
| <u>Pension Plans</u><br>Employee<br>State Teachers' Retirement System  | Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Investment Returns |
|  | Schedule of Proportionate Share of the Collective Net Pension Liability                            |
|  | Schedule of Contributions  |
|  | Notes to Required Supplementary Information  |
|  |  |
| <u>Other Post-Employment Benefits Plans</u><br>Town<br>State Teachers' Retirement Board Retiree<br>Health Insurance Plan | Schedule of Changes in OPEB Liability and Related Ratios   |
|  | Schedule of Proportionate Share of the Collective Net OPEB Liability                               |
|  | Schedule of Contributions  |
|  | Notes to Required Supplementary Information  |

**Town of Berlin, Connecticut**  
**Required Supplementary Information**

**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (Budgetary Basis)**  
**For the Year Ended June 30, 2024**

|   | Budgeted Amounts |   |              |                              |                               |
|---|------------------|---|--------------|------------------------------|-------------------------------|
|   | Original         | Additional<br>Appropriations<br>and Transfers | Final        | Actual<br>Budgetary<br>Basis | Variance with<br>Final Budget |
| <b>Revenues:</b>                              |                  |   |              |                              |                               |
| Property taxes:                               |                  |   |              |                              |                               |
| Current tax collections                       | \$85,007,963     | \$ (300,000)                                  | \$84,707,963 | \$85,103,288                 | \$ 395,325                    |
| Prior tax collections                         | 550,000          | -   | 550,000      | 413,455                      | (136,545)                     |
| Interest                                      | 300,000          | -   | 300,000      | 327,762                      | 27,762                        |
| Lien fees and warrants                        | -                | -   | -            | 4,078                        | 4,078                         |
| Suspense collections                          | 75,000           | -   | 75,000       | 109,219                      | 34,219                        |
| PILOT - elderly housing                       | 50,000           | -   | 50,000       | 33,025                       | (16,975)                      |
| PILOT - New Britain stadium                   | 9,500            | -   | 9,500        | 9,500                        | -                             |
| Telephone access line share                   | 43,729           | -   | 43,729       | 75,489                       | 31,760                        |
| Total property taxes                          | 86,036,192       | (300,000)                                     | 85,736,192   | 86,075,816                   | 339,624                       |
| Intergovernmental revenue:                    |                  |   |              |                              |                               |
| Intergovernmental revenue - schools:          |                  |   |              |                              |                               |
| Private schools                               | -                | -   | -            | 17,510                       | 17,510                        |
| Education cost sharing grant                  | 5,861,963        | -   | 5,861,963    | 5,857,035                    | (4,928)                       |
| Total intergovernmental revenue - schools     | 5,861,963        | -   | 5,861,963    | 5,874,545                    | 12,582                        |
| Intergovernmental revenue - other:            |                  |   |              |                              |                               |
| In lieu of taxes                              | 625,205          | -   | 625,205      | 627,302                      | 2,097                         |
| Municipal revenue sharing                     | 258,989          | 509,000                                       | 767,989      | 768,943                      | 954                           |
| Disability, social security                   | 3,168            | -   | 3,168        | 2,773                        | (395)                         |
| Additional veteran exemption                  | 8,179            | -   | 8,179        | 5,666                        | (2,513)                       |
| Friends against drugs                         | 3,300            | -   | 3,300        | 4,153                        | 853                           |
| Child and youth services grant                | 28,734           | -   | 28,734       | -                            | (28,734)                      |
| State and federal grant                       | 25,000           | -   | 25,000       | 9,615                        | (15,385)                      |
| Police overtime grant                         | 50,000           | -   | 50,000       | 1,034                        | (48,966)                      |
| Total intergovernmental revenue - other       | 1,002,575        | 509,000                                       | 1,511,575    | 1,419,486                    | (92,089)                      |
| Total intergovernmental revenue               | 6,864,538        | 509,000                                       | 7,373,538    | 7,294,031                    | (79,507)                      |
| Charges for services:                         |                  |   |              |                              |                               |
| Licenses, permits and other departments:      |                  |   |              |                              |                               |
| Town clerk fees                               | 525,000          | -   | 525,000      | 408,805                      | (116,195)                     |
| Town clerk dog license fees                   | 8,000            | -   | 8,000        | 9,742                        | 1,742                         |
| Zoning commission and building inspector      | 575,000          | -   | 575,000      | 1,159,813                    | 584,813                       |
| Planning                                      | 18,000           | -   | 18,000       | 14,669                       | (3,331)                       |
| Zoning board of appeals                       | 3,000            | -   | 3,000        | 5,595                        | 2,595                         |
| Animal control fees                           | 1,000            | -   | 1,000        | 745                          | (255)                         |
| Kennel fees                                   | -                | -   | -            | 300                          | 300                           |
| Police department                             | 55,000           | -   | 55,000       | 94,993                       | 39,993                        |
| Police services to other agencies             | 25,000           | -   | 25,000       | -                            | (25,000)                      |
| Engineering and public works                  | 20,000           | -   | 20,000       | 30,186                       | 10,186                        |
| Scrap metal                                   | 30,000           | -   | 30,000       | 35,630                       | 5,630                         |
| Parks and recreation                          | 100,000          | -   | 100,000      | 128,018                      | 28,018                        |
| Golf course revenue                           | 814,918          | -   | 814,918      | 826,356                      | 11,438                        |
| Golf restaurant rent                          | 47,600           | -   | 47,600       | 48,885                       | 1,285                         |
| Golf course season pass revenue               | 205,578          | -   | 205,578      | 200,720                      | (4,858)                       |
| Golf cart revenue                             | 476,693          | -   | 476,693      | 470,089                      | (6,604)                       |
| Golf range revenue                            | 20,000           | -   | 20,000       | 27,651                       | 7,651                         |
| Berlin-Peck memorial library                  | 500              | -   | 500          | 1,887                        | 1,387                         |
| Library copy fees                             | -                | -   | -            | 980                          | 980                           |
| Passport fees                                 | 12,000           | -   | 12,000       | 12,495                       | 495                           |
| Berlin public health nursing service          | 700,000          | -   | 700,000      | 533,307                      | (166,693)                     |
| Summer/field trips                            | 12,000           | -   | 12,000       | 32,859                       | 20,859                        |
| Senior citizen center                         | 6,700            | -   | 6,700        | 8,591                        | 1,891                         |
| Total licenses, permits and other departments | 3,655,989        | -   | 3,655,989    | 4,052,316                    | 396,327                       |

See Notes to Required Supplementary Information.

(Continued)

Town of Berlin, Connecticut  
Required Supplementary Information

General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2024

|  | Budgeted Amounts |   |             | Actual<br>Budgetary<br>Basis | Variance with<br>Final Budget |
|--|------------------|---|-------------|------------------------------|-------------------------------|
|  | Original         | Additional<br>Appropriations<br>and Transfers | Final       |                              |                               |
| Other services:                            |                  |   |             |                              |                               |
| Refund of expenditures                     | \$ 10,000        | \$ -  | \$ 10,000   | \$ 2,086                     | \$ (7,914)                    |
| Sale of land, labor and materials          | 7,500            | -   | 7,500       | 2,616                        | (4,884)                       |
| Lease revenue                              | 125,759          | -   | 125,759     | 206,606                      | 80,847                        |
| Other receipts                             | 10,000           | 3,450   | 13,450      | 21,161                       | 7,711                         |
| Total other services                       | 153,259          | 3,450   | 156,709     | 232,469                      | 75,760                        |
| Total charges for services                 | 3,809,248        | 3,450   | 3,812,698   | 4,284,785                    | 472,087                       |
| Income from investments                    | 1,555,218        | -   | 1,555,218   | 2,504,011                    | 948,793                       |
| Total revenues                             | 98,265,196       | 212,450                                       | 98,477,646  | 100,158,643                  | 1,680,997                     |
| Other financing sources:                   |                  |   |             |                              |                               |
| Appropriation of fund balance              | 1,343,000        | 2,725,000                                     | 4,068,000   | -                            | (4,068,000)                   |
| Transfers in                               | 4,500            | -   | 4,500       | 91,806                       | 87,306                        |
| Total other financing sources              | 1,347,500        | 2,725,000                                     | 4,072,500   | 91,806                       | (3,980,694)                   |
| Total revenues and other financing sources | 99,612,696       | 2,937,450                                     | 102,550,146 | 100,250,449                  | (2,299,697)                   |
| Expenditures:                              |                  |   |             |                              |                               |
| General government:                        |                  |   |             |                              |                               |
| Managers office                            | 296,757          | 6,572   | 303,329     | 291,119                      | 12,210                        |
| Finance department                         | 960,551          | 13,143  | 973,694     | 903,547                      | 70,147                        |
| Technology department                      | 633,030          | 4,998   | 638,028     | 628,205                      | 9,823                         |
| Collector of revenue                       | 546,108          | 3,709   | 549,817     | 449,439                      | 100,378                       |
| Corporation counsel                        | 420,750          | -   | 420,750     | 349,527                      | 71,223                        |
| Town wide expenditures                     | 2,208,303        | (368,592)                                     | 1,839,711   | 1,469,449                    | 370,262                       |
| Board of finance                           | 3,742            | -   | 3,742       | 2,463                        | 1,279                         |
| Assessor                                   | 558,640          | 4,887   | 563,527     | 518,402                      | 45,125                        |
| Registrar of voters                        | 172,207          | 5,000   | 177,207     | 152,828                      | 24,379                        |
| Town clerk                                 | 411,327          | 7,958   | 419,285     | 398,373                      | 20,912                        |
| Board of assessment appeals                | 1,846            | -   | 1,846       | 670                          | 1,176                         |
| Town council                               | 4,796            | -   | 4,796       | 707                          | 4,089                         |
| Human resources                            | 192,042          | 4,963   | 197,005     | 192,367                      | 4,638                         |
| Total general government                   | 6,410,099        | (317,362)                                     | 6,092,737   | 5,357,096                    | 735,641                       |
| Community development:                     |                  |   |             |                              |                               |
| Cemetery committee                         | 33,736           | -   | 33,736      | 24,088                       | 9,648                         |
| Development services                       | 561,208          | (20,000)                                      | 541,208     | 496,937                      | 44,271                        |
| Planning and zoning commission             | 1,225            | -   | 1,225       | 130                          | 1,095                         |
| Zoning board of appeals                    | 2,095            | -   | 2,095       | 887                          | 1,208                         |
| Economic development                       | 239,021          | 2,500   | 241,521     | 235,983                      | 5,538                         |
| Conservation commission                    | 4,261            | -   | 4,261       | 1,632                        | 2,629                         |
| Inland wetlands commission                 | 4,479            | -   | 4,479       | 3,625                        | 854                           |
| Ethics commission                          | 6,150            | -   | 6,150       | 4,717                        | 1,433                         |
| Veterans commission                        | 483              | -   | 483         | -                            | 483                           |
| Aquifer protection commission              | 475              | -   | 475         | -                            | 475                           |
| Berlin historic district                   | 1,601            | -   | 1,601       | 508                          | 1,093                         |
| Commission for disabled                    | 649              | -   | 649         | 429                          | 220                           |
| Public building commission                 | 2,615            | -   | 2,615       | 1,514                        | 1,101                         |
| Building inspection                        | 486,521          | 2,144   | 488,665     | 483,789                      | 4,876                         |
| Total community development                | 1,344,519        | (15,356)                                      | 1,329,163   | 1,254,239                    | 74,924                        |

(Continued)

See Notes to Required Supplementary Information.

