

TOWN OF BERLIN CONNECTICUT



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2014

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

**TOWN OF BERLIN
CONNECTICUT**

FISCAL YEAR ENDED JUNE 30, 2014

Prepared by:

Finance Department

James Wren, Jr., Finance Director

TOWN OF BERLIN, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

Principal Elected Officials	i
Organization of Berlin Government	ii
Letter of Transmittal	iii-viii
Certificate of Achievement for Excellence in Financial Reporting	ix

FINANCIAL SECTION

Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-13

Exhibit

Basic Financial Statements:

Government-Wide Financial Statements:

I	Statement of Net Position	14
II	Statement of Activities	15

Fund Financial Statements:

Governmental Funds:

III	Balance Sheet	16-17
IV	Statement of Revenues, Expenditures and Changes in Fund Balances	18-19

Proprietary Funds:

V	Statement of Net Position	20
VI	Statement of Revenues, Expenses and Changes in Fund Net Position	21
VII	Statement of Cash Flows	22

Fiduciary Funds:

VIII	Statement of Net Position - Fiduciary Funds	23
IX	Statement of Changes in Net Position - Fiduciary Funds	24

Notes to Financial Statements	25-51
-------------------------------	-------

Required Supplementary Information:

RSI-1	Schedule of Revenues and Other Financing Sources - Budget and Actual	52-53
RSI-2	Schedule of Expenditures and Other Financing Uses - Budget and Actual	54-60
RSI-3	Schedule of Changes in Net Pension Liability and Related Ratios - Last Fiscal Year	61
RSI-4	Schedule of Employer Contributions - Last Ten Fiscal Years	62
RSI-5	Schedule of Investment Returns - Last Fiscal Year	63

Exhibit**Page**

Combining and Individual Fund Statements and Schedules:

General Fund:

A-1	Comparative Balance Sheet	64
A-2	Report of Tax Collector	65
Nonmajor Governmental Funds:		
B-1	Combining Balance Sheet	66-68
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	69-71
Water and Sewer Enterprise Fund:		
C-1	Schedule of Water Assessments Receivable	72
C-2	Schedule of Sewer Assessments Receivable	73
Internal Service Funds:		
D-1	Combining Statement of Net Position	74
D-2	Combining Statement of Revenues, Expenses and Changes in Net Position	75
D-3	Combining Statement of Cash Flows	76
Agency Funds:		
E-1	Combining Statement of Changes in Assets and Liabilities	77

STATISTICAL SECTION**Table**

Financial Trends:

1	Net Position by Component - Last Ten Fiscal Years	78
2	Changes in Net Position - Last Ten Fiscal Years	79
3	Fund Balances of Governmental Funds - Last Ten Fiscal Years	80
4	Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years	81
Revenue Capacity:		
5	Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	82
6	Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years	83
7	Principal Property Tax Payers - Current Year and Nine Years Ago	84
Debt Capacity:		
8	Property Tax Levies and Collections - Last Ten Fiscal Years	85
9	Ratio of Outstanding Debt by Type - Last Ten Fiscal Years	86
10	Schedule of Debt Limitation	87
11	Direct and Overlapping Governmental Activities Debt	88
12	Legal Debt Margin Information - Last Ten Fiscal Years	89
Demographic and Economic Statistics:		
13	Demographic and Economic Statistics - Last Ten Fiscal Years	90
14	Principal Employers - Current Year and Nine Years Ago	91
Operating Information:		
15	Full-Time Equivalent Town Government Employees by Function/Program - Last Ten Fiscal Years	92-93
16	Operating Indicators by Function/Program - Last Ten Fiscal Years	94-95
17	Capital Asset and Infrastructure Statistics by Function/Program - Last Ten Fiscal Years	96

Introductory Section

PRINCIPAL ELECTED OFFICIALS

	Mayor	Rachel Rochette	
Deputy Mayor	William Rasmussen Jr.	Councilor	David Evans
Councilor	Brendan Luddy	Councilor	Margaret Morelli
Councilor	Peter Rosso	Councilor	Charles Paonessa

ADMINISTRATION

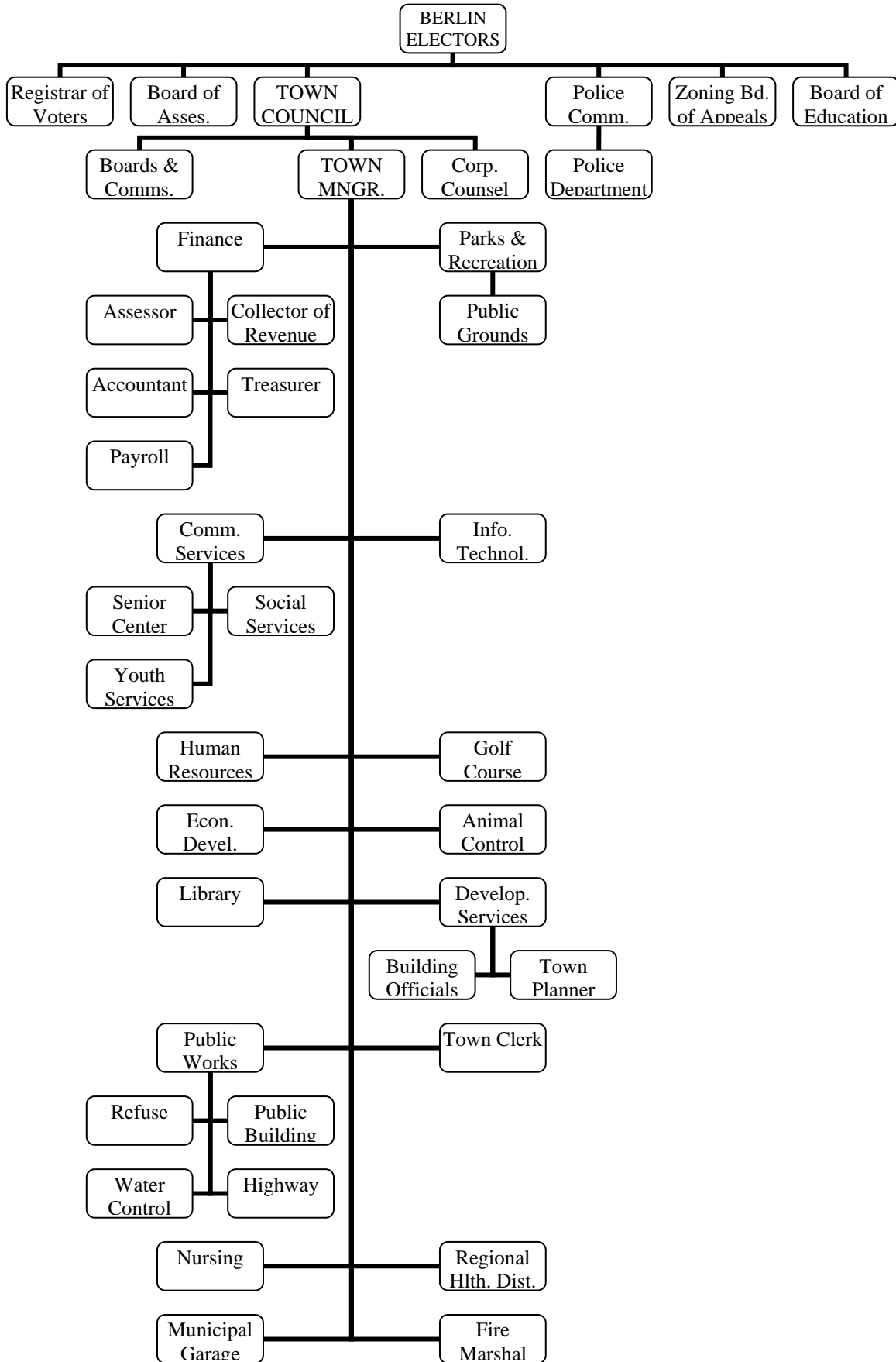
Town Manager	Denise M. McNair
Corporation Counsel	Robert F. Weber
Finance Director	James Wren Jr.
Nursing Supervisor	Linda Colella
Planner	Hellyn R. Riggins
Director of Parks & Rec./Community Services	James Capodiece
Public Works Director	Arthur G. Simonian
Chief of Police	Paul D. Fitzgerald
Town Clerk	Kathryn J. Wall
Library Director	Helen Malinka
Information Technology Coordinator	Barbara Sagan
Fire Marshal	Steven Waznia
Economic Development Director	James Mahoney
Director of Golf	Jonathan P. Zuk
Director of Human Resources	Denise Parsons
Chief Mechanic	James Simons

BOARD OF EDUCATION

	Gary R. Brochu, President	
Irene H. Matulis, Secretary		Kathryn Bryers
Kristin Campanelli		Stefanie Carbone
Jeffrey Cugno		Cynthia Kobus
Timothy J. Oakes		George Synnott
Superintendent of Schools		David B. Erwin
Business Manager		Roman J. Czuchta

TOWN OF BERLIN

Organization Chart





TOWN OF BERLIN

Finance Department

240 KENSINGTON ROAD • TOWN HALL • BERLIN, CT 06037

November 17, 2014

Mayor Rachel Rochette
Members of the Town Council
Ms. Denise McNair, Town Manager
Town of Berlin
240 Kensington Road
Berlin, Connecticut 06037

To the Honorable Mayor, Members of the Town Council and Citizens of the Town of Berlin and Town Manager McNair:

The Comprehensive Annual Financial Report (CAFR) of the Town of Berlin for the fiscal year ended June 30, 2014 is submitted herewith. State law requires that the Town publish, within six months of the close of the fiscal year, a complete set of audited financial statements. The attached report is published to fulfill that requirement for fiscal year 2014.

The Town's Finance Department prepared the CAFR. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Town's management. The Town's management believes the data, as presented, are accurate in all material aspects; that the data fairly set forth the financial position and the results of operations of the Town as measured by financial activity of the various funds; and that all disclosures necessary to enable the reader to understand the Town's financial position have been included.

Sections 7-13 and 7-14 of the Town Charter requires an annual audit of the books of account, financial records and transactions of all administrative departments of the Town by independent Certified Public Accountants selected by the Town Council. The Town has complied with this requirement and Blum Shapiro's report with an unmodified opinion has been included in this report. In addition, the Town is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, as well as the Connecticut Single Audit Act. Information related to these single audits, including the schedule of expenditures of federal awards and state financial assistance, findings and recommendations, and auditors' reports on the internal control over financial reporting and compliance with applicable laws and regulations, are issued under separate cover and are not included in this report. A copy of these reports is on file in the Town Clerk's office.

Generally Accepted Accounting Principles ("GAAP") require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the Management Discussion and Analysis (MD&A) section. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town of Berlin's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE MUNICIPALITY

The Town of Berlin is an independent town and is a political subdivision of the State of Connecticut autonomous from any county, town or other political subdivision of the State of Connecticut. The Town of Berlin was incorporated 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's current population is approximately 19,921 as of June 30, 2014.

Under the Town Charter, adopted November 4, 1973 and most recently amended August 17, 2006, the Town Council acts as the legislative body. The Town Council consists of seven members elected biennially for terms of two years each. The Town Council appoints a Town Manager, who is the chief executive officer of the Town and has appointive and removal authority over department directors and other employees 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, Kensington and Worthington Fire Districts, the Mattabassett District (which provides water and sewer services to industrial and residential customers) and the Police Department. An elected nine-member Board of Education appoints a Superintendent of Schools, who administers the education system of the Town.

The Town Council is the budget-making authority and is responsible for financial and taxation matters. Each Town Department prepares an annual budget which is submitted to the Town Manager. The Town Manager and the Finance Director then meet with the various departments to review the budget in detail and make changes. The Town Manager then presents the budget to the Town Council. The Town Council holds public budget hearings with each department, including the Board of Education and makes additional changes to the budget. After all changes are made, the Council formally sends the budget along with the proposed tax rate increase (if any) to the Annual Town Budget Referendum held on the last Tuesday of April. In the event that the proposed Town Budget is rejected by the voters at the budget referendum, it shall then be returned to the Town Council, which by charter must adopt a Town Budget by May 10th.

The Town provides a comprehensive range of municipal services including: general government; community development; public safety; physical services; parks, recreation and libraries; health and human services; and education.

LOCAL 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 was adopted in 2013. Many proposals included in this plan are advancing including a proposal to make significant amendments to the Town's commercial and industrial zones to expand those zones at the margins in certain areas and to create uses in zones that better fit local conditions and market opportunities. There has been progress toward the creation of a Town Center and a significant amount of open space has been acquired.

Major businesses located in Berlin include Northeast Utilities and its subsidiaries: Connecticut Light and Power and Yankee Gas. Other major businesses include ASSA ABLOY (Corbin Russwin architectural hardware), TIGHITCO (aerospace parts), Parker Hannifin (solenoid valves), the Western New England headquarters for COMCAST (cable television, internet and telephone), B&F Machine (aerospace parts), Stop & Shop (retail), Home Depot (retail) and TOMZ Corporation (a manufacturer of medical and aerospace parts).

There are several other firms that are moving into or have moved into new or existing facilities in Berlin. These include Sportika, ABC Building Supply Company, Tyler Equipment, TIGHITCO, Czepiga and Daley LLC and Jacunski Humes Architects.

The Town of Berlin entered the 2008 economic downturn in good condition with very high commercial/industrial occupancy rates and ongoing commercial and residential development projects across the Town. The pace of development has slowed and the Town has experienced some business closings but most of the impacted properties have already been sold or leased to new Berlin businesses. Notable new businesses include Fosdick Fulfillment (replacing Hartford Direct), Okay Industries (replacing Bayer-Sheffield Plastics), The Fletcher Terry Company (replacing Reliance Automotive) and Kohl's (on the site of the former Sam's Club and soon to be joined by a Michael's retail store). Northeast Utilities' corporate office group relocated out of Town but this space has been filled by other Northeast Utilities administrative offices. Northeast Utilities subsidiaries Connecticut Light & Power and Yankee Gas are still headquartered in Berlin. In addition, Northeast Utilities acquired a 100,000-square-foot warehouse for its transmission group and built a \$12 million, 18,500-square-foot office addition and completed an expansion to its aerial device facility at the Berlin campus. Northeast Utilities completed a merger with NSTAR on April 10, 2012, creating one of the nation's largest utilities with six regulated electric and natural gas utilities serving 3.5 million customers in three states. The new company is still called Northeast Utilities and has dual headquarters in Hartford and Boston.

In 2014, the overall trend has continued to be positive. Although Arkema closed its manufacturing operation in Berlin, this has been more than offset by some favorable changes including TOMZ Corporation's \$4,000,000 expansion that includes the acquisition of 5 acres to accommodate future growth and Ocean State Job Lots purchase of the Webster Square Shopping Center with plans to double its store to 46,000 square feet. In addition, Brickyard Shopping Plaza has been approved for a project that will complete the redevelopment of the Center by demolishing vacant space and building a 21,970 square foot Michael's retail store and 30,411 square feet of additional retail space. Among the notable commercial projects are Reno Properties' new 11,000 square foot building that it leased to The Learning Experience and the completion of the long-stalled 23,900 square foot Depot Crossing project across from the Train Station to create first floor commercial space and sixteen apartments.

In addition, expansion of existing companies is a significant source of economic growth in Berlin. Among the businesses that have expanded recently are Letter Concepts, Tri-Star, Budney Overhaul and Repair and B&F Machine. In total, these businesses added over 100,000 square feet of building space.

Overall, the Town has continued to be an attractive location for a diverse mix of projects including office, industrial, commercial and age-restricted residential developments and significant projects are proceeding in all areas of Town with the necessary zoning and infrastructure. At the same time, the Town has continued to add open space to continue to provide a balanced community including areas that maintain the Town's rural heritage.

The Town's location makes it accessible to a large labor force without requiring commuting through congested areas in the State's major cities. From 2005 - 2014, the Town's unemployment rate has been consistently less than the State, regional and national averages. As of June 2014, the unemployment rate in Berlin was 5.2% (not seasonally adjusted) compared with 6.5% in the Hartford Labor Market Area, 6.4% in the State of Connecticut and 6.3% in the United States. Berlin has strong demographic characteristics including a median household income 23.3% higher than the State average. In addition, despite the continued lethargic economy, the Town's overall Grand List grew approximately 1.56% over the prior year.

Issuance of building permits (both commercial and industrial) declined in fiscal year 2014 with the number of permits issued decreasing about 21% over fiscal year 2013. The prior year number was a bit high due in part to permits issued for the Berlin High School renovation project.

MAJOR INITIATIVES

Recent public projects in Berlin's Commercial Core Area include streetscape improvements, construction of phase one of Berlin Veterans' Memorial Park as well as numerous private development projects. Additional Core Area projects in the planning stage include revitalization of the AMTRAK station; phase two of Berlin Veterans' Memorial Park; and private property façade improvements. The conversion of the vacant former Sherwood Tool complex into 72 non-age-restricted condominiums is complete.

Major state and federal investments are also being made to upgrade commuter rail service through Berlin on the New Haven-to-Springfield corridor. These public investments will complement the Legion Square project anchored by Stop and Shop. In addition, the Berlin Turnpike corridor is benefiting from commercial developments including a \$12 million addition completed in 2010 by Connecticut Light & Power. Major Targeted Economic Development Sites (TEDS) were identified in the 2013 Plan of Conservation and Development and marketing of these sites in cooperation with property owners is expected to continue to yield future development successes.

In addition, the Town has undertaken several major capital projects including an \$84.95 million project to renovate Berlin High School as new; this project was approved at referendum in March 2011 at \$69.95 million but due to special state legislation, additional state reimbursement will cover the additional \$15 million. Currently, this project is in the construction phase with work projected to continue over the next two years. In addition, the Town has acquired the former Kensington Furniture property in order to relocate the police station to a more central location in Town. The cost of this project is \$21 million and will be voted on at referendum on November 4, 2014. Demolition of existing structures on this site will begin in fall 2015 at a cost of approximately \$850,000 which is funded through the initial \$2 million authorization already in place for land purchase and remediation.

Several other projects that have recently been undertaken include major roadway improvements (the second phase of which is underway); the purchase and installation of a new emergency power generator, phone system and virtual hardware to better prepare the Town to respond to a disaster situation; upgrades to building security and a multi-year initiative to repair town bridges and sidewalks. Also, two school roofs have been replaced in the past 3 years and a third one is scheduled for fiscal year 2016. During fiscal year 2014, the Public Works Department procured a Facility Condition Assessment Report outlining the conditions of major town buildings including schools. Projects in this report will be prioritized and built into future capital improvement budgets.

A \$3 million inflow and infiltration project is underway. Construction began in Spring 2013. This project will abate a portion of infiltration and inflow (i.e. clean water) flowing from the Town to the Mattabassett District. This project is funded through a 2% twenty-year loan from the State of Connecticut Department of Energy and Environmental Protection's Clean Water Fund. Due to cost-saving measures and reduction in the scope of work, the Town was able to reduce costs by about \$1 million from what was previously projected.

Finally, the Mattabassett District (which currently provides sewer treatment services for Berlin, Cromwell, Middletown and New Britain) is in process of performing 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. The three year construction project is underway with construction estimated to be completed by 2015. Total construction costs are estimated at \$100 million. The project is funded by a combination of grants and a 2% 20 year Clean Water Fund loan. Ultimately, 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 13.99%. This percentage is subject to change.

LONG-TERM FINANCIAL PLANNING AND IMPACT TO FUND BALANCE

During fiscal year 2014, the Town continued to place emphasis on its long-range strategic plan of maintaining unassigned general fund balance at a level that is at least 11 percent of general fund revenues. Unassigned fund balance represents that portion of fund balance which is available for appropriation. Because of conservative financial management in past years, the Town Council has been able to assign a portion of fund balance during the past several years' budget processes in order to defray the necessary mill rate increase. The Town assigned \$1,800,000 of fund balance to be used in fiscal year 2014; however, due to expenditure controls implemented by the Town as well as conservative budgeting of state grants, it was only necessary to utilize \$126,026. Although expenditures were under budget, revenues were also underbudget mainly due to several charges for services items (particularly nursing and building permits) being below budgeted due to economic factors. In the previous fiscal year, none of the \$1,550,000 assigned needed to be used.

The unassigned fund balance in the general fund as a percentage of total general fund revenues (budgetary basis) decreased from 14.7% of total general fund revenues at June 30, 2013 to 13.1% at June 30, 2014. This decrease was planned in order to start to addressing the underfunding of the defined benefit pension liability. For fiscal year 2015, \$2,600,000 of assigned fund balance was included in the budget with the expectation that the difficult economy will persist and continue to affect the federal, state and local governments; in addition the increase in this assignment is to fund a double contribution to the Town's defined benefit pension plan in fiscal year 2015. This additional assignment is being made because the Town anticipates that several of the few remaining participants in the defined benefit plan may be retiring in the near future.

The Town's infrastructure and other capital needs (including investments in economic development to continue growth and revitalization of the commercial corridor) are incorporated into a five-year capital improvement plan which is developed and revised annually by individual department heads and reviewed and revised by a capital improvement committee as well as the Town Manager prior to presentation to the Town Council during the budget process. The capital needs identified through the capital planning process that require debt issuance for funding are then incorporated into a debt management plan that is presented to the Town Council during the budget process. The debt management plan identifies the timing of the proposed issuance of bonds and/or bond anticipation notes to fund major initiatives. The plan also estimates the debt service expenditures related to such projects to incorporate into the budget. The purpose of the debt management plan is to establish realistic goals, maintain a solid debt position and to protect credit quality. Currently, the Town of Berlin maintains a credit rating of AA+ by Standard & Poor's (this rating was elevated during fiscal year 2014) and Aa2 by Moody's.

OTHER RELEVANT FINANCIAL POLICIES AND PROCEDURES

The Town of Berlin has established a comprehensive set of internal financial policies. During fiscal year 2014, several of these policies were particularly relevant as follows:

The Town has a policy of including a contingency account in the Town's operating budget to address unexpected financial issues that arise during the year. This policy assisted the Town in managing several emergency expenditures that were not otherwise anticipated in the budget and averts the need to utilize fund balance to address these issues. The Town's policy of canceling open purchase encumbrances in the general fund at the end the fiscal year also assists in controlling expenditures.

During the fiscal year, the Town has also continued the process of implementing the comprehensive business continuity and disaster recovery plan created in fiscal year 2012. This plan is being phased in over several years. To date, the Town has purchased and installed a new generator at Town Hall to minimize the impact to business continuity in the event of major storms; implemented a virtual server

environment to protect and preserve data; implemented a new telephone system to enhance communication; improved the Town's website for better communication with Town residents. In addition, the Berlin Police Department completed a security analysis of the Town Hall and Library facilities during the fiscal year; the Business Continuity Committee is currently evaluating and prioritizing items identified in this analysis and that will be the focus for the coming fiscal year.

OTHER INFORMATION

Independent Auditor:

In accordance with Section 7-13 of the Town Charter, the Council shall select an independent public accountant, approved by the Secretary of the State Office of Policy and Management, to complete an annual audit. During fiscal year 2013, the Town solicited proposals from qualified auditing firms to provide audit services for the three-year period encompassing fiscal years 2013, 2014 and 2015 with the potential of a two-year extension. On March 19, 2013, based on a recommendation from the Director of Finance and the Audit Committee of the Town Council, the Town Council re-appointed Blum, Shapiro & Company as the Town's auditors.

Award:

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded the Certificate of Achievement for Excellence in Financial Reporting to the Town of Berlin for its comprehensive annual financial reports for the last twenty-nine consecutive years. The Certificate of Achievement is a prestigious national award recognizing conformity with the highest standards for preparation of state and local government financial reports.

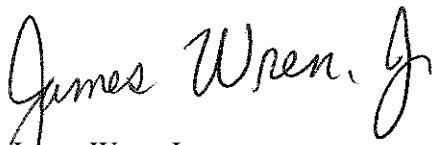
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR) whose contents conform to program standards. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement for excellence is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA for review.

Acknowledgments:

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department, the Town Treasurer, Town Manager and the members of Town Council. I would like to express my appreciation to all members of the Finance Department who assisted and contributed to its preparation, especially Gail Erickson and Len Zielinski. I would also like to thank the Mayor, Town Council and Town Manager for their support in planning and conducting the financial operations of the Town in a responsible and progressive manner.

Respectfully submitted,



James Wren, Jr.
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of Berlin
Connecticut**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

Financial Section



Accounting | Tax | Business Consulting

Independent Auditors' Report

To the Town Council
Town of Berlin, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Berlin, Connecticut, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Berlin, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Berlin, Connecticut, as of June 30, 2014 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13, the budgetary comparison information on pages 52 through 60, the schedule of changes in net pension liability and related ratios on page 61, the schedule of employer contributions on page 62, and the schedule of investment returns on page 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Berlin, Connecticut's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such

information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Town of Berlin, Connecticut, as of and for the year ended June 30, 2013 (not presented herein), and have issued our report thereon dated November 21, 2013, which contained unmodified opinions on the respective financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2013 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2013 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2013 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund balance sheet is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2013.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2014 on our consideration of the Town of Berlin, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Berlin, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
November 17, 2014

TOWN OF BERLIN, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2014

This discussion and analysis of the Town of Berlin, Connecticut's (the Town) financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2014. Please read this Management Discussion and Analysis (MD&A) in conjunction with the transmittal letter and the Town's financial statements, Exhibits I to IX. All amounts are expressed in thousands unless otherwise noted.

