

TOWN OF BERLIN

2017 ANNUAL REPORT



Veterans Memorial Park



PUBLISHED BY: ANNUAL REPORT COMMITTEE

- Jack Healy, Acting Town Manager
- Debbie Dennis, Superintendent of Recreation
- Gail Erickson, Accountant
- Helen Malinka, Library Director
- Lecia Paonessa, Public Works
- Doug Truitt, Director of Social and Youth Services
- Kate Wall, Town Clerk
- Frank VanLinter, Building Inspector
- Marek Kozikowski, Town Planner
- Christi Sullivan, Admin Asst to Town Manager

March 2018

ANNUAL REPORT INDEX1
Letter from the Town Manager2
Berlin Veterans Memorial Park3
Town Services Directory	...13
Board of Education Report	...16
Board and Commissions Information	...18
General Purpose Financial Statements	...60
Independent Auditor's Report	...61
Management's Discussion and Analysis	...64
Exhibits 1-9	...73
Notes to Financial Statements	...84
Required Supplementary Information	.128
Report of the Property Tax Collector	.142

BERLIN TOWN HALL




Dear Citizens,

I am pleased to offer the 2017 Annual Report and hope you find it quite informative. The information provided by the Finance Department which is required by the Town Charter shows how and where our tax dollars are used. The Town of Berlin can take great pride in its high standing with creditors and our Collection Experience Rating. The budget presentation includes descriptions of each department. All of the departments have worked hard to use the financial resources in the most efficient way possible. Our employees realize that they work for and represent the Town of Berlin and their efforts contribute to the quality of life in this beautiful community.

The 2017 calendar year was an exciting year, and the day to day proceedings throughout the town proved quite productive. The Farmington Avenue Bridge replacement was completed and has now reopened. Another section of sidewalks from downtown Kensington Road to Toll Gate Road was completed. Several energy projects were completed in Town Hall and school buildings. New streetlight fixtures with LED bulbs were installed, solar panels were installed on the roofs of four schools, and boilers were replaced in the Town Hall and Catherine McGee Middle School. The Berlin High School renovation was winding down during 2017 and is substantially complete. The BHS tennis courts were renovated and students and citizens alike are able to enjoy them. A fundraiser to support the Tyler Cop Foundation was held in August at the newly renovated basketball and tennis courts.

In conclusion, we are working cooperatively in each department here at Town Hall in order to serve the citizens of Berlin. My policy is to have an open door to the Town employees and I would like to extend that to anyone interested in meeting or speaking with me. Please feel free to contact me anytime.

Sincerely,


Jack Healy
Acting Town Manager
Public Works Director/Town Engineer

Berlin Veterans Memorial Park

Veterans Way, Berlin, CT

Reclaiming Space: How a Former Clay Pit Became a Pond, Landfill, and Public Park

TPA Design Group (<https://www.tpadesigngroup.com/single-post/2016/1/19/Reclaiming-Space-How-A-Former-Landfill-Became-A-Public-Park>)

Berlin Historical Society Museum (<http://brickcollecting.com/collection.htm>)

The "Brickyard" Summer of 1957 – Robert J. Malina (<http://brickcollecting.com/merwin.htm>)

Peter Galgano Jr., Berlin Veterans Commission –

(http://www.town.berlin.ct.us/egov/documents/1488563408_44985.pdf)

Take a stroll down Massirio Drive in Berlin, Connecticut, and you might have a hard time envisioning the landfill that once occupied the site. Even less evident would be the original, unnamed pond that once meandered along the edge of Farmington Avenue. In the late 19th and early 20th centuries, Berlin was regionally known for its brick factories -- the production of which required gangs of men with picks, shovels, and heavy equipment to dig holes all across the countryside to extract the necessary clay. When the clay pits stopped yielding workable material in sufficient quantity, they would be flooded with water to create artificial ponds suitable for fishing, boating, and other recreational activities.

In 1842, Cornelius P. Dunham established the first brickyard in Berlin, CT. Because the clay in Berlin was so perfect for brick making, the business continued for a little over 120 years. Berlin was known throughout the northeast for brick making. The salary for an average worker was 1-2 dollars every 10 hours. Over 90,000 bricks were produced each day with as many as 90 men and women working together. In 1910, Berlin had about 11 brickyards, and yearly produced about 102,500,000 bricks.

The Great Depression ended the building construction. The last brickyard to close was a flower pot company which didn't last too long. The electric shovel arm is still visible in an old clay pit on Route 72. The hole was bought by John Carbo who had a company on Christian Lane. John Carbo didn't make enough money for electricity for the electric shovel so it was never used and abandoned.

Berlin Brick Company 1842
(First brickyard in Berlin)



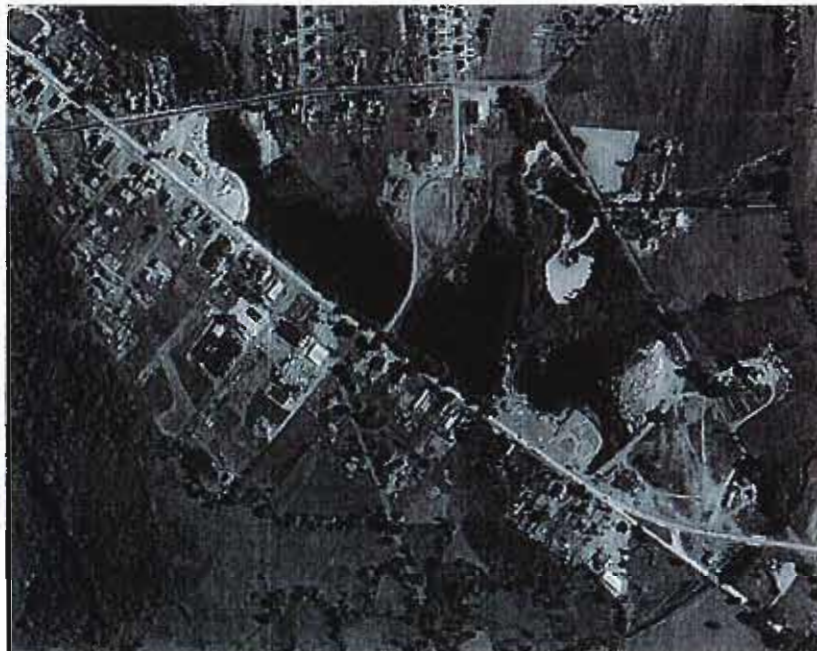
Merwin Brickyard 1940
(By the Berlin Railroad Station)



Donnelly Brick 1957
(New Britain Rd, Kensington)



An aerial photograph of the area taken in 1934 shows a rural, agrarian community dotted with clay pit ponds and brickyards. A follow-up image from 1952 shows the post-World War II development boom spurring the filling of pond areas to create more buildable land. In one section of the pond pictured below, the Town of Berlin created a landfill and material storage yard to better service the growing community.



The Town has since removed its landfill and material storage yard from the site, and the entire site has been capped to contain any polluted materials. In 2010, with funding from the State of Connecticut's Small Town Economic Assistance Program, part of the site was rechristened as Veterans Memorial Park. New improvements included a formal entrance off the parking lot at Legion Square, a gazebo, a walkway from the parking lot and at both edges of the pond, fountains in the pond, and a bridge from one side of the pond to the other. In 2011, a Veteran's Memorial was added.

Berlin Veterans Memorial Park Entrance Phase I



Berlin Veterans Memorial



Berlin Veterans Memorial Dedication Plaque



Gazebo Donated by the Berlin Lions Club at Veterans Memorial Park in 2013



In 2015, a second phase of improvements began at the park based on a design by TPA Design Group. The portion of the site adjoining the VFW received its own formal entrance to match the masonry archway in Phase 1. New plantings add shade and beauty to the site, while the addition of paths, benches, and gazebos invite users to explore and linger on the site.



Proposed Phase II Connection from VFW Parking Lot



A strong visual axis, lined with bricks that evoke Berlin's industrial history, now connects the new formal entrance to Phase 2 with the Veterans' Memorial in Phase 1. However, a large stand of invasive Phragmites growing along the wetland obscured this view and prevented a direct connection between the two phases. A timber deck bridge was engineered to span the area, and

selective control of invasive species was employed to prevent the bridge from becoming quickly overgrown again. Future plans call for continued eradication of Phragmites and other invasive plants in other areas of Veteran's Memorial Park.

Phase II Entrance



Bridge Connecting Phase II to Phase I



A new addition to Phase 1 are thirteen interpretative signs covering the history of America's Armed Forces from 1776 through the present day. Visitors are invited to stroll around the perimeter path and enjoy the pond, gazebo, and memorial areas as they follow the sequence of signage. The footings for each sign had to avoid interference with the existing capped landfill, yet also allow the sign to be mounted at an adequate height for ADA accessibility via wheelchair.

America's Wars Walkway Signs



War in Afghanistan Sign facing towards Veterans Memorial



Iraq War Sign facing towards Phase I Entrance



Town Services Directory

Berlin Town Hall – 240 Kensington Road – www.town.berlin.ct.us

Town Hall Hours: Monday-Wednesday 8:30 AM – 4:30 PM
 Thursday 8:30 AM – 7:00 PM
 Friday 8:30 AM – 1:00 PM

Assessor's Office

860.828.7105

- Abutting Property Owners Information
- Aerial Maps – copies
- Elderly Homeowners and Rental Applications
- Field Cards
- Grand List Books
- Motor Vehicle Adjustment
- Personal Property Declarations
- Sales Analysis Books

Building Department

860.828.7012

- Building Permits – from 1961
- Certificate of Occupancy
- Plot Plans – from 1945

Economic Development Department

860.828.7005

- Business Development Assistance

Finance Department

860.828.7044

- Copies of Budget
- Financial Questions
- Financial Reports

Health Department

860.828.7017

- Food Service Inspections & Applications
- Motel Inspections & Applications
- Septic Locations
- Septic Permits
- Well Permits

Human Resource Department

860.828.7115

- Human Resources

Planning (Development Services)

860.828.7066

- Historic District Applications
- Land Use Applications
- Plan of Conservation and Development
- Zoning Information

Public Works

860.828.7022

- Burning Permits
- Inland/Wetland Applications
- Recycling Bins and Information
- Refuse Services
- Tree Problems
- Wetland Maps
- Zoning Flood Maps

Purchasing Department

860.828.7048

- Bids
- GovDeals

Registrar of Voters

860.828.7020

- Changes to Voter Status
- Election Information
- Voter Registration Cards

Revenue Collector

860.828.7123 (Tax Bills)

860.828.7106 (Water Bills)

- Copies and Status of Tax Bills
- Mill Rate
- Motor Vehicle Releases
- Pay Water Bills

Social Services Department

860.828.7007

- "Choices" Counseling
- Energy Assistance
- Food Pantry
- Holiday Assistance

Town Clerk

860.828.7036

- Boards and Commissions – Agendas, Minutes and Membership
- Charter
- Dog Licenses
- Election – Absentee Ballots and Information
- Justices of the Peace
- Land Recordings
- Liquor Permits
- Marriage – Application and License
- Maps – Subdivisions and Surveys
- Military Discharges
- Notary Public
- Ordinances
- Trade Name Certificates
- Vital Records – Births, Marriages and Deaths

Town Manager's Office

860.828.7003

- Administrative Head
- Employee Applications

Treasurer's Office

860.828.7045

- Friendship Place Donations
- Mobile Home Park Rent Payments

Visiting Nurses Association (VNA)

860.828.7030

Hours: Monday – Friday 8:00 AM – 4:00 PM

- Ambulatory Care
- Case Management
- Consultation Services
- Home Care Nursing
- Home Health Aides
- Rehabilitation therapy

Water Department

860.828.7065

- Water and Sewer Questions

Youth Services

860.828.7059

- Youth Programs
- Case Management
- Assessments and Referrals

Zoning Enforcement

860.828.7008

- Zoning Board of Appeals Applications
- Zoning Questions and Complaints

Other Town of Berlin Facilities:

Animal Control Facility –

600 Christian Lane

860.828.7055

Hours: Monday–Friday 8:00 AM–4:00 PM

Saturday/Sunday

& Holidays 8:00 AM–2:00 PM

Berlin-Peck Memorial Library –

234 Kensington Road

860.828.7125

Hours: Monday–Thursday 10:00 AM–8:00 PM

Friday 10:00 AM – 5:00 PM

Saturday 10:00 AM – 4:00 PM

Now doing Passports – please call.

Community Center –

230 Kensington Road

860.828.7056

Hours: Monday–Thursday 8:30 AM – 8:30 PM

Friday 8:30 AM – 5:00 PM

Saturday 8:00 AM – 12:00 PM

(Closed Saturdays during July and August)

Parks and Recreation Department –

230 Kensington Road

860.828.7009

Hours: Monday–Wednesday 8:30 AM–4:30 PM

Thursday 8:30 AM – 7:00 PM

Friday 8:30 AM – 1:00 PM

Police Department –

240 Kensington Road

911 (Emergency)

860.828.7080 (Police Dispatch Non-Emergency)

Senior Center – 33 Colonial Drive

860.828.7006

Hours: Monday–Friday 8:30 AM–4:00 PM

- Municipal Agent for the Elderly

Timberlin Golf Course –

Southington Road

860.828.7054

Hours: 7:00 AM to 1 hour before Sunset

(Opening time is 8:00 AM when the course first opens in the spring.)

BOARD OF EDUCATION

The Berlin Board of Education oversees the education of more than 2700 students in pre-kindergarten through Grade 12. The Board is comprised of nine members and two student representatives who volunteer their service to the students and the Town.

2016-17 Board Members

Ms. JoAnn Angelico-Stetson	Ms. Jaymee Miller
Mr. Jeffrey Cugno	Mr. Timothy Oakes
Ms. Julia Dennis	Dr. Kari Sassu, Secretary
Ms. Robin Evans	Mr. Matthew Tencza, President
Mr. Jake Fisher	Mr. Alexander Halkias, Student Rep.
	Ms. Jasmine Nappi, Student Rep.

Regular meetings are held on the second and fourth Monday of each month with the exception of July, August, November, December and June when only one meeting is held. The Annual Meeting of the Board (Nov.) is held on the fourth Monday. All meetings begin at 7:00 p.m. and are held in the Board of Education Meeting Room in the Town Hall complex. In the months of January and February, the Board of Education conducts a series of budget workshops. The public is cordially invited to attend all meetings, advance notice of which is published in local newspapers and posted on the district's website. Additional information about the school district can also be found at www.berlinschools.org.

Central Office Administration, 238 Kensington Rd., Berlin, (860) 828-6581

Superintendent of Schools-----David B. Erwin

Assistant Superintendent for Curriculum and Instruction-----Brian J. Benigni

Director of Business Operations-----Eva B. Gallupe

Director of Pupil Personnel Services-----Linda Holian

Director of Human Resources-----Denise M. Parsons

Berlin High School

Francis Kennedy, Principal
139 Patterson Way, Berlin
(860) 828-6577

Catherine M. McGee School

Salvatore Urso, Principal
899 Norton Road, Berlin
(860) 828-0323

Mary E. Griswold School

Laurie Gjerpen, Principal
133 Heather Lane, Kens.
(860) 828-6336

Richard D. Hubbard School

Alfred Souza III, Principal
139 Grove Street, E. Berlin
(860) 828-4119

Emma Hart Willard School

Matthew Correia, Principal
1088 Norton Road, Berlin
(860) 828-4151

BOARDS AND COMMISSIONS

2016/2017 Members

Berlin Town Council	..19
Berlin Peck – Memorial Library	..20
Board of Assessment of Appeals	..22
Board of Education	..24
Board of Finance	..25
Commission for Persons with Disabilities	..27
Commission for the Aging	..29
Conservation Commission	..31
Economic Development Commission	..33
Historic District Commission	..35
Inland Wetland and Watercourses Commission	..37
Parks and Recreation Commission	..39
Planning and Zoning Commission	..42
Police Commission	..44
Public Building Commission	..46
Public Golf Course Commission	..48
Veterans Commission	..50
Visiting Nurse Association Board	..52
Water Control Commission	..54
Youth Services Advisory Board	..56
Zoning Board of Appeals	..58

MAYOR & TOWN COUNCIL MEMBERS (2017-2019)

NAME/ADDRESS	TERM EXPIRES	AFFILIATION	INFORMATION:
Mark H. Kaczynski – <u>Mayor</u> 187 Castlewood Drive Berlin, CT 06037	11/19/2019	Republican	Consists of seven (7) members elected biennially. Not more than five (5) of whom shall be of the same political party
TELEPHONE: (860) 828-7003 EMAIL: mkaczynski@town.berlin.ct.us			
JoAnn Angelico-Stetson 188 Stony Mill Lane East Berlin, CT 06023	11/19/2019	Democrat	
TELEPHONE: (860) 690-7969 EMAIL: jangelicostetson@town.berlin.ct.us			
Amy Maier Daniele 392 Southington Road Berlin, CT 06037	11/19/2019	Republican	
TELEPHONE: (860) 828-9861 EMAIL: adaniele@town.berlin.ct.us			
Alex Giannone 240 Kensington Road Berlin, CT 06037	11/19/2019	Republican	
TELEPHONE: (860) 828-7003 EMAIL: agiannone@town.berlin.ct.us			STAFF LIAISON: Jack Healy Acting Town Manager 860-828-7002
Brenden T. Luddy – <u>Deputy Mayor</u> 68 Casner Drive Berlin, CT 06037	11/19/2019	Republican	
TELEPHONE: (860) 828-3679 EMAIL: bluddy@town.berlin.ct.us			
Karen A. Pagliaro 221 Stillmeadow Lane Berlin, CT 06037	11/19/2019	Democrat	
TELEPHONE: (860) 828-3288 EMAIL: kpagliaro@town.berlin.ct.us			
Peter A. Rosso 34 Briar Lane Kensington, CT 06037	11/19/2019	Democrat	
TELEPHONE: (860) 828-0891 EMAIL: prossso@town.berlin.ct.us			
			CLERK OF THE COUNCIL: Kathryn J. Wall, Town Clerk kwall@town.berlin.ct.us (860) 828-7036
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
Revised: 11/7/2017		Election of Council Members & Mayor Term begins 11/21/2017	

Berlin-Peck Memorial Library Board Annual Report - 2017

Mission Statement

The Berlin-Peck Memorial Library strives to enrich the community by providing lifelong opportunities to learn, connect, enjoy and discover.