**Town of Berlin, Connecticut**  
**Required Supplementary Information**

**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (Budgetary Basis)**  
**For the Year Ended June 30, 2024**

|  | Budgeted Amounts |   |             | Actual<br>Budgetary<br>Basis | Variance with<br>Final Budget |
|--|------------------|---|-------------|------------------------------|-------------------------------|
|  | Original         | Additional<br>Appropriations<br>and Transfers | Final       |                              |                               |
| Public safety:   |                  |   |             |                              |                               |
| Ambulance contract   | \$ 391,957       | \$ -  | \$ 391,957  | \$ 390,457                   | \$ 1,500                      |
| Animal control   | 181,764          | -   | 181,764     | 169,774                      | 11,990                        |
| Fire department  | 1,000,835        | (1,282)                                       | 999,553     | 870,619                      | 128,934                       |
| Police   | 8,854,489        | 620,726                                       | 9,475,215   | 9,349,444                    | 125,771                       |
| Emergency management   | 31,100           | -   | 31,100      | 15,437                       | 15,663                        |
| Fire marshal   | 335,655          | 3,014   | 338,669     | 330,513                      | 8,156                         |
| Total public safety  | 10,795,800       | 622,458                                       | 11,418,258  | 11,126,244                   | 292,014                       |
| Physical services:   |                  |   |             |                              |                               |
| Municipal garage   | 1,504,886        | 50,395  | 1,555,281   | 1,389,472                    | 165,809                       |
| Public works   | 2,864,920        | (17,670)                                      | 2,847,250   | 2,671,894                    | 175,356                       |
| Highway  | 2,201,852        | 342,346                                       | 2,544,198   | 2,375,795                    | 168,403                       |
| Public building  | 2,042,528        | 53,647  | 2,096,175   | 1,817,400                    | 278,775                       |
| Total physical services  | 8,614,186        | 428,718                                       | 9,042,904   | 8,254,561                    | 788,343                       |
| Parks, recreation and libraries:   |                  |   |             |                              |                               |
| Mobile home park   | 14,000           | -   | 14,000      | 9,000                        | 5,000                         |
| Recreation   | 687,607          | (67,620)                                      | 619,987     | 498,026                      | 121,961                       |
| Golf course  | 1,530,800        | (51,389)                                      | 1,479,411   | 1,448,398                    | 31,013                        |
| Libraries  | 1,354,460        | (11,817)                                      | 1,342,643   | 1,288,039                    | 54,604                        |
| Public grounds   | 1,689,306        | 126,399                                       | 1,815,705   | 1,731,425                    | 84,280                        |
| Total parks, recreation and libraries  | 5,276,173        | (4,427)                                       | 5,271,746   | 4,974,888                    | 296,858                       |
| Health and human services:   |                  |   |             |                              |                               |
| Health department  | 161,662          | -   | 161,662     | 157,288                      | 4,374                         |
| Nursing services   | 1,452,361        | 4,793   | 1,457,154   | 1,264,125                    | 193,029                       |
| Social and youth services  | 373,039          | (18,887)                                      | 354,152     | 277,074                      | 77,078                        |
| Senior services  | 439,699          | 1,113   | 440,812     | 393,713                      | 47,099                        |
| Total health and human services  | 2,426,761        | (12,981)                                      | 2,413,780   | 2,092,200                    | 321,580                       |
| Schools:   |                  |   |             |                              |                               |
| Private schools  | 98,681           | 65  | 98,746      | 82,321                       | 16,425                        |
| Board of education   | 50,855,071       | -   | 50,855,071  | 50,851,500                   | 3,571                         |
| School expenditures  | 4,979,476        | 32,674  | 5,012,150   | 4,692,534                    | 319,616                       |
| Total schools  | 55,933,228       | 32,739  | 55,965,967  | 55,626,355                   | 339,612                       |
| Debt service:  |                  |   |             |                              |                               |
| Debt principal   | 6,360,000        | -   | 6,360,000   | 6,360,000                    | -                             |
| Interest and fiscal charges  | 1,494,930        | (155,000)                                     | 1,339,930   | 1,339,926                    | 4                             |
| Total debt service   | 7,854,930        | (155,000)                                     | 7,699,930   | 7,699,926                    | 4                             |
| Total expenditures   | 98,655,696       | 578,789                                       | 99,234,485  | 96,385,509                   | 2,848,976                     |
| Other financing uses:  |                  |   |             |                              |                               |
| Transfers out  | 957,000          | 2,358,661                                     | 3,315,661   | 3,250,661                    | 65,000                        |
| Total expenditures and other financing uses  | 99,612,696       | 2,937,450                                     | 102,550,146 | 99,636,170                   | 2,913,976                     |
| Excess (deficiency) of revenues and<br>other financing sources over<br>expenditures and other financing uses | \$ -             | \$ -  | \$ -        | \$ 614,279                   | \$ 614,279                    |

(Concluded)

See Notes to Required Supplementary Information.

**Town of Berlin, Connecticut**  
**Notes to Required Supplementary Information**  
**For the Year Ended June 30, 2024**

**Budgets and Budgetary Accounting**

The Town adheres to the following procedures in establishing the budgetary data included in the general fund financial statements. The operating budget, which is prepared by function and department, includes proposed expenditures and the means of financing them.

Only the General Fund has a legally adopted annual budget.

This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exception:

- The Town does not recognize as revenue or expenditures payments made for the State Teachers pension and OPEB by the State of Connecticut on the Town's behalf.

| <u><b>Reconciliation to Exhibit D</b></u>   | <u>Revenues</u>              | <u>Expenditures</u>          |
|---|------------------------------|------------------------------|
| Budgetary Basis - RSI 1                     | \$ 100,158,643               | \$ 96,385,509                |
| State Teachers' Retirement on behalf amount | 8,650,499                    | 8,650,499                    |
| State Teachers' OPEB on behalf amount       | <u>117,716</u>               | <u>117,716</u>               |
| GAAP Basis - Exhibit D                      | <u><u>\$ 108,926,858</u></u> | <u><u>\$ 105,153,724</u></u> |

In accordance with Section 7-3 of the Town Charter, the Board of Finance shall prepare and recommend the total Town budget for the annual public budget hearing to be held no later than the second Tuesday in April.

Annual Town Budget Referendum - The Annual Town Budget Referendum for the purpose of voting on the budget shall be held on the last Tuesday of April each year. Should the budget not be adopted by referendum vote, the budget shall be returned to the Board of Finance, which shall submit a revised budget to the Town Council. The Town Council shall send a revised budget to a Second Town Budget Referendum, and the revised budget may be the same as recommended by the Board of Finance or lower. If the budget fails at the Second Town Budget Referendum, the budget shall be returned to the Board of Finance. The Board of Finance shall recommend a revised budget to the Town Council. The Town Council shall adopt the Town budget, and that budget may be the same as recommended by the Board of Finance or lower.

Formal budgetary integration is employed as a management control device during the year.

The legal level of budgetary control, the level at which expenditures may not exceed appropriations, is at the department level.

The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under State law to make any transfers required within their budget at their discretion.

The Town Manager is authorized to make transfers within a department budget. However, the Town Manager is not able to hire additional staffing not authorized by the Town Council. Also, transfers may not be made for major capital items specifically deleted by the Town Council. The Town Manager's authority is limited to \$5,000 for any single transfer.

The Town Council, with approval of the Board of Finance, may, at any time, appropriate funds from contingency. Town meeting approval is required for non-budgeted appropriations exceeding \$25,000 individually or exceeding \$250,000 cumulative annually. The Town Council, with approval of the Board of Finance, may transfer funds from budget appropriations between departments only in the last three months of the fiscal year.