FINANCIAL HIGHLIGHTS

- The Town's total net position increased by \$12,999, or 13.8 %, as a result of this year's operations. Net position of the Town's governmental activities increased by \$12,227, or 15.4%, and net position of the Town's business-type activities increased by \$772, or 5.2%.
- During the year, the Town had governmental program expenses that were \$12,218 less than the \$96,229 generated in tax and other revenues for governmental programs.
- In the Town's business-type activities, expenses were \$772 less than the \$3,628 generated in charges for services and other revenues.
- The total cost of all of the Town's programs increased by \$4,917, or 6% to \$86,858 with no new programs added this year. Education and physical services are the two main drivers, accounting for a majority of the increase. This is due to costs associated with the major Berlin High School renovation project underway (Education) and roadway and bridge repairs and improvements (physical services). General government costs decreased from the prior year by 4.7% due to continued expense management initiatives.
- The General Fund reported a total fund balance this year of \$12,703, a decrease of \$88, or .7%, from the previous year. The decrease is due to the use of only \$126 of the \$1,800 fund balance assigned to balance the fiscal year 2014 budget. The unassigned portion of fund balance decreased by a total of \$926, or 8.7% due to a planned assignment of \$800,000 to make an additional contribution to the defined benefit pension plan to address the long-term defined benefit pension liability. This decrease was partially offset by increases in assigned and committed fund balance.
- Expenditures were kept at or below spending limits.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements are presented in Exhibits III through IX. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

Government-Wide Financial Statements

The analysis of the Town as a whole begins with Exhibits I and II. The statement of net position and the statement of activities report information about the Town as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and changes in them. The Town's net position (i.e. the difference between assets and liabilities) is one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's capital assets, to assess the overall health of the Town.

In the statement of net position and the statement of activities, we divide the Town into two types of activities:

- *Governmental activities* - Most of the Town's basic services are reported here, including education, public safety, community development, physical services, parks, recreation and libraries, health and human services, and general administration. Property taxes, charges for services, and state and federal grants finance most of these activities.
- *Business-type activities* - The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's Water and Sewer Enterprise Fund is reported here.

Fund Financial Statements

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds—not the Town as a whole. Some funds are required to be established by Charter. However, the Town Council establishes many other funds to help control and manage financial activities for particular purposes (such as the Water Fund and Sewer Enterprise Fund) or to show that it is meeting legal responsibilities for using grants and other money (such as grants received from the State of Connecticut or the federal government). The Town's funds are divided into three categories: governmental, proprietary and fiduciary.

- *Governmental funds (Exhibit III and IV)* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.
- *Proprietary funds (Exhibit V, VI and VII)* - When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. In fact, the Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. Internal service funds (the other component of proprietary funds) are used to report activities that provide supplies and services for the Town's other programs and activities—such as the Town's General Insurance and Medical and Health Insurance internal service funds.
- *Fiduciary funds (Exhibit VIII and IX)* - The Town is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the Town's fiduciary activities are reported in separate statements of net position - fiduciary funds and changes in net position - fiduciary fund. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town's combined net position increased from \$94,140 to \$107,139. 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
Net Position
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 37,441	\$ 33,528	\$ 5,752	\$ 5,169	\$ 43,193	\$ 38,697
Capital assets, net of accumulated depreciation	114,534	88,209	12,116	10,569	126,650	98,778
Total assets	<u>151,975</u>	<u>121,737</u>	<u>17,868</u>	<u>15,738</u>	<u>169,843</u>	<u>137,475</u>
Deferred charge on refunding	<u>16</u>	<u>32</u>			<u>16</u>	<u>32</u>
Long-term debt outstanding	54,894	37,712			54,894	37,712
Other liabilities	5,508	4,632	2,127	769	7,635	5,401
Total liabilities	<u>60,402</u>	<u>42,344</u>	<u>2,127</u>	<u>769</u>	<u>62,529</u>	<u>43,113</u>
Advance property tax collections	<u>191</u>	<u>254</u>			<u>191</u>	<u>254</u>
Net Position:						
Net investment in capital assets	64,685	58,673	10,074	10,114	74,759	68,787
Restricted	147	147			147	147
Unrestricted	<u>26,566</u>	<u>20,351</u>	<u>5,667</u>	<u>4,855</u>	<u>32,233</u>	<u>25,206</u>
Total Net Position	<u>\$ 91,398</u>	<u>\$ 79,171</u>	<u>\$ 15,741</u>	<u>\$ 14,969</u>	<u>\$ 107,139</u>	<u>\$ 94,140</u>

Net position of the Town's governmental activities increased by 15.4%. Unrestricted governmental net position (i.e. the portion of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements) increased from \$20,351 at June 30, 2013 to \$26,566 at the end of this year.

The Town was able to achieve an increase in unrestricted governmental net position in 2014 due to successful expense management controls (especially those put in place consistently during the last quarter of every fiscal year). Net investment in capital assets also increased from \$58,673 at June 30, 2013 to \$64,685 at June 30, 2014. This increase occurred because the value of capital assets added (including construction in progress on the \$84,950 renovate-as-new project at Berlin High School, major -roadway and bridge improvements, school roof replacement projects, and major infrastructure improvements in the water/sewer systems) exceeded additional debt issued during the year. Please refer to Notes 5 and 6 in the Notes to Financial Statements for further detail.

Authorized General Fund budget appropriations for operating expenses of approximately \$2.1 million remained unspent at year end; this is the result of prioritizing needs and funding only the most critical of these needs throughout the fiscal year. In addition, management has controlled expenses through such practices as improving operational efficiencies including the following initiatives: substantially reducing telephone expenditures through a continuous detailed review of historical billing; minimizing additions to staff and re-evaluating rather than refilling some vacant positions and filling others with new employees at lower salary levels; minimizing use of overtime where possible; prohibiting most air travel for conferences; constantly rolling out efforts to reduce the cost of employee benefits through wellness initiatives, higher employee cost shares and the introduction of a high-deductible health savings account; and managing the financial effects of unexpected events through the use of internal resources and budgeted contingency; the Town was fortunate not to experience any major weather events during fiscal year 2014, resulting in a large portion of contingency being unspent at year end. In addition, continued maintenance of historically low interest rates by the Federal Reserve has helped to keep debt service interest expenses under budget.

On the revenue side, results varied depending on type of revenue. Most notably, tax revenues, especially related to motor vehicle taxes and collection of delinquent taxes and related interest, have continued to be better than expected, despite the difficult economy. Tax sales were approved during fiscal year 2014 to collect on the most delinquent taxes owed to the town. In fiscal year 2014, \$197 in delinquent taxes was collected to avert tax sales. Tax sales on properties with remaining unpaid taxes will be sold during fiscal year 2015. The Town has been able to continue to maintain a very high tax collection ratio (98.91% in the current fiscal year which is an increase of .17% over the prior year and higher than the 98.5% collection assumption used in the budget).

The 2012 Grand List, which applies to fiscal year 2014, decreased by 8.48% from the previous year. This was due to state-mandated property revaluation. Like many Connecticut towns, real estate values dropped from the last revaluation done in 2007. This decrease in value accounts for the majority of the substantial increase of 3.62 in the mill rate from the previous year. Despite the decline in real estate Grand List values, personal property values increased 4.57% and motor vehicle values increased 1.18% over the previous year's Grand List.

In addition, due to the volatility of the information available from the State of Connecticut while the Governor's budget was being developed, the Town budgeted very conservatively for all state grants. The Town was fortunate that the State maintained current levels of Education Cost Sharing funding with only minor reductions from the prior year; these funds account for the vast majority of funds received from the State. The reduction in total intergovernmental revenue (please refer to schedule RSI-1) from the prior year is due to the fact that in 2013, the Town received reimbursement from the Federal Emergency Management Agency for a severe winter storm; during fiscal year 2014, there were no such events. Although operational grants accounted for in the General Fund decreased slightly from the prior year, the state shifted some of the funding to Local Capital Improvement projects and Public Works projects which are accounted for in the Capital Projects Fund. Therefore, total operational and capital grants received in the governmental funds in fiscal year 2014 exceeded those in 2013 primarily due to the aforementioned shift in state funding as well as school construction grants received from the State of Connecticut for the State's share of the Berlin High School renovate-as-new project.

Total charges for services revenues increased from the prior year, most notably due to: an increase in sewer rates and in water consumption partially offset by the following: a decline in building permits due to the continued slow economy as well as permits related to the major Berlin High School renovations impacting 2013 numbers; a reduction in public health nursing services revenue primarily due to reductions in Medicare reimbursements at the federal level; and a decline in golf course greens fees due to a late opening related to a longer than average winter.

Finally, investment earnings have declined due to very low interest rates. Please see the narrative following Table 2 for a more specific discussion of revenue variations by category.

Table 2
Changes in Net Position
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 4,359	\$ 4,534	\$ 3,597	\$ 3,177	\$ 7,956	\$ 7,711
Operating grants and contributions	16,091	14,113			16,091	14,113
Capital grants and contributions	12,066	1,787			12,066	1,787
General revenues:						
Property taxes	62,660	59,609			62,660	59,609
Grants and contributions not restricted to specific programs	279	986			279	986
Unrestricted investment earnings	81	177	31	21	112	198
Other general revenues	693	541			693	541
Total revenues	<u>96,229</u>	<u>81,747</u>	<u>3,628</u>	<u>3,198</u>	<u>99,857</u>	<u>84,945</u>
Program expenses:						
General government	4,192	4,398			4,192	4,398
Community development	850	838			850	838
Public safety	8,747	8,072			8,747	8,072
Physical services	9,778	8,525			9,778	8,525
Parks, recreation and libraries	4,172	4,216			4,172	4,216
Health and human services	2,617	2,190			2,617	2,190
Schools	52,398	49,788			52,398	49,788
Interest on long-term debt	1,257	1,124			1,257	1,124
Water			1,195	1,249	1,195	1,249
Sewers			1,652	1,541	1,652	1,541
Total program expenses	<u>84,011</u>	<u>79,151</u>	<u>2,847</u>	<u>2,790</u>	<u>86,858</u>	<u>81,941</u>
Excess before transfers	12,218	2,596	781	408	12,999	3,004
Transfers	<u>9</u>	<u>8</u>	<u>(9)</u>	<u>(8)</u>	<u>-</u>	<u>-</u>
Increase in Net Position	<u>\$ 12,227</u>	<u>\$ 2,604</u>	<u>\$ 772</u>	<u>\$ 400</u>	<u>\$ 12,999</u>	<u>\$ 3,004</u>

The Town's total revenues (governmental and business-type) were \$99,857. The total cost of all programs and services (governmental and business-type) was \$86,858. The analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

The largest source of revenues was derived from property taxes at 65.12%, followed by 16.72% from operating grants and contributions, 12.54% from capital grants and contributions, and 4.53% from charges for services. Major revenue factors include:

- Property tax revenues recorded for fiscal year 2014 reflect a tax rate of 28.77 mills, an increase of 3.62 mills over the rate used in the previous fiscal year. The tax collection rate was higher than the prior year at 98.91% vs. 98.74% and remained relatively strong considering the difficult economy; this is due in part to more aggressive collection procedures including the enforcement of an ordinance to collect taxes from Town vendors. The Grand List, which had been increasing slightly over the last few years despite the difficult economy, decreased by 8.48% due to state-mandated property revaluation on the 2012 Grand List; although real property values declined over 10%, personal property values increased 4.57% and motor vehicle values increased 1.18%. The decline in real property values was similar to or less than the declines in surrounding municipalities who conducted revaluations on the 2012 Grand List.
- Unrestricted governmental investment earnings decreased from \$177 in the prior fiscal year to \$81 in the current year. The decrease in investment earnings is the result of continued maintenance of low rates by the Federal Reserve as the U.S. economy continues to struggle.
- Combined revenue from capital and operating grants and contributions increased from the prior fiscal year by \$12,257, or 77.09%. The primary reasons for this large increase are school construction grants received for the

state's share of the \$84.95 million Berlin High School Project and increases in grants for bridge improvements and road repairs and improvements. In addition, there was a new Education operational grant in fiscal year 2014 called the technology bond fund grant which added \$185 over the previous year; also, the State of Connecticut on-behalf contribution to the State Teachers' Retirement Fund increased by \$860 over fiscal year 2013 (note that this affects both revenues and expenditures, so it has no net impact).

Major expense factors include:

- The Town continued to employ various cost control methods to keep expenditures as low as possible. These involve regular monthly review of all town expenditures as compared to budget; actively reviewing positions as people retire or leave town employment and purchasing used or discounted supplies and furniture where possible. There were no major weather events during the 2014 fiscal year; therefore it was not necessary to use all of the budgeted contingency funds.
- In the Capital Projects Fund, \$30,839 was expended for asset acquisition and improvements, most notably for major renovations to Berlin High School; roadway and bridge improvements; business continuity and disaster recovery initiatives; and a roof replacement at Willard School. These capital expenses were funded through a combination of intergovernmental grants, as well as bond and bond anticipation note proceeds (including \$18,355 bond and \$1,259 note issuance in May 2014 and a \$9,259 note issuance in September 2013).
- For governmental activities, 62.4% of the Town's expenses are for education, 11.6% for physical services, 10.4% for public safety, 5% for general government and 5% for parks and recreation and libraries. These percentages are fairly consistent with the prior year with a slight shift from general government and parks/recreation/libraries to physical services due mainly to road improvement work.
- There were increases in employee wages as a result of negotiated step and general wage increases; however, contractual increases were limited to a maximum of 2% for the Town and 2.57% for the Board of Education. All Town unions received a 2% general wage increase during fiscal year 2014 and all town unions have taken a zero percent increase at some point over the past three years. Four Town union contracts will expire on June 30, 2015, so there will be significant negotiations next year. On the Board of Education side, two contracts expired on June 30, 2014; one is settled and one will go to arbitration. Two other contracts expire on June 30, 2015. Any increases as a result of these contract negotiations will be budgeted starting in fiscal year 2015 or 2016, as applicable.
- One new part-time Town position was added during fiscal year 2014. This position was added to the Assessor's Office and will also serve as a floating position to help cover absences in other departments; this position will ultimately help save money because it will assist the Town in bringing the revaluation process in-house which will save approximately \$200K over time. For the Board of Education, 6.5 new certified positions and 4 non-certified positions were added due to the implementation of full-day kindergarten.
- Town employee benefit costs were well-managed due to benefits that continue to be realized from the consolidation of the separate insurance plans previously offered to each bargaining unit into one standard plan. In order to try to control the level of medical insurance costs, the Town is in the process of implementing a wellness program and also began offering a high-deductible HSA plan which is currently voluntary for both the Town and Board of Education. In addition, the employee share of medical insurance costs has been increasing over the past several years.
- The cost of education services increased, due mainly to contractual wage obligations, employee health benefits and the provision of state and federal mandated services. Capital expenditures related to education also increased due to school construction projects (specifically, the high school renovation project.)
- The policy of budgeting for contingencies continues to have a favorable impact to the Town's financial results. Due to the fact that there were no major weather events during fiscal year 2014, 64% of the Town's budgeted contingency funds were returned to General Fund balance.
- Cost of issuing new debt continues to be low due to the Federal Reserve's policy of maintaining low interest rates. Debt service expenses will continue to increase in the coming years due to principal payments on newly-issued debt beginning to come due as well as future bond issuances for the major Berlin High School renovation project and the possible building of a new \$21 million police station, if approved at referendum in November 2014. As of June 30, 2014, a little less than half of the Town's \$47 million share of the Berlin High School project has been bonded. The first impact of the debt service principal payments on this project will be felt in fiscal year 2016. These increases will be partially offset by debt service payments expiring in fiscal year 2016.

Table 3 presents the cost of each of the Town's five largest programs - general government; public safety; physical services; parks, recreation and library; and schools - as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

Table 3
Governmental Activities
(in thousands)

	Total Cost of Services		Net Cost of Services	
	2014	2013	2014	2013
General government	\$ 4,192	\$ 4,398	\$ 3,393	\$ 3,168
Public safety	8,747	8,072	8,265	7,668
Physical services	9,778	8,525	8,196	7,706
Parks, recreation and library	4,172	4,216	2,400	2,841
Schools	52,398	49,788	26,065	34,360

Business-Type Activities

Revenues of the Town's business-type activities (see Table 2) increased by 13.4% and expenses (including transfers) increased by 2.04 %.

The major factors contributing to the increase in revenues are: an increase in charges for services due to a 12% sewer rate increase in October 2013. This rate increase is the first in a series to fund major capital improvements as outlined below and in the Notes to the Financial Statements. An additional 29% rate increase was approved in October 2014.

The increase in expenses and transfers of the Town's business-type activities is due to the following major capital projects:

- 1.) Currently, the Mattabassett District (presently including the towns of Berlin, Cromwell and the Cities of New Britain and Middletown) is performing a major upgrade for nitrogen removal, increased capacity to accommodate increased flows and related required improvements to meet federal Environmental Protection Agency and state Department of Energy and Environmental Protection nitrogen removal requirements as well as the EPA's sewage sludge incinerator emissions requirements. This is a three year construction project that began during fiscal year 2013 and is continuing. The Town's will be annually assessed for a 13.99% share of the associated debt.
- 2.) A \$4 million inflow and infiltration project began during fiscal year 2013 and completed in fiscal year 2014 to abate a portion of inflow and infiltration (i.e. clean water) flowing from the Town to the Mattabassett District.

Please refer to the Notes to Financial Statements for further information on these projects.

TOWN FUNDS FINANCIAL ANALYSIS

Governmental Funds

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$23,425, which is a 10.8% increase from last year's total of \$21,146. This increase is due primarily to the fact that there was an \$18,355 bond issuance during fiscal year 2014 compared with an \$8,495 bond issuance in fiscal year 2013. The next bond issuance will likely be in May 2015.

Included in this year's total change in governmental fund balance is a decrease of \$88 in the Town's General Fund, compared to an increase of \$1,493 in the prior year. The primary reason for the General Fund balance's decrease is the use of \$126 of the \$1,800 assigned fund balance during fiscal year 2014. The main reason for the small decrease is that town general fund revenues came in under budget in 2014 due to reductions in state operational grants, charges for services (particularly in the Nursing Department due to Medicare decreases; the Building Department due to decreases

in permit issuances and the Golf Department due to a longer period of snow cover in 2014.) Overall expenditures still came in below budget for fiscal year 2014, but due to tighter budgeting, the savings was not enough to offset the revenue shortfall.

Proprietary Funds

As the Town completed the year, its business-type proprietary funds (as presented in the balance sheet - Exhibit V) reported combined net position of \$15,741 which is an increase of \$772 or 5.16% from the previous year's total of \$14,969. As mentioned previously, there was a 12% rate increase implemented during fiscal year 2014 to help offset the cost of large capital projects that are in process.

Internal Service Funds

In the internal service funds, the insurance funds experienced a combined increase in net position of \$464, or 9.28% over the prior year. Net position in the Medical and Health Insurance fund increased \$521 due to increased employer contributions outpacing claims, which held steady with prior year. It should be noted that this claim experience would have been more unfavorable if the Town did not maintain a \$150,000 stop-loss plan, so that any claims above this amount are paid by the insurer. The net position in the General Insurance Fund decreased by \$57, which is primarily due to the fact that the Town was assessed an additional \$56 by the now-defunct MIRMA organization in fiscal year 2014; this amount was unanticipated. The Town's 3 year rate guarantee for liability insurance expired in 2014 and future increases in cost of insurance are anticipated, especially due to negative workers' compensation claims and police heart & hypertension claims which have begun during 2014. The Town is continuing to work with the insurance carrier to do reviews of higher risk areas and provide staff training in order to try to improve workers' compensation claim experience.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, the Town had \$126,650 invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and water and sewer lines (see Table 4). This amount represents a net increase (including additions and deductions) of \$27,873 or 28.2%, over last year.

Table 4
Capital Assets at Year-End (Net of Depreciation)
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 21,944	\$ 21,944	\$ 993	\$ 993	\$ 22,937	\$ 22,937
Land improvements	1,642	1,759			1,642	1,759
Buildings and improvements	33,243	25,782	501	521	33,744	26,303
Equipment	5,709	5,543	242	171	5,951	5,714
Construction in progress	32,029	13,374	4,073	2,414	36,102	15,788
Infrastructure	19,967	19,807	6,307	6,469	26,274	26,276
Totals	<u>\$ 114,534</u>	<u>\$ 88,209</u>	<u>\$ 12,116</u>	<u>\$ 10,568</u>	<u>\$ 126,650</u>	<u>\$ 98,777</u>

This year's major additions included (in thousands):

Berlin High School Renovation	\$ 25,892
Willard School Roof	1,171
Street Resurfacing	934
Sage Park Maintenance Building	308
Town Hall Generator	164

The Town's fiscal-year 2014-15 capital budget calls for it to spend another \$1,348 for capital projects funded in the General Fund operating budget, principally for building renovations, various tools and equipment (including technology equipment), trucks, vans, police and highway vehicles, field improvements and golf equipment leases. Bond anticipation notes of \$1,259 were outstanding at June 30, 2014 for the following projects: Roadway Improvements, Beckley Road Bridge Improvements, Town Hall Chiller Replacement, General Bridge Repair and Disaster Recovery/Business Continuity Initiatives. More detailed information about the Town's capital assets is presented in Note 1 and Note 5 to the financial statements.

Long-Term Debt

At June 30, 2014, the Town had \$49,450 in bonds outstanding versus \$34,020 last year, an increase of \$15,430. The increase was the result of a bond issuance of \$18,355 in May 2014 to fund Berlin High School renovations and roadway improvements. This issuance was partially offset by repayment of existing debt per the Town's debt repayment schedule. The Town maintains a five-year Capital Improvement Plan as well as a Debt Issuance Plan to track projects that need to be completed and the funding for such projects.

Debt service expenditures will continue to increase over the next several years as the Town moves forward on the \$84,950 renovation of Berlin High School, construction of the new police station and other improvements to the Town's infrastructure. The Berlin High School renovation project is now in the construction phase and is anticipated to be completed in 2016, so additional bonds and notes will need to be issued to fund the expenditures according to the cash flow statement for the project.

The Town's general obligation bond rating of Aa2 with Moody's Investor Services was re-affirmed in fiscal year 2014. Standard & Poor's Rating Services increased the Town's rating from AA to AA+ in fiscal year 2014 due mainly to sound financial management. The Town's Bond Anticipation Notes are rated MIG 1 with Moody's Investor Services and SP-1+ with Standard & Poor's Rating Services.

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 \$446,831.

Other long-term obligations include accrued compensated absences (vacation pay and sick leave), a net pension obligation, capital lease obligations and a liability for other post-employment benefits. More detailed information about these long-term liabilities is presented in Note 7 to the financial statements.

Finally, on April 9, 2013, the Town entered into a twenty-year 2% loan with the State of Connecticut Department of Energy and Environmental Protection's Clean Water Fund in order to fund the inflow and infiltration project described under the "Business-Type Activities" section above. The Town's Interim Funding Obligation ("IFO") is \$3,554. Within six months after completion of the project, the IFO will be converted to a Project Loan Obligation ("PLO") which will be repaid in equal installments over twenty years. Per state requirement, the Town Council authorized \$4,500 for this project; however, no bonds have been issued nor are any expected to be issued for this project. Project loan advances through June 30, 2014 are \$2,042 and are accounted for in the water and sewer enterprise fund.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For the fiscal year budget 2014-2015, General Fund appropriations total \$78,380. This is an increase of approximately 2.46% over 2013-2014 and resulted in a tax mill rate increase of .15 to 28.92 mills. This mill rate increase is substantially lower than that in the previous year, since state-mandated property revaluation occurred during the development of the 2012 Grand List and the decline in value of real property drove the mill rate up significantly. The 2013 Grand List increased 1.56% over the 2012 Grand List. The 2014-15 General Fund budget includes \$2,600 (an increase of \$800 over the previous year in order to make an extra contribution to the defined benefit pension plan) of assigned General Fund fund balance in order to mitigate the tax increase needed.

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 described in detail in Note 12 as well as in the "Business-Type Activities" section above, the Mattabassett District, of which the Town is a member, is performing a major upgrade for nitrogen removal, increased capacity and improvements required by state and federal regulation. The district has borrowed approximately \$86 million to fund the cost of this project. This cost will be shared among the member cities and towns with Berlin's share currently estimated at 13.99%. Future sewer rate increases will continue to be impacted by these projects. Also,

as noted in the previous section, the Town has entered into a clean water fund loan agreement with the state to fund an inflow and infiltration (i.e. clean water) project; this loan will be repaid over twenty years and the loan repayments will also impact future rates.

The Town's elected and appointed officials considered many factors when establishing the tax mill rate and business-type fees for the 2014-15 fiscal year. The Town desires a stable level of service delivery and adopted a mill rate that reflects stable service delivery. The adverse economic conditions at the state and federal level continue to have a significant impact on the budget process. Like most surrounding towns, Berlin experienced a decrease in its prior year Grand List following state-mandated property revaluation which reflected the impacts of the adverse real estate market over the past several years. As noted above, there was some small growth in the 2013 Grand List. The Town will be continually challenged in the future to match growing expenses with limited Grand List growth.