Duties and Functions

Section 1: The Library Board shall have charge of the operation of the Library and may recommend expenditures of such sums of money as are available and necessary for the operation and maintenance of the Library facilities as provided by the Charter of the Town of Berlin.

The Library Board will oversee and support the Director and Library staff in accomplishing the Mission Statement.

Accomplishments

- Donated \$50,000 toward the elevator from the Library Special Funds account
- Reviewed and restructured the framework of the Library Board Committees
- Reviewed and updated Library Policies
- Supported the Library budget at hearings
- Serviced a booth at outreach events, such as the Strawberry Festival and Library Book Sale
- Participated with the Connecticut State Library at the WWI Digitization Day program
- Met with the Community Foundation of Greater New Britain to explore setting up a Library Foundation

Sharon Powell
Library Board Chairman

BERLIN-PECK MEMORIAL LIBRARY BOARD

NAME/ADDRESS	TERM EXPIRES	AFFILIATION	INFORMATION:
James Bengiovanni 20 Cynthia Drive Berlin, CT 06037	1/31/2018	Unaffiliated	Consists of nine members for three (3) year terms. Not more than five (5) shall be of the same political party.
Elaine Borselle 61 Oak Ridge Drive Berlin, CT 06037	1/31/2020	Democrat	
Chris Fasciano 76 Raspberry Hill Berlin, CT 06037	1/31/2018	Republican	
Robert M. F. Lewis 27 Pondside Drive Berlin, CT 06037	1/31/2019	Unaffiliated	
Donna Moore – <u>Vice Chairman</u> 215 Rosewood Lane Berlin, CT 06037	1/31/2018	Democrat	
			STAFF LIAISON:
Kathleen L. Murray 36 Kenton Street Kensington, CT 06037	1/31/2019	Republican	Helen Malinka Library Director 860-828-7131
Sharon Powell - <u>Chairman</u> 45 Ridgewood Lane Kensington, CT 06037	1/31/2020	Unaffiliated	
Carol A. Ranieri 25 Renee Drive Berlin, CT 06037	1/31/2019	Unaffiliated	
			RECORDING SECRETARY:
Carol Welz 1308 Orchard Road Kensington, CT 06037	1/31/2017	Republican	Lecia Paonessa lpaoonessa@town.berlin.ct.us (860) 828-7022

Board of Assessment Appeals Annual Report - 2017

The Board of Assessment Appeals ("Board"), created by state law, is an official municipal agency. It is provided by statute to act as an independent body of review for property owners who wish to appeal their property assessments. It also serves as a body of review for property owners who have been erroneously denied of exemptions and can also be used to add omitted property to the Grand List.

The Board consists of three (3) members all of whom are elected for a term of four (4) years. All members are elected (CGS §9-185) unless appointment is permitted legally. Board members generally are long-term residents of their community.

Each year, the Assessor of the Town prepares the official listing of all taxable property in Town known as the Grand List which represents the assessed values of all taxable and tax-exempt property. (Real estate, personal property and motor vehicle) The net Grand List, which is the total value after deductions for exemptions, becomes the Town's tax base.

Property owners, who disagree with their property's assessed value, have the right to appeal the value.

Filing an appeal through the Board is the first step in the formal hearing process. Board appeal hearings related to real estate, personal property and motor vehicles take place in March unless the Assessor filed an extension to sign the Grand List, then hearings take place in April. The Board meets again in September to hear appeals related to motor vehicles only. The decisions made by the Board have a direct effect on the Grand List. Therefore, changes in assessments should be based solely on the facts presented that affect value. The Board is not an assessing agency. Its purpose is to review assessments. If taxpayers are not satisfied with the Board's decision, they may appeal to the Superior Court of the judicial district of the Town within two (2) months from the date the Board's notice is mailed.

In March 2017, the Board met to hear appeals of assessed values related to real estate, personal property and motor vehicles pertaining to the 2016 Grand List. The Board met again in September 2017 to hear appeals of assessed values related to motor vehicles only. The following are the results of the 2016 Grand List Board of Assessment Appeals:

Property Type	Total Assessed Value (as of 10/1/2016)	Results of Board New Total Assessed Value
Real Estate	\$1,829,635,098	\$1,825,374,998
Personal Property	\$188,536,410	\$188,510,483
Motor Vehicle	\$192,081,670	\$191,208,962
Final Total Taxable	\$2,210,253,178	\$2,205,094,443

Submitted by
Carina Andreoli, Recording Secretary

BOARD OF ASSESSMENT APPEALS

NAME/ADDRESS	TERM EXPIRES	AFFILIATION	INFORMATION:
Paul C. Argazzi 339 Reservoir Road Berlin, CT 06037	11/19/2019	Republican	Three member board elected at general elections for a four (4) year term. Not more than two (2) shall be of the same political party
TELEPHONE: (860) 828-3988 EMAIL: paulargazzi@sbcglobal.net			
Christine Fairwood 80 Main Street Kensington, CT 06037	11/19/2019	Democrat	
TELEPHONE: (860) 828-5566 EMAIL: cfairwood@sbcglobal.net			
John Frink 37 Mattabasset Street Berlin, CT 06037	11/16/2021	Republican	
TELEPHONE: (860) 828-6144 EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TE			

BOARD OF EDUCATION (NON-PARTISAN)

NAME/ADDRESS	TERM EXPIRES	AFFILIATION	INFORMATION:
Richard M. Aroian 65 Percival Avenue Kensington, CT 06037	11/17/2020	N/A	Elected Board that consists of nine (9) members for three (3) year terms.
TELEPHONE: (860) 829-1988 EMAIL: Richard.aroian@berlinschools.org			
Jeffrey P. Cugno 34 Chatham Road Berlin, CT 06037	11/20/2018	N/A	
TELEPHONE: (860) 832-8809 EMAIL: jeffrey.cugno@berlinschools.org			
Jaymee R. Miller 710 Worthington Ridge Berlin, CT 06037	11/19/2019	N/A	
TELEPHONE: (860) 922-0545 EMAIL: jaymee.miller@berlinschools.org			
Frederick S. Morley, Jr. 27 Grove Street East Berlin, CT 06023	11/20/2018	N/A	
TELEPHONE: (860) 372-7955 EMAIL: Frederick.morley@berlinschools.org			
Julia L. Motte 115 Norton Road Berlin, CT 06037	11/20/2018	N/A	
TELEPHONE: (860) 966-6038 EMAIL: julia.motte@berlinschools.org			STAFF LIAISON:
Timothy J. Oakes 31 Belcher Hollow Road Berlin, CT 06037	11/17/2020	N/A	Brian Benigni Superintendent of Schools bbenigni@berlinschools.org (860) 828-5017
TELEPHONE: (860) 516-1558 EMAIL: timothy.oakes@berlinschools.org			
Jake T. Fisher 110 Elton Road Berlin, CT 06037	11/19/2019	N/A	
TELEPHONE: (860) 829-8831 EMAIL: jake.fisher@berlinschools.org			
Dr. Kari A. Sassu - <u>Secretary</u> 69 Walden Court Berlin, CT 06037	11/17/2020	N/A	
TELEPHONE: (860) 505-7244 EMAIL: kari.sassu@berlinschools.org			RECORDING SECRETARY:
Matthew T. Tencza - <u>President</u> 25 Ridgewood Lane Kensington, CT 06037	11/19/2019	N/A	Betty Dombrowski
TELEPHONE: (860) 829-6229 EMAIL: matthew.tencza@berlinschools.org			
TELEPHONE: EMAIL:			
Revised: 11/7/2017	Election of Aroian, Morley, Oakes & Sassu Terms begin 11/21/2017		

Board of Finance Overview

The Board of Finance was formed effective with the swearing in of members on November 22, 2017 pursuant to Section 4-4 of the Town Charter. The Board, in conjunction with the Town Council, has budgetary and bonding authority as well as responsibility for ongoing oversight of all financial matters. The Board is comprised of three members from each of the two major political parties.

During 2017, the Board elected a Chairman and Vice Chairman, established rules and procedures and began work on the FY 2018-19 budget. Sam Lomaglio was elected Chairman and Gerald Paradis was elected Vice Chairman.

BOARD OF FINANCE

NAME/ADDRESS	TERM EXPIRES	AFFILIATION	INFORMATION:
Sal Bordonaro 81 Gianna Lane Berlin, CT 06037	11/16/2021	Republican	Newly formed Elected Board that was adopted by Town Charter on November 8, 2016. The Board consists of six (6) members who shall be electors of the Town. Three (3) members shall be elected to serve for four (4) year terms and three (3) members are elected to serve for two (2) year terms.
TELEPHONE: (860) 828-1201 EMAIL: sbordonaro@town.berlin.ct.us			
Kevin Guite 131 Woodhaven Drive Berlin, CT 06037	11/19/2019	Republican	
TELEPHONE: (860) 539-4463 EMAIL: kguite@town.berlin.ct.us			
Mark Holmes 146 Wildermere Road Berlin, CT 06037	11/19/2019	Democratic	
TELEPHONE: (860) 828-6435 EMAIL: mholmes@town.berlin.ct.us			
Sam Lomaglio - <u>Chairman</u> 78 Hickory Hill Road Berlin, CT 06037	11/16/2021	Republican	STAFF LIAISON: Kevin Delaney kdelaney@town.berlin.ct.us (860) 828-7044
TELEPHONE: (860) 826-1752 EMAIL: sломaglio@town.berlin.ct.us			
Gerald P. Paradis – <u>V. Chairman</u> 164 Vineyard Drive Berlin, CT 06037	11/16/2021	Democratic	
TELEPHONE: (860) 828-6183 EMAIL: gparadis@town.berlin.ct.us			
John M. Richards 239 Hawthorne Drive Berlin, CT 06037	11/19/2019	Democratic	
TELEPHONE: (860) 828-3058 EMAIL: jrichards@town.berlin.ct.us			
			RECORDING SECRETARY: Dana Borges danaborges@ymail.com
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
Revised: 11/7/2017 & 11/21/2017		Election of Board Members - Bordonaro, Guite, Holmes, Lomaglio, Paradis & Richards & Appt. of Chairman & V. Chairman	

Commission for Persons with Disabilities
Annual Report - 2017

The mission of the Commission for Persons with Disabilities is to foster understanding, respect, and involvement of persons with disabilities within the town, and to encourage participation of persons with disabilities in all aspects of community life. The Commission serves as the advisory board to the town for the enforcement of the Federal Americans with Disabilities Act and assists the town with meeting its responsibilities for residents with disabilities.

Some recent projects the Commission has worked on include:

- Exploring ways to collaborate with the school system in supporting families of students with disabilities.
- Collaborating with the Commission for the Aging in suggesting ways to make town facilities more accessible.
- Working with the Library on an informational display for Disability Awareness Month.
- Developing a Resource Guide of programs that serve persons with disabilities.

COMMISSION FOR PERSONS WITH DISABILITIES

NAME/ADDRESS	TERM EXPIRES	AFFILIATION	INFORMATION:
Barbara Cesanek 54 Hart Street Kensington, CT 06037	1/31/2020	Republican	Five (5) member board with three (3) year terms. No more than three (3) can be from the same political party. At least two (2) members of the commission shall be persons with disabilities or representatives of a recognized, established, nonprofit group whose primary goals are compatible with the intent of this part
Andrew Chatlas 160 Orchard Road Berlin, CT 06037	1/31/2018	Unaffiliated	
Robert R. Dombrowski – <u>Chairman</u> 102 Ellsworth Boulevard Berlin, CT 06037	1/31/2020	Democrat	
EMAIL: rdombrow@morrisonmahoney.com			
Nancy Luddy 40 Percival Avenue Berlin, CT 06037	1/31/2019	Democrat	
Peter A. Zera 74 Park Drive Berlin, CT 06037	1/31/2018	Unaffiliated	
			STAFF LIAISON:
			Doug Truitt Community Services 860-828-7059
			RECORDING SECRETARY:
			Marlo Matassa mmatassa@town.berlin.ct.us 860 828-7033

Commission for the Aging Annual Report – 2017

The mission for the Commission for the Aging is to encourage, promote, analyze and support community programs/services intended for or impacting the well being of Senior Citizens in the Town of Berlin. A major purpose of this commission is to identify relevant plans and programs providing independence, and involvement in community life for Senior Citizens.

Expected by this Commission are cooperative relationships while uniting with other town commissions and departments that become relevant in the Aging Commissions decision making practices. This commission is expected to work closely with the Senior Center Director and the Community Services Director. It is necessary to provide information to our seniors, on a continual basis concerning matters that are of 'Need to Know' importance.

The commission will continue to support further plans to improve the quality of senior lives in our community by:

Monitoring the need to increase (affordable) subsidized housing that is presently inadequate to meet the growing needs of our town.

Recognizing the growing gap between the inadequacy of the present Senior Center Facility and the increasing senior population grows more evident. Presenting the many programs regarding health, safety, nutrition and informational services are so important to the well being of our seniors.

The commission provides a Fall and Spring Dinner Social with entertainment that is enjoyed by the many that attend.

COMMISSION FOR THE AGING

NAME/ADDRESS	TERM EXPIRES	AFFILIATION	INFORMATION:
Donald Geschimsky 173 Grandview Avenue Kensington, CT 06037	1/31/2018	Republican	Consists of five (5) members for five (5) year terms; Not more than three (3) shall be of the same political party
Barbara D. Gombotz- <u>Chairwoman</u> 24 Sterling Drive Kensington, CT 06037	1/31/2022	Republican	
Richard Krause 228 Stony Mill Lane East Berlin, CT 06023	1/31/2020	Democrat	
Frank J. Slogeris 66 Glenview Drive Kensington, CT 06037	1/31/2019	Republican	
John Varley 1552 Orchard Road Berlin, CT 06037	1/31/2019	Democrat	
			STAFF LIAISON:
			Doug Truitt Community Services 860-828-7059
			RECORDING SECRETARY:
			Juliet Benjamin jbenjami@town.berlin.ct.us (860) 828-7012

Conservation Commission

Annual Report - 2017

The Conservation Commission is authorized by Town Charter as provided by the Connecticut General Statutes to engage in development, conservation, supervision, and regulation of natural resources. The Commission is responsible for promulgating rules and managing town owned open space. Furthermore, it develops, coordinates, studies and promotes matters of environmental protection within Berlin. The Commission conducts research into the utilization of land areas of the town and may coordinate the activities of unofficial bodies organized for similar purposes, and may advertise, prepare and distribute books, maps, charts, plans and pamphlets as necessary for its purposes.

The Commission had many accomplishments during the 2016-2017 fiscal year and the following is a list of highlights:

- In cooperation with the Connecticut Department of Energy & Environmental Protection and the Berlin Land Trust, the Commission dedicated the Chotkowski Conservation Area which consists of 71 acres of protected open space which creates connectivity to other open space areas totaling 500 acres of protected open spaces and linkages between walking trails.
- The Commission administers the Hatchery Brook Community Gardens located at the Hatchery Brook Conservation Area. All plots were planted by community gardeners from May to October.
- The Commission teamed up with the Green Team from the Upbeat Program at Berlin High School. A team of students with a passion for the environment helped monitor and maintain open spaces and trails throughout town.
- The Commission implemented a boundary signage program which provides signage that delineates between public and private property.
- In cooperation with New England Geosystems, the Commission mapped new and existing trail networks throughout Berlin and produced trail guides and interactive user maps that can be accessed at <http://www.berlingis.com/>.
- The Commission engaged in an ongoing effort to maintain safe and clean access, parking and signage for open space areas and trails.

CONSERVATION COMMISSION

NAME/ADDRESS	TERM EXPIRES	AFFILIATION	INFORMATION:
Michael DeLorenzo – <u>Chairman</u> 28 Pebble Brook Court Berlin, CT 06037 EMAIL: madelorenzo@comcast.net	1/31/2020	Democrat	Consists of seven (7) regular members and two (2) alternates for five (5) year terms. No more than four (4) of whom shall be of the same political party.
Thomas J. Heisler 482 Lower Lane Berlin, CT 06037	1/31/2022	Democrat	
Guy Hoffman – <u>Vice Chairman</u> 1518 Orchard Road Berlin, CT 06037 EMAIL: ghoffman02@snet.net	1/31/2019	Republican	
Karl G. Lewis 56 Hartland Terrace Kensington, CT 06037 EMAIL: karl.g.lewis@sbcglobal.net	1/31/2019	Democrat	
Joseph Mazza 25 Windy Knoll Drive Berlin, CT 06037 EMAIL: mazzajt@comcast.net	1/31/2020	Republican	
			STAFF LIAISON:
Karen Pagliaro 221 Stillmeadow Lane Berlin, CT 06037	1/31/2019	Democrat	Marek Kozikowski Town Planner mkozikowski@town.berlin.ct.us (860) 828-7060
Robert Ramsey 91 Jeffrey Lane Berlin, CT 06037 EMAIL: ramsey@csdnb.org	1/31/2018	Republican	
VACANCY –ALTERNATE	1/31/2021		
			RECORDING SECRETARY:
VACANCY - ALTERNATE	1/31/2021		Mario Matassa mmatassa@town.berlin.ct.us (860) 828-7033

Economic Development Commission Annual Report – 2017

This past year has been full of productive and interesting developments in Berlin. This includes the new construction of 2 major properties in town, new investment in the form of a major regional training center, as well as many new businesses relocating and/or starting up in Berlin.

The year saw the completion of the new state-of-the-art Acura dealership at 224 Berlin Turnpike. This included the addition of a 17,000 square foot retail building, bringing new jobs and the expansion of a great locally owned company. The first tenant in the retail building, Fresh Monkee, opened their doors at the end of December. Forrest Machine, an aerospace manufacturer which is building a new 55,000 square foot facility at 236 Christian Lane is nearly finished with their facility with an expected occupancy in April or May of 2018. The investment in Berlin between these 2 projects is almost \$15,000,000 and will bring about 80 new jobs to town.

One of our largest employers and taxpayers, Eversource, renewed its commitment to Berlin with the construction of a natural gas training center on their campus investing over \$1 million into this project. Additionally, Eversource brought jobs from other communities to the Berlin campus as well.