There were additional appropriations made during the year as follows:

|                    |                            |
|--------------------|----------------------------|
| Additional revenue | \$ 212,450                 |
| Fund balance       | <u>2,725,000</u>           |
| Total              | <u><u>\$ 2,937,450</u></u> |

## Town of Berlin, Connecticut

## Required Supplementary Information

Employee Retirement Plan  
Last Ten Years

|  | 2024  | 2023         | 2022         | 2021          | 2020         | 2019         | 2018         | 2017         | 2016         | 2015         |
|--|---|--------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  | <b><u>Schedule of Changes in Net Pension Liability and Related Ratios</u></b> |              |              |               |              |              |              |              |              |              |
| Total pension liability:   |   |              |              |               |              |              |              |              |              |              |
| Service cost   | \$ 77,139   | \$ 96,076    | \$ 139,927   | \$ 139,130    | \$ 116,348   | \$ 143,822   | \$ 170,718   | \$ 93,056    | \$ 117,272   | \$ 113,033   |
| Interest   | 110,259   | 157,868      | 288,821      | 289,534       | 303,069      | 307,980      | 340,605      | 287,446      | 306,265      | 363,095      |
| Differences between expected and actual experience                         | 203,792   | 404,900      | (102,159)    | 824,774       | 146,242      | 309,304      | 378,919      | 1,080,795    | 788,138      | (558,319)    |
| Changes in assumptions   | (289,954)   | (971,473)    | (1,161,557)  | 2,162,134     | 865,406      | (437,484)    | 353,859      | 2,459,951    | 655,798      | 740,472      |
| Benefit payments, including refunds of member contributions                | (204,648)   | (1,838,662)  | (3,869,315)  | (3,011,533)   | (689,560)    | (187,633)    | (1,663,462)  | (808,399)    | (1,576,058)  | (1,666,241)  |
| Net change in total pension liability                                      | (103,412)   | (2,151,291)  | (4,704,283)  | 404,039       | 741,505      | 135,989      | (419,361)    | 3,112,849    | 291,415      | (1,007,960)  |
| Total pension liability - July 1   | 3,174,565   | 5,325,856    | 10,030,139   | 9,626,100     | 8,884,595    | 8,748,606    | 9,167,967    | 6,055,118    | 5,763,703    | 6,771,663    |
| Total pension liability - June 30 (a)                                      | \$ 3,071,153  | \$ 3,174,565 | \$ 5,325,856 | \$ 10,030,139 | \$ 9,626,100 | \$ 8,884,595 | \$ 8,748,606 | \$ 9,167,967 | \$ 6,055,118 | \$ 5,763,703 |
| Plan fiduciary net position:   |   |              |              |               |              |              |              |              |              |              |
| Contributions - employer   | \$ 742,609  | \$ 185,000   | \$ 5,495,640 | \$ 2,185,000  | \$ 1,830,139 | \$ 1,606,701 | \$ 1,448,395 | \$ 700,399   | \$ 700,537   | \$ 1,406,809 |
| Net investment income (loss)   | 11,880  | 60,500       | 45,146       | 40,493        | 46,976       | 22,784       | 15,241       | 10,494       | 19,456       | 37,101       |
| Benefit payments, including refunds of member contributions                | (204,648)   | (1,838,662)  | (3,869,315)  | (3,011,533)   | (689,560)    | (187,633)    | (1,663,462)  | (808,399)    | (1,576,058)  | (1,666,241)  |
| Net change in plan fiduciary net position                                  | 549,841   | (1,593,162)  | 1,671,471    | (786,040)     | 1,187,555    | 1,441,852    | (199,826)    | (97,506)     | (856,065)    | (222,331)    |
| Plan fiduciary net position - July 1                                       | 1,990,519   | 3,583,681    | 1,912,210    | 2,698,250     | 1,510,695    | 68,843       | 268,669      | 366,175      | 1,222,240    | 1,444,571    |
| Plan fiduciary net position - June 30 (b)                                  | \$ 2,540,360  | \$ 1,990,519 | \$ 3,583,681 | \$ 1,912,210  | \$ 2,698,250 | \$ 1,510,695 | \$ 68,843    | \$ 268,669   | \$ 366,175   | \$ 1,222,240 |
| Net pension liability - June 30 (a)-(b)                                    | \$ 530,793  | \$ 1,184,046 | \$ 1,742,175 | \$ 8,117,929  | \$ 6,927,850 | \$ 7,373,900 | \$ 8,679,763 | \$ 8,899,298 | \$ 5,688,943 | \$ 4,541,463 |
| Plan fiduciary net position as a percentage of the total pension liability | 82.72%  | 62.70%       | 67.29%       | 19.06%        | 28.03%       | 17.00%       | 0.79%        | 2.93%        | 6.05%        | 21.21%       |
| Covered payroll  | \$ 355,868  | \$ 550,838   | \$ 776,492   | \$ 954,644    | \$ 1,283,094 | \$ 1,249,673 | \$ 1,343,801 | \$ 1,452,832 | \$ 1,585,622 | \$ 1,882,367 |
| Net pension liability as a percentage of covered payroll                   | 149.15%   | 214.95%      | 224.36%      | 850.36%       | 539.93%      | 590.07%      | 645.91%      | 612.55%      | 358.78%      | 241.26%      |
|  | <b><u>Schedule of Investment Returns</u></b>                                  |              |              |               |              |              |              |              |              |              |
| Annual money weighted rate of return, net of investment expense            | 0.46%   | 1.71%        | 1.24%        | 2.31%         | 2.80%        | 1.57%        | 1.57%        | 1.95%        | 2.46%        | 2.17%        |

See Notes to Required Supplementary Information.



Town of Berlin, Connecticut  
Required Supplementary Information

|  | 2024       | 2023           | 2022         | 2021         | 2020         | 2019         | 2018         | 2017         | 2016         | 2015         |
|--|------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Actuarially determined contributions                                 | \$ 742,609 | \$ 2,664,914   | \$ 2,395,640 | \$ 1,762,733 | \$ 1,574,231 | \$ 1,606,701 | \$ 1,448,395 | \$ 913,803   | \$ 918,862   | \$ 1,001,122 |
| Contributions in relation to the actuarially determined contribution | 742,609    | 185,000        | 5,495,640    | 2,185,000    | 1,830,139    | 1,606,701    | 1,448,694    | 700,399      | 700,537      | 1,406,809    |
| Contribution excess (deficiency)                                     | \$ -       | \$ (2,479,914) | \$ 3,100,000 | \$ 422,267   | \$ 255,908   | \$ -         | \$ 299       | \$ (213,404) | \$ (218,325) | \$ 405,687   |
| Covered payroll  | \$ 355,868 | \$ 550,838     | \$ 776,492   | \$ 954,644   | \$ 1,283,094 | \$ 1,249,673 | \$ 1,343,801 | \$ 1,452,832 | \$ 1,585,622 | \$ 1,882,367 |
| Contributions as a percentage of covered payroll                     | 208.68%    | 33.59%         | 707.75%      | 228.88%      | 142.63%      | 128.57%      | 107.81%      | 48.21%       | 44.18%       | 74.74%       |

**Town of Berlin, Connecticut**  
**Notes to Required Supplementary Information**  
**Employee Retirement Plan**  
**Schedule of Contributions**  
**Last Ten Years**

|   | 2024   | 2023  | 2022  | 2021  | 2020  | 2019  | 2018  | 2017  | 2016  | 2015  |
|---|--|---|---|---|---|---|---|---|---|---|
| Changes of benefit terms  | None   | None  | None  | None  | None  | None  | None  | None  | None  | None  |
| The actuarially determined contribution rates are calculated as of      | July 1, 2022   | July 1, 2021  | July 1, 2020  | July 1, 2019  | July 1, 2018  | July 1, 2017  | July 1, 2016  | July 1, 2015  | July 1, 2014  | July 1, 2014  |
| Actuarial methods and assumptions used to determine contribution rates: |  |   |   |   |   |   |   |   |   |   |
| Actuarial cost method   | Entry age normal   | Entry age normal  | Entry age normal  | Entry age normal  | Entry age normal  | Entry age normal  | Entry age normal  | Entry age normal  | Entry age normal  | Entry age normal  |
| Amortization method   | Level percentage, closed   | Level percentage, closed  | Level percentage, closed  | Level percentage, open  | Level percentage, open  | Level percentage, open  | Level percentage, open  | Level percentage, open  | Level percentage, open  | Level percentage, open  |
| Asset valuation method  | Fair value   | Fair value  | Fair value  | Fair value  | Fair value  | Fair value  | Fair value  | Fair value  | Fair value  | Fair value  |
| Inflation rate  | 2.40%  | 2.40%   | 2.40%   | 2.60%   | 2.60%   | 2.60%   | 2.60%   | 3.00%   | 3.00%   | 3.00%   |
| Salary increases  | 3.25% per year for Police and 2.75% per year for all others  | 3.25% per year for Police and 2.75% per year for all others   | 3.25% per year for Police and 2.75% per year for all others   | 3.25% per year for Police and 2.75% per year for all others   | 3.25% per year for Police and 2.75% per year for all others   | 3.25% per year for Police and 2.75% per year for all others   | 3.25% per year for Police and 2.75% per year for all others   | 3.25% per year for Police and 2.75% per year for all others   | 3.75% for Police and 3.0% for all others  | 3.75% for Police and 3.0% for all others  |
| Investment rate of return (net)   | Pre-retirement: 3.50%<br>Post-retirement: 3.24%  | Pre-retirement: 3.50%<br>Post-retirement: 2.16%   | Pre-retirement: 3.50%<br>Post-retirement: 1.49%   | Pre-retirement: 3.50%<br>Post-retirement: 1.49%   | Pre-retirement: 3.50%<br>Post-retirement: 3.05%   | Pre-retirement: 3.50%<br>Post-retirement: 2.80%   | Pre-retirement: 4.00%<br>Post-retirement: 2.45%   | Pre-retirement: 5.00%<br>Post-retirement: 3.11%   | Pre-retirement: 6.00%<br>Post-retirement: 3.42%                                       | Pre-retirement: 6.00%<br>Post-retirement: 3.42%                                       |
| Mortality rate  | Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety and Teachers), projected to valuation date with Scale MP-2021 | Pre-retirement: Pub-2010 Amount-Weighted Mortality Table projected to valuation date with Scale MP-2021 | Pre-retirement: Pub-2010 Amount-Weighted Mortality Table projected to valuation date with Scale MP-2020 | Pre-retirement: Pub-2010 Amount-Weighted Mortality Table projected to valuation date with Scale MP-2019 | Pre-retirement: RP-2014 adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2018 | Pre-retirement: RP-2014 adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2017 | Pre-retirement: RP-2014 adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2016 | Pre-retirement: RP-2014 adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2015 | Pre-retirement: RP-2000 Mortality Table projected to the valuation date with Scale BB | Pre-retirement: RP-2000 Mortality Table projected to the valuation date with Scale BB |