In addition, the Town faces the challenge of dealing with the budget instability occurring at the state and federal levels. Gubernatorial elections will take place in Connecticut in November 2014 and the outcome of the elections may impact the State funding to the Town, especially since the state is facing projected deficits over the next several years. Since approximately 10.4% of 2015 budgeted General Fund revenues are anticipated to be generated from operational intergovernmental grants, the sustainability of this revenue stream is a significant concern for the Town. The Town has so far been spared a major reduction in Education Cost Sharing ("ECS") funds, which represent approximately 77.5% of the 2015 grant revenue budget and 8.1% of the total revenue budget. In fiscal year 2015, the ECS funding declined by about \$21 from 2014. The Governor's 2015 budget (the second year of the biennial budget adopted in 2013) as adjusted by the State legislature restored several grants previously cut (such as school transportation and casino revenue-sharing) and reduced other grants proposed by the Governor and reallocated these funds to capital improvement and town-aid road grants not accounted for in the General Fund. In total, 2015 operational grant budgeted revenue increased by only \$25 over 2014 levels. The next State biennial budget will be set in 2015 following the 2014 gubernatorial elections; therefore there is a lot of uncertainty at this point as to what the impacts to the Town's budget will be. Also, there is a continuing state initiative to make substantial changes to the motor vehicle tax; the Town will continue to monitor this situation as major changes could have a significant budgetary impact to the Town. Finally, continued budgetary issues at the Federal level and the slow economic recovery from the 2008 recession will continue to impact the Town.

Overall, financial results were better than planned for fiscal year 2014 due to successful expense management efforts as well as positive results in tax revenues; the Town used only a small fraction of the \$1.8 million assigned fund balance. Over the previous years, the Town has maintained a relatively strong level of General Fund fund balance, which has assisted the Town in dealing with the unfavorable economic climate as well as addressing contingencies such as large weather events while keeping tax increases relatively low (the Town's current mill rate is almost identical to what it was in 2008 and Berlin has one of the lowest historical mill rate increases of the 169 cities and towns in Connecticut).

The growth in General Fund fund balance over the last few years allowed the Town to make an additional contribution to its defined benefit plan in fiscal year 2015 to strategically address the long-term liability. The Town's defined benefit plan has been completely closed for 15 years and is a very unique type of plan that offers the higher of the defined benefit or defined contribution calculation. As many of the remaining active participants are starting to retire and choose lump sum contributions, the Town made the strategic decision to use assigned fund balance to make a supplemental contribution in 2015, while still maintaining a strong unassigned fund balance.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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.

Basic Financial Statements

TOWN OF BERLIN, CONNECTICUT

STATEMENT OF NET POSITION

JUNE 30, 2014

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 33,688,753	\$ 4,714,618	\$ 38,403,371
Receivables, net	3,727,565	972,245	4,699,810
Internal balances	605	(605)	-
Inventory	24,556		24,556
Capital assets not subject to depreciation	53,972,872	5,065,827	59,038,699
Capital assets - depreciable, net of accumulated depreciation	60,561,139	7,050,657	67,611,796
Other		65,828	65,828
Total assets	<u>151,975,490</u>	<u>17,868,570</u>	<u>169,844,060</u>
Deferred Outflows of Resources:			
Deferred charge on refunding	<u>15,834</u>		<u>15,834</u>
Liabilities:			
Accounts and other payables	3,543,995	85,269	3,629,264
Unearned revenue	705,315		705,315
Bond anticipation and clean water notes	1,259,000	2,041,888	3,300,888
Noncurrent liabilities:			
Due within one year	2,880,278		2,880,278
Due in more than one year	52,013,728		52,013,728
Total liabilities	<u>60,402,316</u>	<u>2,127,157</u>	<u>62,529,473</u>
Deferred Inflows of Resources:			
Advance property tax collections	<u>191,335</u>		<u>191,335</u>
Net Position:			
Net investment in capital assets	64,684,687	10,074,596	74,759,283
Restricted for:			
Trust purposes:			
Expendable	32,317		32,317
Nonexpendable	114,691		114,691
Unrestricted	<u>26,565,978</u>	<u>5,666,817</u>	<u>32,232,795</u>
Total Net Position	<u>\$ 91,397,673</u>	<u>\$ 15,741,413</u>	<u>\$ 107,139,086</u>

The accompanying notes are an integral part of the financial statements

TOWN OF BERLIN, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 4,191,823	\$ 703,050	\$ 96,062	\$	\$ (3,392,711)	\$	\$ (3,392,711)
Community development	849,635	1,670			(847,965)		(847,965)
Public safety	8,747,446	351,580	72,767	58,395	(8,264,704)		(8,264,704)
Physical services	9,778,097	181,027	739,604	661,468	(8,195,998)		(8,195,998)
Parks, recreation and libraries	4,172,288	1,410,043	62,033	300,000	(2,400,212)		(2,400,212)
Health and human services	2,616,986	1,109,720	436,335		(1,070,931)		(1,070,931)
Schools	52,398,291	602,187	14,684,613	11,046,291	(26,065,200)		(26,065,200)
Interest on long-term debt	1,257,292				(1,257,292)		(1,257,292)
Total governmental activities	84,011,858	4,359,277	16,091,414	12,066,154	(51,495,013)	-	(51,495,013)
Business-type activities:							
Water services	1,194,957	1,739,229				544,272	544,272
Sewer services	1,652,335	1,857,870				205,535	205,535
Total business-type activities	2,847,292	3,597,099	-	-	-	749,807	749,807
Total	\$ 86,859,150	\$ 7,956,376	\$ 16,091,414	\$ 12,066,154	(51,495,013)	749,807	(50,745,206)
General revenues:							
Property taxes					62,660,285	1,170	62,661,455
Grants and contributions not restricted to specific programs					278,928		278,928
Unrestricted investment earnings					81,123	29,999	111,122
Other					693,062		693,062
Transfers					8,544	(8,544)	-
Total general revenues and transfers					63,721,942	22,625	63,744,567
Change in net position					12,226,929	772,432	12,999,361
Net Position at Beginning of Year					79,170,744	14,968,981	94,139,725
Net Position at End of Year					\$ 91,397,673	\$ 15,741,413	\$ 107,139,086

The accompanying notes are an integral part of the financial statements

TOWN OF BERLIN, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2014

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 14,059,416	\$ 13,329,265	\$ 642,383	\$ 28,031,064
Receivables, net	3,385,738	301,106	40,721	3,727,565
Due from other funds	605			605
Inventories			24,556	24,556
Total Assets	<u>\$ 17,445,759</u>	<u>\$ 13,630,371</u>	<u>\$ 707,660</u>	<u>\$ 31,783,790</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts and other payables	\$ 1,023,318	\$ 1,746,227	\$ 6,342	\$ 2,775,887
Due to other funds	377,543			377,543
Unearned revenue	100,466	573,996	30,853	705,315
Bond anticipation notes		1,259,000		1,259,000
Total liabilities	<u>1,501,327</u>	<u>3,579,223</u>	<u>37,195</u>	<u>5,117,745</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	3,049,738			3,049,738
Advance property tax collections	191,335			191,335
Total deferred inflows of resources	<u>3,241,073</u>	<u>-</u>	<u>-</u>	<u>3,241,073</u>
Fund balances:				
Nonspendable			139,247	139,247
Restricted		10,051,148	330,724	10,381,872
Committed	328,093		200,494	528,587
Assigned	2,600,000			2,600,000
Unassigned	9,775,266			9,775,266
Total fund balances	<u>12,703,359</u>	<u>10,051,148</u>	<u>670,465</u>	<u>23,424,972</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 17,445,759</u>	<u>\$ 13,630,371</u>	<u>\$ 707,660</u>	<u>\$ 31,783,790</u>

(Continued on next page)

TOWN OF BERLIN, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2014

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position:

Amounts reported for governmental activities in the statement of net position
(Exhibit I) are different because of the following:

Fund balances - total governmental funds (Exhibit III)	\$ 23,424,972
--	---------------

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

Governmental capital assets	\$ 188,885,190	
Less accumulated depreciation	(74,351,179)	
Net capital assets		114,534,011

Other long-term assets are not available to pay for current-period
expenditures and, therefore, are not recorded in the funds:

Property tax receivables greater than 60 days	1,522,375
Interest receivable on property taxes	1,527,363

Internal service funds are used by management to charge the costs of
risk management to individual funds. The assets and liabilities of
the internal service funds are reported with governmental activities
in the statement of net position.

5,465,537

Long-term liabilities, including bonds payable, are not due and payable
in the current period and, therefore, are not reported in the funds:

Net OPEB obligation	(916,411)
Net pension obligation	(861,149)
Bonds payable	(49,450,000)
Interest payable on bonds and notes	(198,413)
Compensated absences	(287,810)
Capital lease	(468,168)
Bond premium	(2,910,468)
Deferred charge on refunding	15,834

Net Position of Governmental Activities (Exhibit I)	\$ <u>91,397,673</u>
---	----------------------

The accompanying notes are an integral part of the financial statements

TOWN OF BERLIN, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 62,265,408	\$	\$	\$ 62,265,408
Intergovernmental	13,429,655	12,051,154	2,843,753	28,324,562
Charges for services	3,556,557	71,684	678,157	4,306,398
Income on investments	80,383		740	81,123
Miscellaneous	509,218	132,510	151,888	793,616
Total revenues	<u>79,841,221</u>	<u>12,255,348</u>	<u>3,674,538</u>	<u>95,771,107</u>
Expenditures:				
Current:				
General government	3,841,598		4,000	3,845,598
Community development	703,639		1,839	705,478
Public safety	8,222,571		47,091	8,269,662
Physical services	7,670,479			7,670,479
Parks, recreation and libraries	3,692,196		90,376	3,782,572
Health and human services	2,186,004		440,265	2,626,269
Schools	48,175,177		3,073,700	51,248,877
Debt service:				
Principal retirement	2,972,034			2,972,034
Interest and fiscal charges	1,261,664	83,178		1,344,842
Capital outlay	269,685	30,839,384		31,109,069
Total expenditures	<u>78,995,047</u>	<u>30,922,562</u>	<u>3,657,271</u>	<u>113,574,880</u>
Excess (Deficiency) of Revenues over Expenditures	<u>846,174</u>	<u>(18,667,214)</u>	<u>17,267</u>	<u>(17,803,773)</u>
Other Financing Sources (Uses):				
Transfers in	73,544	1,277,311		1,350,855
Transfers out	(1,277,311)	(65,000)		(1,342,311)
Issuance of capital leases	269,685			269,685
Bond premiums		1,449,489		1,449,489
Issuance of bonds		18,355,000		18,355,000
Total other financing sources (uses)	<u>(934,082)</u>	<u>21,016,800</u>	<u>-</u>	<u>20,082,718</u>
Net Change in Fund Balances	(87,908)	2,349,586	17,267	2,278,945
Fund Balances at Beginning of Year	<u>12,791,267</u>	<u>7,701,562</u>	<u>653,198</u>	<u>21,146,027</u>
Fund Balances at End of Year	<u>\$ 12,703,359</u>	<u>\$ 10,051,148</u>	<u>\$ 670,465</u>	<u>\$ 23,424,972</u>

(Continued on next page)

TOWN OF BERLIN, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because:

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 2,278,945
---	--------------

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	29,925,289
Depreciation expense	(3,614,252)

Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	15,000
---	--------

The statement of activities reports losses arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets.	(1,317)
---	---------

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 funds are not reported in the statement of activities:

Property tax receivable - accrual basis change	(51,393)
Property tax interest and lien revenue - accrual basis change	446,270

Change in pension and OPEB assets and liabilities:

Net OPEB expense	(304,522)
Net pension expense	(193,526)

The issuance of long-term debt (e.g., bonds, leases) 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 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 amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Bond principal payments	2,925,000
Issuance of bonds and notes	(18,355,000)
Issuance of capital leases	(269,685)
Capital lease principal payments	258,658
Premium on debt issuance	(1,400,231)
Amortization of premiums on debt issuance	188,231

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 the governmental funds:

Compensated absences	(31,075)
Accrued interest	(37,813)
Amortization of deferred charge on refunding	(15,834)

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities.

464,184

Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 12,226,929</u>
--	----------------------

The accompanying notes are an integral part of the financial statements

TOWN OF BERLIN, CONNECTICUT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

JUNE 30, 2014

	Business-Type Activities	Governmental Activities
	Water and Sewer Enterprise Fund	Internal Service Fund
Assets:		
Current:		
Cash and cash equivalents	\$ 4,714,618	\$ 5,657,689
Accounts receivable	972,245	
Due from other funds		377,543
Total current assets	<u>5,686,863</u>	<u>6,035,232</u>
Noncurrent:		
Capital assets, net	12,116,484	
Other	65,828	
Total noncurrent assets	<u>12,182,312</u>	<u>-</u>
Total assets	<u>17,869,175</u>	<u>6,035,232</u>
Liabilities:		
Accounts and other payables	85,269	513,522
Due to other funds	605	
Clean water fund note payable	2,041,888	
Due to MIRMA		56,173
Total liabilities	<u>2,127,762</u>	<u>569,695</u>
Net Position:		
Net investment in capital assets	10,074,596	
Unrestricted	<u>5,666,817</u>	<u>5,465,537</u>
Total Net Position	<u>\$ 15,741,413</u>	<u>\$ 5,465,537</u>

The accompanying notes are an integral part of the financial statements

TOWN OF BERLIN, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	Business-Type Activities <u>Water and Sewer Enterprise Fund</u>	Governmental Activities <u>Internal Service Fund</u>
Operating Revenues:		
Insurance proceeds	\$	\$ 147,975
Employee contributions		1,885,030
Charges for services	3,593,914	7,947,440
Other	3,185	
Total operating revenues	<u>3,597,099</u>	<u>9,980,445</u>
Operating Expenses:		
Administrative expense	70,486	1,031,049
Employee benefits	149,233	7,288,615
Insurance and benefits		1,209,940
Purchase of water	563,145	
Source of supply	1,270,657	
Pumping expense	141,133	
Transmission and distribution	23,360	
Salaries - administrative and general	120,896	
Salaries - operating and maintenance	247,947	
Depreciation	260,435	
Total operating expenses	<u>2,847,292</u>	<u>9,529,604</u>
Operating Income	<u>749,807</u>	<u>450,841</u>
Nonoperating Revenue:		
Income on investments	29,999	13,343
Taxes	1,170	
Total nonoperating revenue	<u>31,169</u>	<u>13,343</u>
Income Before Transfers	780,976	464,184
Transfers Out	<u>(8,544)</u>	
Change in Net Position	772,432	464,184
Net Position at Beginning of Year	<u>14,968,981</u>	<u>5,001,353</u>
Net Position at End of Year	<u>\$ 15,741,413</u>	<u>\$ 5,465,537</u>

The accompanying notes are an integral part of the financial statements

TOWN OF BERLIN, CONNECTICUT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	Business-Type Activities <u>Water and Sewer Enterprise Fund</u>	Governmental Activities <u>Internal Service Fund</u>
Cash Flows from Operating Activities:		
Cash received from users	\$ 3,609,226	\$ 9,832,470
Cash received from customers	(368,843)	
Cash payments to employees for services		(9,494,855)
Cash payments to providers of benefits	(2,450,014)	
Cash payments to suppliers for goods and services	3,185	147,975
Cash received from others	<u>793,554</u>	<u>485,590</u>
Net cash provided by operating activities		
Cash Flows from Noncapital Financing Activities:		
Transfers out	(8,544)	
Cash received from tax collections	<u>1,170</u>	
Net cash used in noncapital financing activities	<u>(7,374)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:		
Proceeds from clean water fund notes	1,587,188	
Acquisition of capital assets	<u>(1,808,262)</u>	
Net cash used in capital and related financing activities	<u>(221,074)</u>	<u>-</u>
Cash Flows from Investing Activities:		
Income on investments	<u>29,999</u>	<u>13,343</u>
Net Increase in Cash and Cash Equivalents	595,105	498,933
Cash and Cash Equivalents at Beginning of Year	<u>4,119,513</u>	<u>5,158,756</u>
Cash and Cash Equivalents at End of Year	<u>\$ 4,714,618</u>	<u>\$ 5,657,689</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income	\$ 749,807	\$ 450,841
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation	260,435	
Change in assets and liabilities:		
Decrease in accounts receivable	15,312	
Increase in due to MIRMA		29,702
Increase (decrease) in accounts payable	<u>(232,000)</u>	<u>5,047</u>
Net Cash Provided by Operating Activities	<u>\$ 793,554</u>	<u>\$ 485,590</u>

The accompanying notes are an integral part of the financial statements

TOWN OF BERLIN, CONNECTICUT

STATEMENT OF NET POSITION - FIDUCIARY FUNDS

JUNE 30, 2014

	Pension Trust Fund	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$	\$ 3,047,005
Mutual funds - equity securities	43,334,200	
Accounts receivable	10,000	
	<u> </u>	<u> </u>
Total assets	43,344,200	\$ <u>3,047,005</u>
	<u> </u>	<u> </u>
Liabilities:		
Accounts payable	98,689	\$
Due to other		3,047,005
	<u> </u>	<u> </u>
Total liabilities	98,689	\$ <u>3,047,005</u>
	<u> </u>	<u> </u>
Net Position:		
Held in Trust for Pension Benefits	\$ <u>43,245,511</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF BERLIN, CONNECTICUT

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Pension Trust Fund</u>
Additions:	
Contributions:	
Employer	\$ 2,326,498
Plan members	978,826
Total contributions	<u>3,305,324</u>
Investment income:	
Net appreciation in fair value of investments	3,620,744
Interest and dividends	226,142
Net investment income	<u>3,846,886</u>
Total additions	<u>7,152,210</u>
Deductions:	
Benefits	1,011,876
Administration	<u>120,838</u>
Total deductions	<u>1,132,714</u>
Net Increase	6,019,496
Net Position at Beginning of Year	<u>37,226,015</u>
Net Position at End of Year	<u>\$ 43,245,511</u>

The accompanying notes are an integral part of the financial statements

TOWN OF BERLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Berlin (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the Town are described below.

A. Reporting Entity

The 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 5, 2002, 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 revision 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.

The Town provides the following services as authorized by its Charter: general government, community development, public safety, water and sewer, physical services, parks, recreation and libraries, health and human services, and schools.

B. 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. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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 and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. 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. Agency funds use the accrual basis of accounting but have no measurement focus since they report only assets and liabilities. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues 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 are considered to be measurable and available only when cash is received.

The Town reports the following major governmental funds:

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

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities. 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 funds:

The Water and Sewer Enterprise Fund is used to account for the operations of the Water Control Commission, which oversees the water and sewer services to a portion of the Town. The major source of revenues for this fund is charges for services.

Additionally, the Town reports the following fund types:

The Internal Service Funds account for insured activities of the Town, including medical and health (self-insured) and liability (fully insured).

The Pension Trust Fund accounts for the activities of the Town of Berlin Retirement System, which accumulates resources for pension benefit payments to qualified Town employees.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between certain Town's functions because the 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 property 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 water and sewer enterprise fund and of the Town's internal service funds are charges to customers for sales, services and benefits. Operating expenses for enterprise funds and internal service funds include the cost of benefits, sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned then unassigned.

D. Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 3.

Investments are reported at fair value.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown net of an allowance for uncollectibles. Allowances for uncollectibles are computed based on historical data.

Property taxes (receivable - taxes) are assessed as of October 1, levied after the adoption of the Town budget by referendum and become legally due and payable on July 1. Taxes are overdue on August 1 (or the closest business day thereafter), and interest is levied at a rate of 1-1/2% per month. Liens are placed on delinquent real estate taxes owed on June 30th. Liens will be placed sooner in cases where the Tax Collector deems the taxes to be in jeopardy.

An amount of \$128,710 has been established as an allowance for uncollectible taxes. At June 30, 2014, this represents 7.4% of all property taxes receivable.

F. Inventories and Prepaid Items

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

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

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 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 estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Building improvements	40
Public domain infrastructure	25-50
System infrastructure	25-50
Vehicles	5-15
Office equipment	5-20
Computer equipment	5

H. 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, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports advance property tax collections in the government-wide statement of net position and in the governmental funds balance sheet. Advance property tax represents taxes inherently associated with a future period. This amount is

recognized during the period in which the revenue is associated. Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

I. Compensated Absences

Accumulated unpaid vacation time is accrued by the Town. Town employees are required to use vacation time by June 30 of each year; however, employees may request to have their time extended by the Town Manager past June 30 to October 31.

The liability is recorded in the government-wide statement of net position. The General Fund and the Water and Sewer Enterprise Fund are used to liquidate compensated absence liabilities.

J. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type 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 any significant applicable bond premium or discount. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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.

K. Net Position/Fund Equity

Equity in the government-wide financial statements is defined as “net position” and is classified in the following categories:

Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position - Net position restrictions are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This component consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

The equity of the fund financial statements is defined as “fund balance” and is classified in the following categories:

Nonspendable Fund Balance - This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

Restricted Fund Balance - This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors or laws and regulations of their governments.

Committed Fund Balance - This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town of Berlin, Town Council). The Town Council would pass a formal resolution to commit fund balance.

Assigned Fund Balance - For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as nonspendable, restricted or committed. On May 3, 2011, the Town Council adopted a fund balance policy. This policy, combined with legislative authority granted to the Council by the Town Charter, specifies that the authority to assign fund balance rests with the Town Council in most cases. The policy grants the Town Manager authority to assign fund balance for the sole purpose of carrying over encumbrances in the Capital Projects Fund. At June 30, 2014, General Fund assigned fund balance also includes an amount set aside by the Town Council to offset the mill rate increase in the subsequent year's budget and to incorporate an additional defined benefit pension contribution to be made in fiscal year 2015.

Unassigned Fund Balance - This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

An annual budget is legally adopted for the General Fund. The budget is prepared on a modified accrual basis. The Town does not budget for revenue or expenditures related to the State of Connecticut pension contribution to the State Teachers' Retirement Fund on behalf of the Town, which amounted to \$5,386,967. The contribution and expenditure, while not included in the budgetary reporting (RSI-1 and RSI-2), are included in Exhibit IV, which reports in accordance with GAAP.

In accordance with Section 7-3 of the Town Charter, the Town Council 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 Council, which shall further consider and adopt an annual Town budget for the ensuing fiscal year.

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 Town Council. Also, transfers may not be made for major capital items specifically deleted by the Council. The Manager's authority is limited to \$5,000 for any single transfer.

The Town Council may, at any time, appropriate funds from contingency. Town meeting approval is required for nonbudgeted appropriations exceeding \$25,000 individually or exceeding \$250,000 cumulative annually. The Town Council may transfer funds from budget appropriations only in the last three months of the fiscal year. There was \$231,043 of supplemental appropriations during the year. All appropriations were approved in accordance with Charter provisions.

The revised annual Town budget, including amendments, is reported herein. At the end of the fiscal year, unexpended General Fund appropriations lapse.

Special revenue funds do not have a legally adopted annual budget. Appropriations for the Capital Projects Funds do not lapse at the end of the fiscal year, but continue until the completion of the project.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. To the extent possible, the Town's current practice is to close out purchase orders at June 30.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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 do 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 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.

A. Deposits

Deposit Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposit will not be returned. The Town's deposit policy for custodial credit risk requires pre-qualification of institutions with which the Town does business. The pre-qualification requirements include, but are not limited to, proof of creditworthiness, five years or more of operations, evidence of adequate insurance coverage, proof of state registration, and proof of compliance with state and federal capital adequacy guidelines. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the state of Connecticut or up to the FDIC limit in out-of-state banks.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$40,862,791 of the Town's bank balance of \$42,256,748 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 36,701,512
Collateralized, held by banks	<u>4,161,279</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 40,862,791</u>

Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk based capital ratio.

Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2014, the Town's cash equivalents amounted to \$713,161. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	Standard & Poor's
State Short-Term Investment Fund (STIF)	AAAm

B. Investments

Investments as of June 30, 2014 in all funds are as follows:

Investment Type	Fair Value
Pooled open-end mutual fund accounts:	
Pension trust funds	\$ <u>43,334,200</u>

Interest Rate Risk - The Town limits their maximum final stated maturities to five years, unless specific authority is given to exceed. To the extent possible, the Town will attempt to match its investments with anticipated cash flow requirements.

Credit Risk - Investments - As indicated above, State Statutes limit the investment options of cities and towns. The Town has an investment policy that allows the same type of investments as State Statutes.

Concentration of Credit Risk - The Town has no policy limiting an investment in any one issuer that is in excess of 5% of the Town's total investments.

Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2014, the Town did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town's name.