In 2017, Berlin became the U. S. Headquarters for Steelwrist, a Swedish firm that opened an office on Christian Lane. This location is going to be an amazing place, so keep an eye and ear out for our spring 2018 opening! Another international firm, Franz Schneider Brakel (FSB), relocated to New Park Drive. They are producers and distributors of high end hardware including handles, hinges and more for the home and office. Six health-related businesses came to Berlin including Box Bistro, Yousef Tae Kwan Do and Wellness, Rebel Fitness, Innovative Fitness, Fresh Monkee and Pedal Power.

A number of additional businesses opened their doors in Berlin including two restaurants – Ramen Ya and The Avenue Restaurant, Sign Boss, Cuts of Wood, Dollar Tree, and Turnpike Antiques. Interest in Berlin is high as we saw two new real estate offices open up town, SalCal Real Estate and Realty Pros, as well as the relocation of a construction management firm, Olsen Construction Services to town. Two businesses, ABC Hydraulics (from Rocky Hill) and Bela's Hardwood Floors (from Berlin), were both approved to construct new 5,000 square foot buildings which we expect to be built in 2018.

In addition, we had 12 "Welcome to Berlin" gateway signs installed at locations on our town's borders with Cromwell, Rocky Hill, Newington, Meriden, Southington and New Britain. These signs are a pleasant visual and welcoming statement as you are entering our great community. Seven hundred t-shirts with the message "Let's Do Business Together" were created through 20 sponsoring businesses without any Berlin tax dollars and were given out at the Berlin Fair.

The Town put out the RFQ (Request for Quotes) for the 3 town-owned sites at 889, 903 and 913 Farmington Avenue in late 2017. We received 5 submissions which are now being looked at, reviewed and analyzed by the RFQ committee.

Overall, 2017 was a positive and productive year for Berlin.

Respectfully,

Dave Cyr, Chairman of the Economic Development Commission

ECONOMIC DEVELOPMENT COMMISSION

NAME/ADDRESS	TERM-EXPIRES	AFFILIATION	INFORMATION:
JoAnn Angelico-Stetson 188 Stony Mill Lane East Berlin, CT 06023	1/31/2019	Democrat	Consists of seven (7) members with terms of five (5) years. Not more than four (4) of whom shall be from the same political party
Michael Baczewski - <u>Treasurer</u> 61 Robbins Road Kensington, CT	1/31/2019	Democrat	
Peter Campanelli 1055 Worthington Ridge Berlin, CT 06037	1/31/2021	Republican	
Christopher Coppola III 66 Heritage Drive Berlin, CT 06037	1/31/2021	Unaffiliated	
Dave Cyr - <u>Chairman</u> 245 Cole Lane Kensington, CT 06037	1/31/2020	Republican	
			STAFF LIAISON:
Edward C. Egazarian 1183 Worthington Ridge Berlin, CT 06037	1/31/2018	Democrat	Chris Edge 860 828-7005
Bob Sisti 286 Vineyard Drive Berlin, CT 06037	1/31/2020	Unaffiliated	
			RECORDING SECRETARY:
			Kristen Deliman Grabowski kgrabowski@town.berlin.ct.us

Historic District Commission

Annual Report – 2017

The mission of the Historic District Commission is to preserve the historic character of the Worthington Ridge Historic District and to promote historic resources in the town of Berlin. The commission meets with homeowners in the district to review and regulate proposed alterations to the exterior of properties in keeping with design guidelines applicable to historic properties and the specific context of the historic district. Members of the commission support local historic preservation efforts by identifying historic resources and conducting research about town history. They also support educational outreach and public programs to foster a sense of community and encourage tourism.

The Historic District Commission welcomed a new member and an alternate member, Andra Millerd and Richard Bennett respectively, to the commission in 2017. Andra Millerd replaced Toni Interlandi who resigned in December of 2016.

There were six meetings in 2017 and Certificates of Appropriateness were issued for the following projects:

- 1) 914 Worthington Ridge, rebuild the north chimney beneath the roofline for use with working fireplace.
- 2) 949 Worthington Ridge, garage door replacement
- 3) 812 Worthington Ridge, privacy fence and alteration of driveway
- 4) 914 Worthington Ridge, rebuild south chimney with two flues
- 5) 921 Worthington Ridge, replace front porch like-for-like with square instead of round columns
- 6) 203 Hudson Street, replace two wooden staircases on west side of house with pressure-treated Wood and PVC railings

Members of the Historic District Commission were instrumental in winning grants in the amount of \$20,000, including a Connecticut Trust for Historic Preservation Technical Assistant Grant and a matching grant from the Certified Local Government program of the State Historic Preservation Office, for design and development plans for the Worthington Meeting House. Members also supported the purchase of the Esther Woodruff property at 725 Worthington Ridge, which will provide additional office/archive space, parking opportunities and open space for future programs at the Worthington Meeting House. They also served in an advisory role to the Berlin Historical Society and the Friends of the Worthington Meeting House who are working with the architectural firm of QA + M Architects of Farmington to design the plans for the adaptive re-use of the Worthington Meeting House as the future home of the Berlin Historical Society and a cultural center.

Members of the Historical District Commission have supported efforts by the Berlin Historical Society to salvage artifacts from the Berlin Train Station which was tragically destroyed by fire on December 21, 2016.

Respectfully submitted,

Amy Prescher

HISTORIC DISTRICT COMMISSION

NAME/ADDRESS	TERM EXPIRES	AFFILIATION	INFORMATION:
Edward W. Cink, Jr. 121 Sunset Lane Berlin, CT 06037	1/31/2020	Republican	Consists of five (5) regular members and three (3) alternates for five (5) year terms; Not more than three (3) regular members of whom shall be of the same political party.
Anthony J. Interlandi 214 Oxyoke Drive Kensington, CT 06037	1/31/2018	Unaffiliated	
Amy Prescher - <u>Secretary</u> 850 Worthington Ridge Berlin, CT 06037	1/31/2021	Democrat	
Susan Skene - <u>Chairwoman</u> 203 Hudson Street Berlin, CT 06037	1/31/2022	Democrat	
Lorraine E. Stub - <u>V. Chairwoman</u> 2270 Chamberlain Highway Kensington, CT 06037	1/31/2019	Democrat	
Palma(Pamela)Pethigal - <u>Alternate</u> 81 Ledge Road East Berlin, CT 06023	1/31/2020	Democrat	
Richard Bennett - Alternate 1167 Worthington Ridge Berlin, CT 06037	1/31/2020	Republican	STAFF LIAISON: Marek Kozikowski Town Planner Mkozikowski@town.berlin.ct.us (860) 828-7060
VACANCY - ALTERNATE	1/31/2022		
			RECORDING SECRETARY: Mario Matassa mmatassa@town.berlin.ct.us 860 828-7033

Inland Wetland and Watercourses Commission

2017 Annual Report

Duties & Functions

The Commission's job is to review and evaluate proposals where wetlands and/or flood hazard areas are present. The protection of these water bodies and the preservation of their environmental functions are the primary responsibilities of this commission.

Accomplishments in 2017

The Commission approved eight applications in 2017:

- | | |
|---|-------------------------|
| Burnham Street Bridge over Mattabassett | |
| 1) River | Town of Berlin |
| 2) 245 New Park Drive, Lot 7D, Block 153 | 245 New Park Dr. LLC |
| | Oak Land Developers, |
| 3) Reservoir Road, Lot 63, Block 10 | LLC |
| 4) 65 Willow Brook Dr., Lot 18-38, Block 81 | DEF Properties |
| Belcher Brook Interceptor (Farm. Ave. to | |
| 5) Meadow Ln) | Berlin Water Control |
| 600 Spruce Brook Rd (Pistol Creek) | |
| 6) Lots 39 and 39-2, Block 142 | Town of Berlin |
| 7) State Rt. 372 adjacent to 1259 Mill Street | FedEx Ground |
| 8) 40 New Park Dr. | BGI (Budney Industries) |

INLAND WETLANDS AND WATER COURSES COMMISSION

NAME/ADDRESS	TERM EXPIRES	AFFILIATION	INFORMATION:
Michael Cassetta – <u>Chairman</u> 323 Wethersfield Road Berlin, CT 06037	1/31/2018	Unaffiliated	Consists of seven (7) members for terms of three(3) years; Not more than four (4) of whom shall be of the same political party; Two (2) alternates with three (3) year terms. The members also serve as the Aquifer Protection Agency.
William A. Jackson 289 High Road Kensington, CT 06037	1/31/2020	Republican	
Peter Nieman – <u>V. Chairman</u> 1230 Worthington Ridge Berlin, CT 06037	1/31/2018	Democrat	
James V. Paldino 90 Cider Mill Road Berlin, CT 06037	1/31/2018	Republican	
Gary Pavano 67 Hickory Hill Road Kensington, CT 06037	1/31/2019	Republican	
			STAFF LIAISON:
Brian G. Rogan 2104 Chamberlain Highway Berlin, CT 06037	1/31/2019	Democrat	James Horbal, Deputy Public Works Director jhorbal@town.berlin.ct.us (860) 828-7069
David P. Rogan 775 High Road Kensington, CT 06037	1/31/2019	Republican	
VACANCY-Alternate	1/31/2020		
			RECORDING SECRETARY:
VACANCY – Alternate	1/31/2020		Lecia Paonessa lpaoonessa@town.berlin.ct.us (860) 828-7022

PARKS & RECREATION COMMISSION

Annual Report - 2017

MISSION

The Parks and Recreation Commission has oversight of the Parks & Recreation and Public Grounds Department and Timberlin Golf Course. Jointly, we are committed to providing Berlin residents with high quality recreation programs and golf experiences using facilities that support and complement those experiences.

It supports maintaining, recruiting and developing staff who will provide a friendly, courteous, and knowledgeable front as the first line of interface with the general public.

Provide the foregoing at a reasonable yet competitive cost within the constraints of the Town financial structure.

TIMBERLIN

The primary emphasis with Timberlin operations is to provide a quality golf facility and experience at a competitive cost while trying to achieve a financial break even. The Commission:

- Established greens fees, cart and pass rates.
- Successfully modified weekday tee time policies to increase the ease of booking tee times for 18-hole players while still providing access for the 9-hole players.
- Added GolfNOW to generate revenue via online bookings – impact ~\$100K+.
- Proposed the use of CIP funds for capital projects on the course (had initially be used to offset cost of bonding irrigation and bunker renovations).
- Established a Capital project plan that identified specific projects, with estimated cost, to serve as a road map and control on focus, progress and spending.

Capital projects completed:

- Golf cart return area and pathways
- Various cart paths

Donations recommended, subsequently approved by Council:

- BHS football Meet the players night
- Griswold PTO pasta supper
- Hubbard PTO bunny bash
- UConn alumni golf tournament
- BHS Band Parents
- Village and Families
- Make a Wish Foundation
- BHS Athletic Dept Dredcoat run
- Ryan Lee Foundation

Approved the hosting of a Connecticut Open Tournament qualifier at Timberlin.

RECREATION & GROUNDS

Functions/events approved and supported:

- Annual Nutmeg Games at Sage Park.
- Veteran's Commission repairs to the Veteran's Park gazebo.
- Kensington Garden Club's donation of two memorial benches, regarding style and location.
- Approved of BHS AD October fundraiser event at Sage Park.
- Field/Facility Usage Policy developed by Director.
- Renaming of Percival Field to honor of Paul Baretta.
- Fee waivers for the first T. Cop Basketball and Tennis Tournament Fundraiser.
- Renovation of Zipadelli Field.
- Memorial tree planting to remember deceased 8 year old Youth Footballer.
- New field naming policy.
- New field usage policy specific to Zipadelli Field.

Recreation Departmental Operations:

Facilities operated:

- Community Center
- Community pools - Percival pool and Demore, Dinda, Bittner Jr. Memorial Pool
- Summer Fun Programs at Clover Hill and The Creek

Programs operated:

- Monster Bash
- Tinsel Run
- Santa's Parlor
- Boy's and Girl's basketball
- Men's basketball
- Women's volleyball
- Fishing Derbies
- Scheduling of all fields/facilities
- Open swim and swim lessons
- Competitive swim teams.
- Tennis camps/lessons
- Arts and crafts programs
- Skyhawk camps
- Easter candy hunt
- LEGO camps
- Scarecrow/Fall Foliage Festival
- Fitness/wellness, dance, yoga, Pilates, Kangoo and Tai Chi classes.
- Dog obedience classes

PARKS AND RECREATION COMMISSION

NAME/ADDRESS	TERM EXPIRES	AFFILIATION	INFORMATION:
Donna Bovee 85 Steepleview Drive Berlin, CT 06037	1/31/2018	Unaffiliated	Consists of seven (7) members for terms of three (3) years. Not more than four (4) of whom shall be of the same political party
Anthony L. DeFranco 225 Oxyoke Drive Berlin, CT 06037	1/31/2019	Unaffiliated	
EMAIL: defrancohome@comcast.net			
Don Dellaquila 4 Grapevine Lane Kensington, CT 06037	1/31/2020	Democrat	
Joseph (Steve) Hinchliffe 176 Burgundy Drive Kensington, CT 06037	1/31/2018	Unaffiliated	
Peter DeFazio 92 Wildermere Road Berlin, CT 06037	1/31/2019	Republican	
			STAFF LIAISON:
Robert F. Sylvester 69 Timberwood Road Kensington, CT 06037	1/31/2019	Democrat	Jen Ochoa Park & Recreation Services 860-828-7010
Leonard Zielinski - <u>Chairman</u> 24 Winesap Road Kensington, CT 06037	1/31/2018	Republican	
EMAIL: jake76101@comcast.net or lzielinski@town.berlin.ct.us			
			RECORDING SECRETARY:
			Dana Borges danaborges@ymail.com

Planning & Zoning Commission

Annual Report – 2017

The Planning and Zoning Commission is authorized by Town Charter and is governed by the purposes, authority and requirements of the Connecticut General Statutes. The Planning and Zoning Commission engages in long-range planning for future development and makes decisions regarding the most desirable use of land in the Town of Berlin. The Commission drafts and adopts a Plan of Conservation and Development for the Town, and adopts a zoning district map. It also creates zoning and subdivision regulations to guide land development towards the goals of the Plan. In addition, The Planning and Zoning Commission reviews site plan applications, special use permit applications and subdivision plans.

The following is a review of the actions of The Planning and Zoning Commission during the calendar year 2017.

Site Plans: 4

Site Plan Amendments: 11

Subdivisions: 1

Special Permits: 9

Façade Applications: 4

Review of Special Events: 8

Reviews under CT Gen. Stat. 8-24: 5

Fill Permits: 1

Zoning Amendments: 2

Moratoriums: 2

Zone Changes: 3

Bond Review: 9

Miscellaneous: Additionally, the Commission performed the following actions:

Review of matters of pending litigation, issues of non-compliance, cease orders, environmental matters, certain Certificates of Zoning Compliance, subdivision extensions, appropriate permits, Letters of Credit, and determination of participation in various Public Acts.

Respectively submitted,

Bruce A. Moore, Chairman

PLANNING AND ZONING COMMISSION

NAME/ADDRESS	TERM EXPIRES	AFFILIATION	INFORMATION:
Ronald H. Edelson 124 Blue Hills Drive Kensington, CT 06037	1/31/2018	Republican	Consists of seven (7) regular members and three (3) alternate members for five (5) year terms. Not more than four (4) regular members can be from the same political party. Not more than two (2) alternates can be from the same political party.
Curtis S. Holtman 142 Hickory Hill Road Berlin, CT 06037	1/31/2021	Republican	
Bruce A. Moore – <u>Chairman</u> 215 Rosewood Lane Berlin, CT 06037	1/31/2019	Democrat	
Kevin A. Murphy – <u>Vice Chairman</u> 302 Brooke Meadow Road Kensington, CT 06037	1/31/2019	Democrat	
Bradford J. Parsons 26 Park View Road Berlin, CT 06037	1/31/2018	Unaffiliated	
			STAFF LIAISON:
Joan Veley 1424 Orchard Road Berlin, CT 06037	1/31/2021	Republican	Marek Kozikowski Town Planner mkozikowski@town.berlin.ct.us (860) 828-7060
Steve J. Wollman – <u>Secretary</u> 80 Ice Pond Lane East Berlin, CT 06023	1/31/2022	Republican	
Diane Jorsey – <u>Alternate</u> 1092 Edgewood Road Berlin, CT 06037	1/31/2021	Unaffiliated	
			RECORDING SECRETARY:
Lyle Menard – <u>Alternate</u> 41 Dayl Drive Kensington, CT 06037	1/31/2019	Republican	Fran Semnoski fsemnoski@town.berlin.ct.us (860) 828-7066
TELEPHONE: n/a EMAIL: n/a			
Nicole Pac – <u>Alternate</u> 94 Cole Lane Berlin, CT 06037	1/31/2022	Unaffiliated	

Berlin Police Commission

Annual Report - 2017

Recruitment & Selection

Officer Kevin Chafee and Officer Sean O'Connor were hired in June.

Retirement(s)

Officer John Burns retired on February 1, 2017 after serving the department for thirty-eight years.

Chief Paul Fitzgerald retired on October 27, 2017 after serving the department for fourteen years.

Promotion(s)

Deputy Chief John Klett was promoted to Chief on October 18, 2017.

Lieutenant Chris Ciuci was promoted to Deputy Chief on October 18, 2017.

Sergeant Drew Gallupe was promoted to Lieutenant on December 24, 2017.

Officer Ryan Gould was promoted to Sergeant on December 24, 2017.

Achievements & Accomplishments

The Town Council approved an ordinance appropriating \$1,800,000 for the replacement of the police department's radio communication system. All equipment was delivered and the infrastructure put in place in 2017. The communication center itself was also renovated and included HVAC upgrades that could not be completed previously due to its 24-hour per day use. The project is scheduled for completion in February of 2018.

The department conducted a Citizen's Police Academy that ran for nine classroom sessions from September 20th thru November 15th. Thirteen members of the community participated and graduated on November 15th 2017.

The Police Commission continues to work towards the goal of a new police facility.