## Town of Berlin, Connecticut

**Required Supplemental Information**  
**Police Retirement Plan**  
**Current Year (1)**

2024**Schedule of Changes in Net Pension Liability and Related Ratios**

|  |                            |
|--|----------------------------|
| Total pension liability  |                            |
| Service cost   | \$ 876,774                 |
| Interest   | 403,311                    |
| Change in benefit terms  | 7,285,776                  |
| Benefit payments, including refunds of member contributions                | <u>(195,071)</u>           |
| Net change in total pension liability                                      | 8,370,790                  |
| Total pension liability, July 1  | <u>-</u>                   |
| Total pension liability, June 30 (a)                                       | <u><u>\$ 8,370,790</u></u> |
| Plan fiduciary net position  |                            |
| Contributions - employer   | \$ 748,474                 |
| Contributions - member   | 220,936                    |
| Net investment income (loss)   | 433,440                    |
| Benefit payments, including refunds of member contributions                | (195,071)                  |
| Administrative expenses  | (3,725)                    |
| Transfer from defined contribution plan                                    | <u>5,114,751</u>           |
| Net change in plan fiduciary net position                                  | 6,318,805                  |
| Plan fiduciary net position, July 1  | <u>-</u>                   |
| Plan fiduciary net position, June 30 (b)                                   | <u><u>\$ 6,318,805</u></u> |
| Net pension liability, June 30 (a-b)                                       | <u><u>\$ 2,051,985</u></u> |
| Plan fiduciary net position as a percentage of the total pension liability | <u><u>75.49%</u></u>       |
| Covered payroll  | <u><u>\$ 3,237,354</u></u> |
| Net pension liability as a percentage of covered payroll                   | <u><u>63.38%</u></u>       |

**Schedule of Investment Returns**

|  |                     |
|--|---------------------|
| Annual money weighted rate of return, net of investment expense. | <u><u>7.98%</u></u> |
|--|---------------------|

The plan is effective July 1, 2023. The transfer from defined contribution plan reflects the employee buy in during September 2023.

(1) This schedule is intended to show 10 years of data. Additional years will be displayed as they become available.

See Notes to Required Supplementary Information.

## Town of Berlin, Connecticut

## Required Supplementary Information

**Police Retirement Plan  
Schedule of Contributions  
Current Year (1)**

|   | <u><b>2024</b></u>  |
|---|---------------------|
| Actuarially determined contribution                                     | \$ 938,978          |
| Contributions in relation to the<br>actuarially determined contribution | <u>748,474</u>      |
| Contribution excess (deficiency)  | <u>\$ 190,504</u>   |
| Covered payroll   | <u>\$ 3,237,354</u> |
| Contributions as a percentage of covered payroll                        | <u>23.12%</u>       |

(1) This schedule is intended to show 10 years of data. Additional years will be displayed as it becomes available.

## Town of Berlin, Connecticut

## Notes to Required Supplementary Information

**Police Retirement Plan  
Schedule of Contributions  
Current Year (1)**

|   | <b>2024</b>  |
|---|--|
| Change of Benefit Terms   | The new plan is effective July 1, 2023   |
| The actuarially determined contribution rates are calculated as of      | July 1, 2023   |
| Actuarial methods and assumptions used to determine contribution rates: |  |
| Actuarial cost method   | Entry age normal   |
| Amortization method   | Level percentage, open   |
| Asset valuation method  | Fair value   |
| Inflation rate  | 2.40%  |
| Salary increases  | 3.25%  |
| Investment rate of return   | 5.00%  |
| Mortality rate  | Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables for Public Safety Employees, projected to the valuation date with Scale MP-2021. |

(1) This schedule is intended to show 10 years of data. Additional years will be displayed as it becomes available.

Town of Berlin, Connecticut  
Required Supplementary Information  
Connecticut Teachers Retirement System  
Last Ten Years

|   | 2024   | 2023          | 2022         | 2021          | 2020         | 2019         | 2018         | 2017         | 2016         | 2015         |
|---|--|---------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   | <b>Schedule of Proportionate Share of the Collective Net Pension Liability</b> |               |              |               |              |              |              |              |              |              |
| Town's proportion of the collective net pension liability   | 0.00%  | 0.00%         | 0.00%        | 0.00%         | 0.00%        | 0.00%        | 0.00%        | 0.00%        | 0.00%        | 0.00%        |
| Town's proportionate share of the collective net pension liability  | \$ -   | \$ -          | \$ -         | \$ -          | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |
| State of Connecticut's proportionate share of the collective net pension liability associated with the Town | \$93,230,760   | \$101,492,499 | \$80,707,200 | \$101,901,939 | \$91,066,420 | \$70,217,500 | \$75,796,445 | \$79,965,829 | \$62,277,260 | \$57,488,298 |
| Total   | \$93,230,760   | \$101,492,499 | \$80,707,200 | \$101,901,939 | \$91,066,420 | \$70,217,500 | \$75,796,445 | \$79,965,829 | \$62,277,260 | \$57,488,298 |
| Town's covered payroll  | (2)  | (2)           | (2)          | (2)           | (2)          | (2)          | (2)          | (2)          | (2)          | (2)          |
| Town's proportionate share of the collective net pension liability as a percentage of covered payroll       | 0.00%  | 0.00%         | 0.00%        | 0.00%         | 0.00%        | 0.00%        | 0.00%        | 0.00%        | 0.00%        | 0.00%        |
| Plan fiduciary net position as a percentage of the collective total pension liability                       | 58.39%   | 54.06%        | 60.77%       | 49.24%        | 52.00%       | 57.69%       | 55.93%       | 52.26%       | 59.50%       | 61.51%       |
| <b>Schedule of Contributions</b>  |  |               |              |               |              |              |              |              |              |              |
| Contractually required Town contribution (1)  | \$ -   | \$ -          | \$ -         | \$ -          | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |
| Contributions in relation to the contractually required contribution  | -  | -             | -            | -             | -            | -            | -            | -            | -            | -            |
| Contribution deficiency (excess)  | \$ -   | \$ -          | \$ -         | \$ -          | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |
| Town's covered payroll  | (2)  | (2)           | (2)          | (2)           | (2)          | (2)          | (2)          | (2)          | (2)          | (2)          |
| Contributions as a percentage of covered payroll  | 0.00%  | 0.00%         | 0.00%        | 0.00%         | 0.00%        | 0.00%        | 0.00%        | 0.00%        | 0.00%        | 0.00%        |

(1) Local employers are not required to contribute to the plan.

(2) Not applicable since 0% proportional share of the collective net pension liability.

See Notes to Required Supplementary Information.

Town of Berlin, Connecticut  
Notes to Required Supplementary Information  
Connecticut State Teachers' Retirement System  
Schedule of Contributions  
Last Ten Years

|   | 2024   | 2023   | 2022   | 2021   | 2020   | 2019  | 2018   | 2017   | 2016   | 2015   |
|---|--|--|--|--|--|---|--|--|--|--|
| Changes of benefit terms  | None   | None   | None   | None   | None   | Beginning January 1, 2018, member contributions increased from 6.00% to 7.00% of salary | None   | None   | None   | None   |
| The actuarially determined contribution rates are calculated as of      | June 30, 2020  | June 30, 2020  | June 30, 2018  | June 30, 2018  | June 30, 2016  | June 30, 2016   | June 30, 2014  | June 30, 2014  | June 30, 2012  | June 30, 2012  |
| Actuarial methods and assumptions used to determine contribution rates: |  |  |  |  |  |   |  |  |  |  |
| Actuarial cost method   | Entry age  | Entry age  | Entry age  | Entry age  | Entry age  | Entry age   | Entry age  | Entry age  | Entry age  | Entry age  |
| Amortization method   | Level percent of salary, closed, grading to a level dollar | Level percent of salary, closed, grading to a level dollar | Level percent of salary, closed, grading to a level dollar                           | Level percent of salary, closed, grading to a level dollar                           | Level percent of salary, closed  | Level percent of salary, closed   | Level percent of salary, closed                                    | Level percent of salary, closed                                    | Level percent of salary, closed                                    | Level percent of salary, closed                                    |
| Remaining amortization period (equivalent single period)                | 26.8 years   | 27.8 years   | 28.8 years   | 29.8 years   | 30 years   | 30 years  | 20.4 years   | 21.4 years   | 22.4 years   | 23.4 years   |
| Asset valuation method  | 4 year smoothing   | 4 year smoothing   | 4 year smoothing   | 4 year smoothing   | 4 year smoothing   | 4 year smoothing  | 4 year smoothing   | 4 year smoothing   | 4 year smoothing   | 4 year smoothing   |
| Inflation rate  | 2.50%  | 2.50%  | 2.50%  | 2.50%  | 2.75%  | 2.75%   | 3.00%  | 3.00%  | 3.00%  | 3.00%  |
| Salary increases  | 3.00%-6.50%, average, including inflation                  | 3.00%-6.50%, average, including inflation                  | 3.25%-6.50%, average, including inflation  | 3.25%-6.50%, average, including inflation  | 3.25%-6.50%, average, including inflation  | 3.25%-6.50%, average, including inflation   | 3.75%-7.00%, average, including inflation                          | 3.75%-7.00%, average, including inflation                          | 3.75%-7.00%, average, including inflation                          | 3.75%-7.00%, average, including inflation                          |
| Cost-of-living adjustments  | 1.75%-3.00% based on retirement date                       | 1.75%-3.00% based on retirement date                       | 1.75%-3.00% based on retirement date   | 1.75%-3.00% based on retirement date   | 1.75%-3.00% based on retirement date   | 1.75%-3.00% based on retirement date  | 2.00%-3.00% based on retirement date                               | 2.00%-3.00% based on retirement date                               | 2.00%-3.00% based on retirement date                               | 2.00%-3.00% based on retirement date                               |
| Investment rate of return (net)   | 6.90%  | 6.90%  | 6.90%  | 6.90%  | 8.00%  | 8.00%   | 8.50%  | 8.50%  | 8.50%  | 8.50%  |
| Mortality rate  | PubT-2010 Table projected generationally with MP-2019      | PubT-2010 Table projected generationally with MP-2019      | RP-2014 White Collar table projected to the year 2020 using the BB improvement scale | RP-2014 White Collar table projected to the year 2020 using the BB improvement scale | RP-2014 White Collar table projected to the year 2020 using the BB improvement scale | RP-2014 White Collar table projected to the year 2020 using the BB improvement scale    | RP-2000 Combined Mortality Table projected 19 years using scale AA | RP-2000 Combined Mortality Table projected 19 years using scale AA | RP-2000 Combined Mortality Table projected 19 years using scale AA | RP-2000 Combined Mortality Table projected 19 years using scale AA |