4. RECEIVABLES

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

	<u>General</u>	<u>Capital Projects</u>	<u>Water and Sewer</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Interest	\$ 1,527,363	\$	\$	\$	\$ 1,527,363
Taxes	1,748,096				1,748,096
Accounts	159,370		972,245	794	1,132,409
Intergovernmental	79,619	301,106		39,927	420,652
Pension receivables				10,000	10,000
Gross receivables	<u>3,514,448</u>	<u>301,106</u>	<u>972,245</u>	<u>50,721</u>	<u>4,838,520</u>
Less allowance for uncollectibles	<u>(128,710)</u>				<u>(128,710)</u>
Net Total Receivables	<u>\$ 3,385,738</u>	<u>\$ 301,106</u>	<u>\$ 972,245</u>	<u>\$ 50,721</u>	<u>\$ 4,709,810</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Transfers</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 21,944,064	\$	\$	\$	\$ 21,944,064
Construction in progress	<u>13,374,375</u>	<u>(7,457,567)</u>	<u>26,112,000</u>		<u>32,028,808</u>
Total capital assets not being depreciated	<u>35,318,439</u>	<u>(7,457,567)</u>	<u>26,112,000</u>	<u>-</u>	<u>53,972,872</u>
Capital assets being depreciated:					
Land improvements	4,123,891	39,122	101,823		4,264,836
Buildings	54,226,387	7,274,212	1,634,170		63,134,769
Machinery and equipment	14,664,953	134,383	936,963	348,874	15,387,425
Infrastructure	<u>50,960,105</u>	<u>9,850</u>	<u>1,155,333</u>		<u>52,125,288</u>
Total capital assets being depreciated	<u>123,975,336</u>	<u>7,457,567</u>	<u>3,828,289</u>	<u>348,874</u>	<u>134,912,318</u>
Less accumulated depreciation for:					
Land improvements	2,364,414		257,806		2,622,220
Buildings	28,444,177		1,447,866		29,892,043
Machinery and equipment	9,122,333		903,537	347,557	9,678,313
Infrastructure	<u>31,153,560</u>		<u>1,005,043</u>		<u>32,158,603</u>
Total accumulated depreciation	<u>71,084,484</u>	<u>-</u>	<u>3,614,252</u>	<u>347,557</u>	<u>74,351,179</u>
Total capital assets being depreciated, net	<u>52,890,852</u>	<u>7,457,567</u>	<u>214,037</u>	<u>1,317</u>	<u>60,561,139</u>
Governmental Activities Capital Assets, Net	<u>\$ 88,209,291</u>	<u>\$ -</u>	<u>\$ 26,326,037</u>	<u>\$ 1,317</u>	<u>\$ 114,534,011</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 993,100	\$	\$	\$ 993,100
Construction in progress	<u>2,414,489</u>	<u>1,756,994</u>	<u>98,756</u>	<u>4,072,727</u>
Total capital assets not being depreciated	<u>3,407,589</u>	<u>1,756,994</u>	<u>98,756</u>	<u>5,065,827</u>
Capital assets being depreciated:				
Buildings	2,014,364	41,515		2,055,879
Machinery and equipment	684,480	108,509		792,989
Infrastructure	<u>11,790,990</u>			<u>11,790,990</u>
Total capital assets being depreciated	<u>14,489,834</u>	<u>150,024</u>	<u>-</u>	<u>14,639,858</u>
Less accumulated depreciation for:				
Buildings	1,493,847	61,056		1,554,903
Machinery and equipment	513,171	37,758		550,929
Infrastructure	<u>5,321,748</u>	<u>161,621</u>		<u>5,483,369</u>
Total accumulated depreciation	<u>7,328,766</u>	<u>260,435</u>	<u>-</u>	<u>7,589,201</u>
Total capital assets being depreciated, net	<u>7,161,068</u>	<u>(110,411)</u>	<u>-</u>	<u>7,050,657</u>
Business-Type Activities Capital Assets, Net	<u>\$ 10,568,657</u>	<u>\$ 1,646,583</u>	<u>\$ 98,756</u>	<u>\$ 12,116,484</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 215,597
Community development	4,620
Public safety	441,058
Physical services	1,185,310
Parks, recreation and libraries	504,349
Health and human services	32,847
Schools	<u>1,230,471</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,614,252</u>
Business-type activities:	
Water services	\$ 120,649
Sewer services	<u>139,786</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 260,435</u>

Construction Commitments

The Town has active construction projects as of June 30, 2014. The projects include the following:

Project	Appropriations	Expenditures	Encumbrances	Balance
Bonded Road Improvements*	\$ 6,964,449	\$ 5,973,935	\$	\$ 990,514
Veterans Memorial Park	1,844,500	1,357,542	7,525	479,433
Facade Program	500,000	30,273	20,857	448,870
Boulevard at Berlin Train Station**	500,000			500,000
Train Station Rehabilitation***	400,000	100,086	55,710	244,204
Streetscape Improvements	259,720			259,720
Berlin High School Renovations****	84,500,000	30,852,072	4,627,765	49,020,163
Berlin Police Station - New Construction*****	2,000,000	1,125,193	103,719	771,088
Willard School Roof Replacement	1,700,000	1,184,300		515,700
Recycling Center Improvements*****	469,485			469,485
Bridge Rehabilitation Program*****	212,000	95,580		116,420
889 Farmington Ave. Remediation	500,000	51,993	42,909	405,098

*Additional \$1,855,000 appropriated in fiscal year 2014 for bonding the second phase of the \$6,000,000 road improvement authorization.

** Represents a new state grant awarded in fiscal year 2014.

***Appropriation is for local match part of project (funded by state grants), which represents 20% of the project costs. The federal government is paying the remaining 80%.

****The amount bonded as of June 30, 2014 is \$21,500,000. Part of the cost is paid for by state grants. In June 2013, the state legislature authorized exceptions to square footage requirements, which allowed the Town to obtain an additional \$15 million in state grants; this is included in the appropriation recorded.

*****Only \$2,000,000 was authorized to date to purchase land, perform demolition of existing structures and environmental remediation. The total projected cost of building a new police station is \$21,000,000 and will go to referendum in fiscal year 2015.

*****Funds appropriated from payments received from TROC and BRRFOC reorganizations to make required improvements in recycling operations.

*****Program to borrow funds through notes to repair town bridges.

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The interfund receivables and payables are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water and Sewer Enterprise Fund	\$ 605
Internal Service Fund	General Fund	377,543
Total		\$ 378,148

Interfund receivables and payables generally represent temporary balances arising from reimbursement type transactions.

Interfund transfers:

	Transfers In		
	General Fund	Capital Projects	Total
Transfers out:			
General Fund	\$	\$ 1,277,311	\$ 1,277,311
Capital Projects	65,000		65,000
Water and Sewer Enterprise Fund	8,544		8,544
Total Transfers In	\$ 73,544	\$ 1,277,311	\$ 1,350,855

Transfers are for regularly recurring operational transfers that are appropriated in the General Fund and paid to other funds during the year.

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds and loans payable:					
General obligation bonds	\$ 34,020,000	\$ 18,355,000	\$ 2,925,000	\$ 49,450,000	\$ 2,265,000
Less deferred amounts:					
For issuance premiums	<u>1,698,468</u>	<u>1,400,231</u>	<u>188,231</u>	<u>2,910,468</u>	
	<u>35,718,468</u>	<u>19,755,231</u>	<u>3,113,231</u>	<u>52,360,468</u>	<u>2,265,000</u>
Other liabilities:					
Compensated absences	256,735	40,257	9,182	287,810	287,810
Capital leases	457,141	269,685	258,658	468,168	327,468
Net pension obligation	667,623	193,526		861,149	
Net OPEB obligation	<u>611,889</u>	<u>304,522</u>		<u>916,411</u>	
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 37,711,856</u>	<u>\$ 20,563,221</u>	<u>\$ 3,381,071</u>	<u>\$ 54,894,006</u>	<u>\$ 2,880,278</u>

The annual requirements to amortize all bonds outstanding as of June 30, 2014, including interest payments, are as follows:

Year Ending June 30,	<u>Debt Service, Annual Requirements</u>		
	<u>Long-Term Debt</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 2,265,000	\$ 1,651,934	\$ 3,916,934
2016	3,950,000	1,538,726	5,488,726
2017	3,675,000	1,416,688	5,091,688
2018	3,695,000	1,296,482	4,991,482
2019	3,695,000	1,157,876	4,852,876
2020-2024	15,990,000	3,873,033	19,863,033
2025-2029	10,315,000	1,559,168	11,874,168
2030-2034	<u>5,865,000</u>	<u>416,770</u>	<u>6,281,770</u>
Total	<u>\$ 49,450,000</u>	<u>\$ 12,910,677</u>	<u>\$ 62,360,677</u>

Outstanding debt by issue is as follows:

<u>Issue</u>	<u>Original Amount</u>	<u>Year of Maturity</u>	<u>Interest Rate %</u>	<u>Balance June 30, 2014</u>
Sep-09	\$ 8,195,000	2025	2.0-3.625	\$ 6,395,000
Apr-10	4,645,000	2016	2.0-4.0	830,000
Jun-11	16,610,000	2026	3.0-5.0	15,375,000
May-13	8,495,000	2033	2.25-4.0	8,495,000
May-14	18,355,000	2034	3.0-5.0	<u>18,355,000</u>
				<u>\$ 49,450,000</u>

The Town currently has authorized the issuance of \$108.71 million of bonds for various projects. Bond anticipation notes of \$1.259 million are outstanding on these authorizations.

A summary of overlapping debt is presented below:

Debt Outstanding	Total	Considered Overlapping
Kensington Fire District	\$ 918,640	\$ 918,640
Worthington Fire District	424,058	424,058
Mattabassett District	12,038,677	12,038,677
Total	\$ 13,381,375	\$ 13,381,375

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

Category	(In Thousands)		
	Debt Limit	Net Indebtedness*	Balance
General purpose	\$ 143,624	\$ 26,700	\$ 116,924
Schools	287,249	57,908	229,341
Sewers	239,374	17,881	221,493
Urban renewal	207,457		207,457
Pension deficit	191,499		191,499

* Includes bonds authorized unissued and overlapping debt.

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$446,831.

Conduit Debt Obligations

To provide for the purpose of assisting the acquisition, development, redevelopment or productive reuse of real property and the construction of improvements within the municipality known as Legion Square, the Town has entered into an agreement with the Connecticut Development Authority. This agreement is an assignment of the incremental tax revenues of the Legion Square project for a period of time sufficient to retire a note issued by the Connecticut Development Authority for the purpose of making a grant to the project. This agreement represents a special obligation of the Town, payable solely from and secured by incremental tax revenues on the property. The agreement does not constitute a debt or pledge of the faith and credit of the Town and, accordingly, has not been reported in the accompanying financial statements.

On July 1, 2012, the Connecticut Development Authority merged with Connecticut Innovations, Inc. (CII). CII has now assumed the above-mentioned agreement.

At June 30, 2014, the aggregate principal amount payable pursuant to the agreement was \$358,550.

Clean Water Fund Loan

On February 4, 2013, the Town entered into a Project Loan and Project Grant Agreement with the State of Connecticut Department of Energy and Environmental Protection under the Clean Water Fund Program. The purpose of this agreement is to complete a project consisting of the rehabilitation of a major sewer interceptor to eliminate inflow and infiltration. This project is owned by the Town operating through the Water Control Commission.

As required by the rules of the program, the Town Council authorized bonds in the amount of \$4.5 million. This amount is reported in authorized, unissued debt. There are no plans for these bonds to be issued; rather, this project will be funded by a 20-year Clean Water Fund loan at 2% interest from the State of Connecticut Department of Energy and Environmental Protection. On April 9, 2013, the Town obtained an interim funding obligation of \$3,553,898 under the Clean Water Fund Program. Within six months of the completion of the project, the IFO will be converted to a Project Loan Obligation in an amount not less than the project loan advances paid throughout the project. Project loan advances through June 30, 2014 total \$2,041,888, and they are accounted for in the water and sewer enterprise fund.

8. LEASES

Operating Leases

The Town leases a fiber optic communications network under a noncancelable operating lease. The future minimum lease payments for these leases amount to \$16,800 per year for the next 14 fiscal years, ending in 2028.

Capital Lease

The Town has entered into various lease agreements as lessee for financing the acquisition of heavy equipment and golf carts. The leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through the capital lease are as follows:

	Governmental Activities
Equipment	\$ 890,308
Less accumulated depreciation	(395,587)
Total	<u><u>\$ 494,721</u></u>

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2014 were as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2015	\$ 338,177
2016	103,290
2017	22,440
2018	22,440
Less amount representing interest	<u>(18,179)</u>
Total	<u><u>\$ 468,168</u></u>

9. BOND ANTICIPATION NOTES

The following is a schedule of changes in bond anticipation notes for the year ended June 30, 2014:

<u>Project</u>	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Balance July 1, 2013</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2014</u>
Open Space	5/23/2013	9/26/2013	1	\$ 93,000	\$	\$ 93,000	\$ -
Land Acquisition	5/23/2013	9/26/2013	1	112,000		112,000	-
Beckley Rd Bridge	5/23/2013	9/26/2013	1	97,000		97,000	-
Beckley Rd Bridge	9/26/2013	5/24/2013	1		48,000	48,000	-
Beckley Rd Bridge	5/23/2014	9/26/2014	1		48,000		48,000
Material Storage Yard	5/23/2013	9/26/2013	1	80,000		80,000	-
Material Storage Yard	9/26/2013	5/23/2014	1		40,000	40,000	-
Roadway Improvements	5/23/2014	9/26/2014	1		40,000		40,000
Town Hall Chiller	5/23/2013	9/26/2013	1	143,000		143,000	-
Town Hall Chiller	9/26/2013	5/23/2014	1		71,000	71,000	-
Town Hall Chiller	5/23/2014	9/26/2014	1		71,000		71,000
High School Renovations	9/26/2013	5/23/2014	1		8,000,000	8,000,000	-
Bridges / Sidewalks	5/23/2013	9/26/2013	1	300,000		300,000	-
Bridges / Sidewalks	9/26/2013	5/23/2014	1		300,000	300,000	-
Bridges / Sidewalks	5/23/2014	9/26/2014	1		300,000		300,000
Bridges Phase 2	9/26/2013	5/23/2014	1		200,000	200,000	-
Bridges Phase 2	5/23/2014	9/26/2014	1		200,000		200,000
Disaster Recovery	5/23/2013	9/26/2013	1	500,000		500,000	-
Disaster Recovery	9/26/2013	5/23/2014	1		600,000	600,000	-
Disaster Recovery	5/23/2014	9/23/2014	1		600,000		600,000
				<u>\$ 1,325,000</u>	<u>\$ 10,518,000</u>	<u>\$ 10,584,000</u>	<u>\$ 1,259,000</u>

The notes are reported in the Capital Projects Fund and will be retired or permanently financed.

10. 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. 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 the Connecticut Interlocal Risk Management Association. The Town examines the coverage and has an actuarial study conducted periodically.

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 Anthem Blue Cross/Blue Shield. 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. An actuarial study is made annually. 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 \$508,094 in the Medical and Health Insurance Fund at June 30, 2014. The following table reflects the activity of the past two years:

		Claims Payable July 1	Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
2012-2013	\$	531,439	\$ 7,259,712	\$ 7,286,102	\$ 505,049
2013-2014		505,049	7,288,615	7,284,760	508,904

Catastrophic claims are subject to the stop loss limitation.

The Town had previously been involved with the Municipal Interlocal Risk Management Association (MIRMA) for workers' compensation coverage. During the year ended June 30, 2010, MIRMA filed for bankruptcy protection and levied an additional assessment on all member towns to fulfill the lookback requirements. Based on an initial MIRMA estimate, a liability of \$420,566 was recorded in the Internal Service Fund.

After further evaluation based on claim experience, MIRMA ultimately reduced the assessment to \$316,439. The Town paid \$70,094 in fiscal year 2010, \$87,672 in fiscal year 2011, and \$66,101 in each fiscal year 2012 and 2013. The final payment of \$26,471 was made in fiscal year 2014. However, in June of 2014, MIRMA once again assessed the Town for an additional \$56,173. This was also recorded as an expense and a liability for fiscal year 2014. MIRMA has stated that there is no additional liability for the Town of Berlin.

11. FUND BALANCE

The components of fund balance for the governmental funds as of June 30, 2014 are as follows:

			Major Special Revenue Fund		Nonmajor Governmental Funds	Total
	General Fund		Capital Projects			
Fund balances:						
Nonspendable:						
Inventory	\$		\$		\$ 24,556	\$ 24,556
Permanent fund principal					114,691	114,691
Restricted for:						
Permanent funds					32,317	32,317
Unspent grant balances					102,762	102,762
Marjorie Moore donations					8,393	8,393
Capital projects			10,051,148			10,051,148
General government					13,519	13,519
Health and human services					12,825	12,825
Education					160,908	160,908
Committed to:						
Bargaining unit contracts to be settled						
during the subsequent fiscal yea		132,304				132,304
Revaluation		195,789				195,789
Community development					22,967	22,967
Public safety					5,000	5,000
Parks, recreation and libraries					61,998	61,998
Health and human services					2,466	2,466
Education					108,063	108,063
Assigned to:						
Future year budgets		2,600,000				2,600,000
Unassigned		9,775,266				9,775,266
Total Fund Balances	\$	<u>12,703,359</u>	\$	<u>10,051,148</u>	\$ <u>670,465</u>	\$ <u>23,424,972</u>

Significant encumbrances of \$4,858,485 are included in the above table in the restricted category of the Capital Projects Fund.

12. JOINTLY GOVERNED ORGANIZATION

The Mattabassett District

The Mattabassett 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 Mattabassett 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 Board of Directors is responsible for hiring, firing, purchasing, administration, budget adoption and fiscal operations. The District may issue bonds in its own name. The Mattabassett District levies its annual assessment, which the Town is obliged to pay. The Town is responsible for a pro-rata share of the debt, should the Mattabassett District default on its bonds and notes, although the obligation to pay these debts will remain with the Mattabassett District. The possibility of the Mattabassett District defaulting on its bond and note liabilities is remote. The Town has no direct interest in assets or liabilities of the District.

Currently, the Mattabassett District is performing a major upgrade for nitrogen removal, increased capacity to accommodate increased flows from 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. The three-year construction project began in the summer of 2012. The District currently has \$86,052 Clean Water Fund debt outstanding to finance its sewage treatment plant and upgrade; this consists of an Interim Construction Funding Obligation of \$83,184 and a Project Design Loan Obligation of \$2,868. It is estimated that, based on future treatment plant reserved capacity, the Town's annual assessment from the District will include 13.99% of Clean Water Fund Debt Service, which equals \$12,039.

13. JOINT VENTURES

The Town is a participant in two joint ventures as described below:

Tunxis Recycling Operating Committee

The Town is a participant with 13 other cities and towns in a joint venture, the Tunxis Recycling Operating Committee (TROC). TROC is responsible for the development, operations and management of a solid waste recycling program for all Contracting Municipalities. The governing board consists of town officials appointed by each of the Contracting Municipalities and assumes all the management decisions. The Town has an obligation to appropriate funds in amounts necessary to fulfill its obligations created pursuant to the Inter-Community Agreement dated as of June 21, 1990. Expenditures of \$14,400 were incurred in 2013-14 related to the Town's participation in TROC. The Inter-Community Agreement will extend through completion of the fiscal year 2014 TROC audit. Once the agreement expires, TROC reserves held in a special revenue fund dedicated to providing household hazardous waste services to ten communities including Berlin are proposed to be transferred to the Bristol Resource Recovery Facility Operating Committee and the Bristol Facility to enable the program to continue. Please refer to the next section for additional detail.

Fund balance for fiscal year ended June 30, 2014 as reflected in TROC's financial statements is \$507,754. A complete set of financial statements for TROC can be obtained from TROC's administrative office at 43 Enterprise Drive, Bristol, Connecticut.

On March 11, 2013, the TROC Budget Committee closed out Capital Non-Recurring accounts. The Town's proportionate share of this distribution was \$21,500. These funds have been appropriated by the Town Council to fund improvements to the Town's recycling center.

Bristol Resource Recovery Facility Operating Committee

The Town is a participant with 13 other cities and towns in a joint venture, the Bristol Resource Recovery Facility Operating Committee (BRRFOC). BRRFOC was created pursuant to an Inter-Community Agreement to exercise certain rights on behalf of Contracting Municipalities in dealing with the trash-to-energy plant built by Ogden Martin Systems of Bristol, Inc. (now Covanta Bristol, Inc.). The governing board consists of town officials appointed by each of the Contracting Municipalities, and assumes all the management decisions. The Town has an obligation to appropriate funds in amounts necessary to fulfill its obligations created pursuant to the Inter-Community Agreement dated as of August 15, 1985. These obligations deal with guarantees to meet certain tonnage requirements.

The Town expenditures to BRRFOC amounted to \$564,094 this year. The fund balance for fiscal year ended June 30, 2014 as reflected in BRRFOC's financial statements is \$10,091,278 (\$2,593,523 assigned and \$7,497,755 unassigned). A complete set of financial statements for BRRFOC can be obtained from the administrative office at 43 Enterprise Drive, Bristol, Connecticut.

Under the Service Agreement, the service fee is an obligation of the Contracting Municipalities to which each has pledged its full faith and credit. Should any Contracting Municipality default in its obligation to pay the service fee, the other Contracting Municipalities shall have an obligation to continue to pay the aggregate service fee. If BRRFOC does not perform its obligations under the service agreement and Covanta Bristol, Inc., fails to perform such obligations pursuant to its guarantee, the Contracting Municipalities have certain rights to terminate the service agreement and, upon termination, would no longer be obligated to pay the service fee.

On December 21, 2012, the Bristol Facility Policy Board (Policy Board) was formed pursuant to a Municipal Solid Waster Disposal and Recycling Services Agreement (the Agreement) by and among the Cities of Bristol, New Britain and the Towns of Berlin, Burlington, Branford, Hartland, Plainville, Plymouth, Prospect, Seymour, Southington, Warren, Washington, and Wolcott and Covanta Bristol, Inc. The Policy Board is the successor entity to the BRRFOC. BRRFOC has been selected by resolution to serve as the Policy Board under the Agreement and continue in such capacity until the aforementioned municipalities formally constitute a new board.

On June 25, 2013, the remaining amount of BRRFOC's \$41,920,000 Solid Waste Refunding Bonds for the Covanta Bristol, Inc., Project dated April 28, 2005 was defeased. These 2005 bonds refunded BRRFOC's 1995 refunding bonds, which had refunded the original issue of BRRFOC bonds in 1985. In accordance with the terms of the bond indenture and an Escrow Deposit Agreement, sufficient funds were made available to provide for the payment of all remaining debt service: three amounts payable on July 1, 2013, January 1, 2014 and July 1, 2014. The defeasance was accomplished to address the issue that debt service has averaged approximately 25% of BRRFOC's operating expenses since the 2005 refunding. The defeasance is documented in the Escrow Deposit Agreement between BRRFOC and US Bank, as the escrow agent. As a result of the defeasance, \$605,754 was distributed to the member towns. The Town has received a total distribution from the defeasance of \$26,027. On July 1 2014, BRRFOC completed the retirement of all remaining debt.

On March 1 2013, BRRFOC closed out Capital Non-Recurring funds and approved a total of \$2,100,000 in refunds to the member towns. The Town's share is \$90,230.

On March 28, 2014, BRRFOC approved a distribution of funds from unassigned fund balance to member Towns. Berlin's share is \$75,788. These funds along with the aforementioned distributions from the defeasance and close out of Capital Non-Recurring funds have been appropriated by the Town Council to fund improvements to the Town's recycling center.

14. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Pension Trust Fund

A. Plan Description

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 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.

Management of the plans rests with the Pension Committee, which consists of nine members. The nine members are the Town Manager, Finance Director, Director of Human Resources, Town Accountant and the presidents of each of the five bargaining units. The Committee is advised by Fiduciary Investment Associates, and convenes on a quarterly basis for detailed plan review.

Defined Contribution Segment

The Town provides benefits for all of its full-time employees through a defined contribution 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 1, 2004 in the defined contribution component, the benefits depend upon the combination of the employee contributions (limited to 5% of base earnings, 6% 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. Future improvements regarding the defined contribution plan shall not have an effective date prior to June 30, 2014.

The defined contribution plan became effective on April 1, 1988. The prior contributions were computed and matched by the Town and interest of 4% credited to the accounts. The total value of the plan is \$33,706,785 as of June 30, 2014. Employees contributed \$791,056, and covered payroll was \$21,698,787. The Town's matching share was \$1,432,181. 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. Effective in fiscal year 2013, the Town has engaged Hooker and Holcombe, Inc., of West Hartford, Connecticut, as the defined benefit plan actuary. In addition, Fiduciary Investment Associates (FIA) serves as investment consultants for both the defined benefit and defined contribution plans. FIA meets with and advises the Pension Committee on a quarterly basis to ensure plan funds are invested prudently. The Town Council adopted the revised investment policy on September 19, 2012.

As of June 30, 2014, 31% of the investments are invested in the ICMA-RC Guaranteed Plus Mutual Fund. This fund invests in double A (AA) or better collateralized Guaranteed Investment Contracts. The remaining 69% of investments are held in ICMA-RC self-directed funds including bond funds, guaranteed life income funds, balanced/asset allocation funds, U.S. stock funds, specialty and international/global stock funds.

During fiscal year 2012, a separate defined contribution plan, the Robert Wolf Plan, was created specifically for the Town's volunteer firefighters. The firefighters have the option to contribute all or a portion of their paid-on-call earnings to the plan. There is no employer match; however, the Town annually contributes \$500 per qualifying firefighter. Contributions to this plan began in fiscal year 2013. The total value of this plan is \$103,539 as of June 30, 2014.

Defined Benefit Segment

All full-time employees hired and participating in the 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 above) or the benefit due under the old defined benefit plan. The PERS provides retirement, disability and death benefits to plan members and their beneficiaries. Plan members are entitled to a monthly benefit equal to 2% and 2.125% for police officers of final earnings times years of employment, times the ratio of benefit service to years of employment. The plan provides for normal retirement at age 65 (55 for police officers); early retirements are allowable with reduced benefit.

At July 1, 2013, PERS membership consisted of:

	<u>Total</u>	<u>Defined Contribution Plan</u>	<u>Defined Benefit Plan</u>	
Retirees, disabled and beneficiaries currently receiving benefits	29		29	
Terminated employees entitled to benefits but not yet receiving them	3		3	
Current employees:				
Police	58	39	19	*
Other	318	312	6	*
Total	<u>408</u>	<u>351</u>	<u>57</u>	

* These participants are also included in the defined contribution plan but still qualify under the minimum benefit standard for the defined benefit plan.

B. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting: PERS financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues when due pursuant to contractual requirements. Benefit payments and refunds are payable when due and payable in accordance with the terms of the PERS. Administrative costs are funded by the income of the fund.