POLICE COMMISSION

NAME/ADDRESS	TERM EXPIRES	AFFILIATION	INFORMATION:
Joseph T. Annunziata 77 Harding Street Kensington, CT 06037	11/16/2021	Democrat	Consists of five (5) members elected by general election to serve four (4) year terms. Not more than three (3) of whom shall be of the same political party. Berlin Police Website: www.berlinpd.org
TELEPHONE: (860) 828-3732 EMAIL: copja@comcast.net			
Paul N. Eshoo – <u>Vice Chairman</u> 218 Brooke Meadow Road Kensington, CT 06037	11/16/2021	Republican	
TELEPHONE: (860) 828-3829 EMAIL: paulus218@comcast.net			
Steven K. Wilson 111 Metacomet Drive Berlin, CT 06037	11/19/2019	Republican	
TELEPHONE: (860) 614-2465 EMAIL: N/A			
Robert J. Peters – <u>Chairman</u> 388 Percival Avenue Kensington, CT 06037	11/19/2019	Republican	
TELEPHONE: (860) 828-4754 EMAIL: ripeters388@comcast.net			
Ryan T. Zelek 33 Langdon Court Unit C102 Kensington, CT 06037	11/19/2019	Democrat	
TELEPHONE: (860) 212-9348 EMAIL: zelek.ryan@gmail.com			
			STAFF LIAISON: Chief John Klett policechief@berlinpd.org (860) 828-7093
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			RECORDING SECRETARY: Beth Perzanowski bperzanowski@stpaulkensington.org
TELEPHONE: EMAIL:			
TELEPHONE: EMAIL:			
Revised: 11/7/2017		Election of Annunziata & Eshoo Term begins 11/21/2017	

Public Building Commission
Annual Report – 2017

Duties & Functions

It is the duty of the Public Building Commission to develop preliminary plans and cost estimates and supervise the construction of, addition to, or alteration of any building approved by the Council, based on a statement of need.

Accomplishments in 2017

Berlin High School Project – During 2017 the final punch list items were completed as well as testing and balancing of the mechanical systems. During the summer break the display cabinets, Hall of Fame display and auditorium entrance work was completed. The Commission is working towards closing out this project and officially having the Board of Education accept the project as complete.

Worthington Meeting House- During 2017, working with the Friends of the Worthington Meeting House, initial design and development plans were bid and completed under grant funding.

PUBLIC BUILDING COMMISSION

NAME/ADDRESS	TERM EXPIRES	AFFILIATION	INFORMATION:
Donald Lombardo 38 Park View Road Berlin, CT 06037	1/31/2022	Republican	Consists of seven (7) members for five (5) year terms. Not more than four (4) of whom shall be of the same political party
James P. Ouellette – <u>Vice Chairman</u> 26 Mildrum Road Berlin, CT 06037	1/31/2018	Democrat	
Richard Price 11 Briar Lane Kensington, CT 06037	1/31/2020	Democrat	
Brian Pskowski 62 Park View Road Berlin, CT 06037	1/31/2020	Democrat	
Thomas B. Reid – <u>Chairman</u> 1062 Worthington Ridge Berlin, CT 06037	1/31/2019	Unaffiliated	
			STAFF LIAISON:
Thomas J. Salimeno 77 Earl Street Berlin, CT 06037	1/31/2019	Democrat	Jack Healy jhealy@town.berlin.ct.us (860) 828-7014
Michael (Mick) Tarsi 216 Watch Hill Berlin, CT 06037	1/31/2018	Republican	
			RECORDING SECRETARY:
			Lecia Paonessa lpaoonessa@town.berlin.ct.us (860) 828-7022

Public Golf Course Commission

Overview

- Our first order of business was to establish all fees associated with the upcoming 2018 season
- Introduced a resident rate season pass for business owners meeting certain criteria
- Introduced a Golf Discount Pass allowing non-residents to pay a one-time fee and then receive a 20% discount on greens fees for the entire season

Goals for 2018

- Provide a first rate golf experience at reasonable prices.
- Establish various written policies to better inform our customers
- Work with Timberlin Staff to maximize efficiency while remaining cost conscious
- Strive to achieve revenues to cover costs
- Assist with ideas for course improvements

Public Golf Course Commission

NAME/ADDRESS	TERM EXPIRES	AFFILIATION	INFORMATION:
Peter J. DeFazio - Chairman 92 Wildermere Road Berlin, CT 06037	1/31/2018	Unaffiliate	Consists of seven (7) members for terms of three (3) years. Not more than five (5) of whom shall be of the same political party. Ordinance Adopted: 2017/09/19
TELEPHONE: (860) 883-7680 EMAIL:			
James J. Bugella, Jr. 136 Elton Road Berlin, CT 06037	1/31/2018	Unaffiliate	
TELEPHONE: (860) 798-9650 EMAIL: n/a			
Gale A. Lemieux 102 Wildermere Road Berlin, CT 06037	1/31/2019	Democrat	
TELEPHONE: (860) 729-0907 EMAIL:			
Sebastian J. Senia 8 Dunham Drive Berlin, CT 06037	1/31/2019	Democrat	
TELEPHONE: (860) 828-1198 EMAIL:			
James E. Norton - Vice Chairman 36 Steepleview Drive Berlin, CT 06037	1/31/2020	Republican	
TELEPHONE: (860) 306-5216 EMAIL:			
			STAFF LIAISON:
Nancy L. Berger 1146 High Road Berlin, CT 06037	1/31/2020	Republican	Jon Zuk (860) 828-7054 jzuk@town.berlin.ct.us
TELEPHONE: (860) 597-5547 EMAIL:			
Richard Nappi 197 Edgewood Road Berlin, CT 06037	1/31/2020	Republican	
TELEPHONE: (860) 810-2065 EMAIL:			
TELEPHONE: EMAIL:			RECORDING SECRETARY:
			Dana Borges danaborges@ymail.com
TELEPHONE: EMAIL:			
Revised: 1/16/2018			
Reappointment of DeFazio & Bugella			

Berlin Veterans Commission
Annual Report – 2017

Achievements & Accomplishments:

1. The placing of eleven hundred (1100) flags on Veterans graves at the ten (10) cemeteries. (May18)

The annual Memorial Day Parade and Ceremony. Unfortunately, the parade had to be canceled and the ceremony was held indoors. (May 27)

2. The railings on the gazebo at Veterans Park were replaced with aluminum and powder-coated railings. This was done with the Berlin Lions Club donating half the cost and the other half from the Veterans brick sales. The work was done by Paul Welding (owners are Berlin Residents). They donated all of their labor for this project. (Jun 14)
3. The Commission was able to secure the Northeast Navy Band for a concert for the second year in a row. We are planning on doing this annually. (Sep 22)
4. The Veterans Day Celebration was held at Veterans Park. Berlin's own Sgt Shawn Solek of the Berlin Police Department was our guest speaker. (Nov 11)
5. The Berlin Volunteer Fire Department donated \$6300 in gift cards for needy veterans from Berlin. This money was raised from their annual car show and a comedy night that they held. From their efforts, the Commission was able to help twenty-five (25) from our town. (Dec 5)

VETERANS' COMMISSION

NAME/ADDRESS	TERM EXPIRES	AFFILIATION	INFORMATION:
Peter Galgano, Jr. 59 Wilcox Avenue East Berlin, CT 06023 EMAIL: petergalgano@comcast.net	1/31/2020	Democrat	Consists of seven (7) members for three (3) year terms. Not more than four (4) of whom shall be of the same political party
Joseph P. Casso – <u>Secretary</u> 141 Carriage Drive Berlin, CT 06037	1/31/2019	Unaffiliated	
Charles H. Colaresi – <u>Chairman</u> 269 Newton Street Kensington, CT 06037	1/31/2018	Democrat	
Paul N. Eshoo – <u>Co-Chairman</u> 218 Brooke Meadow Road Kensington, CT 06037 EMAIL: paulus218@comcast.net	1/31/2018	Republican	
Richard A. Rampone 530 Edgewood Road Kensington, CT 06037	1/31/2019	Republican	
			STAFF LIAISON:
Robert W. Smith P O Box 243 Kensington, CT 06037	1/31/2018	Republican	Peter Galgano, Jr. Veterans' Service Contact Person for the Town of Berlin petergalgano@comcast.net (860) 828-1999
Bruce A. Trevethan 26 Grove St., P O Box 263 East Berlin, CT 06023	1/31/2020	Democrat	
			RECORDING SECRETARY:
			Peter Galgano, Jr.

Visiting Nurse Association Board
Annual Report – 2017

The focus of the Board of the Berlin Visiting Nurse Association for 2017 was to support the clinical supervisor during the absence of the administrator in the day to day operations of the agency. The quality of care and service delivery were not impacted during this period as the VNA remains one of the highest rated agencies in the State of Connecticut.

In November, the Board was made aware of the retirements of the administrator and the clinical supervisor. At that time, the Board worked closely with Human Resources and the acting Town Manager to recruit qualified candidates. After two rounds of interviews, both positions have been filled by experienced nurse managers.

It is the intention of the VNA Board to work closely in 2018 with the new management team to ensure that the vision for the agency is realized and that our community continues to receive the continuity of care that is expected and deserved.

VISITING NURSING ASSOCIATION BOARD			
NAME/ADDRESS	EXP. DATE	AFFILIATION	INFORMATION:
Carol Beuparlant 1278 Orchard Road Berlin, CT 06037	1/31/2019	Republican	Consists of twelve (12) members for three (3) year terms. Not more than eight (8) shall be of the same political party
Pamela Bobrowski - <u>President</u> 39 Kramer Drive Berlin, CT 06037	1/31/2018	Democrat	
Andrea Fiori-Brandl 24 Madison Drive Berlin, CT 06037	1/31/2018	Unaffiliated	
Frances Geschimsky 173 Grandview Avenue Kensington, CT 06037	1/31/2018	Republican	
Marcia H. Klos 1 Hotchkiss Street Kensington, CT 06037	1/31/2020	Democrat	
Sharon Lyons - <u>Treasurer</u> 30 Monarch Drive Kensington, CT 06037	1/31/2018	Democrat	
Pauline Matson 369 Savage Hill Road Berlin, CT 06037	1/31/2019	Unaffiliated	STAFF LIAISON: Wendy Russo Administrator 860-828-7026
Denise Muszynski 128 Winchell Drive Berlin, CT 06037	1/31/2020	Democrat	
Esther S. Veley 270 New Britain Road Kensington, CT 06037	1/31/2019	Republican	
Linda J. Williams - <u>Secretary</u> 138 Percival Avenue Kensington, CT 06037	1/31/2019	Republican	RECORDING SECRETARY: Dori Dyer ddyer@town.berlin.ct.us (860) 828-7030
VACANCY	1/31/2020		
PHONE:			
VACANCY	1/31/2020		

Berlin Water Control Commission Annual Report - 2017

PURPOSE

The Berlin Water Control Commission (BWCC) was established to provide Berlin residents with safe potable drinking water. Additionally, the BWCC is responsible for collecting and discharging wastewater in an environmentally respectful process. The BWCC operates under Rules and Regulations to ensure fair administration of its duties. The Commission is made of diverse members and its function is to approve various projects and activities.

DUTIES AND FUNCTIONS

The Berlin Water Control Commission purchased and produced approximately 375 million gallons of water in 2016. This includes all the water needs for the Worthington Fire District's approximately 85 million gallons. Approximately 625 million gallons of sewage is discharged by the 3 utilities (BWCC, Kensington Fire District (KFD) and Worthington Fire District (WFD) into the Mattabassett District Treatment Facility located in Cromwell.

The Town of Berlin, unbeknownst to most residents, has three (3) Public Water Systems which handle the water and sewer needs in their respective service areas. This is fairly unusual for a relatively small town. Each water system has its own Administration, Commission/Board of Directors, Field Staff, and different rate structures.

The three Public Water Systems are: Kensington Fire District, Worthington Fire District, and Berlin Water Control. Most residents don't recognize that both Kensington and Worthington Fire Districts collect taxes (mill rate) to help subsidize the water and sewer bills. Although the Berlin Water Control is authorized to collect taxes (mill rate), it currently chooses not to levy a tax. Berlin Water Control is operated as a separate entity and operates based on its water and sewer rate collection.

The Town has made several historical attempts at consolidating the 3 water systems (BWCC, KFD and WFD). Currently, this is being evaluated again.

ACCOMPLISHMENTS IN 2017

- The CDC and Connecticut Department of Public Health recognized the Berlin Water Control Field Staff for perfect fluoride dosing for three years in a row.
- Rehabilitation of our Elton Road Well Station is nearing completion.
- The Rowley St. Booster Station is near completion which allows us to purchase water from the MDC.
- The Berlin Interceptor Sewer project was completed while the Belcher Brook re-lining project is being started. Both are intended to decrease our inflow to the Mattabassett District Treatment Plant therefore saving the served.
- We are continuously working on rehabilitating our Sanitary Sewer lift and pump stations with work in progress.
- We have developed a 5 year and 10 year infrastructure timetable to upgrade our pumping stations and distribution systems.

WATER CONTROL COMMISSION

NAME/ADDRESS	TERM EXPIRES	AFFILIATION	INFORMATION:
Barry J. Fairwood – <u>Secretary</u> 14 Harris Street Kensington, CT	1/31/2019	Republican	Consists of five (5) members for five (5) year terms. Not more than three (3) of whom shall be of the same political party; Three (3) alternates for three (3) year terms. Not more than two (2) members shall be of the same political party.
Alvaro Garcia, Jr. 27 Brooke Meadow Drive Berlin, CT 06037	1/31/2019	Unaffiliated	
Bruce Laroche – <u>Chairman</u> 5 Worthington Lane Berlin, CT 06037	1/31/2020	Democrat	
Thomas Lasker 110 Wildermere Road Berlin, CT 06037	1/31/2019	Republican	
James Piccoli – <u>V. Chairman</u> 91 Hummingbird Drive Berlin, CT 06037	1/31/2018	Democrat	
			STAFF LIAISON:
Liam T. Mitchell - <u>Alternate</u> 1005 Kensington Road Berlin, CT 06037	1/31/2018	Republican	Ray Jarema rjarema@town.berlin.ct.us (860) 828-7065
VACANCY- Alternate	1/31/2020		
VACANCY- Alternate	1/31/2020		
VACANCY- Alternate	1/31/2020		
			RECORDING SECRETARY:
			Lecia Paonessa lpaonessa@town.berlin.ct.us (860) 828-7022
TELEPHONE:			
EMAIL:			
TELEPHONE: EMAIL:			
Revised: 1/19/2016 & 3/22/2016	Appointment: Mitchell Updated officers (3/22/2016)		

Youth Services Advisory Board

Annual Report - 2017

The Youth Services Advisory Board works closely with the Director of Social and Youth Services to assess the needs faced by youth and families in the community, and identify resources available to address those needs. Feedback received from the board helps the department in setting goals and priorities throughout the year. The board also serves as the town's Local Prevention Council, setting priorities for funds received through a grant from the Department of Mental Health and Addiction Services. Membership on the board includes representation from service consumers, the schools, police, a private non-profit agency, and youth.

The recent focus of the board has included:

- Increasing awareness of opioid abuse in the community.
- Helping to bring the Sister's in Science after-school program to McGee Middle School.
- Supporting Upbeat's Annual Adult Workshop.
- Reviewing changes in Connecticut's juvenile justice policies.
- Supporting positive youth development and leadership programs.

Youth Services Advisory Board

NAME/ADDRESS	TERM EXPIRES	AFFILIATION	INFORMATION:
Siobhan Dornfried	1/31/2020	Youth	Board shall be comprised of no less than seven (7) members for three (3) year terms. These members shall include at least one (1) member currently less than eighteen (18) years of age, a representative of the school system, the police dept., and a private youth-servicing agency. At least one-third (1/3) of the total membership shall be service consumers.
Nancy L. Cavaliere – <u>Chairman</u> 230 Vineyard Drive Kensington, CT 06037	1/31/2018	Service Consumer	
Theodore D. Fuini 240 Kensington Road Berlin, CT 06037	1/31/2019	Youth Officer	
Ally Riedel 39 Huckleberry Lane Kensington, CT 06037	1/31/2019	Service Consumer	
VACANCY	1/31/2020	Service Consumer	
			STAFF LIAISON:
Donna Veach 1218 High Road Berlin, CT 06037	1/31/2019	Youth Agency Representative	Douglas Truitt – Youth Services Coordinator (860) 828-7059
Jan Zagorski 63 Grandview Avenue Kensington, CT 06037	1/31/2019	School Representative	
			RECORDING SECRETARY:
			Douglas Truitt – Youth Services Coordinator dtruitt@town.berlin.ct.us

Berlin Zoning Board of Appeals
Annual Report – 2017

The Zoning Board of Appeals is authorized by Town Charter as provided by the Connecticut General Statutes to evaluate and rule on requests regarding a number of land use issues. The matters heard by the Zoning Board of Appeals include requests for variances of the zoning regulations; motor vehicle uses location approvals, alcoholic beverages permit location approvals, specific Special Permit applications and appeals to orders of the Zoning Enforcement Officer.

The Zoning Board of Appeals schedules ten regular meetings per year that include Public Hearings on the matters before them, once a month, generally on the fourth Tuesday. Special meetings may be held when necessary after having been properly noticed. There are five regular members and three alternates appointed to the Board. For most matters, four votes in favor are required for an application to be approved.

Zoning Board of Appeals application files are available for public review in the Planning and Zoning Offices. The Zoning Enforcement Officer acts as staff to the Board advising applicants and preparing a report on each application prior to the Public Hearing. If approved, the applicant is provided with a document which must be filed with the Town Clerk for permanent recording on the Land Records prior to issuance of related permits.

The Zoning Board of Appeals received requests to be heard on twenty-one properties for a total of 29 specific applications for the calendar year 2017. Eleven were requests for a variance of the required yard, one motor vehicle uses location approval, eight related to alcoholic beverages uses, three for signage, others included lot size, fence height, and a determination of change of use as less nonconforming. Six of the applications were withdrawn.