## Town of Berlin, Connecticut

## Required Supplementary Information

**Other Post-Employment Benefit (OPEB) Plan**  
**Schedule of Changes in OPEB Liability and Related Ratios**  
**Last Seven Years (1)**

|  | 2024                | 2023                 | 2022                 | 2021                 | 2020                 | 2019                 | 2018                 |
|--|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| OPEB liability:  |                     |                      |                      |                      |                      |                      |                      |
| Service cost   | \$ 497,844          | \$ 495,664           | \$ 622,957           | \$ 508,474           | \$ 303,119           | \$ 243,686           | \$ 271,596           |
| Interest   | 319,689             | 331,573              | 230,094              | 205,556              | 276,898              | 237,407              | 217,457              |
| Differences between expected and actual experience               | -                   | (1,232,376)          | -                    | 11,983               | -                    | 401,380              | -                    |
| Changes in assumptions   | (282,991)           | 39,407               | (1,772,316)          | 758,929              | 835,667              | 1,064,531            | (186,700)            |
| Benefit payments, including refunds of member contributions      | (271,149)           | (218,004)            | (261,440)            | (234,887)            | (226,936)            | (231,992)            | (196,773)            |
| Net change in total OPEB liability                               | 263,393             | (583,736)            | (1,180,705)          | 1,250,055            | 1,188,748            | 1,715,012            | 105,580              |
| OPEB liability - July 1  | 8,395,103           | 8,978,839            | 10,159,544           | 8,909,489            | 7,720,741            | 6,005,729            | 5,900,149            |
| OPEB liability - June 30*  | <u>\$ 8,658,496</u> | <u>\$ 8,395,103</u>  | <u>\$ 8,978,839</u>  | <u>\$ 10,159,544</u> | <u>\$ 8,909,489</u>  | <u>\$ 7,720,741</u>  | <u>\$ 6,005,729</u>  |
| Covered employee payroll   | <u>\$44,973,133</u> | <u>\$ 44,973,133</u> | <u>\$ 44,604,276</u> | <u>\$ 44,604,276</u> | <u>\$ 31,377,144</u> | <u>\$ 31,377,144</u> | <u>\$ 30,769,557</u> |
| Total OPEB liability as a percentage of covered employee payroll | <u>19.25%</u>       | <u>18.67%</u>        | <u>20.13%</u>        | <u>22.78%</u>        | <u>28.39%</u>        | <u>24.61%</u>        | <u>19.52%</u>        |

\*There are no assets that are being accumulated in a trust that meets the criteria in GASB No. 75 to pay benefits.

(1) This schedule is intended to present information for 10 years. Additional years will be presented as they become available.



## Town of Berlin, Connecticut

## Required Supplementary Information

Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan  
Last Seven Years (3)

|  | 2024         | 2023         | 2022         | 2021          | 2020          | 2019          | 2018          |
|--|--------------|--------------|--------------|---------------|---------------|---------------|---------------|
| <b><u>Schedule of Proportionate Share of the Collective Net OPEB Liability</u></b>                       |              |              |              |               |               |               |               |
| Town's proportion of the collective net OPEB liability   | 0.00%        | 0.00%        | 0.00%        | 0.00%         | 0.00%         | 0.00%         | 0.00%         |
| Town's proportionate share of the collective net OPEB liability  | \$ -         | \$ -         | \$ -         | \$ -          | \$ -          | \$ -          | \$ -          |
| State of Connecticut's proportionate share of the collective net OPEB liability associated with the Town | 8,734,442    | 8,888,415    | 8,792,901    | 15,198,678    | 14,202,322    | 14,036,927    | 19,509,156    |
| Total  | \$ 8,734,442 | \$ 8,888,415 | \$ 8,792,901 | \$ 15,198,678 | \$ 14,202,322 | \$ 14,036,927 | \$ 19,509,156 |
| Town's covered payroll   | (2)          | (2)          | (2)          | (2)           | (2)           | (2)           | (2)           |
| Town's proportionate share of the collective net OPEB liability as a percentage of its covered payroll   | 0.00%        | 0.00%        | 0.00%        | 0.00%         | 0.00%         | 0.00%         | 0.00%         |
| Plan fiduciary net position as a percentage of the collective total OPEB liability                       | 11.92%       | 9.46%        | 6.11%        | 2.50%         | 2.08%         | 1.49%         | 1.79%         |

**Schedule of Contributions**

|  |       |       |       |       |       |       |       |
|--|-------|-------|-------|-------|-------|-------|-------|
| Contractually required contribution (1)                              | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  |
| Contributions in relation to the contractually required contribution | -     | -     | -     | -     | -     | -     | -     |
| Contribution deficiency (excess)                                     | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  | \$ -  |
| Town's covered payroll   | (2)   | (2)   | (2)   | (2)   | (2)   | (2)   | (2)   |
| Contributions as a percentage of covered payroll                     | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

(1) Local employers are not required to contribute to the plan.

(2) Not applicable since 0% proportional share of the collective net OPEB liability.

(3) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

See Notes to Required Supplementary Information.

**Town of Berlin, Connecticut**  
**Notes to Required Supplementary Information**  
**Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan**  
**Schedule of Contributions**  
**Last Seven Years (1)**

|   | 2024   | 2023  | 2022  | 2021   | 2020   | 2019   | 2018   |
|---|--|---|---|--|--|--|--|
| Changes of benefit terms  | Increase in maximum monthly subsidy amount for retiree and dependent from \$110/\$220 to \$220/\$440 | None  | None  | None   | None   | None   | None   |
| The actuarially determined contribution rates are calculated as of      | June 30, 2022  | June 30, 2020   | June 30, 2020   | June 30, 2018  | June 30, 2018  | June 30, 2016  | June 30, 2016  |
| Actuarial methods and assumptions used to determine contribution rates: |  |   |   |  |  |  |  |
| Actuarial cost method   | Entry age  | Entry age   | Entry age   | Entry age  | Entry age  | Entry age  | Entry age  |
| Amortization method   | Level percentage, open   | Level percentage, closed                              | Level percentage, closed                              | Level percentage, closed   | Level percentage, open   | Level percentage, open   | Level percentage, open   |
| Amortization period   | 30 years   | 30 years  | 30 years  | 30 years   | 30 years   | 30 years   | 30 years   |
| Asset valuation method  | Fair value   | Fair value  | Fair value  | Fair value   | Fair value   | Fair Value   | Fair Value   |
| Inflation rate  | 2.50%  | 2.50%   | 2.50%   | 2.75%  | 2.75%  | 2.75%  | 2.75%  |
| Healthcare inflation rate   | Initial 6.75% decreasing to 4.50% (ultimate) by 2031   | Initial 5.125% decreasing to 4.50% (ultimate) by 2023 | Initial 5.125% decreasing to 4.50% (ultimate) by 2023 | Initial 5.95% decreasing to 4.75% (ultimate) by 2025                                 | Initial 5.95% decreasing to 4.75% (ultimate) by 2025                                 | Initial 7.25% decreasing to 5.00% (ultimate) by 2022                                 | Initial 7.25% decreasing to 5.00% (ultimate) by 2022                                 |
| Salary increases  | 3.00% to 6.50%, including inflation  | 3.00% to 6.50%, including inflation                   | 3.00% to 6.50%, including inflation                   | 3.25% to 6.50%, including inflation  | 3.25% to 6.50%, including inflation  | 3.25% to 6.50%, including inflation  | 3.25% to 6.50%, including inflation  |
| Investment rate of return (net)   | 3.00%  | 3.00%   | 3.00%   | 3.00%  | 3.00%  | 4.25%  | 4.25%  |
| Mortality rate  | PubT-2010 Table projected generationally with MP-2019  | PubT-2010 Table projected generationally with MP-2019 | PubT-2010 Table projected generationally with MP-2019 | RP-2014 White Collar table projected to the year 2020 using the BB improvement scale | RP-2014 White Collar table projected to the year 2020 using the BB improvement scale | RP-2014 White Collar table projected to the year 2020 using the BB improvement scale | RP-2014 White Collar table projected to the year 2020 using the BB improvement scale |

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

## ***Appendix B***

### ***Form of Legal Opinion of Bond Counsel***

*(This page intentionally left blank)*

## APPENDIX B – FORM OF LEGAL OPINION OF BOND COUNSEL

October \_\_, 2025

Town of Berlin  
240 Kensington Road  
Berlin, CT 06037

We have acted as Bond Counsel to the Town/ of Berlin, Connecticut (the “Town”) in connection with the issuance by the Town of its \$ \_\_\_\_\_ General Obligation Bonds, Issue of 2025 (the “Bonds”) dated October \_\_, 2025. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents (including, but not limited to, a Tax Regulatory Agreement of the Town dated the date hereof (the “Agreement”)) as we have deemed necessary to give the opinions below.

Regarding questions of fact material to the opinions below, we have relied on the certified proceedings and other certifications of representatives of the Town and certifications of others furnished to us without undertaking to verify them by independent investigation.

Based on the foregoing, we are of the opinion that when the Bonds are duly certified by U.S. Bank Trust Company, National Association, the Bonds will be valid and legally binding general obligations of the Town payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes. We are further of the opinion that the Agreement is a valid and binding agreement of the Town and was duly authorized by the Town.

The Internal Revenue Code of 1986 (the “Code”) establishes certain requirements that must be satisfied at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be excluded from gross income under Section 103 of the Code. In the Agreement, the Town has made covenants and representations designed to assure compliance with such requirements of the Code. The Town has covenanted in the Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to ensure that interest on the Bonds shall not be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds.