Method Used to Value Investments: All funds are invested and administered through various portfolio management plans and are reported at market value. Securities traded on a national exchange are valued at the last reported sales price. Investment income is recognized as earned.

C. Funding Policy

The contribution requirements of plan members are established and may be amended by the Town Council, subject to union contract negotiation. Plan members are required to contribute up to 5% (6% for police officers) of covered wages. The Town is required to contribute at an actuarially determined rate for the defined benefit segment; for the defined contribution segment the current rate is 12% for police officers and 10% for all other employees of annual covered payroll.

The General Fund is typically used to liquidate the net pension obligation.

D. Investments

Investment Policy: The investment policy for the defined benefit 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.

<u>Asset Class</u>	<u>Target Allocation</u>
Guaranteed Deposit Account	<u>100%</u>

Rate of Return: For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 2.023%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

In accordance with Government Accounting Standards Board Statement No. 67, the components of the net pension liability of the Town at June 30, 2014, were as follows:

Total pension liability	\$ 6,771,663
Plan fiduciary net position	<u>1,444,571</u>
Net Pension Liability	<u>\$ 5,327,092</u>
Plan fiduciary net position as a percentage of the total pension liability	21%

The Town's net pension liability will be required to be recorded on the government-wide statement of net position at June 30, 2015.

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2013, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	3.75% per year for police and 3.0% for all others, including inflation
Investment rate of return	3.25%, including inflation

Mortality rates pre-retirement were based on the RP-2000 Mortality Table with separate male and female rates, with no collar adjustment, separate tables for non-annuitants and annuitants, projected to the valuation date with Scale BB. Post-retirement the mortality rates were based on the IRS 417(e) mortality table.

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 are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Guaranteed Deposit Account	0.75%
Short Term Fixed Income	0.25%
Core Fixed Income	1.00%
Global Fixed Income	1.50%
Large Cap	5.25%
Small Cap	5.55%
International Equity	5.50%
Emerging Market Equity	6.75%
Commodities	2.60%

Discount Rate: The discount rate used to measure the total pension liability was 7.00%. 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 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.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the Town, calculated using the discount rate of 7.00%, 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 (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Net Pension Liability \$	6,206,366	\$ 5,327,092	\$ 4,597,689

E. Summary of Actuarial Changes

In fiscal year 2010, significant changes in actuarial assumptions were made as follows:

The assumed rate of investment return on employer contributions for the defined contribution plan was changed from 7% to 6%. Because participants get the higher of the defined contribution account balance or the defined benefit lump-sum amount, the change impacts the defined benefit component negatively by increasing the required lump-sum payout. The second change was a "strengthening" of the assumptions that convert the defined benefit plan monthly benefit into a lump sum. The conversion factors reflected a lower interest rate and a longer life expectancy. These changes increased the conversion factor and thus increased the defined benefit plan lump-sum liability. A change was also made from the Frozen Entry Age

method to Entry Age Normal with a reset of the amortization period to ten years. The net effect of the changes was to increase the accrued actuarial liability by \$1,789,314 in the prior year. These changes have an ongoing effect on the calculation of the accrued actuarial liability.

Due to this situation, the contribution included in the budget increased from \$200,000 in fiscal year 2011 to \$350,000 in 2012 and \$700,000 in 2013 and 2014 in order to begin to address the unfunded obligation.

During fiscal year 2013, the Town changed actuarial firms. The new firm's definition of the Annual Required Contribution (ARC) is the recommended contribution versus the minimum required contribution that was previously reported. Therefore, the ARC reported and used in the calculations in Sections E, F and G below for fiscal year 2013 is the recommended contribution, whereas the previous years are the minimum required contribution. In addition, though the assumed investment return for pre-retirement was maintained at 7%, the assumed investment return for post-retirement was reduced from 4.23% to 2.7%.

F. Annual Pension Cost and Net Pension Obligations

In accordance with GASB Statement No. 27, the Town's annual pension cost and net pension obligation to the PERS for the current year were as follows:

Annual required contribution*	\$ 935,628
Interest on net pension obligation	46,734
Adjustment to annual required contribution	<u>(88,836)</u>
Annual pension cost	893,526
Contributions made	<u>700,000</u>
Increase in net pension obligation	193,526
Net pension obligation at beginning of year	<u>667,623</u>
Net Pension Obligation at End of Year	<u>\$ 861,149</u>

*Represents recommended contribution. Refer to disclosure under Summary of Actuarial Changes above.

G. Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/12	\$ 461,675	75.8%	\$ 386,577
6/30/13	981,046	71.4	667,623
6/30/14	893,526	78.3	861,149

H. Pension Plan Required Supplementary Information

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (a-b)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>Under Funded AAL as a % of Covered Payroll ((a-b)/c)</u>
7/01/11	\$ 590,790	\$ 6,202,794	\$ (5,612,004)	9.5%	\$ 1,907,671	(294.2) %
7/01/12	697,912	6,946,328	(6,248,416)	10.0	2,073,539	(301.3)
7/01/13	645,106	6,421,449	(5,776,343)	10.0	1,958,991	(294.9)

Teacher Retirement

All Town teachers participate in the State of Connecticut Teacher's Retirement System, a cost sharing plan with a special funding situation, under Section 10.183 of the General Statutes of the State of Connecticut. This is a multiple-employer PERS. A teacher is eligible to receive a normal retirement benefit if he or she has:

- Attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut, or;
- Attained any age and has accumulated 35 years of credited service, at least 25 years of which are service in the public schools of Connecticut.

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$21,656,712 or 50% of the total Town and Board of Education payroll of \$43,355,499.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of actuarially computed unfunded liability. For the year ended June 30, 2014, the Town has recorded in the General Fund (Exhibit IV) intergovernmental revenue schools and schools expenditures in the amount of \$5,386,967 as payments made by the State of Connecticut on behalf of the Town. The Town does not have any liability for teacher pensions.

The State of Connecticut Teacher Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

15. OTHER POSTEMPLOYMENT BENEFITS

A. Plan Description

The Town, in accordance with various collective bargaining agreements, is committed to providing health and other benefits to certain eligible retirees and their spouses. The Post-Retirement Medical Program (RMP) covers Town, Board of Education and Police employees. 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 does not issue a separate stand-alone financial statement for this program.

At July 1, 2012, plan membership consisted of the following:

	Post- Retirement Medical Program
Retired members	33
Spouses of retired members	12
Active plan members	433
Total Participants	478

B. Funding Policy

The Town funding and payment of postemployment benefits are accounted for in both the General Fund and in an internal service fund on a pay-as-you-go basis. Due to the fact that the Town's liability is solely from the implicit rate subsidy calculation, the Town has not established a trust fund to irrevocably segregate

assets to fund the liability associated with postemployment benefits in accordance with GASB guidelines. Although a trust fund may not be established in the future to exclusively control the funding and reporting of postemployment benefits, since a combination of trust fund and internal service fund control may be used, the Town anticipates a commitment to fund normal cost and a long-term approach to the amortization of the actuarial accrued liability. The goal is to absorb, within the budgetary process, the actual cost of benefits in the determination of the costs of providing services to taxpayers. The Town's liability is solely from the implicit rate subsidy calculation.

The General Fund and the internal service funds are typically used to liquidate the net other postemployment benefit obligation.

C. Annual OPEB Cost and Net OPEB Obligations

The Town's annual other postemployment benefit (OPEB) cost is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the Town's net OPEB obligation:

Annual required contribution (ARC)	\$	546,000
Interest on net OPEB obligation		24,476
Adjustment to annual required contribution		<u>(26,954)</u>
Annual OPEB cost		543,522
Contributions made		<u>239,000</u>
Increase in net OPEB obligation		304,522
Net OPEB obligation at beginning of year		<u>611,889</u>
Net OPEB obligation at End of Year	\$	<u><u>916,411</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal years ended June 30, 2012, 2013 and 2014, is presented below.

<u>Fiscal Year Ended</u>		<u>Annual OPEB Cost (AOC)</u>		<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>		<u>Net OPEB Obligation</u>
6/30/12	\$	451,688	\$	329,000	72.84%	\$	440,972
6/30/13		474,917		304,000	64.01		611,889
6/30/14		543,522		239,000	43.97		916,411

As of July 1, 2012, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was approximately \$5.682 million, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$5.682 million. The covered payroll (annual payroll of active employees covered by the plan) is approximately \$29.7 million at June 30, 2014.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/08	\$ -	\$ 3,738,000	\$ (3,738,000)	0%	\$ N/A	N/A
7/1/10	-	4,675,000	(4,675,000)	0	29,294,867	(23.04)%
7/1/12	-	5,682,000	(5,682,000)	0	29,701,000	(19.13)

Schedule of Employer Contributions

Fiscal Year	Annual Required Contribution	Percentage Contributed
6/30/12	\$ 452,000	73%
6/30/13	476,000	64
6/30/14	546,000	44

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.0% investment rate of return assuming the benefits are not prefunded, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The annual healthcare cost trend rate varies by age and between the Board of Education and the Town and ranges from 0% to 5.23%. The ultimate medical inflation assumption is 4.7%, including a general inflation assumption of 2.75%. Projected salary increases were 3.5%. The actuarial value of assets was determined using the closed group method. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at July 1, 2014 was 25 years.

16. CONTINGENT LIABILITIES

In the opinion of Town Council, there are no unpaid or pending judgments against the Town of Berlin and no legal proceedings that would adversely affect the financial position of the Town.

17. SUBSEQUENT EVENTS

On September 26, 2014, the Town issued \$1,900,000 of Bond Anticipation Notes, with a coupon rate of 1% and a net interest cost of .3340% and a maturity date of May 21, 2015. These notes were to reissue expiring notes as well as provide \$1,020,000 new money for the Open Space, Disaster Recovery Project and the Bridge Repair Projects.

**Required Supplementary
Information**

TOWN OF BERLIN, CONNECTICUT

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2014

	2014				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual 2013
Taxes:					
Current tax collections	\$ 61,301,350	\$ 61,301,350	\$ 61,264,336	\$ (37,014)	\$ \$58,363,613
Back taxes	415,000	415,000	575,933	160,933	786,461
Interest from overdue taxes	266,000	266,000	336,914	70,914	508,329
Lien fees	2,184	2,184	3,415	1,231	4,140
Suspense taxes and interest	45,000	45,000	43,276	(1,724)	45,738
Elderly housing	40,000	40,000	41,534	1,534	42,408
Total	62,069,534	62,069,534	62,265,408	195,874	59,750,689
Licenses, Permits and Other Departments:					
Town clerk fees	300,000	300,000	357,575	57,575	368,445
Passport fee revenue	11,150	11,150		(11,150)	
Zoning Commission and Building Inspector	400,000	400,000	334,896	(65,104)	409,310
Zoning Board of Appeals	4,000	4,000	1,670	(2,330)	4,320
Animal control fees	13,000	13,000	12,165	(835)	12,129
Animal control rent	5,820	5,820	5,820	-	5,820
Police Department	40,000	40,000	43,981	3,981	54,961
Police services to other agencies	30,000	30,000	22,771	(7,229)	19,306
Outside police services	312,500	312,500	283,243	(29,257)	260,215
Engineering and public works	190,000	190,000	148,208	(41,792)	220,741
Scrap metal	40,000	40,000	21,614	(18,386)	40,084
Engineering road testing fee			3,000	3,000	
Parks and recreation	115,000	115,000	149,918	34,918	125,738
Golf course revenues	800,000	803,250	735,542	(67,708)	732,790
Golf cart revenue	305,000	307,750	310,122	2,372	312,046
Berlin-Peck Memorial Library	14,311	14,311	15,612	1,301	15,558
Library copy fees			700	700	
Berlin Public Health Nursing Service	1,250,000	1,250,000	1,093,273	(156,727)	1,087,767
Summer/field trips	15,324	15,324	10,535	(4,789)	11,410
Senior citizen center	5,100	5,100	5,912	812	4,886
Total	3,851,205	3,857,205	3,556,557	(300,648)	3,685,526
Intergovernmental Revenues - Schools:					
Private schools	6,544	6,544	26,545	20,001	25,564
School transportation			85,507	85,507	94,866
Miscellaneous school grants	1	1		(1)	
Equalized cost sharing	6,332,475	6,332,475	6,308,120	(24,355)	6,256,477
Excess special education grant	772,290	772,290	492,133	(280,157)	570,939
Adult education	11,770	11,770		(11,770)	
Total	7,123,080	7,123,080	6,912,305	(210,775)	6,947,846
Intergovernmental Revenues - Other:					
In lieu of taxes			24,302	24,302	25,342
PILOT - New Britain Stadium	30,000	30,000	30,000	-	30,000
Elderly property tax relief	135,205	135,205	113,693	(21,512)	123,168
Municipal Revenue Sharing			50,094	50,094	743,069
Hold harmless grant	708,194	708,194	739,604	31,410	
Disability, Social Security	2,590	2,590	2,611	21	2,433
Additional veteran exemption	11,519	11,519	12,486	967	13,526
Friends Against Drugs	3,300	3,300	3,300	-	3,300
Pequot grant			48,353	48,353	50,547
Child and youth services grant	14,000	20,172	20,172	-	20,110
State and federal grants	17,500	17,500	42,959	25,459	406,369
Police overtime grant	72,900	72,900	42,809	(30,091)	34,059
Total	995,208	1,001,380	1,130,383	129,003	1,451,923

(Continued on next page)

TOWN OF BERLIN, CONNECTICUT

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

	2014				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual 2013
Other Services and Earnings on Investments:					
Interest on investments	\$ 265,000	\$ 265,000	\$ 80,383	\$ (184,617)	\$ 175,858
Refund of expenditures	70,000	70,000	49,803	(20,197)	60,018
Sale of land, labor and materials	25,000	25,000	13,046	(11,954)	16,868
Mobile home rent	57,600	57,600	58,470	870	55,785
Cell tower rental	107,150	107,150	111,315	4,165	103,976
Other receipts	10,000	228,871	222,967	(5,904)	225,997
Telephone access line share	40,000	40,000	53,617	13,617	56,084
Total	<u>574,750</u>	<u>793,621</u>	<u>589,601</u>	<u>(204,020)</u>	<u>694,586</u>
Total revenues	<u>74,613,777</u>	<u>74,844,820</u>	<u>74,454,254</u>	<u>(390,566)</u>	<u>72,530,570</u>
Other Financing Sources:					
Operating transfers from other funds:					
Water Control Commission - other	4,500	4,500	5,368	868	5,541
Water Control Commission - receivables	9,000	9,000	3,176	(5,824)	2,949
Special Revenue Funds	5,200	5,200		(5,200)	30,469
Capital Project Funds	65,000	65,000	65,000	-	65,000
Total other financing sources	<u>83,700</u>	<u>83,700</u>	<u>73,544</u>	<u>(10,156)</u>	<u>103,959</u>
Total Revenues and Other Financing Sources	<u>\$ 74,697,477</u>	<u>\$ 74,928,520</u>	<u>74,527,798</u>	<u>\$ (400,722)</u>	<u>\$ 72,634,529</u>
Budgetary revenues are different than GAAP revenues because:					
State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted			5,386,967		
The Town does not budget for the proceeds from the issuance of capital leases			<u>269,685</u>		
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			<u>\$ 80,184,450</u>		

TOWN OF BERLIN, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2014

	2014				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual 2013
General Government:					
Manager's Office:					
Wages	\$ 170,836	\$ 174,918	\$ 174,918	\$ -	\$ 170,377
Fringe benefits	57,428	65,950	65,221	729	51,055
Operational	2,790	2,790	1,860	930	2,053
Total	<u>231,054</u>	<u>243,658</u>	<u>241,999</u>	<u>1,659</u>	<u>223,485</u>
Finance Department:					
Wages	411,764	421,012	419,962	1,050	407,779
Fringe benefits	163,898	165,091	163,827	1,264	155,817
Operational	56,343	56,343	54,046	2,297	54,230
Total	<u>632,005</u>	<u>642,446</u>	<u>637,835</u>	<u>4,611</u>	<u>617,826</u>
Technology Department:					
Wages	155,428	161,601	161,601	-	157,741
Fringe benefits	57,090	57,298	49,071	8,227	46,533
Operational	38,000	38,000	34,857	3,143	66,489
Capital	21,500	17,381	17,381	-	26,639
Total	<u>272,018</u>	<u>274,280</u>	<u>262,910</u>	<u>11,370</u>	<u>297,402</u>
Collector of Revenue:					
Wages	125,222	126,426	126,280	146	153,730
Fringe benefits	51,139	59,864	59,232	632	50,335
Operational	34,483	35,783	30,954	4,829	36,216
Total	<u>210,844</u>	<u>222,073</u>	<u>216,466</u>	<u>5,607</u>	<u>240,281</u>
Treasurer:					
Wages	48,174	50,068	50,068	-	49,111
Fringe benefits	24,589	24,798	23,079	1,719	23,448
Operational	795	795	170	625	344
Total	<u>73,558</u>	<u>75,661</u>	<u>73,317</u>	<u>2,344</u>	<u>72,903</u>
Corporation Counsel:					
Wages	110,350	110,350	110,350	-	110,950
Fringe benefits	40,406	40,439	40,181	258	38,744
Operational	97,560	97,527	65,193	32,334	76,613
Total	<u>248,316</u>	<u>248,316</u>	<u>215,724</u>	<u>32,592</u>	<u>226,307</u>
Townwide expenditures:					
Wages	244,025	59,624	1,851	57,773	2,434
Fringe benefits	797,770	783,241	735,106	48,135	756,664
Operational	969,805	848,901	597,777	251,124	611,003
Total	<u>2,011,600</u>	<u>1,691,766</u>	<u>1,334,734</u>	<u>357,032</u>	<u>1,370,101</u>

(Continued on next page)

TOWN OF BERLIN, CONNECTICUT

GENERAL FUND

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2014

	2014				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual 2013
Assessor:					
Wages	\$ 250,332	\$ 256,174	\$ 246,141	\$ 10,033	\$ 230,488
Fringe benefits	105,375	106,299	101,212	5,087	84,553
Operational	24,410	24,410	19,670	4,740	18,991
Total	<u>380,117</u>	<u>386,883</u>	<u>367,023</u>	<u>19,860</u>	<u>334,032</u>
Registrar of Voters:					
Wages	60,000	60,000	57,183	2,817	55,815
Fringe benefits	20,020	20,020	19,299	721	11,517
Operational	57,310	57,310	23,406	33,904	34,687
Total	<u>137,330</u>	<u>137,330</u>	<u>99,888</u>	<u>37,442</u>	<u>102,019</u>
Town Clerk:					
Wages	235,284	241,739	241,463	276	235,424
Fringe benefits	98,353	99,248	98,400	848	92,602
Operational	25,652	25,652	20,926	4,726	23,945
Capital	20,000	19,262	19,262	-	10,665
Total	<u>379,289</u>	<u>385,901</u>	<u>380,051</u>	<u>5,850</u>	<u>362,636</u>
Board of Assessment Appeals:					
Wages	1,200	1,200	550	650	925
Fringe benefits	95	95	40	55	70
Operational	300	300		300	
Total	<u>1,595</u>	<u>1,595</u>	<u>590</u>	<u>1,005</u>	<u>995</u>
Town Council:					
Operational	<u>500</u>	<u>500</u>	<u>177</u>	<u>323</u>	<u>57</u>
Total general government	<u>4,578,226</u>	<u>4,310,409</u>	<u>3,830,714</u>	<u>479,695</u>	<u>3,848,044</u>
Community Development:					
Planning and building inspection:					
Wages	393,381	400,084	382,769	17,315	402,158
Fringe benefits	154,759	154,951	145,441	9,510	143,840
Operational	19,350	19,350	17,919	1,431	17,327
Capital	25,000				
Total	<u>592,490</u>	<u>574,385</u>	<u>546,129</u>	<u>28,256</u>	<u>563,325</u>
Planning and Zoning Commission:					
Operational	<u>475</u>	<u>475</u>	<u>455</u>	<u>20</u>	<u>226</u>
Zoning Board of Appeals:					
Wages	1,300	1,300	800	500	596
Fringe benefits	104	104	63	41	46
Operational	475	475	369	106	269
Total	<u>1,879</u>	<u>1,879</u>	<u>1,232</u>	<u>647</u>	<u>911</u>

(Continued on next page)

TOWN OF BERLIN, CONNECTICUT

GENERAL FUND

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2014

	2014				Actual 2013
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	
Economic Development:					
Wages	\$ 93,884	\$ 97,583	\$ 96,238	\$ 1,345	\$ 93,816
Fringe benefits	32,225	32,735	32,595	140	31,063
Operational	17,210	16,910	11,413	5,497	14,812
Total	<u>143,319</u>	<u>147,228</u>	<u>140,246</u>	<u>6,982</u>	<u>139,691</u>
Conservation Commission:					
Wages	1,300	1,300	1,000	300	1,100
Fringe benefits	104	104	78	26	85
Operational	3,790	3,790	3,454	336	3,635
Total	<u>5,194</u>	<u>5,194</u>	<u>4,532</u>	<u>662</u>	<u>4,820</u>
Inland Wetlands Commission:					
Wages	1,400	1,400	1,275	125	1,300
Fringe benefits	112	112	102	10	89
Operational	2,700	2,700	2,211	489	2,230
Total	<u>4,212</u>	<u>4,212</u>	<u>3,588</u>	<u>624</u>	<u>3,619</u>
Veterans Commission:					
Operational	<u>4,290</u>	<u>4,290</u>	<u>3,254</u>	<u>1,036</u>	<u>2,912</u>
Aquifer Protection Commission:					
Wages	600	600		600	300
Fringe benefits	48	48		48	22
Operational	150	150		150	
Total	<u>798</u>	<u>798</u>	<u>-</u>	<u>798</u>	<u>322</u>
Berlin Historic District:					
Wages	675	900	800	100	1,125
Fringe benefits	54	73	63	10	89
Operational	350	106	82	24	102
Total	<u>1,079</u>	<u>1,079</u>	<u>945</u>	<u>134</u>	<u>1,316</u>
Commission for Disabled:					
Wages	600	600	300	300	300
Fringe benefits	48	48	22	26	22
Operational	25	25		25	
Total	<u>673</u>	<u>673</u>	<u>322</u>	<u>351</u>	<u>322</u>
Public Building Commission:					
Wages	3,200	3,200	2,350	850	2,875
Fringe benefits	253	253	190	63	199
Operational	1,050	1,050	399	651	71
Total	<u>4,503</u>	<u>4,503</u>	<u>2,939</u>	<u>1,564</u>	<u>3,145</u>
Total community development	<u>758,912</u>	<u>744,716</u>	<u>703,642</u>	<u>41,074</u>	<u>720,609</u>

(Continued on next page)

TOWN OF BERLIN, CONNECTICUT

GENERAL FUND

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2014

	2014			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)
				Actual 2013
Public Safety:				
Ambulance contract:				
Operational	\$ 318,095	\$ 319,080	\$ 318,825	\$ 255
				\$ 307,932
Animal Control:				
Wages	92,764	96,884	96,738	146
Fringe benefits	38,678	39,129	32,509	6,620
Operational	16,914	17,114	13,666	3,448
Total	148,356	153,127	142,913	10,214
				138,503
Fire Department:				
Wages	250,317	252,615	239,525	13,090
Fringe benefits	135,065	132,099	126,479	5,620
Operational	376,039	372,574	340,240	32,334
Capital	20,000	23,295	23,295	-
Total	781,421	780,583	729,539	51,044
				660,141
Police:				
Wages	4,741,904	4,756,571	4,654,409	102,162
Fringe benefits	1,797,854	1,803,504	1,714,374	89,130
Operational	230,275	230,275	207,092	23,183
Capital	251,500	192,328	191,906	422
Total	7,021,533	6,982,678	6,767,781	214,897
				6,414,586
Fire Marshal:				
Wages	169,158	175,810	173,993	1,817
Fringe benefits	79,642	80,383	79,747	636
Operational	13,340	13,003	9,769	3,234
Total	262,140	269,196	263,509	5,687
				245,658
Total public safety	8,531,545	8,504,664	8,222,567	282,097
				7,766,820
Physical Services:				
Municipal garage:				
Wages	458,394	468,195	441,333	26,862
Fringe benefits	211,671	212,353	202,119	10,234
Operational	547,099	552,117	536,668	15,449
Capital	39,500	15,344	15,344	-
Total	1,256,664	1,248,009	1,195,464	52,545
				1,101,031
Public Works:				
Wages	336,691	347,015	347,015	-
Fringe benefits	140,147	143,675	129,830	13,845
Operational	2,306,740	2,056,126	2,015,078	41,048
Total	2,783,578	2,546,816	2,491,923	54,893
				2,504,472

(Continued on next page)