ZONING BOARD OF APPEALS

NAME/ADDRESS	TERM EXPIRES	AFFILIATION	INFORMATION:
Corey S. Whiteside 386 Main Street East Berlin, CT 06023	1/31/2022	Republican	Consists of five (5) regular members and three (3) alternates for five (5) year terms; Not more than three (3) regular members shall be of the same political party.
Sandra Coppola 66 Heritage Drive Berlin, CT 06037	1/31/2021	Republican	
Antonio Francalangia- <u>Chairman</u> 301 Mooreland Road Kensington, CT 06037	1/31/2020	Democrat	
Nelson Graca - <u>Co-V. Chairman</u> 242 Heritage Drive Kensington, CT 06037	1/31/2018	Republican	
Leonard C. Tubbs- <u>Co V. Chairman</u> 48 Patterson Way Berlin, CT 06037	1/31/2019	Unaffiliated	
			STAFF LIAISON:
Christine S. Mazzotta - <u>Alternate</u> 405 Alling Street Kensington, CT 06037	1/31/2019	Republican	Maureen Giusti mgiusti@town.berlin.ct.us (860) 828-7008
Ryan T. Zelek - <u>Alternate</u> 33 Langdon Court Unit C-102 Kensington, CT 06037	1/31/2021	Democrat	
Hunter R. Mathena - <u>Alternate</u> 1000 Orchard Road Berlin, CT 06037	1/31/2021	Unaffiliated	
			RECORDING SECRETARY:
			Kristen Deliman Grabowski kgrabowski@town.berlin.ct.us

General Purpose Financial Statements 2016/2017

The Annual Report is required by the Town Charter

Section 7-15. Annual Town Report. The Manager must prepare and publish for distribution an annual town report which must include the following: (1) Comments and recommendations of the auditor, general purpose financial statements and the notes to the financial statements (2) Annual report of Collector of Revenue in detail as required by law, and (3) All appropriate annual reports by boards, commissions, committees, and elected or appointed officials which are submitted by a date specified by the Manager.

Independent Auditor's Report	Page 61
Management's Discussion and Analysis	Page 64
Exhibits 1-9	Page 73
Notes to the Financial Statements	Page 84
Required Supplementary Information	Page 128
Report of the Property Tax Collector	Page 142

Independent Auditors' Report

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 ("Town") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe 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 as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity 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 Management's Discussion and Analysis, and the Schedules presented as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

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

Prior Year Financial Information

We previously audited the Town's basic financial statements for the year ended June 30, 2016 (not presented herein), 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 and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The financial information on supplemental Exhibit A-1 for the year ended June 30, 2016, 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 2016 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2016 financial information in Exhibit A-1 is fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2017 on our consideration of the Town's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

November 13, 2017

TOWN OF BERLIN, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

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, 2017. Please read this Management Discussion and Analysis ("MD&A") in conjunction with the transmittal letter and the Town's financial statements, Exhibits 1 to 9. All amounts are expressed in thousands unless otherwise noted.

FINANCIAL HIGHLIGHTS

- The Town's total net position increased by \$615 or 0.5%, as a result of this year's operations. Net position of the Town's governmental activities increased by \$461 or 0.4%, and net position of the Town's business-type activities increased by \$154 or 0.9%.
- The total cost of all of the Town's programs increased by \$7,715 or 8.3% to \$100,562 with no new programs added this year. This compares to an increase of 3.1% in the prior year. Education and Physical Services were the main drivers. The major driver of increased costs in Education was the contribution the State made in support of Teacher's Retirement Fund payments on behalf of Town of Berlin employees. The increase in Physical Services was driven by higher electricity costs caused by increased utilization, especially at the schools.
- The General Fund reported a total fund balance this year of \$14,296, an increase of \$440, or 3.2%, from the previous year. The increase is due to rigorous cost management and premiums on bonds issued during the fiscal year. The unassigned portion of fund balance decreased by a total of \$78, or 0.7% because a small amount of fund balance was assigned to meet current lump sum pension payouts related to a closed defined benefit pension plan.
- The Capital Projects Fund reported a total fund balance this year of \$8,479, a decrease of \$13,664, or 61.7%, from the previous year. The decrease was driven by the issuance of an energy lease in fiscal year 2016 and the issuance of more debt in fiscal year 2016 than in fiscal year 2017. Almost all of the lease proceeds for the energy project were expended during fiscal year 2017.

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 1 and 2, 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 3 through 9. 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 1 and 2. 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 deferred outflows of resources and liabilities and deferred inflows of resources) 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 3 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 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 (Exhibits 3 and 4)* - 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 (Exhibits 5, 6 and 7)* - 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 (Exhibits 8 and 9)* - 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 \$123,658 to \$124,273. 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 Government	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 34,137	\$ 46,638	\$ 6,315	\$ 6,397	\$ 40,452	\$ 53,035
Capital assets	173,758	158,496	13,044	12,912	186,803	171,408
Total assets	207,896	205,134	19,359	19,309	227,255	224,443
Deferred outflows of resources	4,085	2,147	-	-	4,085	2,147
Non-current liabilities	99,240	96,175	1,929	2,041	101,169	98,215
Other liabilities	5,545	4,222	158	150	5,702	4,371
Total liabilities	104,785	100,396	2,087	2,190	106,871	102,587
Deferred inflows of resources	196	345	-	-	196	345
Net position						
Net investment in capital assets	85,860	78,637	11,115	10,871	96,975	89,508
Restricted	1,066	8,299	-	-	1,066	8,299
Unrestricted	20,075	19,604	6,157	6,247	26,232	25,851
Total net position	\$ 107,001	\$ 106,540	\$ 17,273	\$ 17,118	\$ 124,273	\$ 123,658

Net position of the Town's governmental activities increased by 0.4%. The increase in net investment in capital assets was offset by a decrease in restricted net position as the energy lease the Town entered into during fiscal year 2016 was nearly completed in fiscal year 2017.

Authorized General Fund budget appropriations for operating expenses of approximately \$2.6 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, expenses were lower than normal as the Town began to realize benefits from energy conservation investments started in 2016, the Town experienced a milder than expected winter and salary and benefit reductions for position vacancies during the year. The most significant example continued to be the Police Department where several positions were vacant during the year. The Town continued several efforts to control expenses such as: minimizing use of overtime where possible; prohibiting most air travel for conferences; continuing efforts to reduce the cost of employee benefits through wellness initiatives, higher employee cost shares and participation in a high-deductible health savings account. Finally, a Contingency account was funded to mitigate the financial effects of unexpected events, and the milder winter combined with storms occurring mid-day/mid-week reduced overtime costs meant that the Town only used \$67 of \$350 budgeted.

Revenue was \$280 below budget. Premium on bonds issued during the year, higher than budgeted fees with the Town Clerk and Building Inspector were offset by lower than budgeted intergovernmental revenue. The State of Connecticut distributed funds from a new grant (Municipal Revenue Sharing grant); however, the State adjusted amounts in June – after the Town budget had been adopted. The Town was able to adjust expenditures throughout the year to offset the impact of this revenue shortfall. The Town maintained a high tax collection ratio of 98.98% in the current fiscal year; although slightly lower than the 99.0% collection assumed in the budget.

The 2015 Grand List, which applies to fiscal year 2016-17, increased by 0.8% from the previous year. The increase was driven by growth in real estate and personal property. Real estate values increased by 0.5%, personal property values increased by 3.6% and motor vehicle values decreased -0.1% over the previous year's Grand List. The mill rate increased 0.46 mills from 30.35 to 30.81. The net effect of grand list changes, increased mill rate and a slightly lower collection ratio resulted in increased property tax receipts of \$1,701.

Due to the continued volatility of information available from the State of Connecticut while the State budget was being developed, the Town maintained the practice of budgeting conservatively for all state grants. During fiscal year 2017, the State introduced a new grant (Municipal Revenue Sharing Grant). This grant provided the Town with \$843 of additional receipts, but this amount was below the original statutory amount and resulted in a budget shortfall of \$370 during fiscal year 2017. The Town was able to offset this budget shortfall through strict expenditure management.

Total charges for services revenues were flat to prior year. Water and sewer service charges increased slightly as volumes increased year-over-year. Governmental Activities charges for services decreased modestly.

Investment earnings improved over prior year as interest rates increased. The Town's management continues to utilize various financial institutions that have strong collateral levels and offer competitive interest rates. The Town is somewhat limited in its investment choices by state statutes regarding investment of public funds and by the Town's investment policy. 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 Government	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues						
Charges for services	\$ 4,339	\$ 4,571	\$ 3,967	\$ 3,721	\$ 8,306	\$ 8,292
Operating grants and contributions	19,446	16,083			19,446	16,083
Capital grants and contributions	3,164	9,327			3,164	9,327
General Revenues						
Property taxes, payments in lieu of taxes, interest and liens	68,423	66,722			68,423	66,722
Other taxes			-	4	-	4
Grants and contributions not restricted to specific programs	1,021	197			1,021	197
Unrestricted interest and investment earnings	269	219	57	39	326	258
Other general revenues	531	441	8	9	539	450
Total revenues	97,192	97,560	4,032	3,773	101,224	101,333
Program expenses						
General government	4,946	4,274			4,946	4,274
Community development	1,290	1,443			1,290	1,443
Public safety	9,734	9,759			9,734	9,759
Physical services	12,250	10,026			12,250	10,026
Parks, recreation and libraries	4,431	4,347			4,431	4,347
Health and human services	2,634	2,442			2,634	2,442
Schools	59,101	54,824			59,101	54,824
Interest on long-term debt	2,302	1,969			2,302	1,969
Water services			1,436	1,527	1,436	1,527
Sewer services			2,437	2,236	2,437	2,236
Total expenses	96,688	89,084	3,874	3,763	100,562	92,847
Excess (deficiency) before special items and transfers	504	8,476	159	10	662	6,486
Special items	(48)	-	-	-	(48)	-
Transfers in (transfers out)	5	5	(5)	(5)	-	-
Change in net position	461	8,481	154	6	615	8,486
Net position - beginning of year	106,540	98,059	17,118	17,113	123,658	115,172
Net position - end of year	\$ 107,001	\$ 106,540	\$ 17,273	\$ 17,118	\$ 124,273	\$ 123,658

The Town's total revenues (governmental and business-type) were \$101,224. The total cost of all programs and services (governmental and business-type) was \$100,562. 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 70.4%, followed by 20.0% from operating grants and contributions, 4.5% from charges for services and 3.3% from capital grants and contributions. Major revenue factors include:

- Property tax revenues recorded for fiscal year 2017 reflect a tax rate of 30.81 mills, an increase of 0.46 mills over the rate used in the previous fiscal year. The tax collection rate remained very strong at 98.98% due in part to more aggressive collection procedures. The Grand List increased by 0.8%. As noted above, there were increases in real estate and personal property but a modest decline in motor vehicle taxes.
- Unrestricted governmental investment earnings increased from \$219 in the prior fiscal year to \$269 in the current year. The increase in investment earnings is the result of slightly improved interest rates and the continued effort by management to invest in short-term CD's which generate slightly higher returns.
- Combined revenue from capital and operating grants and contributions decreased from the prior fiscal year by \$2,800, or 11.0%. The primary reason for this decrease was continued reduction in school construction grants received for the state's share of the Berlin High School project as the project was near completion.

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; Town Manager review of all purchase order requests valued at \$2,500 and above; active review and reevaluation of positions as people retire or leave town employment; and purchasing used or discounted supplies and furniture where possible. The winter of fiscal year 2017 was milder than expected which required the Town to use less contingency to cover unforeseen expenditures. In addition, the Police Department continued to experience turnover and have unfilled positions during the fiscal year which resulted in lower than normal expenditures in that department, partially offset by additional overtime costs. Finally, the Town continued to experience benefits from the reduction in defined contribution match (from 200% to 100% for all employees, except for police officers, hired after January 1, 2015) negotiated with the pension consortium of all unions other than Police during fiscal year 2015.
- In the Capital Projects Fund, \$22,452 was expended for asset acquisition and improvements, most notably for major renovations to Berlin High School; implementing various energy conservation initiatives; road and bridge improvements and completing a multi-year effort to replace roofs on all three elementary schools. These capital expenditures were funded through a combination of intergovernmental grants, bond and bond anticipation note proceeds (including \$4,665 bond issuance in May 2017 and a \$1,455 note issuance in September 2016) and a 20-year capital lease entered into in February 2016.
- For governmental activities, 61.1% of the Town's expenses were for education, 12.7% for physical services, 10.1% for public safety, 5.1% for general government, 4.6% for parks, recreation and libraries, 2.7% for health and human services, 2.4% for interest on long-term debt and 1.3% for Community Development. As a percent of total expenses, physical services increased 1.4pp and public safety decreased 0.9pp. Debt costs (primarily in education and physical services) increased as the Town made critical investments in infrastructure projects like the Berlin High School renovation project and several bridge and road projects. With the Berlin High School project nearly complete, the Town is focused on lowering the debt level while still making strategic infrastructure investments.
- 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 2.25% for the Town and 2.5% for the Board of Education. Two Town union contracts expired on June 30, 2017, and both are currently in negotiations. A 2.25% increase was budgeted starting in fiscal year 2018. Two Town contracts expire on June 30, 2018, and negotiations are expected to begin in early 2018. On the Board of Education side, four contracts expired on June 30, 2017; two were settled by June 30, 2017, and two were settled in early fiscal year 2018. All contracts are for three years and include annual increases of 2-2.5%. These increases were budgeted starting in fiscal year 2018.

- There were two net new full time Town positions added during fiscal year 2017. Four positions were added to the new Homemaking Services department and one position was eliminated from both the municipal golf course and the Finance department. For the Board of Education, there was a net reduction of two positions as two teaching positions were eliminated in response to lower enrollment.
- Town employee benefit costs were well-managed due to benefits that continue to be realized from the consolidation of separate insurance plans previously offered to each bargaining unit into one standard plan, and also having insurance and pension benefits negotiated as coalition agreements separate from the main bargaining unit contracts. The Town continues to take measures to control the level of medical insurance costs through the implementation of wellness incentives and offering a high-deductible HSA plan. The high-deductible HSA plan is currently voluntary for the Town, but the Board of Education will have all employees on a single-option high-deductible plan by July 1, 2018. In addition, the employee share of medical insurance costs continues to increase.
- The cost of education services increased over the prior year, due to contractual wage obligations, employee health benefits and the provision of state and federal mandated services.
- The policy of budgeting for contingencies continues to have a favorable impact on the Town's financial results as the Town is not forced to use general fund balance to cover unanticipated expenses.
- The cost of issuing new debt remained low; however, debt service expenses increased in fiscal year 2017 as interest costs increased driven by additional debt related to the Berlin High School renovation project. As of June 30, 2017, the Town completed 100% of the \$47 million anticipated bonding for the Town share of the High School project.

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	
	2017	2016	2017	2016
General government	\$ 4,946	\$ 4,274	\$ 4,094	\$ 3,519
Community development	1,290	1,443	369	(14)
Public safety	9,734	9,759	9,284	9,244
Physical services	12,250	10,026	8,741	8,786
Parks, recreation and libraries	4,431	4,347	2,965	2,860
Health and human services	2,634	2,442	1,531	1,303
Schools	59,101	54,824	40,454	31,435

Business-Type Activities

Revenues of the Town's business-type activities (see Table 2) increased 6.9% and expenses (including transfers) increased 3.0%.

The increase in revenues was driven by higher volumes and improved interest rates. There have been no rate increases since July 1, 2015, and currently no rate increases are scheduled. The increase in expenses and transfers of the Town's business-type activities is mainly due to increased volume.

TOWN FUNDS FINANCIAL ANALYSIS

Governmental Funds

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit 3) reported a combined fund balance of \$23,498, which is a 36.0% decrease from last year's total of \$36,704. The decrease is due to lower debt issuances in the current year and a \$10.4 million capital lease the Town entered into during fiscal year 2016 as part of an energy saving program. The Town expended almost all of the lease proceeds from the energy program during fiscal year 2017.

Included in this year's total change in governmental fund balance is an increase of \$440 in the Town's General Fund, compared to an increase of \$1,713 in the prior year. The primary reason for the General Fund balance's increase was driven by expenditures coming in below budget for fiscal year 2017 and, to a lesser extent, bond premiums.

Proprietary Funds

As the Town completed the year, its business-type proprietary funds (as presented in the balance sheet - Exhibit 5) reported combined net position of \$17,273 which is an increase of \$154 or 0.9% from the previous year's total of \$17,119. This improvement was driven by higher volumes applied against a semi-fixed cost structure.

Internal Service Funds

In the internal service funds, the insurance funds experienced a combined decrease in net position of \$666, or 16.2% as compared to the prior year. The major driver of the decrease in net position is an increase in claims in the Medical and Health Insurance fund due to unfavorable experience. It should be noted that medical claim experience would have been more unfavorable if the Town did not maintain a \$150 stop-loss plan, so that any claims above this amount are paid by the insurer. The Town, including the Board of Education, became more aggressive with cost containment efforts during fiscal year 2017. As mentioned earlier, by July 1, 2018, all of the Board of Education employees will be enrolled in a high deductible plan. Starting July 1, 2017, the Town introduced incentives to encourage Town employees to migrate to the high deductible plan, and the Town began a more rapid cost sharing formula for those who elect not to migrate to the high deductible option.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2017, the Town had \$186,803 invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, street lights and water and sewer lines (see Table 4). This amount represents a net increase (including additions and deductions) of \$15,395 or 9.0%, over last year.

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

	Governmental Activities		Business-Type Activities		Total Government	
	2017	2016	2017	2016	2017	2016
Land	\$ 23,231	\$ 23,231	\$ 481	\$ 481	\$ 23,711	\$ 23,711
Construction in progress	82,796	74,136	1,818	1,755	84,614	75,891
Intangible assets	-	-	565	565	565	565
Land improvements	2,899	1,409	-	-	2,899	1,409
Buildings and systems	34,920	32,077	1,082	796	36,001	32,873
Machinery and equipment	7,172	5,846	209	224	7,381	6,071
Infrastructure	22,742	21,797	8,890	9,093	31,632	30,890
	<u>\$ 173,758</u>	<u>\$ 158,496</u>	<u>\$ 13,044</u>	<u>\$ 12,912</u>	<u>\$ 186,803</u>	<u>\$ 171,408</u>

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

Berlin High School Renovation	\$	7,062
Energy Conservation Lease		3,100
Farmington Ave Bridge		2,526
Fire Trucks (2)		1,610
Hubbard School Roof		855

Bond anticipation notes of \$1,455,000 were outstanding at June 30, 2017, for the following projects: improvements to basketball/tennis courts, installation of a whole-school generator at the high school, road and bridge repairs and business continuity initiatives. More detailed information about the Town's capital assets is presented in Note 1 and Note 3 to the financial statements.