In rendering the below opinions regarding the federal treatment of interest on the Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Agreement, and (ii) continuing compliance by the Town with the covenants set forth in the Agreement as to such tax matters.

The Town has designated the Bonds as “qualified tax exempt obligations” within the meaning of Code Section 265(b)(3) for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

Based on the foregoing, we are of the opinion that interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Code, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the Town comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes under Section 103 of the Code. The Town has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences caused by ownership or disposition of, or receipt of interest on the Bonds.

We are further of the opinion that, under existing statutes, interest on the Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding other state and other State of Connecticut tax consequences caused by ownership or disposition of, or receipt of interest on the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting the rights and remedies of creditors, and by equitable principles, whether considered at law or in equity.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Preliminary Official Statement, the Official Statement and other offering material relating to the Bonds.

The opinions given in this opinion letter are given as of the date set forth above, and we assume no obligation to revise or supplement them to reflect any facts or circumstances or changes in law that may come later to our attention or occur.

Respectfully,

PULLMAN & COMLEY, LLC

## ***Appendix C***

### ***Form of Continuing Disclosure Agreement***

*(This page intentionally left blank)*



## APPENDIX C – FORM OF CONTINUING DISCLOSURE AGREEMENT

### CONTINUING DISCLOSURE AGREEMENT

By The

TOWN OF BERLIN, CONNECTICUT

Dated As Of October \_\_, 2025

In Connection With The Issuance And Sale Of

\$3,585,000 Town Of Berlin, Connecticut

General Obligation Bonds, Issue of 2025,

Dated October \_\_, 2025

WHEREAS, the Town of Berlin, Connecticut (the “Issuer”) has heretofore authorized the issuance of \$3,585,000 in aggregate principal amount of its General Obligation Bonds, Issue of 2025 (the “Bonds”) to be dated October \_\_, 2025 and to mature in the principal amounts and on the dates set forth in the Issuer’s Official Statement describing the Bonds (the “Official Statement”); and

WHEREAS, the Issuer acknowledges that an underwriter may not purchase or sell the Bonds unless it has reasonably determined that the Issuer has undertaken in a written agreement for the benefit of the beneficial owners of the Bonds to provide certain continuing disclosure information as required by Securities and Exchange Commission Rule 15c2-12(b)(5) as amended from time to time (the “Rule”), and the Issuer desires to assist the underwriter of the Bonds in complying with the Rule; and

WHEREAS, the Issuer is authorized pursuant to Public Act 95-270 enacted by the Connecticut General Assembly to make representations and agreements for the benefit of the beneficial owners of the Bonds to meet the requirements of the Rule; and

WHEREAS, in order to assist the underwriter of the Bonds in complying with the Rule, this Continuing Disclosure Agreement is to be made, executed and delivered in connection with the issuance of the Bonds, all for the benefit of the beneficial owners of the Bonds, as they may be from time to time;

NOW, THEREFORE, THE ISSUER HEREBY REPRESENTS, COVENANTS AND AGREES AS FOLLOWS:

Section 1. Definitions. In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 2 and 3 of this Continuing Disclosure Agreement.

“Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with Rule 15c2-12.

“Fiscal Year End” shall mean the last day of the Issuer’s fiscal year, currently June 30.

“Listed Events” shall mean any of the events listed in Section 4 of this Continuing Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto. For purposes of this Continuing Disclosure Agreement, continuing disclosure information will be filed where approved from time to time by the MSRB, and which as of the date hereof means:

<http://emma.msrb.org>

Section 2. Annual Reports.

A. The Issuer shall provide or cause to be provided to the MSRB, the following annual financial information and operating data regarding the Issuer:

1) Audited financial statements as of and for the year ending on its Fiscal Year End for the general fund, capital projects funds and special revenue funds, prepared in accordance with generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time; and

2) Financial information and operating data as of and for the year ending on its Fiscal Year End of the following type to the extent not included in the audited financial statements described in 1) above:

(a) the amounts of the gross and net taxable grand list;

(b) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer’s taxable valuation thereon;

(c) the percentage or amount of the annual property tax levy collected and uncollected;

(d) a schedule of the annual debt service on outstanding long-term bonded indebtedness; a calculation of the direct debt, net direct debt and overall net debt (reflecting overlapping and underlying debt);

(e) the direct debt and overall net debt of the Issuer per capita;

(f) the ratios of direct debt and overall net debt of the Issuer to the Issuer's equalized net (taxable) grand list;

(g) a statement of statutory debt limitations and debt margins;

(h) the funding status of the Issuer's pension benefit obligation.

B. The above-referenced information is expected to be provided by the filing of and cross reference to the Issuer's Annual Report. The information may be provided in whole or in part by cross-reference to other documents provided to the MSRB, including official statements of the Issuer which will be available from the MSRB. The information will be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

C. Subject to the requirements of Section 8 hereof, the Issuer reserves the right to modify from time to time the specific types of information or data provided or the format of the presentation of such information or data, to the extent necessary or appropriate; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule. The Issuer also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

Section 3. Timing. The Issuer shall provide the information and data referenced in Section 2(A) not later than eight months after each Fiscal Year End subsequent to the date of issuance of the bonds, provided, however, that if such financial information and data for the Fiscal Year End preceding the date of issuance of the Bonds is not contained in the Official Statement for the Bonds or has not otherwise been previously provided, the Issuer shall provide such information and data no later than eight months after the close of such preceding Fiscal Year End. The Issuer agrees that if audited information is not available eight months after the close of any Fiscal Year End, it shall submit unaudited information by such time and will submit audited information within a reasonable time.

Section 4. Event Notices. The Issuer agrees to provide or cause to be provided, in a timely manner not in excess of 10 business days after the occurrence of the event to the MSRB, notice of the occurrence of any of the following events:

- a) principal and interest payment delinquencies;
- b) non-payment related defaults, if material;
- c) unscheduled draws on debt service reserves reflecting financial difficulties;
- d) unscheduled draws on credit enhancements reflecting financial difficulties;
- e) substitution of credit or liquidity providers, or their failure to perform;

f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

g) modifications to rights of security holders, if material;

h) bond calls, if material, and tender offers;

i) defeasances;

j) release, substitution or sale of property securing repayment of the securities, if material;

k) rating changes;

l) bankruptcy, insolvency, receivership or similar event of the Issuer;

m) the consummation of a merger, consolidation or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

n) appointment of a successor or additional trustee or the change of name of a trustee, if material;

o) incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect security holders, if material;

p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation, any of which reflect financial difficulties.

Section 5. Notice of Failure. The Issuer agrees to provide or cause to be provided, in a timely manner, to the MSRB, notice of any failure by the Issuer to provide the annual financial information described in Section 2.A of this Continuing Disclosure Agreement.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Continuing Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Agent. The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Continuing Disclosure Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Agreement, the Issuer may amend this Continuing Disclosure Agreement, and any provision of this Continuing Disclosure Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds and (ii) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

Section 9. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Continuing Disclosure Agreement, the Issuer shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Indemnification. The Issuer agrees to indemnify and save its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to any agent's negligence or misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of any agent and payment of the Bonds.

Section 11. Enforceability. The Issuer agrees that its undertaking pursuant to the Rule set forth in this Continuing Disclosure Agreement is intended to be for the benefit and enforceable by the beneficial owners of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Continuing Disclosure Agreement constitute default of the Issuer with respect to the Bonds.

[Signature Page Follows]

IN WITNESS WHEREOF, the Issuer has caused this Continuing Disclosure Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

TOWN OF BERLIN, CONNECTICUT

By \_\_\_\_\_  
Mark H. Kaczynski  
Mayor

By \_\_\_\_\_  
Ryan J. Curley  
Town Manager

By \_\_\_\_\_  
Kevin J. Delaney  
Finance Director and Treasurer

***Appendix D***

***Notice of Sale***

*(This page intentionally left blank)*



## APPENDIX D – NOTICE OF SALE

### NOTICE OF SALE

**TOWN OF BERLIN, CONNECTICUT  
\$3,585,000 GENERAL OBLIGATION BONDS, ISSUE OF 2025  
(BANK QUALIFIED)  
BOOK-ENTRY-ONLY**

NOTICE IS GIVEN that ELECTRONIC BIDS solely via **PARITY**® will be received by the TOWN OF BERLIN, CONNECTICUT (the “Issuer”), until 11:30 A.M. (E.T.) on WEDNESDAY,

**SEPTEMBER 24, 2025**

(the “Sale Date”) for the purchase, when issued, of all (but not less than all) of the Issuer’s \$3,585,000 General Obligation Bonds, Issue of 2025, dated October 9, 2025 (the “Bonds”), at no less than par and accrued interest from the date of the Bonds to the date of delivery, if any, maturing on October 1 in the principal amounts and in each of the years as follows:

| <u>Maturity</u> | <u>Amount (\$)</u> | <u>Maturity</u> | <u>Amount (\$)</u> |
|-----------------|--------------------|-----------------|--------------------|
| 2026            | 360,000            | 2031            | 360,000            |
| 2027            | 360,000            | 2032            | 360,000            |
| 2028            | 360,000            | 2033            | 355,000            |
| 2029            | 360,000            | 2034            | 355,000            |
| 2030            | 360,000            | 2035            | 355,000            |

The Bonds will bear interest commencing April 1, 2026 and semiannually thereafter on October 1 and April 1 in each year until maturity, as further described in the Preliminary Official Statement (as hereinafter defined), at the rate or rates per annum specified by the winning bidder.

### Optional Redemption

The Bonds maturing on or before October 1, 2031 are not subject to redemption prior to maturity. The Bonds maturing on October 1, 2032 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on and after October 1, 2031, either in whole or in part at any time, in such order of maturity and amount as the Issuer may determine, and by lot within a maturity, at the respective prices (expressed as a percentage of the principal amount of the Bonds to be redeemed) set forth in the following table, together with interest accrued and unpaid to the redemption date:

| <u>Redemption Dates</u>        | <u>Redemption Price</u> |
|--------------------------------|-------------------------|
| October 1, 2031 and thereafter | 100.0%                  |

## **Nature of Obligation**

The Bonds will constitute general obligations of the Issuer, and the Issuer will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. Unless paid from other sources, the Bonds are payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the Issuer without limit as to rate or amount, except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to provisions of the Connecticut General Statutes, as amended.