TOWN OF BERLIN, CONNECTICUT

GENERAL FUND

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2014

	2014				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual 2013
Highway:					
Wages	\$ 910,728	\$ 946,784	\$ 945,390	\$ 1,394	\$ 869,092
Fringe benefits	486,188	491,406	450,036	41,370	401,861
Operational	254,400	310,601	288,265	22,336	294,080
Capital	133,050	112,050	112,049	1	60,000
Total	<u>1,784,366</u>	<u>1,860,841</u>	<u>1,795,740</u>	<u>65,101</u>	<u>1,625,033</u>
Public building:					
Wages	1,070,069	1,071,821	1,050,899	20,922	1,043,966
Fringe benefits	480,946	482,471	456,386	26,085	446,552
Operational	754,352	760,952	657,234	103,718	672,569
Capital	50,619	22,835	22,835	-	30,512
Total	<u>2,355,986</u>	<u>2,338,079</u>	<u>2,187,354</u>	<u>150,725</u>	<u>2,193,599</u>
Total physical services	<u>8,180,594</u>	<u>7,993,745</u>	<u>7,670,481</u>	<u>323,264</u>	<u>7,424,135</u>
Parks, Recreation and Libraries:					
Mobile home park:					
Operational	<u>8,550</u>	<u>8,550</u>	<u>6,578</u>	<u>1,972</u>	<u>7,163</u>
Recreation:					
Wages	284,365	287,959	236,404	51,555	246,859
Fringe benefits	77,523	77,523	57,665	19,858	59,867
Operational	50,665	50,665	43,958	6,707	43,833
Total	<u>412,553</u>	<u>416,147</u>	<u>338,027</u>	<u>78,120</u>	<u>350,559</u>
Golf course:					
Wages	429,728	432,333	432,276	57	424,395
Fringe benefits	173,596	173,801	170,106	3,695	156,321
Operational	463,348	474,616	457,135	17,481	463,475
Capital	72,091	72,091	46,842	25,249	48,191
Total	<u>1,138,763</u>	<u>1,152,841</u>	<u>1,106,359</u>	<u>46,482</u>	<u>1,092,382</u>
Libraries:					
Wages	605,980	617,431	585,293	32,138	611,451
Fringe benefits	223,094	204,557	188,254	16,303	200,508
Operational	180,660	180,664	180,664	-	173,389
Capital				-	1,579
Total	<u>1,009,734</u>	<u>1,002,652</u>	<u>954,211</u>	<u>48,441</u>	<u>986,927</u>

(Continued on next page)

TOWN OF BERLIN, CONNECTICUT

GENERAL FUND

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2014

	2014			Variance Positive (Negative)	Actual 2013
	Original Budget	Final Budget	Actual		
Public grounds:					
Wages	\$ 696,486	\$ 721,172	\$ 701,608	\$ 19,564	\$ 648,146
Fringe benefits	343,095	341,502	310,167	31,335	281,837
Operational	296,100	301,158	252,829	48,329	255,428
Capital	39,500	24,270	22,414	1,856	109,848
Total	<u>1,375,181</u>	<u>1,388,102</u>	<u>1,287,018</u>	<u>101,084</u>	<u>1,295,259</u>
Total parks, recreation and libraries	<u>3,944,781</u>	<u>3,968,292</u>	<u>3,692,193</u>	<u>276,099</u>	<u>3,732,290</u>
Health and Human Services:					
Health Department:					
Operational	<u>94,631</u>	<u>94,632</u>	<u>94,632</u>	<u>-</u>	<u>88,158</u>
Nursing services:					
Wages	975,301	992,697	957,654	35,043	896,347
Fringe benefits	399,310	399,930	385,088	14,842	320,205
Operational	397,510	395,102	304,375	90,727	267,598
Capital	5,000	4,748	4,748	-	5,672.00
Total	<u>1,777,121</u>	<u>1,792,477</u>	<u>1,651,865</u>	<u>140,612</u>	<u>1,489,822</u>
Community services:					
Wages	307,174	315,030	275,801	39,229	305,228
Fringe benefits	147,470	149,643	133,148	16,495	135,023
Operational	<u>26,771</u>	<u>33,143</u>	<u>30,555</u>	<u>2,588</u>	<u>29,670</u>
Total	<u>481,415</u>	<u>497,816</u>	<u>439,504</u>	<u>58,312</u>	<u>469,921</u>
Total health and human services	<u>2,353,167</u>	<u>2,384,925</u>	<u>2,186,001</u>	<u>198,924</u>	<u>2,047,901</u>
Schools:					
Private schools:					
Wages	74,314	74,314	70,165	4,149	67,600
Fringe benefits	34,726	34,799	31,414	3,385	31,038
Operational	<u>1,308</u>	<u>1,308</u>	<u>1,024</u>	<u>284</u>	<u>1,000</u>
Total	<u>110,348</u>	<u>110,421</u>	<u>102,603</u>	<u>7,818</u>	<u>99,638</u>
Board of Education	<u>40,273,043</u>	<u>40,142,735</u>	<u>40,134,869</u>	<u>7,866</u>	<u>38,810,184</u>
School expenditures:					
Wages	566,205	566,648	539,200	27,448	497,894
Fringe benefits	965,764	986,468	914,315	72,153	844,226
Operational	1,203,891	1,203,890	902,772	301,118	1,012,740
Capital	<u>333,700</u>	<u>202,995</u>	<u>194,460</u>	<u>8,535</u>	<u>315,891</u>
Total	<u>3,069,560</u>	<u>2,960,001</u>	<u>2,550,747</u>	<u>409,254</u>	<u>2,670,751</u>
Total schools	<u>43,452,951</u>	<u>43,213,157</u>	<u>42,788,219</u>	<u>424,938</u>	<u>41,580,573</u>

(Continued on next page)

TOWN OF BERLIN, CONNECTICUT

GENERAL FUND

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2014

	2014				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual 2013</u>
Debt Principal:					
Town Government	\$ 2,364,572	\$ 2,364,572	\$ 2,364,572	\$ -	\$ 1,732,258
Schools	607,462	607,462	607,462	-	-
Total debt principal	<u>2,972,034</u>	<u>2,972,034</u>	<u>2,972,034</u>	<u>-</u>	<u>1,732,258</u>
Interest and Fiscal Charges:					
Town Government	643,577	643,577	629,499	14,078	629,818
Schools	651,690	651,690	632,165	19,525	473,010
Total interest and fiscal charges	<u>1,295,267</u>	<u>1,295,267</u>	<u>1,261,664</u>	<u>33,603</u>	<u>1,102,828</u>
Total Expenditures	<u>76,067,477</u>	<u>75,387,209</u>	<u>73,327,515</u>	<u>2,059,694</u>	<u>69,955,458</u>
Other Financing Uses:					
Transfers to Other Funds:					
Capital Projects fund	381,000	381,000	366,000	15,000	625,600
Revaluation fund	39,000	39,000	39,000	-	70,000
Capital and Nonrecurring fund	-	911,311	911,311	-	411,537
Pension fund	10,000	10,000	10,000	-	-
Total other financing uses	<u>430,000</u>	<u>1,341,311</u>	<u>1,326,311</u>	<u>15,000</u>	<u>1,107,137</u>
Total Expenditures and Other Financing Uses	<u>\$ 76,497,477</u>	<u>\$ 76,728,520</u>	74,653,826	<u>\$ 2,074,694</u>	<u>\$ 71,062,595</u>
Budgetary expenditures are different than GAAP expenditures because:					
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted			5,386,967		
The Town does not budget for capital outlay relating to the issuance of capital leases			269,685		
The Town does not budget for revaluation fund expenditures			880		
The Town budgets for revaluation fund transfers that are eliminated under GAAP			<u>(39,000)</u>		
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds - Exhibit IV			<u>\$ 80,272,358</u>		

TOWN OF BERLIN, CONNECTICUT

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

LAST FISCAL YEAR

	<u>2014</u>
Total pension liability:	
Service cost	\$ 104,337
Interest	450,167
Benefit payments, including refunds of member contributions	(215,290)
Net change in total pension liability	<u>339,214</u>
Total pension liability - beginning	6,432,449
Total pension liability - ending	<u>6,771,663</u>
Plan fiduciary net position:	
Contributions - employer	700,000
Contributions - member	290,417
Net investment income	24,338
Benefit payments, including refunds of member contributions	(215,290)
Net change in plan fiduciary net position	<u>799,465</u>
Plan fiduciary net position - beginning	645,106
Plan fiduciary net position - ending	<u>1,444,571</u>
Net Pension Liability - Ending	\$ <u>5,327,092</u>
Plan fiduciary net position as a percentage of the total pension liability	21.33%
Covered-employee payroll	\$ 1,958,991
Net pension liability as a percentage of covered-employee payroll	271.93%

TOWN OF BERLIN, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Actuarially determined contribution	\$ 935,628	\$ 1,005,393	\$ 493,732	\$ 473,550	\$ 355,088	\$ 254,732	\$ 260,595	\$ 251,783	\$ 241,623	\$ 204,922
Contributions in relation to the actuarial determined contribution	<u>700,000</u>	<u>700,000</u>	<u>350,000</u>	<u>200,000</u>	<u>175,000</u>	<u>150,000</u>		<u>258,402</u>	<u>150,000</u>	
Contribution Deficiency (Excess)	<u>\$ 235,628</u>	<u>\$ 305,393</u>	<u>\$ 143,732</u>	<u>\$ 273,550</u>	<u>\$ 180,088</u>	<u>\$ 104,732</u>	<u>\$ 260,595</u>	<u>\$ (6,619)</u>	<u>\$ 91,623</u>	<u>\$ 204,922</u>
Covered-employee payroll	\$ 1,958,991	\$ 2,073,539	\$ 1,907,671	\$ 1,993,876	\$ 1,986,110	\$ 2,251,842	\$ 2,233,448	\$ 2,146,118	\$ 2,287,001	\$ 2,308,503
Contributions as a percentage of covered-employee payroll	35.73%	33.76%	18.35%	10.03%	8.81%	6.66%	0.00%	12.04%	6.56%	0.00%

62

Notes to Schedule

Valuation Date: July 1, 2013
Measurement Date: June 30, 2014
Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry Age Normal
Amortization method Level percentage of salary - open
Remaining amortization period 10 Years
Asset valuation method Market value
Inflation 2.50%
Salary increases 3.75% per year for Police and 3.0% for all others.
Investment rate of return 3.25%
Retirement age Police: 100% at 30 years of active service. All others: 100% at age 65.
Mortality Pre-retirement: Current: RP-2000 Mortality Table with separate male and female rates, with no collar adjustment, separate tables for non-annuitants and annuitants, projected to the valuation date with Scale BB. Prior: 1983 GAM Male (Setback 6 years).
Post-retirement: Current: IRS 417(e) mortality table.
Prior: 1994 GAR mortality.

TOWN OF BERLIN, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
LAST FISCAL YEAR

2014

Annual money-weighted rate of return, net of investment expense

2.02%

Combining and Individual Fund Statements and Schedules

General Fund

GENERAL FUND

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund budget is legally adopted at the Annual Town Meeting. The General Fund utilizes the modified accrual basis of accounting.

TOWN OF BERLIN, CONNECTICUT

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and cash equivalents	\$ 14,059,416	\$ 13,748,508
Receivables, net of allowances for uncollectibles:		
Taxes (net of allowance for uncollectibles of \$128,710 in 2014 and \$141,350 in 2013)	1,619,386	1,724,666
Other	1,766,352	1,706,384
Due from other funds	<u>605</u>	<u>3,781</u>
Total Assets	<u>\$ 17,445,759</u>	<u>\$ 17,183,339</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 1,023,318	\$ 905,975
Due to other funds	377,543	377,543
Unearned revenue	<u>100,466</u>	<u>199,196</u>
Total liabilities	<u>1,501,327</u>	<u>1,482,714</u>
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	3,049,738	2,654,861
Advance property tax collections	<u>191,335</u>	<u>254,497</u>
Total deferred inflows of resources	<u>3,241,073</u>	<u>2,909,358</u>
Fund Balance:		
Committed	328,093	289,973
Assigned	2,600,000	1,800,000
Unassigned	<u>9,775,266</u>	<u>10,701,294</u>
Total fund balance	<u>12,703,359</u>	<u>12,791,267</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 17,445,759</u>	<u>\$ 17,183,339</u>

TOWN OF BERLIN, CONNECTICUT

GENERAL FUND

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2014

Grand List October 1,	Due Date July 1,	Taxes Collectible	Lawful Corrections		Net Amount Collectible	Collections				Refunds	Transferred to Suspense Book	Uncollected Taxes June 30, 2014
			Additions(2)	Deductions		Taxes	Interest	Lien Fees	Total			
2013 (1)	2014	\$	\$	\$	\$	\$ 191,335	\$	\$	\$ 191,335	\$	\$	\$
2012	2013	61,912,155	742,533	659,598	61,995,090	61,586,804	162,168	739	61,749,711	265,308		673,594
2011	2012	745,916	748	38,020	708,644	374,250	97,952	1,958	474,160	10	72,288	262,116
2010	2011	305,069	178	46,078	259,169	130,089	42,361	720	173,170			129,080
2009	2010	163,937	174	31,242	132,869	48,931	22,387	336	71,654			83,938
2008	2009	111,178			111,178	18,192	8,040	137	26,369			92,986
2007	2008	157,365			157,365	4,480	3,983	48	8,511			152,885
2006	2007	49,604			49,604				-			49,604
2005	2006	50,097			50,097				-			50,097
2004	2005	48,934			48,934				-			48,934
2003	2004	50,587			50,587				-			50,587
2002	2003	49,949			49,949				-			49,949
2001	2002	22,278			22,278				-			22,278
2000	2001	26,284			26,284				-			26,284
1999	2000	26,813			26,813				-			26,813
1998	1999	28,951			28,951		165		165			28,951
Tax suspense book, including interest												
						43,276			43,276			-
Total		\$ 63,749,117	\$ 743,633	\$ 774,938	\$ 63,717,812	\$ 62,397,357	\$ 337,056	\$ 3,938	\$ 62,738,351	\$ 265,318	\$ 72,288	\$ 1,748,096

Note 1: The fiscal year begins on July 1, and taxes become due on that date.

Note 2: Includes motor vehicle supplement amounting to \$ 619,185

Note 3: Actual tax collections excluding suspense taxes for the year ended June 30, 2014:

Note 4: Property taxes receivable, end of year \$ 1,748,096
Less: Allowance for uncollectible taxes (128,710)

Tax collections, end of year \$ 62,397,357

Deduct:

Net Property Taxes Receivable \$ 1,619,386

Suspense tax and interest (43,276)

Advance collections of taxes due, beginning of year (191,335)Tax Collections \$ 62,162,746

**Nonmajor
Governmental Funds**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes. The Special Revenue Funds utilize the modified accrual basis of accounting. The nature and purpose of each Special Revenue Fund is as follows:

Fund	Funding Source	Function
Cafeteria	Sales and grants	School lunch program
Disadvantaged Education	State and Federal grants	Education
School Rental Revolving	Rental fees	After hours use of buildings
Police Drug Enforcement	State and Federal grants	Drug enforcement/education
Police Asset Forfeiture	Seizure funds	Drug enforcement
Marjorie Moore	Foundation grants	Various public service
R & S Associates Bond	Forfeited bonds	Construction
Summer Adventures	User fees	Education
Afternoon Enrichment Program	User fees	Education
Work Zone Safety	General Fund and grants	Highway safety equipment
Elderly Oral Screening	Donations	Dental screening
Boundless Playground	Donations	Construct ADA playground
Scholarship and Donations	Donations	Scholarships
Special Grants and Donations	State and Federal grants	Various projects
Recreation	User fees	Recreation programs
Veterans Brick Walkway	Donations	Walkway created with bricks that have veterans names imprinted on them
Health Guidance	State and Federal grants	Nursing Services

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Fund	Funding Source	Function
Marjorie Moore Tree	Foundation grant	Purchase trees
Olive Seldon	Donations	Education
Berlin Playhouse Performing Arts	Donations	Scholarship
Medical Aid	Donations	Medical assistance
Blanche Delaney	Donations	Library resources

TOWN OF BERLIN, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2014

69

<u>Special Revenue Funds</u>									
	<u>Cafeteria</u>	<u>Disadvantaged Education</u>	<u>School Rental Revolving</u>	<u>Police Drug Enforcement</u>	<u>Police Asset Forfeiture</u>	<u>Marjorie Moore</u>	<u>R & S Associates Bond</u>	<u>Summer Adventures</u>	<u>Afternoon Enrichment Program</u>
ASSETS									
Cash and cash equivalents	\$ 47,575	\$ 30,853	\$ 2,000	\$ 1,739	\$ 35,809	\$ 8,393	\$ 13,519	\$ 1,350	\$ 16,586
Receivables:									
Other	794								
Intergovernmental	39,927								
Inventory at cost	<u>24,556</u>								
Total Assets	<u>\$ 112,852</u>	<u>\$ 30,853</u>	<u>\$ 2,000</u>	<u>\$ 1,739</u>	<u>\$ 35,809</u>	<u>\$ 8,393</u>	<u>\$ 13,519</u>	<u>\$ 1,350</u>	<u>\$ 16,586</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 169	\$	\$	\$	\$	\$	\$	\$	\$
Unearned revenue		<u>30,853</u>							
Total liabilities	<u>169</u>	<u>30,853</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:									
Nonspendable	24,556								
Restricted				1,739	35,809	8,393	13,519		
Committed	<u>88,127</u>		<u>2,000</u>					<u>1,350</u>	<u>16,586</u>
Total fund balances	<u>112,683</u>	<u>-</u>	<u>2,000</u>	<u>1,739</u>	<u>35,809</u>	<u>8,393</u>	<u>13,519</u>	<u>1,350</u>	<u>16,586</u>
Total Liabilities and Fund Balances	<u>\$ 112,852</u>	<u>\$ 30,853</u>	<u>\$ 2,000</u>	<u>\$ 1,739</u>	<u>\$ 35,809</u>	<u>\$ 8,393</u>	<u>\$ 13,519</u>	<u>\$ 1,350</u>	<u>\$ 16,586</u>

(Continued on next page)

TOWN OF BERLIN, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2014

69

	Special Revenue Funds								
	Work Zone Safety	Elderly Oral Screening	Boundless Playground	Scholarship and Donations	Special Grants and Donations	Recreation	Veterans Brick Walkway	Health Guidance	Total
ASSETS									
Cash and cash equivalents	\$ 5,000	\$ 2,466	\$ 4,505	\$ 156,403	\$ 67,581	\$ 65,246	\$ 23,525	\$ 12,825	\$ 495,375
Receivables:									
Other									794
Intergovernmental									39,927
Inventory at cost									24,556
Total Assets	<u>\$ 5,000</u>	<u>\$ 2,466</u>	<u>\$ 4,505</u>	<u>\$ 156,403</u>	<u>\$ 67,581</u>	<u>\$ 65,246</u>	<u>\$ 23,525</u>	<u>\$ 12,825</u>	<u>\$ 560,652</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$	\$	\$	\$	\$ 2,367	\$ 3,248	\$ 558	\$	\$ 6,342
Unearned revenue									30,853
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,367</u>	<u>3,248</u>	<u>558</u>	<u>-</u>	<u>37,195</u>
Fund Balances:									
Nonspendable									24,556
Restricted			4,505	156,403	65,214			12,825	298,407
Committed	5,000	2,466				61,998	22,967		200,494
Total fund balances	<u>5,000</u>	<u>2,466</u>	<u>4,505</u>	<u>156,403</u>	<u>65,214</u>	<u>61,998</u>	<u>22,967</u>	<u>12,825</u>	<u>523,457</u>
Total Liabilities and Fund Balances	<u>\$ 5,000</u>	<u>\$ 2,466</u>	<u>\$ 4,505</u>	<u>\$ 156,403</u>	<u>\$ 67,581</u>	<u>\$ 65,246</u>	<u>\$ 23,525</u>	<u>\$ 12,825</u>	<u>\$ 560,652</u>

(Continued on next page)

TOWN OF BERLIN, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2014

6.

	Permanent Funds						Total Nonmajor Governmental Funds
	Marjorie Moore Tree	Olive Seldon	Berlin Playhouse Performing Arts	Medical Aid	Blanche Delaney	Total	
ASSETS							
Cash and cash equivalents	\$ 5,354	\$ 46,985	\$ 4,688	\$ 36,956	\$ 53,025	\$ 147,008	\$ 642,383
Receivables:							
Other						-	794
Intergovernmental						-	39,927
Inventory at cost						-	24,556
Total Assets	<u>\$ 5,354</u>	<u>\$ 46,985</u>	<u>\$ 4,688</u>	<u>\$ 36,956</u>	<u>\$ 53,025</u>	<u>\$ 147,008</u>	<u>\$ 707,660</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$	\$	\$	\$	\$	\$ -	\$ 6,342
Unearned revenue						-	30,853
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,195</u>
Fund Balances:							
Nonspendable	5,000	46,394		21,965	41,332	114,691	139,247
Restricted	354	591	4,688	14,991	11,693	32,317	330,724
Committed						-	200,494
Total fund balances	<u>5,354</u>	<u>46,985</u>	<u>4,688</u>	<u>36,956</u>	<u>53,025</u>	<u>147,008</u>	<u>670,465</u>
Total Liabilities and Fund Balances	<u>\$ 5,354</u>	<u>\$ 46,985</u>	<u>\$ 4,688</u>	<u>\$ 36,956</u>	<u>\$ 53,025</u>	<u>\$ 147,008</u>	<u>\$ 707,660</u>

TOWN OF BERLIN, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

Special Revenue Funds									
	<u>Cafeteria</u>	<u>Disadvantaged Education</u>	<u>School Rental Revolving</u>	<u>Police Drug Enforcement</u>	<u>Police Asset Forfeiture</u>	<u>Marjorie Moore</u>	<u>R & S Associates Bond</u>	<u>Summer Adventures</u>	<u>Afternoon Enrichment Program</u>
Revenues:									
Intergovernmental revenue - schools	\$ 269,875	\$ 2,115,466	\$	\$	\$	\$	\$	\$	\$
Intergovernmental revenue - other					6,503				
Licenses, permits and fees									25,254
Other sales and services	557,755		19,177						
Earnings on investments									
Other	60,546			100		25,000			
Total revenues	<u>888,176</u>	<u>2,115,466</u>	<u>19,177</u>	<u>100</u>	<u>6,503</u>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>25,254</u>
Expenditures:									
Current:									
General government									
Community development									
Public safety				2,091	371				
Parks, recreation and libraries									
Health and human services						44,659			
Schools	910,793	2,115,466	19,177						27,660
Total expenditures	<u>910,793</u>	<u>2,115,466</u>	<u>19,177</u>	<u>2,091</u>	<u>371</u>	<u>44,659</u>	<u>-</u>	<u>-</u>	<u>27,660</u>
Excess (Deficiency) of Revenues over Expenditures	(22,617)	-	-	(1,991)	6,132	(19,659)	-	-	(2,406)
Fund Balances at Beginning of Year	<u>135,300</u>	<u>-</u>	<u>2,000</u>	<u>3,730</u>	<u>29,677</u>	<u>28,052</u>	<u>13,519</u>	<u>1,350</u>	<u>18,992</u>
Fund Balances at End of Year	<u>\$ 112,683</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 1,739</u>	<u>\$ 35,809</u>	<u>\$ 8,393</u>	<u>\$ 13,519</u>	<u>\$ 1,350</u>	<u>\$ 16,586</u>

(Continued on next page)

TOWN OF BERLIN, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue Funds								
	Work Zone Safety	Elderly Oral Screening	Boundless Playground	Scholarship and Donations	Special Grants and Donations	Recreation	Veterans Brick Walkway	Health Guidance	Total
Revenues:									
Intergovernmental revenue - schools	\$	\$	\$	\$	\$	\$	\$	\$	\$ 2,385,341
Intergovernmental revenue - other					436,909			15,000	458,412
Licenses, permits and fees						75,971			101,225
Other sales and services									576,932
Earnings on investments				321	23				344
Other				54,036	3,598		8,240		151,520
Total revenues	-	-	-	54,357	440,530	75,971	8,240	15,000	3,673,774
Expenditures:									
Current:									
General government					4,000				4,000
Community development					309		1,530		1,839
Public safety					44,629				47,091
Parks, recreation and libraries				12,898	11,759	65,719			90,376
Health and human services					393,231			2,175	440,065
Schools									3,073,096
Total expenditures	-	-	-	12,898	453,928	65,719	1,530	2,175	3,656,467
Excess (Deficiency) of Revenues over Expenditures	-	-	-	41,459	(13,398)	10,252	6,710	12,825	17,307
Fund Balances at Beginning of Year	5,000	2,466	4,505	114,944	78,612	51,746	16,257	-	506,150
Fund Balances at End of Year	\$ 5,000	\$ 2,466	\$ 4,505	\$ 156,403	\$ 65,214	\$ 61,998	\$ 22,967	\$ 12,825	\$ 523,457

(Continued on next page)

TOWN OF BERLIN, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Permanent Funds					Total Nonmajor Governmental Funds
	Marjorie Moore Tree	Olive Seldon	Berlin Playhouse Performing Arts	Medical Aid	Blanche Delaney	
Revenues:						
Intergovernmental revenue - schools	\$	\$	\$	\$	\$	\$ -
Intergovernmental revenue - other						2,385,341
Licenses, permits and fees						458,412
Other sales and services						101,225
Earnings on investments	14	127	13	99	143	576,932
Other				368		740
Total revenues	<u>14</u>	<u>127</u>	<u>13</u>	<u>467</u>	<u>143</u>	<u>3,674,538</u>
Expenditures:						
Current:						
General government						-
Community development						4,000
Public safety						1,839
Parks, recreation and libraries						47,091
Health and human services				200		90,376
Schools		404	200			200
Total expenditures	<u>-</u>	<u>404</u>	<u>200</u>	<u>200</u>	<u>-</u>	<u>3,073,700</u>
Excess (Deficiency) of Revenues over Expenditures	14	(277)	(187)	267	143	(40)
Fund Balances at Beginning of Year	<u>5,340</u>	<u>47,262</u>	<u>4,875</u>	<u>36,689</u>	<u>52,882</u>	<u>147,048</u>
Fund Balances at End of Year	<u>\$ 5,354</u>	<u>\$ 46,985</u>	<u>\$ 4,688</u>	<u>\$ 36,956</u>	<u>\$ 53,025</u>	<u>\$ 147,008</u>

Enterprise Funds

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, utilizing the accrual basis of accounting; where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Enterprise Fund of the Town is the Water and Sewer Enterprise Fund. This fund reports the operations of the Water Control Commission, which oversees the water and sewer services to a portion of the Town.