Long-Term Debt

At June 30, 2017, the Town had \$73,645 in bonds outstanding versus \$73,340 last year, an increase of \$305. The increase was the result of a bond issuance of \$4,665 in May 2017 to fund upgrades to the police radio system, new SCBA fire equipment and road and bridge repairs. 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 couple of years as principal payments from the last tranche of debt related to the Berlin High School project became due starting in fiscal year 2018. The Town will review future debt issuances critically with a goal of lowering the overall debt level and reducing debt service payments in future years.

Standard & Poor's Rating Services affirmed its general obligation bond rating of AA+ in May 2017. The Town's Bond Anticipation Notes are rated 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 \$484,674.

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 3 & Note 4 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. This project was completed during fiscal year 2015 and, on March 30, 2015, the interim funding obligation ("IFO") was converted to a Project Loan Obligation ("PLO") of \$2,236 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. This project is accounted for in the water and sewer enterprise fund. As of June 30, 2017, the outstanding obligation is \$2,263 (\$1,929 principal and \$334 interest).

Capital Lease

In addition to the existing capital leases for equipment and vehicles, on February 12, 2016, the Town entered into a \$10.4 million, 20-year capital lease for a multi-faceted energy saving program. The program includes new solar panels on the middle school and each of the three elementary schools, the purchase of more than 2,500 street lights and the conversion to Light Emitting Diode (LED) lighting to reduce energy consumption. During the early years the savings will be used to finance the lease payments. Longer-term, the Town is expected to realize energy savings that will help mitigate future cost increases. The Town made the first lease payments in fiscal year 2016-17. Total payments on the energy lease in the fiscal year were \$596 (\$191 principal and \$405 interest).

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

General Fund appropriations totaled \$85,232 in the fiscal year 2018 budget. This is an increase of approximately 2.4% over fiscal year 2017 and resulted in a tax mill rate increase of 0.80 to 31.61 mills. This mill rate increase is slightly higher than recent years as new debt service payments (primarily related to the Berlin High School project) were included in the budget.

The 2016 Grand List increased 0.8% compared to the 2015 Grand List; the increase was driven by increases in all three categories. The fiscal year 2017 General Fund budget includes \$2,638 of assigned General Fund balance in order to mitigate the tax increase and fully fund the actuarially determined contribution to the closed pension fund.

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 5 as well as in the "Business-Type Activities" section above, the Mattabassett District, of which the Town is a member, performed a major upgrade for nitrogen removal, increased capacity and improvements required by state and federal regulation. The District borrowed approximately \$82 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 14.35%. 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 faces the challenge of dealing with the continued budget instability at the state level. In December 2016, the State rescinded \$134 of ECS funding to the Town for fiscal year 2017 due to the State budget deficit. The ECS grant represents approximately 70.8% of the fiscal year 2017 intergovernmental grant revenue budget and 7.7% of the total revenue budget. As the State attempts to address education grant funding going forward, the Town is managing the uncertainty with tight expense management, evaluating capital requests carefully and taking steps to lower long-term liabilities over the next several years.

The Town's defined benefit plan has been closed to new participants since 2000, and is a 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 a lump sum distribution, the Town is evaluating options to address the short-term cash flow demand. A legislative change passed during the 2016 State legislative session allows the Town the additional option of using short-term borrowing to make lump sum payouts; however, State statutes include requirements the Town must comply with if pension obligation notes are issued. Beginning in fiscal year 2018, the Town increased the amount of General Fund contribution to the Pension Fund to adequately fund anticipated retirement costs. To the extent possible, the Town intends to employ this annual funding strategy and will seek to avoid issuing bonds to meet its pension obligation.

Overall, financial results were in-line with the plan for fiscal year 2017 due to successful expense management efforts. The Town did not have to use any of the \$2.3 million assigned fund balance and the Town was able to return 80% of contingency to the General Fund balance. The Town has maintained a relatively strong level of General Fund balance. This balance has assisted the Town in dealing with the unfavorable economic climate and addressing contingencies while keeping tax increases relatively low compared to surrounding communities. Over the next couple of years, the Town will face continued growth in debt service due to recent large capital projects. It will be necessary for the Town to manage new debt issuances closely and to continue to identify projects with sustained savings to help offset these increases.

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.

Statement of Net Position
June 30, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and equivalents	\$ 29,776,366	\$ 5,354,569	\$ 35,130,935
Investments	530,415	-	530,415
Receivables			
Property taxes, net	1,298,388	-	1,298,388
Interest on property taxes, net	532,562	-	532,562
Intergovernmental	1,411,234	-	1,411,234
Special assessments and connection charges	-	107,956	107,956
Accounts	388,128	-	388,128
Usage	-	852,519	852,519
Internal balances	605	(605)	-
Due from fiduciary funds	161,744	-	161,744
Inventories	37,986	-	37,986
Capital assets			
Nondepreciable	106,026,213	2,863,565	108,889,778
Depreciable, net of accumulated depreciation	67,732,144	10,180,711	77,912,855
Total Assets	<u>207,895,785</u>	<u>19,358,715</u>	<u>227,254,500</u>
DEFERRED OUTFLOWS OF RESOURCES			
Difference in pension experience	1,134,114	-	1,134,114
Change in pension assumptions	2,243,538	-	2,243,538
Net difference in pension investment earnings	37,631	-	37,631
Deferred charge on refunding bonds	670,144	-	670,144
Total Deferred Outflows of Resources	<u>4,085,427</u>	<u>-</u>	<u>4,085,427</u>
LIABILITIES			
Accounts payable	2,905,396	136,882	3,042,278
Intergovernmental payable	51,933	-	51,933
Accrued payroll and related	468,507	20,304	488,811
Accrued interest payable	298,968	-	298,968
Bond anticipation notes payable	1,455,000	-	1,455,000
Unearned revenues	364,831	-	364,831
Non-current liabilities			
Other post-employment benefits obligation	1,886,803	-	1,886,803
Pension obligations	8,899,298	-	8,899,298
Due within one year	7,228,938	111,826	7,340,764
Due in more than one year	81,224,904	1,817,167	83,042,071
Total Liabilities	<u>104,784,578</u>	<u>2,086,179</u>	<u>106,870,757</u>
DEFERRED INFLOWS OF RESOURCES			
Difference in pension experience	139,579	-	139,579
Property taxes collected in advance	56,548	-	56,548
Total Deferred Inflows of Resources	<u>196,127</u>	<u>-</u>	<u>196,127</u>
NET POSITION			
Net investment in capital assets	85,860,084	11,115,283	96,975,367
Restricted			
Expendable	997,247	-	997,247
Nonexpendable	68,297	-	68,297
Unrestricted	20,074,879	6,157,253	26,232,132
Total Net Position	<u>\$ 107,000,507</u>	<u>\$ 17,272,536</u>	<u>\$ 124,273,043</u>

Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Primary Government						
Governmental activities						
General government	\$ 4,945,860	\$ 378,319	\$ 223,053	\$ 250,490	\$ (4,093,998)	\$ (4,093,998)
Community development	1,289,526	444,695	-	476,108	(368,723)	(368,723)
Public safety	9,733,651	402,332	47,359	-	(9,283,960)	(9,283,960)
Physical services	12,250,229	65,792	1,387,060	2,056,848	(8,740,529)	(8,740,529)
Parks, recreation and libraries	4,430,839	1,380,182	85,308	-	(2,965,349)	(2,965,349)
Health and human services	2,634,197	1,046,389	57,050	-	(1,530,758)	(1,530,758)
Schools	59,101,425	621,056	17,645,738	380,602	(40,454,029)	(40,454,029)
Interest on long-term debt	2,302,350	-	-	-	(2,302,350)	(2,302,350)
Total Governmental Activities	96,688,077	4,338,765	19,445,568	3,164,048	(69,739,696)	(69,739,696)
Business-type activities						
Water services	1,436,294	1,382,634	-	-	(53,660)	(53,660)
Sewer services	2,437,234	2,584,593	-	-	147,359	147,359
Total Business-type Activities	3,873,528	3,967,227	-	-	93,699	93,699
Total Primary Government	\$ 100,561,605	\$ 8,305,992	\$ 19,445,568	\$ 3,164,048	(69,739,696)	(69,645,997)
General Revenues						
Property taxes, payments in lieu of taxes, interest and liens					68,422,568	68,422,568
Grants and contributions not restricted to specific programs					1,020,656	1,020,656
Unrestricted interest and investment earnings					269,150	326,007
Other general revenues					530,914	539,142
Total General Revenues					70,243,288	70,308,373
Transfers in (transfers out)					4,800	-
Special Item - Permanent Funds moved to a new trustee					(47,532)	(47,532)
Change in Net Position					460,860	614,844
Net Position - Beginning of Year					106,539,647	123,658,199
Net Position - End of Year					\$ 107,000,507	\$ 124,273,043

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

Balance Sheet
Governmental Funds
June 30, 2017

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and equivalents	\$ 15,589,881	\$ 9,495,969	\$ 884,551	\$ 25,970,401
Investments	-	530,415	-	530,415
Taxes receivable, net of allowance for uncollectible amounts	1,298,388	-	-	1,298,388
Other receivables				
Accounts	70,944	232,481	9,919	313,344
Interest, net of allowance for uncollectible amounts	532,562	-	-	532,562
Intergovernmental	2,936	1,351,277	57,021	1,411,234
Due from other funds	162,349	-	-	162,349
Inventories	-	-	37,986	37,986
Total Assets	<u>\$ 17,657,060</u>	<u>\$ 11,610,142</u>	<u>\$ 989,477</u>	<u>\$ 30,256,679</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 631,091	\$ 1,426,170	\$ 42,934	\$ 2,100,195
Intergovernmental payable	51,933	-	-	51,933
Accrued payroll and related	455,237	-	13,270	468,507
Accrued interest payable	5,581	-	-	5,581
Due to other funds	377,542	-	-	377,542
Bond anticipation notes payable	-	1,455,000	-	1,455,000
Unearned revenues	111,384	44,131	209,316	364,831
Total Liabilities	<u>1,632,768</u>	<u>2,925,301</u>	<u>265,520</u>	<u>4,823,589</u>
Deferred Inflows of Resources				
Deferred revenues	1,672,089	205,710	-	1,877,799
Taxes collected in advance	56,548	-	-	56,548
Total Deferred Inflows of Resources	<u>1,728,637</u>	<u>205,710</u>	<u>-</u>	<u>1,934,347</u>
Fund Balances				
Nonspendable	-	-	106,283	106,283
Restricted	-	530,415	466,832	997,247
Committed	577,833	7,948,716	-	8,526,549
Assigned	2,638,395	-	150,842	2,789,237
Unassigned	11,079,427	-	-	11,079,427
Total Fund Balances	<u>14,295,655</u>	<u>8,479,131</u>	<u>723,957</u>	<u>23,498,743</u>
Total Liabilities, Deferred inflows of Resources and Fund Balances	<u>\$ 17,657,060</u>	<u>\$ 11,610,142</u>	<u>\$ 989,477</u>	<u>\$ 30,256,679</u>

Reconciliation of Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position - Governmental Activities
June 30, 2017

Fund Balances - Total Governmental Funds	\$ 23,498,743
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	173,758,357
Internal service funds are used by management to charge the costs of insurance and general services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	3,453,090
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,877,799
Deferred outflows - Difference between expected and actual experience	1,134,114
Deferred outflows - Change in assumptions	2,243,538
Deferred outflows - Net difference between projected and actual earnings	37,631
Deferred outflows - Advance refunding	670,144
Deferred inflows - Difference between expected and actual experience	(139,579)
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
General obligation bonds	(73,645,000)
Premiums on debt issues	(3,915,926)
Capital leases	(10,234,306)
Compensated absences	(658,610)
Pension obligations	(8,899,298)
Other post-employment benefits obligations	(1,886,803)
Accrued interest	(293,387)
Net Position of Governmental Activities	<u>\$ 107,000,507</u>

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

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2017

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 68,126,071	\$ -	\$ -	\$ 68,126,071
Intergovernmental	17,531,502	3,398,251	2,141,665	23,071,418
Charges for services	3,561,619	65,622	635,738	4,262,979
Income on investments	241,457	1,240	2,018	244,715
Miscellaneous	632,131	641,064	144,693	1,417,888
Total Revenues	<u>90,092,780</u>	<u>4,106,177</u>	<u>2,924,114</u>	<u>97,123,071</u>
EXPENDITURES				
Current Expenditures				
General government	4,432,950	-	4,000	4,436,950
Community development	757,708	1,593	11,230	770,531
Public safety	8,655,408	-	7,582	8,662,990
Physical services	7,145,011	162,821	-	7,307,832
Parks, recreation and libraries	3,870,709	1,537	92,824	3,965,070
Health and human services	2,481,050	-	48,277	2,529,327
Schools	54,263,656	349,379	2,696,924	57,309,959
Debt Service				
Principal	4,574,684	190,783	-	4,765,467
Interest	2,431,295	405,228	-	2,836,523
Bond issuance costs	-	90,224	-	90,224
Capital Outlay	-	22,451,923	-	22,451,923
Total Expenditures	<u>88,612,471</u>	<u>23,653,488</u>	<u>2,860,837</u>	<u>115,126,796</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,480,309</u>	<u>(19,547,311)</u>	<u>63,277</u>	<u>(18,003,725)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	6,800	1,207,584	9,675	1,224,059
Transfers out	(1,212,259)	-	(7,000)	(1,219,259)
Sale of capital assets	-	11,190	-	11,190
Issuance of long-term debt	-	4,665,000	-	4,665,000
Premium on bonds	165,207	-	-	165,207
Total Other Financing Sources	<u>(1,040,252)</u>	<u>5,883,774</u>	<u>2,675</u>	<u>4,846,197</u>
SPECIAL ITEM				
Permanent Funds moved to a new trustee	-	-	(47,532)	(47,532)
Net Change in Fund Balances	440,057	(13,663,537)	18,420	(13,205,060)
Fund Balances - Beginning of Year	<u>13,855,598</u>	<u>22,142,668</u>	<u>705,537</u>	<u>36,703,803</u>
Fund Balances - End of Year	<u>\$ 14,295,655</u>	<u>\$ 8,479,131</u>	<u>\$ 723,957</u>	<u>\$ 23,498,743</u>

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2017

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Net Change in Fund Balances - Total Governmental Funds \$ (13,205,060)

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

Capital outlay expenditures	18,760,248
Depreciation expense	(3,442,110)
Undepreciated basis of assets disposed of or sold	(55,735)
	15,262,403

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Real property taxes and other revenues in the General Fund	343,911
Revenues in the Capital Projects Fund	(255,203)
	88,708

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Issuance of long-term debt - general obligation bonds	(4,665,000)
Premium on issuance of long-term debt	(165,207)
Principal payments on long-term debt	4,360,000
Principal payments on capital leases	350,238
	(119,969)

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

Accrued interest	(37,166)
Premium amortization	632,556
Change in compensated absences	(16,637)
Pension related effects (net pension liability, deferred inflows and outflows of resources)	(1,126,881)
Other post employment benefits obligation	(350,906)
	(899,034)

Internal service funds are used by management to charge the costs of medical, risk management and other claims to individuals funds. The net revenue of certain activities of internal service funds is reported with governmental activities.

(666,188)

Change in Net Position of Governmental Activities \$ 460,860

Statement of Net Position
 Proprietary Funds
 June 30, 2017

	Business-type Activities- Enterprise Fund	Governmental Activities
	Water and Sewer	Internal Service
ASSETS		
Current Assets		
Cash and equivalents	\$ 5,354,569	\$ 3,805,965
Receivables		
Accounts	-	74,784
Usage	852,519	-
Special assessments and connection charges	107,956	-
Due from other funds	-	377,542
Total Current Assets	<u>6,315,044</u>	<u>4,258,291</u>
Long-term Assets		
Capital assets		
Land	480,579	-
Construction-in-progress	1,818,435	-
Intangibles	564,551	-
Buildings and improvements	2,861,024	-
Machinery and equipment	823,391	-
Infrastructure	<u>14,959,235</u>	<u>-</u>
	21,507,215	-
Less - Accumulated depreciation	<u>(8,462,939)</u>	<u>-</u>
Total Capital Assets, net of accumulated depreciation	<u>13,044,276</u>	<u>-</u>
Total Assets	<u>19,359,320</u>	<u>4,258,291</u>
LIABILITIES		
Current Liabilities		
Accounts payable	136,882	805,201
Accrued payroll and related	20,304	-
Due to other funds	605	-
Current maturities of notes payable	<u>111,826</u>	<u>-</u>
Total Current Liabilities	269,617	805,201
Long-term Liabilities		
Notes payable, less current maturities	<u>1,817,167</u>	<u>-</u>
Total Liabilities	<u>2,086,784</u>	<u>805,201</u>
NET POSITION		
Net investment in capital assets	11,115,283	-
Unrestricted	<u>6,157,253</u>	<u>3,453,090</u>
Total Net Position	<u>\$ 17,272,536</u>	<u>\$ 3,453,090</u>

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

Statement of Revenues, Expenses and Changes in Net Position
 Proprietary Funds
 For the Year Ended June 30, 2017

	Business-type Activities - Enterprise Fund Water and Sewer	Governmental Activities Internal Service
OPERATING REVENUES		
Insurance proceeds	\$ -	\$ 169,334
Employee contributions	-	1,524,450
Charges for services	3,965,636	7,796,951
Other	8,228	-
Total Operating Revenues	<u>3,973,864</u>	<u>9,490,735</u>
OPERATING EXPENSES		
Administration	80,525	843,012
Employee benefits	203,588	7,779,220
Insurance	-	1,559,126
Purchase of water	671,884	-
Source of supply	1,910,185	-
Pumping expense	167,169	-
Transmission and distribution	12,098	-
Salaries - administrative and general	183,519	-
Salaries - operating and maintenance	305,567	-
Depreciation	299,202	-
Total Operating Expenses	<u>3,833,737</u>	<u>10,181,358</u>
Income (Loss) from Operations	<u>140,127</u>	<u>(690,623)</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest income	56,857	24,435
Interest expense	(39,791)	-
Lien fees	1,591	-
Total Non-Operating Revenues (Expenses)	<u>18,657</u>	<u>24,435</u>
Income (Loss) Before Transfers	158,784	(666,188)
Transfers out	<u>(4,800)</u>	<u>-</u>
Change in Net Position	153,984	(666,188)
Net Position - Beginning of Year	<u>17,118,552</u>	<u>4,119,278</u>
Net Position - End of Year	<u>\$ 17,272,536</u>	<u>\$ 3,453,090</u>