## **Bank Qualification**

The Bonds SHALL be designated by the Issuer as qualified tax exempt obligations under the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986 for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

## **Registration**

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to The Depository Trust Company (“DTC”), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of, redemption premium, if any, and interest on the Bonds will be payable by the Issuer or its agent to DTC or its nominee as registered owner of the Bonds. Principal and interest payments by DTC to participants of DTC will be the responsibility of DTC; principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Issuer will not be responsible or liable for payments by DTC to its participants or by DTC participants or indirect participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. Upon receipt from the Issuer, the Paying Agent will pay principal of and interest on the Bonds directly to DTC so long as DTC or its nominee, Cede & Co, is the bondholder.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds and the Issuer fails to identify another qualified securities depository to replace DTC, or (b) the Issuer determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Issuer will authenticate and deliver replacement Bonds in the form of fully registered certificates. Any such replacement Bonds will provide that interest will be payable by check mailed by the Paying Agent to the registered owner whose name appears on the registration books of the Issuer as of the close of business on the record date preceding each interest payment date.

## **Record Date**

The record dates for the Bonds will be the fifteenth day of March and September, or the preceding business day if such fifteenth day is not a business day, in each year.

## **Proposals**

Each bid must be for the entire \$3,585,000 of the Bonds. Each proposal must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and must specify in a multiple of one-twentieth of one percent ( $1/20$  of 1%) or one-eighth of one percent ( $1/8$  of 1%) the rate or rates of interest per annum which the Bonds are to bear, provided that such proposal shall not state (a) more than one interest rate for any Bonds having a like maturity or (b) any interest rate for any Bonds of one maturity which exceeds the interest rate stated in such proposal for Bonds of a different maturity by more than three (3) percentage points. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery. For the purpose of the bidding process, the time as maintained on **PARITY®** shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost ("TIC") to the Issuer, as described under "Basis of Award" below, represented by the rate or rates of interest and the bid price specified in their respective bids. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. No proposal for less than par and accrued interest to the date of delivery will be considered.

## **Basis of Award; Right to Reject Proposals; Waiver; Right to Cancel; Postponement; Change of Terms**

Unless all bids are rejected, as between proposals which comply with this Notice of Sale, the Bonds will be awarded to the bidder whose bid proposes the lowest true interest cost ("TIC") to the Issuer. The TIC will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. If there is more than one bidder making said offer at the same lowest TIC, the Bonds will be sold to the bidder whose proposal is selected by the Issuer by lot from among all such proposals. It is requested that each proposal be accompanied by a statement of the percentage of TIC computed and rounded to six decimal places. Such statement shall not be considered as part of the proposal. The purchase price must be paid in immediately available federal funds.

The right is reserved to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

The Issuer further reserves the right to cancel or postpone the sale to another time and date in its sole discretion for any reason, including Internet difficulties. The Issuer will use its best efforts to notify prospective bidders in a timely manner of any need for a cancellation or postponement. Upon the establishment of an alternative sale date, any bidder may submit proposals for the purchase of the Bonds in accordance with the provisions of this Notice of Sale.

## CUSIP Numbers

The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of Phoenix Advisors, a division of First Security Municipal Advisors, Inc. (“Phoenix Advisors”), to obtain CUSIP numbers for the Bonds prior to delivery, and Phoenix Advisors, will provide the CUSIP Service Bureau with the final details of the sale, including the identity of the winning bidder. The Issuer will not be responsible for any delay occasioned by the inability to deposit the Bonds with DTC due to the failure of Phoenix Advisors to obtain such numbers and to supply them to the Issuer in a timely manner. Neither the failure to print such CUSIP number on any bond, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the Issuer; provided, however, that the Issuer assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

## Electronic Proposals Bidding Procedure

Electronic bids for the purchase of the Bonds must be submitted through the facilities of **PARITY®**. Any prospective bidder must be a subscriber of the BiDCOMP competitive bidding system. Further information about **PARITY®**, including any fee charged, may be obtained from **PARITY®**, c/o i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Support (telephone: (212) 849-5021 or (212) 849-5023 – email notice: [munis@spglobal.com](mailto:munis@spglobal.com) or [parity@i-deal.com](mailto:parity@i-deal.com)). The Issuer neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic bid made through the facilities of **PARITY®** is communicated to the Issuer, it shall constitute an irrevocable offer, in response to this Notice, and shall be binding upon the bidder as if made by the signed, sealed bid delivered to the Issuer. By submitting a bid for the Bonds via **PARITY®**, the bidder represents and warrants to the Issuer that such bidder’s bid for the purchase of the Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Issuer will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Bonds on the terms described in this Notice. **The Issuer shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of **PARITY®**, or the inaccuracies of any information, including bid information or worksheets supplied by **PARITY®**, the use of **PARITY®** facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.**

**Disclaimer.** Each **PARITY®** prospective electronic bidder shall be solely responsible to make necessary arrangements to access **PARITY®** for the purpose of submitting its bid in a timely manner and in compliance with the requirements of this Notice. Neither the Issuer nor **PARITY®** shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Issuer or **PARITY®** shall be responsible for a bidder’s failure to make a bid or for the proper operation of, or have any

liability for any delays or interruptions of, or any damages caused by, **PARITY®**. The Issuer is using **PARITY®** as a communication mechanism, and not as the Issuer's agent, to conduct the electronic bidding for the Bonds. The Issuer is not bound by any advice and determination of **PARITY®** to the effect that any particular bid complies with the terms of this Notice and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via **PARITY®** are the sole responsibility of the bidders; and the Issuer is not responsible directly or indirectly, for any of such costs or expenses. If the prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Bonds, the prospective bidder should telephone **PARITY®** at (212) 849-5021 or (212) 849-5023. If any provision of this Notice shall conflict with information provided by **PARITY®**, this Notice shall control.

For the purpose of the electronic bidding process, the time as maintained on **PARITY®** shall constitute the official time.

### **Certifying Agent, Registrar, Paying Agent and Transfer Agent**

The Bonds will be authenticated by U.S. Bank Trust Company, National Association, Hartford, Connecticut. U.S. Bank Trust Company, National Association will also act as Registrar, Paying Agent and Transfer Agent.

### **Delivery, Payment and Closing Requirements**

At or prior to the delivery of the Bonds the purchaser shall be furnished, without cost, with (a) the approving opinion of Pullman & Comley, LLC of Bridgeport, Connecticut, Bond Counsel ("Bond Counsel") (see "Bond Counsel Opinion" below); (b) a signature and no litigation certificate, in form satisfactory to said firm, dated as of the date of delivery of the Bonds, and stating that there is no litigation pending, or to the knowledge of the signer or signers thereof threatened, affecting the validity of the Bonds or the power of the Issuer to levy and collect taxes to pay them; (c) a signed copy of the Official Statement prepared for this bond issue; (d) a certificate of Issuer Officials relating to the accuracy and completeness of the Official Statement; (e) a Continuing Disclosure Agreement; and (f) a receipt of payment for the Bonds.

The Bonds will be delivered against payment in immediately available federal funds through the facilities of DTC, New York, New York or its agent via Fast Automated Securities Transfer ("FAST") on or about October 9, 2025 (the "Closing Date").

The Issuer will have no responsibility to pay for any expenses of the purchaser except to the extent specifically stated in this Notice of Sale. The purchaser will have no responsibility to pay for any of the Issuer's costs of issuance except to the extent specifically stated in this Notice of Sale.

The purchaser will be responsible for the clearance or exemption with respect to the status of the Bonds for sale under securities or "Blue Sky" laws and the preparation of any surveys or memoranda in connection with such sale. The Issuer shall have no responsibility for such clearance, exemption or preparation.

## **Bond Counsel Opinion**

The legality of the issue will be passed upon by Bond Counsel, and the purchaser will be furnished with its opinion, without charge, substantially in the form set forth in Appendix B to the Official Statement. The opinion will state that the Bonds are valid and binding obligations of the Issuer. If the Competitive Sale Rule (as defined below in the “Establishment of Issue Price” section) is met, Bond Counsel will require as a precondition to release of its opinion that the purchaser of such Bonds deliver to it a completed “issue price” certificate, or similar certificate, regarding expectations or public offering prices, as applicable, with respect to the Bonds awarded to such bidder, as described below under “Establishment of Issue Price”.

## **Establishment of Issue Price**

In order to provide the Issuer with information that enables it to comply with certain requirements of the Internal Revenue Code of 1986 (the “Code”), relating to the exclusion of interest on the Bonds from the gross income of their owners, the winning bidder will be required to complete, execute, and deliver to the Issuer at or prior to the delivery of the Bonds an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the Public (the “Initial Offering Price”) or the actual sales price or prices of the Bonds, as circumstances may determine, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of Bond Counsel. Communications relating to this “Establishment of Issue Price” section, the completed certificate(s) and any supporting information shall be delivered to (1) Bond Counsel at Jessica G. Kennedy, Esq., Pullman & Comley, LLC, 850 Main Street, 9th Floor, Bridgeport, Connecticut 06604, Telephone: (203) 330-2215, E-mail: [jkennedy@pullcom.com](mailto:jkennedy@pullcom.com) and (2) the Municipal Advisor at Matthew Spoerndle, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 53 River Street, Milford, CT 06460, Telephone: (203) 878-4945, E-mail: [mspoerndle@muniadvisors.com](mailto:mspoerndle@muniadvisors.com) (the “Municipal Advisor”). Questions related to this “Establishment of Issue Price” section should be directed to Bond Counsel or the Municipal Advisor. For purposes of this “Establishment of Issue Price” section, Bond Counsel may act on behalf of the Issuer and the Municipal Advisor may act on behalf of the Issuer.

By submitting a bid, each bidder is certifying that its bid is a firm offer to purchase the Bonds, is a good faith offer which the bidder believes reflects current market conditions, and is not a “courtesy bid” being submitted for the purpose of assisting in meeting the competitive sale requirements relating to the establishment of the “issue price” of the Bonds pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds.