TOWN OF BERLIN, CONNECTICUT
WATER AND SEWER ENTERPRISE FUND
SCHEDULE OF WATER ASSESSMENTS RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2014

<u>Locations</u>	<u>Balance June 30, 2013</u>	<u>Assessments During Year</u>	<u>Adjustments</u>	<u>Interest and Penalties</u>	<u>Collections</u>	<u>Balance June 30, 2014</u>
Town Wide, May 1st	\$ 734	\$ 43,393	\$	\$ 55	\$ 11,915	\$ 32,212
Town Wide, September 1st	5,658			424	2,225	3,433
Town Wide, December 1st	8,764			5,683	8,764	-
Due Town of Berlin: December 1st	<u>2,045</u>	<u></u>	<u></u>	<u>489</u>	<u>2,045</u>	<u>-</u>
Total	<u>\$ 17,201</u>	<u>\$ 43,393</u>	<u>\$ -</u>	<u>\$ 6,651</u>	<u>\$ 24,949</u>	<u>\$ 35,645</u>

TOWN OF BERLIN, CONNECTICUT
WATER AND SEWER ENTERPRISE FUND
SCHEDULE OF SEWER ASSESSMENTS RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2014

<u>Locations</u>	<u>Balance June 30, 2013</u>	<u>Assessments During Year</u>	<u>Adjustments</u>	<u>Interest and Penalties</u>	<u>Collections</u>	<u>Balance June 30, 2014</u>
Townwide:						
Due May 1st	\$ -	\$ 20,540	\$	\$	\$ 3,466	\$ 17,074
Due December 1st	19,619			12,456	19,619	-
Belcher Brook Interceptor (due Town of Berlin):						
Due September 1st	1,130			179	1,130	-
Due December 1st	605			200		605
Total	<u>\$ 21,354</u>	<u>\$ 20,540</u>	<u>\$ -</u>	<u>\$ 12,835</u>	<u>\$ 24,215</u>	<u>\$ 17,679</u>

Internal Service Funds

INTERNAL SERVICE FUNDS

Internal Service Funds are used for the financing of goods or services provided by one department or agency to other departments or agencies of the Town, or to other governments, on a cost-reimbursement basis. The Town has two such funds.

- a) The General Insurance Fund accounts for funds received from the Board of Education, Town Government operating funds and the Water and Sewer Enterprise Fund. The funds are used to purchase insurance and provide ancillary services for the administration of this fund and to accumulate reserves, which otherwise would be retained by the insurance company. The Workers' Compensation coverage, which makes up the largest component of the insurance needs of the Town, is provided by insurance through the Connecticut Interlocal Risk Management Association (CIRMA). The Town will examine the coverage and have an actuarial study conducted periodically.
- b) The Medical and Health Insurance Fund accounts for funds received from the Board of Education, Town Government operating funds and Water and Sewer Enterprise Funds. The funds are used to purchase medical and health insurance and provide ancillary service for the administration of this fund and to accumulate reserves, which otherwise would be retained by Anthem Blue Cross/Blue Shield. The fund is utilized to pay administration fees directly to Anthem Blue Cross/Blue Shield. Anthem Blue Cross/Blue Shield administers the payment of health insurance claims and will draw the funds necessary to pay these claims directly from this fund. The Town benefits from this arrangement in that it earns interest on these funds and is not subject to the State insurance premium tax, since a self-insurance fund is maintained and is not subject to this tax. An actuarial study is conducted annually by Anthem Blue Cross/Blue Shield.

TOWN OF BERLIN, CONNECTICUT

COMBINING STATEMENT OF NET POSITION

INTERNAL SERVICE FUNDS

JUNE 30, 2014

	General Insurance Fund	Medical and Health Insurance Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and cash equivalents	\$ 2,410,708	\$ 3,246,981	\$ 5,657,689
Due from other funds		377,543	377,543
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>2,410,708</u>	<u>3,624,524</u>	<u>6,035,232</u>
Liabilities:			
Accounts payable and claims liability	3,292	510,230	513,522
Due to MIRMA	56,173		56,173
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>59,465</u>	<u>510,230</u>	<u>569,695</u>
Net Position:			
Unrestricted	<u>2,351,243</u>	<u>3,114,294</u>	<u>5,465,537</u>
Total Net Position	<u>\$ 2,351,243</u>	<u>\$ 3,114,294</u>	<u>\$ 5,465,537</u>

TOWN OF BERLIN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	General Insurance Fund	Medical and Health Insurance Fund	Total
Operating revenues:			
Insurance proceeds	\$ 93,476	\$ 54,499	\$ 147,975
Employee contributions		1,885,030	1,885,030
Charges for services	1,181,084	6,766,356	7,947,440
Total operating revenues	<u>1,274,560</u>	<u>8,705,885</u>	<u>9,980,445</u>
Operating expenses:			
Administration	126,252	904,797	1,031,049
Benefits		7,288,615	7,288,615
Insurance	1,209,940		1,209,940
Total operating expenses	<u>1,336,192</u>	<u>8,193,412</u>	<u>9,529,604</u>
Operating Income (Loss)	(61,632)	512,473	450,841
Nonoperating revenue:			
Earnings on investments	<u>4,717</u>	<u>8,626</u>	<u>13,343</u>
Change in Net Position	(56,915)	521,099	464,184
Net Position at Beginning of Year	<u>2,408,158</u>	<u>2,593,195</u>	<u>5,001,353</u>
Net Position at End of Year	<u>\$ 2,351,243</u>	<u>\$ 3,114,294</u>	<u>\$ 5,465,537</u>

TOWN OF BERLIN, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	General Insurance Fund	Medical and Health Insurance Fund	Total
Cash Flows from Operating Activities:			
Cash received from insurance and others	\$ 93,476	\$ 54,499	\$ 147,975
Cash received from users	1,181,084	8,651,386	9,832,470
Cash paid to vendors	(1,306,624)	(8,188,231)	(9,494,855)
Net cash provided by (used in) operating activities	<u>(32,064)</u>	<u>517,654</u>	<u>485,590</u>
Cash Flows from Investing Activities:			
Interest on investments	<u>4,717</u>	<u>8,626</u>	<u>13,343</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(27,347)	526,280	498,933
Cash and Cash Equivalents at Beginning of Year	<u>2,438,055</u>	<u>2,720,701</u>	<u>5,158,756</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 2,410,708</u></u>	<u><u>\$ 3,246,981</u></u>	<u><u>\$ 5,657,689</u></u>
Reconciliation of Operating Income (Loss) to			
Net Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	\$ (61,632)	\$ 512,473	\$ 450,841
Adjustments to reconcile operating income (loss)			
to net cash used in operating activities:			
Increase in due to MIRMA	29,702		29,702
Increase (decrease) in accounts payable	<u>(134)</u>	<u>5,181</u>	<u>5,047</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ (32,064)</u></u>	<u><u>\$ 517,654</u></u>	<u><u>\$ 485,590</u></u>

Fiduciary Funds

AGENCY FUNDS

Agency Funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency Funds are custodial in nature and do not involve measurement of results and operations.

- Student Activity Fund was established to receive student funds and promote the educational and student activities of students.
- Town Funds was established to receive and disburse funds for special events, activities and services of outside agencies and departments.
- Performance Bond Fund was established to receive deposits from contractors and others.
- Miscellaneous Education Fund is used to account for funds collected for drivers' education and adult education activities.

TOWN OF BERLIN, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
Student Activity Fund				
Assets:				
Cash and cash equivalents	\$ <u>440,740</u>	\$ <u>832,177</u>	\$ <u>815,169</u>	\$ <u>457,748</u>
Liabilities:				
Due to student and other groups	\$ <u>440,740</u>	\$ <u>832,177</u>	\$ <u>815,169</u>	\$ <u>457,748</u>
Town Funds				
Assets:				
Cash and cash equivalents	\$ <u>762,060</u>	\$ <u>82,086</u>	\$ <u>52,354</u>	\$ <u>791,792</u>
Liabilities:				
Due to student and other groups	\$ <u>762,060</u>	\$ <u>82,086</u>	\$ <u>52,354</u>	\$ <u>791,792</u>
Performance Bond Fund				
Assets:				
Cash and cash equivalents	\$ <u>2,000,411</u>	\$ <u>931,712</u>	\$ <u>1,136,570</u>	\$ <u>1,795,553</u>
Liabilities:				
Due to contractors	\$ <u>2,000,411</u>	\$ <u>931,712</u>	\$ <u>1,136,570</u>	\$ <u>1,795,553</u>
Miscellaneous Education Fund				
Assets:				
Cash and cash equivalents	\$ <u>1,912</u>	\$ <u>45,450</u>	\$ <u>45,450</u>	\$ <u>1,912</u>
Liabilities:				
Due to student and other groups	\$ <u>1,912</u>	\$ <u>45,450</u>	\$ <u>45,450</u>	\$ <u>1,912</u>
Total All Funds				
Assets:				
Cash and cash equivalents	\$ <u>3,205,123</u>	\$ <u>1,891,425</u>	\$ <u>2,049,543</u>	\$ <u>3,047,005</u>
Liabilities:				
Due to student and other groups	\$ <u>3,205,123</u>	\$ <u>1,891,425</u>	\$ <u>2,049,543</u>	\$ <u>3,047,005</u>

Statistical Section

Statistical Section Information

The objectives of statistical section information are to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess economic condition.

Statistical section information is presented in the following categories:

- *Financial trends information* is intended to assist users in understanding and assessing how financial position has changed over time.
- *Revenue capacity information* is intended to assist users in understanding and assessing the factors affecting the ability to generate *own-source revenues* (property taxes, charges for services, etc.).
- *Debt capacity information* is intended to assist users in understanding and assessing debt burden and the ability to issue additional debt.
- *Demographic and economic information* is intended 1) to assist users in understanding the socioeconomic environment, and 2) to provide information that facilitates comparisons of financial statement information over time and among governments.
- *Operating information* is intended to provide contextual information about operations and resources to assist readers in using financial statement information to understand and assess economic condition.

The accompanying tables are presented in the above order. Refer to the Table of Contents for applicable page number locations.

TABLE 1

TOWN OF BERLIN, CONNECTICUT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental activities:										
Net investment in capital assets	\$ 64,684,687	\$ 58,673,095	\$ 57,119,702	\$ 56,582,569	\$ 56,765,965	\$ 56,546,105	\$ 58,306,096	\$ 59,854,926	\$ 36,935,971	\$ 32,706,871
Restricted	147,008	147,048	157,388	156,073	154,410	152,346	151,894	173,081	168,268	149,932
Unrestricted	<u>26,565,978</u>	<u>20,350,601</u>	<u>19,290,018</u>	<u>19,288,970</u>	<u>19,081,655</u>	<u>18,996,700</u>	<u>19,214,369</u>	<u>18,578,013</u>	<u>17,600,305</u>	<u>17,007,912</u>
Subtotal governmental activities net position	<u>91,397,673</u>	<u>79,170,744</u>	<u>76,567,108</u>	<u>76,027,612</u>	<u>76,002,030</u>	<u>75,695,151</u>	<u>77,672,359</u>	<u>78,606,020</u>	<u>54,704,544</u>	<u>49,864,715</u>
Business-type activities:										
Net investment in capital assets	10,074,596	10,113,957	9,825,184	9,827,738	9,774,780	9,857,160	9,928,237	9,996,420	9,755,452	9,857,905
Restricted										
Unrestricted	<u>5,666,817</u>	<u>4,855,024</u>	<u>4,744,240</u>	<u>4,217,051</u>	<u>3,853,167</u>	<u>3,228,973</u>	<u>2,421,282</u>	<u>2,205,970</u>	<u>2,992,537</u>	<u>3,239,655</u>
Subtotal business-type activities net position	<u>15,741,413</u>	<u>14,968,981</u>	<u>14,569,424</u>	<u>14,044,789</u>	<u>13,627,947</u>	<u>13,086,133</u>	<u>12,349,519</u>	<u>12,202,390</u>	<u>12,747,989</u>	<u>13,097,560</u>
Primary government:										
Net investment in capital assets	74,759,283	68,787,052	66,944,886	66,410,307	66,540,745	66,403,265	68,234,333	69,851,346	46,691,423	42,564,776
Restricted	147,008	147,048	157,388	156,073	154,410	152,346	151,894	173,081	168,268	149,932
Unrestricted	<u>32,232,795</u>	<u>25,205,625</u>	<u>24,034,258</u>	<u>23,506,021</u>	<u>22,934,822</u>	<u>22,225,673</u>	<u>21,635,651</u>	<u>20,783,983</u>	<u>20,592,842</u>	<u>20,247,567</u>
Total Primary Government Net Position	<u>\$ 107,139,086</u>	<u>\$ 94,139,725</u>	<u>\$ 91,136,532</u>	<u>\$ 90,072,401</u>	<u>\$ 89,629,977</u>	<u>\$ 88,781,284</u>	<u>\$ 90,021,878</u>	<u>\$ 90,808,410</u>	<u>\$ 67,452,533</u>	<u>\$ 62,962,275</u>

TOWN OF BERLIN, CONNECTICUT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses:										
Governmental activities:										
General Government	\$ 4,191,823	\$ 4,397,969	\$ 3,736,129	\$ 3,616,360	\$ 3,619,079	\$ 4,621,878	\$ 4,239,561	\$ 3,946,358	\$ 3,340,580	\$ 2,954,885
Community Development	849,635	838,057	1,310,926	1,705,036	886,822	839,495	956,473	2,440,174	733,914	648,086
Public Safety	8,747,446	8,072,109	8,028,805	7,449,690	6,984,300	7,097,794	7,170,214	6,975,850	6,408,827	6,074,315
Physical Services	9,778,097	8,524,981	9,333,507	8,574,797	8,262,981	8,429,763	10,129,428	7,694,018	6,287,383	5,802,030
Parks, Recreation and Libraries	4,172,288	4,215,896	4,273,783	4,388,416	4,402,401	4,846,694	4,473,542	3,899,395	3,766,608	3,572,496
Health and Human Services	2,616,986	2,190,406	2,439,771	2,655,144	2,172,130	2,226,650	2,456,113	1,894,580	1,853,167	1,799,214
Schools	52,398,291	49,788,300	48,941,403	46,085,989	45,540,917	44,321,238	53,811,652	39,455,804	38,162,289	35,794,805
Interest on long-term debt	1,257,292	1,123,833	1,141,429	612,457	604,382	451,341	539,200	524,378	521,937	495,777
Total governmental activities expenses	<u>84,011,858</u>	<u>79,151,551</u>	<u>79,205,753</u>	<u>75,087,889</u>	<u>72,473,012</u>	<u>72,834,853</u>	<u>83,776,183</u>	<u>66,830,557</u>	<u>61,074,705</u>	<u>57,141,608</u>
Business-type activities:										
Water Services	1,194,957	1,249,273	1,241,969	1,258,098	1,123,138	1,247,991	1,462,405	1,154,067	1,351,093	1,288,775
Sewer Services	1,652,335	1,540,650	1,386,889	1,304,410	1,246,417	1,205,860	1,184,983	1,133,894	1,011,714	881,237
Total business-type activities expenses	<u>2,847,292</u>	<u>2,789,923</u>	<u>2,628,858</u>	<u>2,562,508</u>	<u>2,369,555</u>	<u>2,453,851</u>	<u>2,647,388</u>	<u>2,287,961</u>	<u>2,362,807</u>	<u>2,170,012</u>
Total Primary Government Expenses	<u>\$ 86,859,150</u>	<u>\$ 81,941,474</u>	<u>\$ 81,834,611</u>	<u>\$ 77,650,397</u>	<u>\$ 74,842,567</u>	<u>\$ 75,288,704</u>	<u>\$ 86,423,571</u>	<u>\$ 69,118,518</u>	<u>\$ 63,437,512</u>	<u>\$ 59,311,620</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
General Government	\$ 703,050	\$ 788,491	\$ 643,713	\$ 871,919	\$ 901,805	\$ 694,725	\$ 910,684	\$ 1,120,577	\$ 1,158,892	\$ 1,149,647
Community Development	1,670	4,320	4,530	5,575	6,056	6,098	6,532	7,160	37,354	7,160
Public Safety	351,580	336,275	343,246	566,870	327,880	334,571	345,534	635,148	510,266	390,799
Physical Services	181,027	273,779	325,712	300,207	306,116	274,291	171,747	239,704	113,581	83,599
Parks, Recreation and Libraries	1,410,043	1,365,171	1,427,958	1,306,716	1,269,759	1,301,301	1,410,686	1,302,048	1,037,539	973,245
Health and Human Services	1,109,720	1,104,063	1,018,334	1,258,023	1,616,125	1,826,991	1,351,026	1,172,895	1,182,198	1,301,913
Schools	602,187	662,195	717,242	745,821	749,505	809,939	846,762	863,638	922,582	897,302
Operating grants and contributions	16,091,414	14,113,058	14,143,757	12,330,467	11,941,777	11,530,990	22,506,260	9,011,723	8,890,491	8,043,223
Capital grants and contributions	12,066,154	1,787,340	1,411,510	1,344,618	2,113,303	470,617	1,061,648	5,797,906	2,764,801	320,467
Total governmental activities program revenues	<u>32,516,845</u>	<u>20,434,692</u>	<u>20,036,002</u>	<u>18,730,216</u>	<u>19,232,326</u>	<u>17,249,523</u>	<u>28,610,879</u>	<u>20,150,799</u>	<u>16,617,704</u>	<u>13,167,355</u>
Business-type activities:										
Charges for services:										
Water Services	1,739,229	1,517,215	1,754,934	1,688,781	1,733,560	1,684,705	1,537,976	833,303	968,213	835,451
Sewer Services	1,857,870	1,659,354	1,387,017	1,448,771	1,289,334	1,493,041	1,208,130	838,471	969,877	539,905
Total business-type activities program revenues	<u>3,597,099</u>	<u>3,176,569</u>	<u>3,141,951</u>	<u>3,137,552</u>	<u>3,022,894</u>	<u>3,177,746</u>	<u>2,746,106</u>	<u>1,671,774</u>	<u>1,938,090</u>	<u>1,375,356</u>
Total Primary Government Program Revenues	<u>\$ 36,113,944</u>	<u>\$ 23,611,261</u>	<u>\$ 23,177,953</u>	<u>\$ 21,867,768</u>	<u>\$ 22,255,220</u>	<u>\$ 20,427,269</u>	<u>\$ 31,356,985</u>	<u>\$ 21,822,573</u>	<u>\$ 18,555,794</u>	<u>\$ 14,542,711</u>
Net (Expense) Revenue:										
Governmental activities	\$ (51,495,013)	\$ (58,716,859)	\$ (59,169,751)	\$ (56,357,673)	\$ (53,240,686)	\$ (55,585,330)	\$ (55,165,304)	\$ (46,679,758)	\$ (44,457,001)	\$ (43,974,253)
Business-type activities	749,807	386,646	513,093	575,044	653,339	723,895	98,718	(616,187)	(424,717)	(794,656)
Total Primary Government Net Expense	<u>\$ (50,745,206)</u>	<u>\$ (58,330,213)</u>	<u>\$ (58,656,658)</u>	<u>\$ (55,782,629)</u>	<u>\$ (52,587,347)</u>	<u>\$ (54,861,435)</u>	<u>\$ (55,066,586)</u>	<u>\$ (47,295,945)</u>	<u>\$ (44,881,718)</u>	<u>\$ (44,768,909)</u>
General Revenues and Other Changes in Net Position:										
Governmental activities:										
General revenues:										
Property taxes	\$ 62,660,285	\$ 59,608,953	\$ 57,634,249	\$ 54,562,047	\$ 51,556,894	\$ 51,145,362	\$ 49,837,758	\$ 48,842,637	\$ 46,696,996	\$ 44,333,205
Unrestricted grants and contributions	278,928	985,652	1,054,761	932,269	1,024,352	1,225,329	1,164,634	1,132,808	1,010,214	793,218
Unrestricted investment earnings	81,123	176,577	275,834	203,116	284,541	939,238	1,607,677	1,893,894	1,499,630	726,248
Other	693,062	540,823	746,847	491,443	548,341	261,208	998,689	265,353	82,000	336,535
Transfers	8,544	8,490	(2,444)	194,380	133,435	36,987	12,437	9,161	7,990	6,715
Total governmental activities	<u>63,721,942</u>	<u>61,320,495</u>	<u>59,709,247</u>	<u>56,383,255</u>	<u>53,547,563</u>	<u>53,608,124</u>	<u>53,621,195</u>	<u>52,143,853</u>	<u>49,296,830</u>	<u>46,195,921</u>
Business-type activities:										
General revenues:										
Property taxes	1,170	72	121	265	927	75	194	242	31	195
Unrestricted investment earnings	29,999	21,329	8,977	35,913	20,983	49,631	60,654	79,507	83,105	96,947
Transfers	(8,544)	(8,490)	2,444	(194,380)	(133,435)	(36,987)	(12,437)	(9,161)	(7,990)	(6,715)
Total business-type activities	<u>22,625</u>	<u>12,911</u>	<u>11,542</u>	<u>(158,202)</u>	<u>(111,525)</u>	<u>12,719</u>	<u>48,411</u>	<u>70,588</u>	<u>75,146</u>	<u>90,427</u>
Total Primary Government	<u>\$ 63,744,567</u>	<u>\$ 61,333,406</u>	<u>\$ 59,720,789</u>	<u>\$ 56,225,053</u>	<u>\$ 53,436,038</u>	<u>\$ 53,620,843</u>	<u>\$ 53,669,606</u>	<u>\$ 52,214,441</u>	<u>\$ 49,371,976</u>	<u>\$ 46,286,348</u>
Change in Net Position:										
Governmental activities	\$ 12,226,929	\$ 2,603,636	\$ 539,496	\$ 25,582	\$ 306,877	\$ (1,977,206)	\$ (1,544,109)	\$ 5,464,095	\$ 4,839,829	\$ 2,221,668
Business-type activities	772,432	399,557	524,635	416,842	541,814	736,614	147,129	(545,599)	(349,571)	(704,229)
Total Primary Government	<u>\$ 12,999,361</u>	<u>\$ 3,003,193</u>	<u>\$ 1,064,131</u>	<u>\$ 442,424</u>	<u>\$ 848,691</u>	<u>\$ (1,240,592)</u>	<u>\$ (1,396,980)</u>	<u>\$ 4,918,496</u>	<u>\$ 4,490,258</u>	<u>\$ 1,517,439</u>

TABLE 3

TOWN OF BERLIN, CONNECTICUT

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

		FISCAL YEAR									
		2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Fund:	Reserved										
	Unreserved:										
	Designated	\$	\$	\$	\$	1,300,000	2,000,000	2,000,000	1,300,000	1,120,000	650,000
	Undesignated					7,479,806	7,199,724	7,519,032	7,870,925	6,735,039	5,637,646
	Committed	328,093	289,973	368,642	295,251						
	Assigned	2,600,000	1,800,000	1,550,000	1,550,000						
	Unassigned	9,775,266	10,701,294	9,379,361	8,522,461						
Total General Fund		\$ 12,703,359	\$ 12,791,267	\$ 11,298,003	\$ 10,367,712	\$ 8,779,806	\$ 9,199,724	\$ 9,519,032	\$ 9,170,925	\$ 7,855,039	\$ 6,287,646
All Other Governmental Funds:	Reserved	\$	\$	\$	\$	629,526	215,092	281,133	134,115	556,172	379,492
	Unreserved, reported in:										
	Special revenue funds					2,173,277	(791,351)	8,726	932,125	1,424,196	1,698,541
	Capital projects funds					(3,147,776)	(5,746,753)	2,818,974	2,427,877	3,731,791	3,189,583
	Permanent funds					39,719	37,655	37,203	38,966	35,575	76,573
	Nonspendable	139,247	145,352	142,047	138,069						
	Restricted	10,381,872	8,006,958	4,573,307	10,332,426						
	Committed	200,494	202,450	167,843	169,692						
	Unassigned				(1,017)						
	Total All Other Governmental Fund		\$ 10,721,613	\$ 8,354,760	\$ 4,883,197	\$ 10,639,170	\$ (305,254)	\$ (6,285,357)	\$ 3,146,036	\$ 3,533,083	\$ 5,747,734

Note: Information for years prior to the implementation of GASB Statement No. 54 has not been restated.