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended June 30, 2017

	Business-type Activities - Enterprise Funds Water and Sewer	Governmental Activities Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from users	\$ -	\$ 9,321,401
Cash received from customers	4,137,086	-
Cash received from insurance and others	8,228	169,334
Cash payments to employees for services	(477,223)	-
Cash payments to providers of benefits	-	(10,060,445)
Cash payments to suppliers for goods and services	(3,049,026)	-
Net Cash from Operating Activities	619,065	(569,710)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Cash received from lien fee collections	1,591	-
Transfers out	(4,800)	-
Net Cash from Non-Capital Financing Activities	(3,209)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payments	(111,826)	-
Interest expense	(39,791)	-
Acquisition of capital assets	(431,202)	-
Net Cash from Capital and Related Financing Activities	(582,819)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	56,857	24,435
Net Increase (Decrease) in Cash and Equivalents	89,894	(545,275)
Cash and Equivalents - Beginning of Year	5,264,675	4,351,240
Cash and Equivalents - End of Year	\$ 5,354,569	\$ 3,805,965
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES		
Income (loss) from operations	\$ 140,127	\$ (690,623)
Adjustments to reconcile income (loss) from operations to net cash from operating activities		
Depreciation	299,202	-
Changes in operating assets and liabilities		
Accounts receivable	-	(74,784)
Usage receivables	221,949	-
Special assessments and connection charges	(50,499)	-
Accounts payable	(3,577)	195,697
Accrued payroll and related	11,863	-
Net Cash from Operating Activities	\$ 619,065	\$ (569,710)

Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2017

	Pension Trust Fund	Agency Funds
ASSETS		
Cash and equivalents	\$ -	\$ 2,561,848
Investments, at fair value		
Mutual funds - equity	34,779,931	-
Mutual funds - money market	11,989,915	-
Mutual funds - bonds	1,399,218	-
Accounts receivable	22,673	-
	<u>48,191,737</u>	<u>2,561,848</u>
Total Assets		
	<u>48,191,737</u>	<u>2,561,848</u>
LIABILITIES		
Due to student and other groups	-	2,561,848
Accounts payable	770	-
Due to other funds	161,744	-
	<u>162,514</u>	<u>2,561,848</u>
Total Liabilities		
	<u>162,514</u>	<u>2,561,848</u>
NET POSITION		
Restricted for pensions	<u>\$ 48,029,223</u>	<u>\$ -</u>

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

Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 For the Year Ended June 30, 2017

	<u>Pension Trust Fund</u>
ADDITIONS	
Contributions	
Employer	\$ 2,351,398
Plan members	1,104,338
Other	<u>50,000</u>
Total Contributions	<u>3,505,736</u>
Investment Income	
Net change in fair value of investments	4,222,026
Interest and dividends	<u>160,231</u>
Total Investment Income	4,382,257
Less investment management fees	<u>(28,125)</u>
Net Investment Income	<u>4,354,132</u>
Total Additions	<u>7,859,868</u>
DEDUCTIONS	
Pension benefits	2,996,049
Administrative fees	<u>97,833</u>
Total Deductions	<u>3,093,882</u>
Change in Net Position	4,765,986
Net Position - Beginning of Year	<u>43,263,237</u>
Net Position - End of Year	<u>\$ 48,029,223</u>

1. Summary of Significant Accounting Policies

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

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.

The accounting policies conform to generally accepted accounting principles as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Town's more significant accounting policies:

A. Financial Reporting Entity

The financial reporting entity consists of: a) the primary government; b) organizations for which the primary government is financially accountable and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

In evaluating how to define the financial reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in this reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. The criterion has been considered and there are no agencies or entities which should be presented with this government.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the Town as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities (if any), which rely to a significant extent on fees and charges for support.

1. Summary of Significant Accounting Policies (Continued)

The Statement of Net Position presents the financial position of the Town at the end of its fiscal year. The Statement of Activities demonstrates the degree to which 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 or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The Town does not allocate indirect expenses to functions in the Statement of Activities.

C. Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Town maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the water and sewer enterprise fund and the internal service funds are charges to customers for sales, services and benefits. Operating expenses for the enterprise fund and the internal service funds include the cost of sales, services and benefits, administrative expenses and depreciation costs. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

The Town's resources are reflected in the fund financial statements in three broad fund categories, in accordance with generally accepted accounting principles as follows:

1. Summary of Significant Accounting Policies (Continued)

Fund Categories

- a. Governmental Funds - Governmental funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the Town's major governmental funds:

General Fund - The General Fund constitutes the primary operating fund of the Town and is used to account for and report all financial resources not accounted for and reported in another fund.

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets. The major sources of revenues for this fund are capital grants and the proceeds from the issuance of general obligation bonds.

The Town also reports the following non-major governmental fund types:

Special Revenue Funds – Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specific purposes other than debt service or capital projects.

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 Town's programs.

- b. Proprietary Funds - Proprietary funds include enterprise and internal service funds. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private enterprises or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability. Enterprise funds are used to account for those operations that provide services to the public. Internal Service funds are used to account for those operations that provide services to the Town. The following is the Town's major proprietary fund:

- Water and Sewer Fund – The Water and Sewer 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 internal service funds to account for insured activities of the Town, including medical and health (self-insured) and liability (fully insured).

- c. Fiduciary Funds (Not Included in Government-Wide Financial Statements) - The Fiduciary Funds are used to account for assets held by the Town in an agency capacity on behalf of others. These include Pension Trust Fund and Agency Funds. The Pension Trust Fund is used to account for the activities of the Town of Berlin Employee Retirement Plan, which accumulates resources for pension benefit payments to qualified employees upon retirement. The Agency Fund is primarily utilized to account for monies held as custodian for outside groups.

1. Summary of Significant Accounting Policies (Continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds and pension trust fund. The Agency Fund has no measurement focus, but utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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.

Property taxes and certain other revenues are considered to be available if collected within sixty days of the fiscal year end. Property taxes associated with the current fiscal period, as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures, when applicable, related to early retirement incentives, compensated absences, capital leases, post-closure landfill costs, pollution remediation obligations, other post-employment benefit obligations, certain pension obligations and certain claims payable are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

Deposits, Investments and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts, certificates of deposit, money market funds, State of Connecticut Treasurer's Short-Term Investment Fund and treasury bills with maturities of less than three months.

1. Summary of Significant Accounting Policies (Continued)

The Town's custodial credit risk policy is to only allow the Town to use banks that are in the State of Connecticut. The State of Connecticut requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk-based capital ratio.

The Short-Term Investment Fund ("STIF") is a money market investment pool managed by the Cash Management Division of the State Treasurer's Office created by Section 3-27 of the Connecticut General Statutes ("CGS"). Pursuant to CGS 3-27a through 3-27f, the State, municipal entities, and political subdivisions of the State are eligible to invest in the fund. The fund is considered a "2a7-like" pool and reports its investments at amortized cost (which approximates fair value). The pool is rated AAAM by Standard & Poor. This is the highest rating for money market funds and investment pools. The pooled investment funds' risk category cannot be determined since the Town does not own identifiable securities but invests as a shareholder of the investment pool.

Investments - The investment policies of the Town conform to the policies as set forth by the State of Connecticut. The Town's policy is to only allow prequalified financial institution broker/dealers and advisors. The Town policy allows investments in the following: (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. The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short-Term Investment Fund and the Tax Exempt Proceeds Fund.

The Town follows U.S. GAAP guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Investments are stated at fair value.

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

1. Summary of Significant Accounting Policies (Continued)

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The Town 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.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy for custodial credit risk is to invest in obligations allowable under the Connecticut General Statutes as described previously.

Credit Risk – Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Town does not have a formal credit risk policy other than restrictions to obligations allowable under the Connecticut General Statutes.

Concentration of Credit Risk – Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The Town has no policy limiting an investment in any one issuer that is in excess of 5% of the Town's total investments.

Foreign Currency Risk – Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The Town does not have policies for foreign currency risk. Currently, the Town only invests a small amount in mutual funds that hold non-US equity stocks. These investments are stated in US dollars.

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

Under State Statute, the Town has the right to impose a lien on a taxpayer if any personal property tax, other than a motor vehicle tax, due to the Town is not paid within the time limited by any local charter or ordinance. The lien shall be effective for a period of fifteen years from the date of filing unless discharged. A notice of tax lien shall not be effective if filed more than two years from the date of assessment for the taxes claimed to be due.

An allowance for uncollectible amounts of \$481,788 and \$348,898 has been recorded net with taxes receivable and related interest receivable as of June 30, 2017.

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the Town. Receivables are recorded and revenues recognized as earned or as specific program expenditures/expenses are incurred. Allowances are recorded when appropriate.

1. Summary of Significant Accounting Policies (Continued)

Inventories - Inventories in the governmental funds are valued at cost on a first-in, first-out basis. The cost is recorded as inventory at the time individual items are purchased. The Town uses the consumption method to relieve inventory. In the fund financial statements, reported amounts are equally offset by nonspendable fund balance in governmental funds, which indicates that they do not constitute "available spendable resources" even though they are a component of current assets. Purchases of other inventoriable items are recorded as expenditures/expenses at the time of purchase and year-end balances are not material.

Due From/To Other Funds - During the course of its operations, the Town has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2017, balances of interfund amounts receivable or payable have been recorded in the fund financial statements. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances.

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 Town as assets with an initial, individual cost of more than the capitalization threshold for that asset type and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in service concession arrangements are recorded at the acquisition value at the date of acquisition.

Intangible assets lack physical substance, is nonfinancial in nature and its useful life extends beyond a single reporting period. These are reported at historical cost if identifiable. Intangible assets with no legal, contractual, regulatory, technological or other factors limiting their useful life are considered to have an indefinite useful life and are not amortized.

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.

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

Assets	Years	Capitalization Threshold
Land	N/A	\$ 5,000
Construction in progress	N/A	5,000
Intangible assets	Varies, if any	5,000
Land improvements	10-30	5,000
Buildings	40	5,000
Machinery and equipment	5-20	5,000
Infrastructure	20-50	5,000

1. Summary of Significant Accounting Policies (Continued)

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the government-wide financial statements, unearned revenues consist of revenue received in advance and/or amounts from grants received before the eligibility requirements have been met.

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

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

The Town reports deferred outflows and inflows of resources related to pensions in the government-wide statement of net position. A deferred outflow or inflow of resources related to pension results from differences between expected and actual experience, the net difference between projected and actual earnings, and a change in assumptions. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

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

Advance tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. Also, deferred revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Such amounts in the fund financial statements have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

Long-Term Liabilities - In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the 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 expenses.

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

1. Summary of Significant Accounting Policies (Continued)

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. Vacation expenses to be paid in future periods are accrued when incurred in the government-wide and proprietary fund financial statements.

Net Pension Liability – The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

Net Position - Net position represents the difference between assets, liabilities and deferred outflows/inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the Statement of Net Position includes three categories – net investment in capital assets, restricted net position and unrestricted net position.

In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance - Generally, fund balance represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

- **Nonspendable fund balance** includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).
- **Restricted fund balance** is to be reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification will be used to report funds that are restricted for debt service obligations and for other items contained in the Connecticut statutes.

1. Summary of Significant Accounting Policies (Continued)

- Committed fund balance will be reported for amounts that can only be used for specific purposes pursuant to formal action of the Town's highest level of decision making authority. The Town Council is the highest level of decision making authority for the Town that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the Town removes or changes the purpose by taking the same action that was used to establish the commitment.
- Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Town Council for amounts assigned for balancing the subsequent year's budget or management for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. On May 3, 2011, the Town Council adopted a fund balance policy. This policy, combined with legislative authority granted to the Town 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. Assigned fund balance in all funds except the General Fund includes all remaining amounts, except for negative balances, that are not classified as nonspendable and are neither restricted nor committed.
- Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Town's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Town's policy to use fund balance in the following order: committed, assigned, and unassigned.

F. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are generally reported as assigned fund balance since they do not constitute expenditures or liabilities. To the extent possible, the Town's current practice is to close out purchase orders at June 30.

1. Summary of Significant Accounting Policies (Continued)

G. Use of Estimates

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

2. Stewardship, Compliance and Accountability

A. Budget Basis

A formal, legally approved, annual budget is adopted for the General Fund. This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions:

- **Teachers' Retirement** - The Town does not recognize as income or expenditures, payments made for the teachers' retirement by the State of Connecticut on the Town's behalf in its budget. The Governmental Accounting Standards Board's Statement 24 requires that the employer government recognize payments for salaries and fringe benefits paid on behalf of its employees.
- **Long-Term Debt and Lease Financing** - Revenues and expenditures from refunding or renewing long-term debt or issuing lease financing are included in the budget as the net revenues or expenditures expected.
- **Other Funds** – The Union Negotiation Reserve Fund and Revaluation Fund are not included in the budget. These funds are reported within the General Fund in the fund financial statements as they are not qualified to be reported as Special Revenue Funds.

B. Budget Calendar

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.

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.

2. Stewardship, Compliance and Accountability (Continued)

C. Budget Control

The Town Manager is authorized to make transfers within a department budget. However, the Town Manager is not able to hire additional staffing not authorized by the Town Council. Also, transfers may not be made for major capital items specifically deleted by the Town Council. The Town Manager's authority is limited to \$5,000 for any single transfer.

The Town Council may, at any time, appropriate funds from contingency. Town meeting approval is required for non-budgeted appropriations exceeding \$25,000 individually or exceeding \$250,000 cumulative annually. The Town Council may transfer funds from budget appropriation between departments only in the last three months of the fiscal year.

D. Additional Appropriations in the General Fund

During the year \$6,003 of additional appropriations were made.

E. Application of Accounting Standards

For the year ended June 30, 2017, the Town implemented:

- GASB Statement 73 – *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB 68* – This Statement establishes requirements for defined benefit and contribution pensions that are not within the scope of Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions.
- GASB Statement 74 – *Financial Reporting for Postemployment Benefit Plans Other than Pensions* – This Statement establishes new accounting and financial reporting requirements for governments whose employees are provided with Other Post-Employment Benefits (OPEB), as well as for certain non-employer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities.
- GASB Statement 77 – *Tax Abatement Disclosures* – This Statement requires governments to disclose information about their tax abatements and agreements.
- GASB Statement 78 – *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans* – This Statement amends the scope and applicability of Statement 68 to exclude certain pensions provided through certain cost-sharing multiple-employer defined benefit plans.
- Certain provisions of GASB Statement 79 – *Certain External Investment Pools and Pool Participants* – This Statement establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost.
- GASB Statement 80 – *Blending Requirements for Certain Component Units* – This Statement amends the blending requirements of Statement 14 to require the blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member.

Town of Berlin, Connecticut

Notes to Financial Statements (Continued)

June 30, 2017

2. Stewardship, Compliance and Accountability (Continued)

- Certain provisions of GASB Statement 82 – *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73* – This Statement addresses certain issues regarding the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance for financial reporting purposes, and the classification of payments made by employers to satisfy plan member contribution requirements.

3. Detailed Notes on All Funds

A. Cash, Cash Equivalents and Investments

Cash and investments of the Town consist of the following at June 30, 2017:

Statement of Net Position	
Cash and equivalents	\$ 35,130,935
Investments	530,415
	<u>35,661,350</u>
Fiduciary Funds	
Cash and equivalents - Agency Funds	2,561,848
Investments - Pension Trust Fund	48,169,064
	<u>50,730,912</u>
Total Cash and Investments	<u>\$ 86,392,262</u>

Cash - As of June 30, 2017 the carrying amount of the Town's deposits with financial institutions was:

Cash and Cash Equivalents	
Deposits with financial institutions	\$ 29,207,413
Plus external investment pools	8,485,370
	<u>\$ 37,692,783</u>

The bank balance of the deposits was \$30,775,328 and was exposed to custodial credit risk as follows:

Covered by Federal Depository Insurance	\$ 1,854,905
Collateralized, held by banks	2,892,042
Uninsured and uncollateralized	26,028,381
	<u>\$ 30,775,328</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.