By submitting a bid, a bidder represents to the Issuer that it has an established industry reputation for underwriting new issuances of municipal bonds such as the Bonds, represents that such bidder’s bid is submitted for or on behalf of such bidder by an officer or agent who is duly authorized to bind the bidder to a legal, valid and enforceable contract for the purchase of the Bonds, and understands that upon award by the Issuer that this Notice of Sale constitutes a written contract between such bidder, as winning bidder, and the Issuer.

By submitting a bid, the bidder agrees that if the Competitive Sale Rule (as set forth below) is not met, it will satisfy either the Actual Sales Rule (as set forth below) or the Hold-the-Offering-Price Rule (as set forth below).

Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied.

***Notification of Contact Information of Winning Bidder.*** Promptly upon award, the winning bidder shall notify the Municipal Advisor and Bond Counsel of the contact name, telephone number and e-mail address of the person(s) of the winning bidder for purposes of communications concerning this “Establishment of Issue Price” section.

***Competitive Sale Rule.*** The Issuer intends that the provisions of Treasury Regulations Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “Competitive Sale Rule”) because:

- (1) the Issuer shall disseminate, or have disseminated on its behalf, this Notice of Sale to potential bidders in a manner that is reasonably designed to reach potential bidders;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the Issuer anticipates receiving bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the Issuer anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest true interest cost (“TIC”), as set forth in this Notice of Sale.

***Competitive Sale Rule Met.*** The Issuer, or the Municipal Advisor on behalf of the Issuer, shall at the time of award advise the winning bidder if the Competitive Sale Rule has been met. Within two (2) hours of award (or such other time as agreed to by Bond Counsel), the winning bidder shall provide Bond Counsel and the Municipal Advisor, via e-mail, a completed “ISSUE PRICE CERTIFICATE” in the form attached hereto as Attachment A.

***Competitive Sale Rule Not Met.*** In the event that the Competitive Sale Rule is not satisfied, the Issuer, or the Municipal Advisor on behalf of the Issuer, shall at the time of award advise the winning bidder. The Issuer may determine to treat (i) the first price at which ten percent (10%) of a Maturity of the Bonds (the “Actual Sales Rule”) is sold to the Public as the issue price of that Maturity, and/or (ii) the Initial Offering Price to the Public as of the Sale Date of any Maturity of the Bonds as the issue price of that Maturity (the “Hold-the-Offering-Price Rule”), in each case applied on a Maturity-by-Maturity basis. In the event that the Competitive Sale Rule is not satisfied, the winning bidder, by 4:30 p.m. (E.T.) on the Sale Date, shall notify and provide, via e-mail, Bond Counsel and the Municipal Advisor (I) of the first price at which ten percent (10%) of each Maturity of Bonds has been sold to the Public and (II) reasonable supporting documentation or certifications of such price the form of which is acceptable to Bond Counsel; i.e., those

Maturities of the Bonds that satisfy the Actual Sales Rule as of the Sale Date. After such receipt, the Issuer, or Bond Counsel on behalf of the Issuer, shall promptly confirm with the winning bidder, via e-mail, which Maturities of the Bonds shall be subject to the Actual Sales Rule and which Maturities shall be subject to the Hold-the-Offering-Price Rule.

For those Maturities of Bonds subject to the Hold-the-Offering-Price Rule, the winning bidder shall (i) provide Bond Counsel (via e-mail) a copy of pricing wire or equivalent communication for the Bonds (ii) confirm that each Underwriter (as defined below) has offered or will offer all of the Bonds to the Public on or before the date of award at the Initial Offering Prices and (ii) agree, on behalf of each Underwriter participating in the purchase of the Bonds, that each Underwriter will neither offer nor sell unsold Bonds of any Maturity to which the Hold-the-Offering-Price Rule shall apply to any person at a price that is higher than the Initial Offering Price for such Maturity during the period starting on the Sale Date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the Sale Date; or
- (2) the date on which the Underwriters have sold at least ten percent (10%) of that Maturity of the Bonds to the Public at a price that is no higher than the Initial Offering Price.

The winning bidder shall promptly advise Bond Counsel and the Municipal Advisor, via e-mail, when the Underwriters have sold ten percent (10%) of that Maturity of the Bonds to the Public at a price that is no higher than the Initial Offering Price, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, to (A) report the prices at which it sells to the Public the unsold Bonds of each Maturity allotted to it until it is notified by the winning bidder that either the Actual Sales Rule has been satisfied as to the Bonds of that Maturity or all Bonds of that Maturity have been sold to the Public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the Public the unsold Bonds of each Maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the Actual Sales Rule has been satisfied as to the Bonds of that Maturity or all Bonds of that Maturity have been sold to the Public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires.



Sales of any Bonds to any person that is a Related Party (as defined below) to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale.

**Definitions.** For purposes of this “Establishment of Issue Price” section:

- (1) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (2) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.
- (3) “Related Party” generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.
- (4) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

## **Official Statement**

For more information regarding the Bonds or the Issuer, reference is made to the Preliminary Official Statement dated September 17, 2025 (the “Official Statement”) describing the Bonds and the financial condition of the Issuer. The Preliminary Official Statement is available in electronic format at <https://munihub.com>, and such electronic access is being provided as a matter of convenience only. Copies of the Preliminary Official Statement may be obtained from Matthew Spoerndle, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 53 River Street, Milford, CT 06460, Telephone: (203) 878-4945, E-mail: [mspoerndle@muniadvisors.com](mailto:mspoerndle@muniadvisors.com). The Issuer deems such Official Statement to be a final official statement for purposes of complying with Securities and Exchange Commission Rule 15c2-12 (the “Rule”), but such Official Statement is subject to revision or amendment as appropriate. The Issuer will make available to the purchaser a reasonable number of copies of the final Official Statement at the Issuer’s expense, and the final Official Statement will be made available to the purchaser by no later than the earlier of the delivery of the Bonds or by the seventh (7th) business day after the day bids on the Bonds are received. If the Issuer’s Municipal Advisor, is provided with the necessary information from the purchaser by 12:00 o’clock noon on the day after the Sale Date, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating(s), yields or reoffering prices and the name of the managing underwriter of the Bonds, and any corrections. The purchaser shall arrange with the Municipal Advisor the method of delivery of the copies of the final Official Statement to the purchaser. Additional copies of the final Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

## **Continuing Disclosure Agreement**

As required by the Rule, the Issuer will undertake, pursuant to a Continuing Disclosure Agreement (the “Agreement”), to provide annual financial information and operating data including audited financial statements, notice of the occurrence of certain events with respect to the Bonds within ten (10) business days of such event, and timely notice of any failure by the Issuer to provide annual reports on or before the date specified in the Agreement. A form of the Agreement is attached to the Official Statement as Appendix C. The purchaser’s obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to delivery of the Bonds, an executed Agreement.

TOWN OF BERLIN, CONNECTICUT

MARK H. KACZYNSKI  
Mayor

RYAN J. CURLEY  
Town Manager

KEVIN J. DELANEY  
Finance Director & Treasurer

September 17, 2025

**ATTACHMENT A**

**ISSUE PRICE CERTIFICATE**

*(If Competitive Sale Rule Met)*

TOWN OF BERLIN, CONNECTICUT  
\$ \_\_\_\_\_ GENERAL OBLIGATION BONDS, ISSUE OF 2025  
Dated October 9, 2025

The undersigned, on behalf of [UNDERWRITER] (“[SHORT NAME OF UNDERWRITER]”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Bonds”).

1. ***Due Authorization.*** The undersigned is a duly authorized representative of [SHORT NAME OF UNDERWRITER], the purchaser of the Bonds.

2. ***Purchase Price.*** The TOWN OF BERLIN, CONNECTICUT (the “Issuer”) sold to [SHORT NAME OF UNDERWRITER], for delivery on or about October 9, 2025, the Bonds at a price of par (\$ \_\_\_\_\_), plus an aggregate net premium of \$ \_\_\_\_\_ and less an underwriter’s discount of \$ \_\_\_\_\_, resulting in an aggregate net purchase price of \$ \_\_\_\_\_.

3. ***Reasonably Expected Initial Offering Price.***

(a) As of September 24, 2025 (the “Sale Date”), the reasonably expected initial offering prices of the Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in **Schedule A** (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as **Schedule B** is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.

(b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Bonds.

4. ***Defined Terms.***

(a) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than fifty percent (50%) common ownership, directly or indirectly.

(c) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Bonds to the Public (including a member of the selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

5. ***Representations and Information.*** The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986 and the Treasury Regulations thereunder (collectively, the “Code”). The undersigned understands that the foregoing information will be relied upon by the Issuer in making its certification as to issue price of the Bonds under the Code and with respect to compliance with the federal income tax rules affecting the Bonds. Pullman & Comley, LLC, bond counsel, may rely on the foregoing representations in rendering its opinion on the exclusion from federal gross income of the interest on the Bonds, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer relating to the Bonds. Except as set forth above, no third party may rely on the foregoing certifications, and no party may rely hereon for any other purpose.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of September 24, 2025.

[UNDERWRITER]

By: \_\_\_\_\_  
Name:  
Title:

**Schedule A to Issue Price Certificate**

| <u>Maturity,<br/>October 1</u> | <u>Principal Amount (\$)</u> | <u>Interest<br/>Rate (%)</u> | <u>Price<br/>(\$, not Yield)</u> |
|--------------------------------|------------------------------|------------------------------|----------------------------------|
| 2026                           | 360,000                      |                              |                                  |
| 2027                           | 360,000                      |                              |                                  |
| 2028                           | 360,000                      |                              |                                  |
| 2029                           | 360,000                      |                              |                                  |
| 2030                           | 360,000                      |                              |                                  |
| 2031                           | 360,000                      |                              |                                  |
| 2032                           | 360,000                      |                              |                                  |
| 2033                           | 355,000                      |                              |                                  |
| 2034                           | 355,000                      |                              |                                  |
| 2035                           | 355,000                      |                              |                                  |

**Schedule B to Issue Price Certificate**

*(This page intentionally left blank)*