TABLE 4

TOWN OF BERLIN, CONNECTICUT
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues:										
Property taxes	\$ 62,265,408	\$ 59,750,689	\$ 57,384,370	\$ 54,508,377	\$ 51,226,824	\$ 50,700,632	\$ 49,846,526	\$ 48,565,796	\$ 46,523,609	\$ 44,265,223
Intergovernmental	28,324,562	16,630,100	16,533,609	14,480,713	14,219,822	13,265,831	24,809,576	11,698,299	10,283,903	9,032,912
Charges for services	4,306,398	4,484,164	4,413,140	4,994,167	5,176,849	5,247,916	5,046,536	5,276,389	4,898,682	4,783,119
Income on investments	81,123	176,577	275,834	203,116	284,541	859,021	1,515,342	1,765,694	1,381,670	648,816
Miscellaneous	793,616	629,863	858,765	587,448	485,284	307,709	754,877	493,769	324,930	450,411
Total revenues	<u>95,771,107</u>	<u>81,671,393</u>	<u>79,465,718</u>	<u>74,773,821</u>	<u>71,393,320</u>	<u>70,381,109</u>	<u>81,972,857</u>	<u>67,799,947</u>	<u>63,412,794</u>	<u>59,180,481</u>
Expenditures:										
General government	3,845,598	4,011,796	3,541,728	3,300,025	2,930,181	3,295,436	3,415,941	3,591,432	3,025,871	2,717,920
Community development	705,478	721,746	738,779	725,211	709,015	720,335	691,162	661,771	613,080	580,973
Public safety	8,269,662	7,778,675	7,560,017	7,136,824	7,483,644	7,025,587	7,110,341	6,820,530	6,179,221	5,854,348
Physical services	7,670,479	7,424,137	8,021,028	7,147,149	8,058,192	7,479,379	7,353,311	6,694,309	6,885,793	5,902,125
Parks, recreation and libraries	3,782,572	3,788,466	3,850,122	3,839,350	3,827,112	3,914,116	3,971,585	3,609,781	3,396,419	3,297,015
Health and human services	2,626,269	2,146,352	2,368,124	2,629,702	2,176,324	2,268,618	2,415,194	1,885,792	1,793,955	1,770,896
Schools	51,248,877	48,844,087	47,421,917	45,239,863	44,716,115	43,555,508	52,355,011	38,910,340	36,930,167	33,938,839
Debt service:										
Principal	2,972,034	1,732,258	1,662,257	1,075,054	1,207,966	1,765,000	1,766,266	2,265,000	1,980,000	1,980,000
Interest	1,344,842	1,209,331	1,200,353	676,167	370,268	458,136	522,092	554,982	486,553	499,579
Capital outlay	31,109,069	8,238,449	8,036,819	9,448,162	2,588,360	9,686,682	2,423,331	3,713,936	4,718,787	1,650,789
Total expenditures	<u>113,574,880</u>	<u>85,895,297</u>	<u>84,401,144</u>	<u>81,217,507</u>	<u>74,067,177</u>	<u>80,168,797</u>	<u>82,024,234</u>	<u>68,707,873</u>	<u>66,009,846</u>	<u>58,192,484</u>
Excess (Deficiency) of Revenues										
Over Expenditures	<u>(17,803,773)</u>	<u>(4,223,904)</u>	<u>(4,935,426)</u>	<u>(6,443,686)</u>	<u>(2,673,857)</u>	<u>(9,787,688)</u>	<u>(51,377)</u>	<u>(907,926)</u>	<u>(2,597,052)</u>	<u>987,997</u>
Other Financing Sources (Uses):										
Transfers in	1,350,855	1,141,096	1,346,815	1,308,867	848,607	1,005,376	2,202,652	936,136	819,007	858,675
Transfers out	(1,342,311)	(1,132,606)	(1,349,259)	(1,114,487)	(715,172)	(968,389)	(2,190,215)	(926,975)	(811,017)	(851,960)
Proceeds from refunding bond issuance					4,645,000					
Payments to escrow agents					(4,815,247)					
Proceeds from the issuance of capital leases	269,685	330,400	112,188	497,144						
Bond premiums	1,449,489	354,841		1,674,492	75,854					
Proceeds from the issuance of bonds	18,355,000	8,495,000		16,610,000	8,195,000				4,560,000	
Total other financing sources	<u>20,082,718</u>	<u>9,188,731</u>	<u>109,744</u>	<u>18,976,016</u>	<u>8,234,042</u>	<u>36,987</u>	<u>12,437</u>	<u>9,161</u>	<u>4,567,990</u>	<u>6,715</u>
Net Changes in Fund Balances	<u>\$ 2,278,945</u>	<u>\$ 4,964,827</u>	<u>\$ (4,825,682)</u>	<u>\$ 12,532,330</u>	<u>\$ 5,560,185</u>	<u>\$ (9,750,701)</u>	<u>\$ (38,940)</u>	<u>\$ (898,765)</u>	<u>\$ 1,970,938</u>	<u>\$ 994,712</u>
Debt Service as a Percentage of										
Noncapital Expenditures	5.2%	3.8%	3.7%	2.4%	2.2%	3.1%	2.9%	4.3%	4.0%	4.4%

TABLE 5

TOWN OF BERLIN, CONNECTICUT

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS
(in thousands of dollars)

Fiscal Year Ended June 30,	Real Estate	Personal Property	Motor Vehicle	Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Value
2014	\$ 1,793,912	\$ 244,386	\$ 194,508	\$ 77,148	\$ 2,155,658	\$ 28.77	\$ 3,079,511	70 %
2013	2,007,533	232,799	191,601	70,306	2,361,627	25.15	3,359,467	70
2012	1,990,185	223,962	175,009	73,995	2,315,161	24.50	3,307,373	70
2011	1,956,325	223,033	162,127	62,090	2,279,395	23.65	3,256,279	70
2010	1,944,242	198,971	161,959	59,849	2,245,323	22.69	3,207,604	70
2009	1,920,752	186,449	161,200	42,712	2,225,689	22.69	3,179,556	70
2008	1,401,636	184,248	158,442	37,354	1,706,972	28.74	2,438,531	70
2007	1,372,410	174,714	151,002	34,331	1,663,795	28.74	2,376,850	70
2006	1,345,360	169,334	141,070	33,753	1,622,011	28.40	2,317,159	70
2005	1,328,094	169,848	130,071	32,549	1,595,464	27.43	2,279,234	70

Source: Town of Berlin Assessor's Office

TOWN OF BERLIN, CONNECTICUT

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS
(rate per \$100 of assessed value)

Fiscal Year	Town Direct Rate	Overlapping Rates	
		Kensington Fire District	Worthington Fire District
2014	2.877	0.11	0.2100
2013	2.515	0.10	0.2100
2012	2.450	0.10	0.1989
2011	2.365	0.10	0.1990
2010	2.269	0.08	0.1910
2009	2.269	0.08	0.1910
2008	2.874	0.10	0.1910
2007	2.874	0.10	0.1820
2006	2.840	0.09	0.1400
2005	2.743	0.09	0.1400

Source: Kensington Fire District, Worthington Fire District and Town of Berlin

TABLE 7

TOWN OF BERLIN, CONNECTICUT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
Rocky River Realty Co.	\$ 189,018,000	1	8.77%	\$ 112,405,910	1	7.08%
Corbin Russwin, Inc.	24,204,110	2	1.12%	16,168,130	2	1.02%
Cedar Brickyard LLC	19,268,750	3	0.89%			
Stonebridge Berlin Assoc	8,663,300	4	0.40%			
B&F Machine Inc.	7,650,810	5	0.35%			
Legion Square Associates LLC	6,679,600	6	0.31%			
Paradigm Precision Holdings LLC	6,265,420	7	0.29%			
Atoohas North America Inc. & Arkema Inc.	6,228,090	8	0.29%	8,196,010	4	0.52%
Berlin Commerce Park	5,727,700	9	0.27%			
Blue Dog Properties	4,822,700	10	0.22%			
Gateway Conn. Properties, Inc.				12,336,600	3	0.78%
BRE Realty LLC				6,079,600	5	0.38%
National Amusements, Inc.				5,304,830	6	0.33%
Orchard Ridge Associates				4,649,600	7	0.29%
United Cable Television				4,362,900	8	0.27%
One Twenty Nine Worthington Ridge Road, LLC				4,137,700	9	0.26%
Parker Hannifin Corporation				3,808,460	10	0.24%
Total	\$ 278,528,480		12.91%	\$ 177,449,740		11.17%

Source: Town of Berlin Assessor's Office

TABLE 8

TOWN OF BERLIN, CONNECTICUT

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the		Collections in Subsequent Years	Total Collections to Date	
		Fiscal Year of the Levy			Amount	Percentage of Levy
		Amount	Percentage of Levy			
2014	\$ 61,995,090	\$ 61,321,496	98.91%	\$	\$ 61,321,496	98.91%
2013	59,323,912	58,577,996	98.74%	483,800	59,061,796	99.56%
2012	57,082,130	56,246,044	98.54%	707,006	56,953,050	99.77%
2011	54,154,344	53,367,466	98.55%	702,940	54,070,406	99.85%
2010	51,124,528	50,315,554	98.42%	715,988	51,031,542	99.82%
2009	50,792,129	49,989,264	98.42%	649,980	50,639,244	99.70%
2008	49,549,590	48,988,081	98.87%	511,905	49,499,986	99.90%
2007	48,323,207	47,803,630	98.92%	469,480	48,273,110	99.90%
2006	46,494,295	45,964,653	98.86%	480,708	46,445,361	99.89%
2005	43,947,848	43,580,111	99.16%	317,150	43,897,261	99.88%

TOWN OF BERLIN, CONNECTICUT

RATIO OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

(dollars in thousands, except per capita)

Fiscal Year	Governmental Activities			
	General Obligation Bonds(2)	Percentage of Personal Income(1)	Percentage of Actual Taxable Value of Property	Debt Per Capita
2014	\$ 52,360		% 1.70	% \$ 2,628
2013	35,687		1.06	1,791
2012	28,633		0.87	1,439
2011	30,342		0.93	1,527
2010	13,181		0.41	663
2009	6,330		0.20	309
2008	8,095		0.33	398
2007	9,860		0.41	490
2006	12,125		0.52	618
2005	9,545	1.39	0.42	487

(1) Personal income figure not available for 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013 and 2014.

(2) Presented net of original issuance discounts and premiums for 2005 through 2013, and net of premiums for 2014

TOWN OF BERLIN, CONNECTICUT

SCHEDULE OF DEBT LIMITATION

JUNE 30, 2014

(in Thousands)

Total tax collections (including interest and lien fees)
received by Treasurer for year ended June 30, 2014:

General Fund	\$ 62,504
Fire Districts	1,327
Reimbursement for revenue loss on:	
Tax relief for elderly	<u>2</u>
Total Base	<u>\$ 63,833</u>

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2 1/4 times base	\$ 143,624	\$	\$	\$	\$
4 1/2 times base		287,249			
3 3/4 times base			239,374		
3 1/4 times base				207,457	
3 times base					191,499
Total debt limitation*	<u>143,624</u>	<u>287,249</u>	<u>239,374</u>	<u>207,457</u>	<u>191,499</u>
Indebtedness:					
Bonds payable	18,246	31,204			
Bonds authorized, unissued	8,454	52,704	4,500		
Overlapping indebtedness**			13,381		
Anticipated school construction grants		(26,000)			
Total indebtedness	<u>26,700</u>	<u>57,908</u>	<u>17,881</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 116,924</u>	<u>\$ 229,341</u>	<u>\$ 221,493</u>	<u>\$ 207,457</u>	<u>\$ 191,499</u>

* In no case shall total indebtedness exceed seven times annual receipts from taxation.
The maximum permitted at this time is \$446,831.

**100% of the residents of the Fire Districts are also residents of the Town of Berlin; accordingly, 100% of the indebtedness of the Fire Districts is being included with the Town of Berlin as overlapping debt.

TOWN OF BERLIN, CONNECTICUT

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

JUNE 30, 2014
(Dollars in Thousands)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Kensington Fire District Commercial Loan	\$ 918	100.00 %	\$ 918
Worthington Fire District USDA Loan	424	100.00	424
Mattabassett District Clean Water Fund Loan	12,039 **	100.00	<u>12,039</u>
Subtotal, overlapping debt			13,381
Town of Berlin, direct debt			<u>52,360</u>
Total Direct and Overlapping Debt			<u><u>\$ 65,741</u></u>

Source: Kensington Fire District, Worthington Fire District and Town of Berlin

*100% of the residents of the Fire Districts are also residents of the Town of Berlin; accordingly, 100% of the indebtedness of the Fire Districts is being included with the Town of Berlin as overlapping debt.

**This represents the Town of Berlin's 13.99% share of the loan.

TOWN OF BERLIN, CONNECTICUT
LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS
(dollars in thousands)

Legal Debt Margin Calculation for Fiscal Year 2014:

Revenue Base	\$ <u>63,833</u>
Debt limit (Revenue Base x 7)	\$ <u>446,831</u>
Debt applicable to limit:	
General obligation bonds	49,450
Plus: bonds authorized, unissued	65,658
Overlapping debt	13,381
Less: Grant commitments	<u>(26,000)</u>
Total debt applicable to limit	<u>102,489</u>
Legal Debt Margin	\$ <u>344,342</u>

68

	FISCAL YEAR									
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Debt limit	\$ 446,831	\$ 434,483	\$ 409,864	\$ 389,949	\$ 366,898	\$ 362,544	\$ 351,540	\$ 342,678	\$ 331,513	\$ 315,791
Total net debt applicable to limit	<u>102,489</u>	<u>86,411</u>	<u>88,009</u>	<u>112,210</u>	<u>37,100</u>	<u>25,181</u>	<u>20,160</u>	<u>12,972</u>	<u>14,992</u>	<u>10,462</u>
Legal debt margin	\$ <u>344,342</u>	\$ <u>348,072</u>	\$ <u>321,855</u>	\$ <u>277,739</u>	\$ <u>329,798</u>	\$ <u>337,363</u>	\$ <u>331,380</u>	\$ <u>329,706</u>	\$ <u>316,521</u>	\$ <u>305,329</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	22.94%	19.89%	21.47%	28.78%	10.11%	6.95%	5.73%	3.79%	4.52%	3.31%

TOWN OF BERLIN, CONNECTICUT

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

Year	Population (4)	Personal Income (1)(2) (thousands of dollars)	Per Capita Personal Income (1)(2)	School Enrollment	Unemployment Rate (3)
2014	19,921	\$	\$	2,951	5.2%
2013	19,921			2,981	6.4%
2012	19,901			3,015	6.6%
2011	19,866			3,118	7.8%
2010	19,866			3,159	7.5%
2009	20,467			3,217	6.7%
2008	20,364			3,269	4.5%
2007	20,137			3,274	3.6%
2006	19,611		30,456	3,343	3.8%
2005	19,590	690,234	35,234	3,352	4.7%

Notes:

(1) Personal Income Source: Connecticut Economic Resource Center, Inc.

(2) The 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007 and 2006 data is not available yet

(3) Unemployment Source: State of Connecticut Department of Labor

(4) Population Source: State of Connecticut Department of Health

The 2014 population figure is a Town of Berlin estimate

The 2013 population figure is a Town of Berlin estimate

The 2012 population figure is a Town of Berlin estimate

The 2011 population figure is a Town of Berlin estimate

The 2010 population figure is a U.S. Census figure

TABLE 14

TOWN OF BERLIN, CONNECTICUT

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

Employer	2014			2005 (1)		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Northeast Utilities	1,396	1	12.23%	1,695	1	15.96%
Town of Berlin	608	2	5.33%	588	2	5.54%
Comcast Cable/TCI, CT	466	3	4.08%	480	3	4.52%
Corbin Russwin	422	4	3.70%	350	4	3.30%
B & F Machine	200	5	1.75%			
Parker Hannifin	194	6	1.70%			
Budney Overhaul and Repair	160	7	1.40%			
Home Depot	140	8	1.23%	155	8	1.46%
Stop & Shop	139	9	1.22%			
TOMZ Corporation	120	10	1.05%	145	9	1.37%
Reliance Automotive				250	5	2.35%
Parker Skinner Valve				239	6	2.25%
Hartford Direct				164	7	1.54%
Total	3,845		33.69%	4,066		38.29%

Note:

(1) Only 9 employers are available for 2005.

Source: Town of Berlin Economic Development Department

TOWN OF BERLIN, CONNECTICUT

FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Government:										
Manager's Office	2.40	2.40	2.40	2.40	2.40	3.00	3.00	3.00	3.00	3.00
Finance Department	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Technology Department	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Collector of Revenue	2.40	2.62	2.62	2.62	2.62	2.62	2.62	2.53	2.45	2.45
Treasurer	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
Corporation Counsel	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Assessor	4.00	4.00	4.00	4.00	4.00	4.70	4.70	4.70	4.70	4.70
Registrar of Voters	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14
Town Clerk	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Community Development:										
Planning and Building Inspection	5.84	5.84	5.84	5.84	5.84	6.34	6.34	5.84	5.84	5.84
Economic Development	0.86	0.86	0.86	0.86	0.86	0.86	0.86	0.83	0.83	1.33
Public Safety:										
Animal Control	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
Fire Department	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.00	0.00
Police Department:										
Officers	41.00	41.00	41.00	41.00	41.00	41.00	41.00	40.00	40.00	40.00
Civilians	13.00	13.00	13.00	12.00	12.00	12.00	12.00	12.00	11.00	10.00
Fire Marshal	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.20
Physical Services:										
Municipal Garage	7.07	7.07	6.07	6.07	6.07	6.07	6.07	6.07	5.83	5.33
Public Works	4.50	4.50	4.50	4.67	4.67	4.67	4.67	4.67	4.67	4.67
Highway	14.00	14.00	14.00	14.00	15.00	15.00	16.00	16.00	16.50	16.50
Public Building	17.95	17.95	17.95	17.95	17.35	17.35	16.35	15.35	14.83	14.83
Parks, Recreation and Libraries:										
Recreation	2.17	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67
Golf Course	5.00	5.00	6.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Libraries	11.39	11.10	11.10	11.10	11.10	11.10	11.10	11.10	11.10	11.10
Public Grounds	11.33	10.33	10.33	11.33	11.33	11.33	11.33	10.33	10.33	10.33

(Continued on next page)

TOWN OF BERLIN, CONNECTICUT

FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM (CONTINUED)

LAST TEN FISCAL YEARS

Function/Program	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Health and Human Services:										
Nursing Services	15.00	15.00	15.00	15.00	15.00	15.00	15.00	16.00	15.90	15.90
Community Services	4.50	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Schools:										
Private Schools	1.23	1.23	1.23	1.23	1.33	1.33	1.33	1.33	1.34	1.34
Board of Education										
Administration	18.60	18.60	17.60	17.60	17.60	18.00	18.00	18.00	16.00	16.00
Teachers	278.39	270.89	274.91	273.21	273.31	273.75	271.74	268.30	266.48	260.22
Other *	170.24	144.89	141.46	141.96	141.27	144.55	143.84	143.41	142.63	139.84
School Expenses	8.11	8.11	8.11	8.11	7.67	7.67	7.67	6.67	6.78	6.78
Water Control Comm.:										
Administration	2.10	2.50	2.50	2.33	2.33	2.33	2.33	2.33	2.33	2.33
Operations	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Total	<u>662.45</u>	<u>629.93</u>	<u>629.52</u>	<u>629.32</u>	<u>628.79</u>	<u>634.71</u>	<u>631.99</u>	<u>624.50</u>	<u>618.15</u>	<u>607.30</u>
Total - Town Government	180.78	180.71	180.71	181.88	182.28	184.08	184.08	181.46	179.59	177.79
Total - Education	476.57	443.72	443.31	442.11	441.18	445.30	442.58	437.71	433.23	424.18
Total - Water Control	<u>5.10</u>	<u>5.50</u>	<u>5.50</u>	<u>5.33</u>	<u>5.33</u>	<u>5.33</u>	<u>5.33</u>	<u>5.33</u>	<u>5.33</u>	<u>5.33</u>
	<u>662.45</u>	<u>629.93</u>	<u>629.52</u>	<u>629.32</u>	<u>628.79</u>	<u>634.71</u>	<u>631.99</u>	<u>624.50</u>	<u>618.15</u>	<u>607.30</u>

Source: Town of Berlin Finance Department

* BOE Other is higher than in the budget document because it includes non union workers paid by grants and cafeteria funds. Budget document only includes General Fund salaries. FY14 increase due in part to new grants.

TOWN OF BERLIN, CONNECTICUT
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Police:										
Physical arrests:										
Adult arrest	443	471	488	639	668	1,124	1,147	1,267	1,479	1,581
Juvenile arrest	32	32	39	37	21	15	51	62	67	71
Parking violations:										
Parking tickets	0	0	0	0	24	74	101	92	116	98
Traffic violations:										
Infractions	2,208	2,148	2,451	2,513	2,605	2,802	2,348	2,426	2,994	3,043
Misdemeanor	500	1,033	585	585	578	508	514	662	877	934
Written warning	2,758	3,278	3,039	2,539	2,775	2,407	1,956	1,909	1,976	1
Town ordinance	0	0	0	1	66	22	34	26	31	43
Animal Control:										
Dog licenses issued	1,882	1,843	1,886	1,448	1,692	1,828	1,890	2,007	1,920	2,045
Animals adopted	74	81	77	57	59	95	77	84	114	172
Dog redemptions	46	65	59	52	58	52	58	54	73	59
Fire Suppression Services: *										
Alarms	168	163	133	121	101	122	702	382	N/A	169
Fires	91	65	80	63	56	71	77	45	N/A	161
Hazardous materials	102	46	53	120	81	120	32	20	N/A	69
Assistance calls	94	46	71	189	101	233	102	6	N/A	370
Rescue calls	10	11	16	127	15	122	129	310	N/A	7
Fire Marshal:										
Inspections	241	205	218	245	269	321	340	410	490	358
Investigations	24	20	23	42	25	23	24	39	60	36
Refuse Collection:										
Solid waste (tons)	9,023	10,682	11,723	10,805	10,482	9,667	9,621	9,955	9,522	8,660
Bulky waste (tons)	**	**	**	383	285	**	34	178	57	71
Curbside recycling (tons):										
Commingled containers	1,916	1,907	1,348	1,351	1,485	524	548	505	513	524
Corrugated	***	***	***	***	***	N/A	N/A	N/A	N/A	N/A
Newspaper	***	***	***	***	***	1,222	1,277	1,177	1,209	1,235
Leaves	780	730	727	644	741	787	1,434	659	688	480
Other Public Works:										
Street resurfacing (miles)	5.7	3.5	2.3	1.1	1.1	2.1	2.4	1.6	1.0	N/A

(Continued on next page)

TOWN OF BERLIN, CONNECTICUT

OPERATING INDICATORS BY FUNCTION/PROGRAM (CONTINUED)

LAST TEN FISCAL YEARS

Function/Program	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Building Department:										
Building permits issued	1,139	1,438	1,188	1,391	1,284	1,231	1,429	1,541	1,421	1,349
Planning:										
Zoning violations	93	64	103	130	191	245	255	180	108	14
Library:										
Volumes in collection	133,900	127,861	130,637	127,480	126,128	124,569	102,471	107,274	106,162	101,255
Total volumes borrowed	190,404	194,990	196,164	194,674	216,882	219,248	213,411	212,554	215,187	225,075
Water:										
New connections	17	29	27	7	25	19	89	105	77	73
Water main breaks	2	9	10	15	10	5	2	3	2	2
Average daily consumption (thousands of gallons)	1,041	956	951	950	955	950	933	800	750	730
Peak daily consumption (thousands of gallons)	1,457	1,338	1,331	1,330	1,337	1,330	1,306	1,120	1,050	1,022
Sewer:										
Average daily sewage treatment (thousands of gallons)	1,620	1,200	2,800	1,200	1,200	1,100	1,100	769	880	960

N/A = Not Available

Source: Town of Berlin

* Fire Suppression Services data for 2007 is for 1/1/07 - 6/30/07.

** Solid Waste and Bulky Waste no longer broken down. 2009 Solid Waste figure includes Bulky Waste.

*** Single Stream Curbside Recycling. Commingled Containers figure includes Corrugated and Newspaper.

TOWN OF BERLIN, CONNECTICUT

CAPITAL ASSET AND INFRASTRUCTURE STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	14	14	14	14	14	15	14	14	14	14
Fire:										
Stations	4	4	4	4	4	4	4	4	4	4
Number of fire apparatus	13	13	13	13	13	13	13	13	13	13
Public Works:										
Streets (miles)	111.51	111.51	111.41	111.41	111.00	111.00	103.18	102.97	102.25	101.80
Streetlights	2,544	2,537	2,534	2,525	2,522	2,520	2,515	2,498	2,483	2,481
Traffic signals	6	6	5	5	5	5	5	5	5	5
Bridges*	37	37	37	37	37	37	37	37	37	37
Parks and Recreation:										
Golf courses	1	1	1	1	1	1	1	1	1	1
Pools	2	2	2	2	2	2	2	2	2	2
Parks acreage	2,163	2,163	2,163	2,163	2,163	2,137	2,060	2,060	1,610	1,610
Playgrounds	9	9	9	9	9	9	9	9	9	9
Baseball/softball fields	16	16	16	16	16	16	16	16	16	16
Soccer/football fields	11	11	11	11	11	11	11	11	10	10
Community centers	1	1	1	1	1	1	1	1	1	1
Senior centers	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	47.0	47.0	47.0	46.6	46.5	46	46	42	42	42
Fire hydrants	436	434	434	430	428	425	420	400	400	400
Storage capac. (thousands of gals.)	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	2,000	2,000
Wastewater:										
Sanitary sewers (miles)	119.00	119.00	119.00	103.80	103.75	103.50	103.00	102.00	99.23	99.23
Storm sewers (miles)	55.21	55.21	55.21	55.21	54.84	54.78	54.50	53.82	53.22	52.80
Trtmnt. capac. (thousands of gals.)	1,990,000	1,462,600	1,468,000	1,463,000	1,462,600	1,462,570	1,457,674	1,495,669	1,495,669	1,495,669
Pump stations	11	12	12	12	12	12	12	12	12	12
Education:										
Number of schools	5	5	5	5	5	5	5	5	5	5

Source: Town of Berlin

* Prior year information has been restated to conform with current information.