Town of Berlin, Connecticut

Notes to Financial Statements (Continued)
June 30, 2017

3. Detailed Notes on All Funds (Continued)

Investments – Investments are summarized as follows at June 30, 2017:

	Capital Projects	Pension	Total Investments
Mutual funds - equity	\$ -	\$ 34,779,931	\$ 34,779,931
Mutual funds - money market	530,415	11,989,915	12,520,330
Mutual funds - bonds	-	1,399,218	1,399,218
	<u>\$ 530,415</u>	<u>\$ 48,169,064</u>	<u>\$ 48,699,479</u>

Below is a summary of the interest rate risk and credit risk as of June 30, 2017:

Type of Investment	Average Credit Rating	Fair Value	Investment Maturities (in Years)		
			Less Than 1 Year	1-5 Years	Over 5 Years
Mutual funds - equity	N/A	\$ 34,779,931	\$ 34,779,931	\$ -	\$ -
Mutual funds - money market	N/A	12,520,330	12,520,330	-	-
Mutual funds - bonds	AA-	1,399,218	463,279	127,034	808,905
Total		<u>\$ 48,699,479</u>	<u>\$ 47,763,540</u>	<u>\$ 127,034</u>	<u>\$ 808,905</u>

N/A Not Applicable

The following are major categories of investments measured at fair value on a recurring basis, grouped by the fair value hierarchy:

Type of Investment	Investments using a Cost-Based Measure, not Subject to Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual funds - equity	\$ -	\$ 34,779,931	\$ -	\$ -	\$ 34,779,931
Mutual funds - money market	-	12,520,330	-	-	12,520,330
Mutual funds - bonds	-	1,399,218	-	-	1,399,218
Total	<u>\$ -</u>	<u>\$ 48,699,479</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,699,479</u>

B. Deferred Inflows of Resources and Unearned Revenue

Revenue Not Available – Governmental funds report deferred inflows on the modified accrual basis in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. The following were reported as *deferred inflows of resources* because they were not received within 60 days of the year end:

Town of Berlin, Connecticut

Notes to Financial Statements (Continued)
June 30, 2017

3. Detailed Notes on All Funds (Continued)

	General Fund	Capital Projects
Property taxes	\$ 1,172,118	\$ -
Intergovernmental revenue	-	205,710
Interest	499,971	-
	<u>\$ 1,672,089</u>	<u>\$ 205,710</u>

Unearned Revenue – Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. This is recorded as the liability *unearned revenue* at June 30, 2017:

	General Fund	Capital Projects	Nonmajor Governmental Funds
Advances on grants	\$ -	\$ 44,131	\$ 209,316
Fees collected in advance	111,384	-	-
	<u>\$ 111,384</u>	<u>\$ 44,131</u>	<u>\$ 209,316</u>

C. Interfund Transactions

The outstanding balances between funds result mainly from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur; 2) transactions are recorded in the accounting system; and 3) payments between funds are made. At June 30, 2017 these were summarized as follows:

Receivable fund	Payable Fund	Amount
General Fund	Water and Sewer Fund	\$ 605
General Fund	Pension Trust Fund	161,744
Internal Service Funds	General Fund	377,542
		<u>\$ 539,891</u>

Fund transfers are generally used to fund special projects with General Fund revenues. Transfers during the year ended June 30, 2017 were as follows:

	Transfers into		
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds
Transfers out of:			
General Fund	\$ -	\$ 1,202,584	\$ 9,675
Nonmajor Governmental Funds	2,000	5,000	-
Enterprise Fund - Water and Sewer	4,800	-	-
	<u>\$ 6,800</u>	<u>\$ 1,207,584</u>	<u>\$ 9,675</u>
			<u>\$ 1,224,059</u>

Town of Berlin, Connecticut

Notes to Financial Statements (Continued)
June 30, 2017

3. Detailed Notes on All Funds (Continued)

D. Capital Assets

Changes in the Town's capital assets used in the governmental activities are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 23,230,516	\$ -	\$ -	\$ 23,230,516
Construction in progress	74,136,063	10,256,558	(1,596,924)	82,795,697
	<u>97,366,579</u>	<u>10,256,558</u>	<u>(1,596,924)</u>	<u>106,026,213</u>
Capital assets being depreciated				
Land improvements	4,509,984	1,731,730	-	6,241,714
Buildings and systems	64,499,115	3,955,291	-	68,454,406
Machinery and equipment	16,377,776	2,460,001	(259,282)	18,578,495
Infrastructure	56,121,371	1,953,592	-	58,074,963
	<u>141,508,246</u>	<u>10,100,614</u>	<u>(259,282)</u>	<u>151,349,578</u>
Less accumulated depreciation				
Land improvements	(3,100,774)	(242,115)	-	(3,342,889)
Buildings and systems	(32,422,067)	(1,112,731)	-	(33,534,798)
Machinery and equipment	(10,531,666)	(1,078,436)	203,547	(11,406,555)
Infrastructure	(34,324,364)	(1,008,828)	-	(35,333,192)
	<u>(80,378,871)</u>	<u>(3,442,110)</u>	<u>203,547</u>	<u>(83,617,434)</u>
Net Capital Assets being Depreciated	<u>61,129,375</u>	<u>6,658,504</u>	<u>(55,735)</u>	<u>67,732,144</u>
	<u>\$ 158,495,954</u>	<u>\$ 16,915,062</u>	<u>\$ (1,652,659)</u>	<u>\$ 173,758,357</u>

Construction in progress includes renovations to Berlin High School, Berlin High School tennis and basketball court repairs, boilers for McGee Middle School and the Town Hall, recreation trails, and bridge construction, including the Farmington Avenue Bridge.

Depreciation and amortization expense was charged to the governmental activities as follows:

General government	\$ 203,025
Community development	333
Public safety	459,526
Physical services	1,205,797
Parks, recreation and libraries	398,318
Health and human services	24,324
Schools	1,150,787
	<u>\$ 3,442,110</u>

Town of Berlin, Connecticut

Notes to Financial Statements (Continued)
June 30, 2017

3. Detailed Notes on All Funds (Continued)

Changes in the Town's capital assets used in the business-type activities are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 480,579	\$ -	\$ -	\$ 480,579
Construction in progress	1,754,638	280,539	(216,742)	1,818,435
Intangible assets	564,551	-	-	564,551
	<u>2,799,768</u>	<u>280,539</u>	<u>(216,742)</u>	<u>2,863,565</u>
Capital assets being depreciated				
Buildings and systems	2,493,617	367,407	-	2,861,024
Machinery and equipment	823,391	-	-	823,391
Infrastructure	14,959,235	-	-	14,959,235
	<u>18,276,243</u>	<u>367,407</u>	<u>-</u>	<u>18,643,650</u>
Less accumulated depreciation				
Buildings and systems	(1,698,042)	(81,186)	-	(1,779,228)
Machinery and equipment	(598,974)	(15,475)	-	(614,449)
Infrastructure	(5,866,721)	(202,541)	-	(6,069,262)
	<u>(8,163,737)</u>	<u>(299,202)</u>	<u>-</u>	<u>(8,462,939)</u>
Net Capital Assets Being Depreciated	10,112,506	68,205	-	10,180,711
	<u>\$ 12,912,274</u>	<u>\$ 348,744</u>	<u>\$ (216,742)</u>	<u>\$ 13,044,276</u>

Construction in progress includes the water main extension, hydrant replacement, and construction on the sewer mains.

Depreciation and amortization expense was charged to functions/programs of the business-type activities as follows:

Water Fund	\$ 130,514
Sewer Fund	168,688
	<u>\$ 299,202</u>

E. Long-Term Liabilities – Governmental Funds

The following table summarizes changes in the Town's long-term indebtedness for the year ending June 30, 2017:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 73,340,000	\$ 4,665,000	\$ (4,360,000)	\$ 73,645,000	\$ 5,345,000
Premium on bonds	4,383,275	165,207	(632,556)	3,915,926	745,453
	<u>77,723,275</u>	<u>4,830,207</u>	<u>(4,992,556)</u>	<u>77,560,926</u>	<u>6,090,453</u>
Capital leases	10,584,544	-	(350,238)	10,234,306	479,875
Compensated absences	641,973	16,637	-	658,610	658,610
Pension obligations	5,688,943	3,921,248	(710,893)	8,899,298	-
OPEB obligations	1,535,897	551,839	(200,933)	1,886,803	-
	<u>\$ 96,174,632</u>	<u>\$ 9,319,931</u>	<u>\$ (6,254,620)</u>	<u>\$ 99,239,943</u>	<u>\$ 7,228,938</u>

Each governmental funds liability is liquidated by the respective fund to which it relates, primarily the General Fund. Interest on these obligations is expensed to the respective fund, primarily the General Fund.

Town of Berlin, Connecticut

Notes to Financial Statements (Continued)
June 30, 2017

3. Detailed Notes on All Funds (Continued)

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the Town and pledge the full faith and credit of the Town. These bonds generally are issued as 10- or 20-year serial bonds with equal amounts of principal maturing each year. General obligation bonds outstanding as of June 30, 2017 consisted of the following:

Purpose	Year of Issue	Original Amount	Final Maturity	Interest Rates	Amount Outstanding
Various School and General Projects	2011	\$ 16,610,000	6/1/2021	3-5%	\$ 5,315,000
Various School and General Projects	2013	\$ 8,495,000	12/1/2032	2.5-4%	7,475,000
Various School and General Projects	2014	\$ 18,355,000	12/1/2033	3-5%	16,335,000
General and School Renovations	2015	\$ 13,720,000	12/1/2034	2-4%	12,995,000
Various School and General Projects	2016	\$ 16,770,000	12/1/2035	2-4%	16,770,000
Various School and General Projects	2016	\$ 10,920,000	9/1/2025	2-5%	10,090,000
Various School and General Projects	2017	\$ 4,665,000	12/1/2029	2-4%	4,665,000
					<u>\$ 73,645,000</u>

Payments to maturity on the general obligation bonds are as follows:

Year End	Governmental Activities General Obligation Bonds		Year End	Governmental Activities General Obligation Bonds	
	Principal	Interest		Principal	Interest
2018	\$ 5,345,000	\$ 2,467,344	2028	\$ 3,465,000	\$ 589,669
2019	5,865,000	2,241,050	2029	2,985,000	502,862
2020	5,900,000	1,991,225	2030	2,855,000	422,606
2021	5,410,000	1,757,075	2031	2,775,000	342,800
2022	5,160,000	1,513,087	2032	2,660,000	261,809
2023	5,200,000	1,299,650	2033	2,655,000	179,119
2024	5,240,000	1,106,625	2034	2,265,000	100,828
2025	5,265,000	953,562	2035	1,400,000	42,444
2026	5,040,000	803,765	2036	685,000	10,275
2027	3,475,000	680,803		<u>\$ 73,645,000</u>	<u>\$ 17,266,598</u>

Interest incurred and expensed on general obligation bonds for the year ended June 30, 2017 totaled \$2,411,893.

Town of Berlin, Connecticut

Notes to Financial Statements (Continued)
June 30, 2017

3. Detailed Notes on All Funds (Continued)

The Town has debt authorized but unissued for the year ended June 30, 2017 as follows:

Project	Purpose	Amount Authorized	Authorized but Unissued Debt
Bradley Land Acquisition	General Purpose	\$ 1,500,000	\$ 675,000
Open Space (2003)	General Purpose	2,000,000	600,000
Police Radio Station Replacement	General Purpose	1,800,000	200,000
Road Improvement	General Purpose	4,000,000	2,950,000
Open Space (2006)	General Purpose	2,000,000	1,210,000
Public Works Storage Yard	General Purpose	300,000	185,000
Beckley Bridge	General Purpose	500,000	193,000
Police Station	General Purpose	2,000,000	988,443
High School Renovations	Education	84,950,000	1,651,356
Infiltration/Inflow (2013)	Sewer	4,500,000	2,263,486
Griswold Roof Replacement	Education	1,530,000	415,832
School Vestibules	Education	500,000	230,000
Hubbard School Roof	Education	1,300,000	442,000
		<u>\$ 106,880,000</u>	<u>\$ 12,004,117</u>

Overlapping Debt

A summary of overlapping debt is presented below:

Debt Outstanding	Total	Considered Overlapping
Kensington Fire District	\$ 624,891	\$ 624,891
Worthington Fire District	405,535	405,535
Mattabassett District	69,411,426	9,960,540
	<u>\$ 70,441,852</u>	<u>\$ 10,990,966</u>

Bond Anticipation Notes

The following table summarizes changes in the Town's bond anticipation notes for the year ending June 30, 2017:

Date Issued	Maturity Date	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance
5/19/2016	9/19/2016	2.0%	\$ 900,000	\$ -	\$ (900,000)	\$ -
9/19/2016	5/18/2017	1.0%	-	1,455,000	(1,455,000)	-
5/18/2017	9/19/2017	1.5%	-	1,455,000	-	1,455,000
			<u>\$ 900,000</u>	<u>\$ 2,910,000</u>	<u>\$ (2,355,000)</u>	<u>\$ 1,455,000</u>

The notes are reported in the Capital Projects Fund and will be retired or permanently financed. The bond anticipation notes due May 18, 2017 were refinanced with \$1,455,000 of new bond anticipation notes with an interest rate of 1.50% per year. This is due on September 19, 2017. The bond anticipation notes due September 19, 2017 were refinanced with \$1,028,000 of new bond anticipation notes with an interest rate of 1.19% per year. This is due on May 18, 2018.

3. Detailed Notes on All Funds (Continued)

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. Connecticut Innovations, Inc. has now assumed the above mentioned agreement.

At June 30, 2017, the aggregate principal amount payable pursuant to the agreement was \$201,352.

Capital Leases Payable

The Town has entered into various lease agreements to finance the acquisition of heavy equipment, golf carts, and energy improvements. On February 12, 2016, the Town entered into a \$10,340,341 20 year lease for solar panels, streetlights and other energy savings equipment. Total payments, including interest, for the energy lease is \$14,051,206. The equipment and improvements for each of these leases are included in the capital assets with a cost of \$5,709,373 and accumulated depreciation of \$271,071. These leases qualify as capital leases for accounting purposes. The Town's capital lease obligation at June 30, 2017 is as follows:

Total payments on capital lease(s) for year ending:

2018	\$	775,296
2019		586,309
2020		602,707
2021		613,598
2022		631,077
2023-2027		3,431,608
2028-2032		3,942,532
2033-2036		2,958,696
		<u>13,541,823</u>
Less the amount representing interest		(3,307,517)
Present value of future minimum lease payments		<u>\$ 10,234,306</u>

Interest incurred and expensed on capital leases payable for the year ended June 30, 2017 totaled \$410,518.

Town of Berlin, Connecticut

Notes to Financial Statements (Continued)

June 30, 2017

3. Detailed Notes on All Funds (Continued)

Operating Leases Payable

The Town leases a fiber optic communications network under a noncancelable operating lease. The future minimum lease payments for this lease amounts to \$16,800 per year for the next 11 fiscal years, ending in 2028.

Compensated Absences

Vacation time earned during the fiscal year can be carried over to the succeeding year, subject to limitations as provided in the respective collective bargaining agreements. The value of all compensated absences has been reflected in the government-wide financial statements.

Prior Year Defeasance of Debt

In prior years, the Town defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. At June 30, 2017, \$6,260,000 of bonds outstanding are considered defeased.

Legal Debt Limit

Connecticut General Statutes Section 7-374 sets limits on the debt, as defined by the statutes, which can be incurred by the Town and other governmental agencies within the Town. The limitations for the Town are as follows:

Total tax collections (including interest and lien fees) for the year - primary government	\$ 67,843,033
Total tax collections (including interest and lien fees) for the year - coterminous governments	1,295,535
Reimbursement for revenue loss on tax relief for the elderly (C.G.S. 12-129d)	100,594
Debt limitation base	<u>\$ 69,239,162</u>

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation					
2 1/4 times base	\$ 155,788,115	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	311,576,229	-	-	-
3 3/4 times base	-	-	259,646,858	-	-
3 1/4 times base	-	-	-	225,027,277	-
3 times base	-	-	-	-	207,717,486
Total debt limitation	<u>155,788,115</u>	<u>311,576,229</u>	<u>259,646,858</u>	<u>225,027,277</u>	<u>207,717,486</u>
Indebtedness					
Bonds payable	21,748,700	53,351,300	-	-	-
Loans payable	-	-	1,928,993	-	-
Bonds authorized, unissued	7,001,443	2,739,188	2,263,486	-	-
Overlapping indebtedness	-	-	10,990,966	-	-
Total indebtedness	<u>28,750,143</u>	<u>56,090,488</u>	<u>15,183,445</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of debt outstanding and authorized	<u>\$ 127,037,972</u>	<u>\$ 255,485,741</u>	<u>\$ 244,463,413</u>	<u>\$ 225,027,277</u>	<u>\$ 207,717,486</u>

In no case shall total indebtedness exceed seven times the annual receipts from taxation	<u>\$ 484,674,134</u>
--	-----------------------

Town of Berlin, Connecticut

Notes to Financial Statements (Continued)
June 30, 2017

3. Detailed Notes on All Funds (Continued)

F. Long-Term Liabilities – Enterprise Funds

The following table summarizes changes in the Town's long-term indebtedness in the enterprise funds for the year ending June 30, 2017:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Project loan obligation	\$ 2,040,819	\$ -	\$ (111,826)	\$ 1,928,993	\$ 111,826

Clean Water Fund Loan

On March 30, 2015, the Town entered into a 20-year Clean Water Fund loan at 2% interest from the State of Connecticut Department of Energy and Environmental Protection in the amount of \$2,236,514.

The annual requirement to amortize Clean Water Fund Loans outstanding as of June 30, 2017, including interest payments, are as follows:

Year End	Business-Type Activities Notes and Loans		Year End	Business-Type Activities Notes and Loans	
	Principal	Interest		Principal	Interest
2018	\$ 111,826	\$ 37,555	2024	\$ 111,826	\$ 24,136
2019	111,826	35,319	2025	111,826	21,899
2020	111,826	33,082	2026	111,826	19,663
2021	111,826	30,845	2027-2031	559,129	64,766
2022	111,826	28,609	2032-2034	363,430	12,114
2023	111,826	26,372		<u>\$ 1,928,993</u>	<u>\$ 334,360</u>

Interest incurred and expensed on the Clean Water Fund loan for the year ended June 30, 2017 was \$39,791.

G. Net Position

The components of net position are detailed below:

Net Investment in Capital Assets – the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position – Nonexpendable – the component of net position that reflects funds set aside in accordance with laws, regulations, grants, and other agreements that must be kept intact and cannot be spent. This is made up of \$68,297 of trust principal.

Town of Berlin, Connecticut

Notes to Financial Statements (Continued)
June 30, 2017

3. Detailed Notes on All Funds (Continued)

Restricted Net Position – Expendable – the component of net position that reflects funds that can only be spent subject to the laws, regulations, grants, and other agreements relating to these funds. This is made up of the following:

General government	\$ 251,696
Education	24,347
Public safety	37,540
Culture and recreation	153,249
Unspent capital lease proceeds for energy and streetlights	530,415
	<u>\$ 997,247</u>

Unrestricted - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets".

H. Fund Balances

As discussed in Note 1, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. These are summarized below:

	General Fund	Capital Projects	Nonmajor Governmental Funds
Nonspendable			
Not in spendable form			
Inventories	\$ -	\$ -	\$ 37,986
Required to be maintained			
Trust principal	-	-	68,297
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,283</u>
Restricted			
General government	\$ -	\$ -	\$ 251,696
Education	-	-	24,347
Public safety	-	-	37,540
Culture and recreation	-	-	153,249
Unspent capital lease proceeds for energy and streetlights	-	530,415	-
	<u>\$ -</u>	<u>\$ 530,415</u>	<u>\$ 466,832</u>
Committed			
Union negotiation reserves	\$ 448,806	\$ -	\$ -
Revaluation	129,027	-	-
Capital projects	-	7,948,716	-
	<u>\$ 577,833</u>	<u>\$ 7,948,716</u>	<u>\$ -</u>

Town of Berlin, Connecticut

Notes to Financial Statements (Continued)
June 30, 2017

3. Detailed Notes on All Funds (Continued)

	General Fund	Capital Projects	Nonmajor Governmental Funds
Assigned			
General government	\$ -	\$ -	\$ 94,703
Education	-	-	56,139
Pension	748,395	-	-
Physical services	90,000	-	-
To balance next year's budget	1,800,000	-	-
	<u>\$ 2,638,395</u>	<u>\$ -</u>	<u>\$ 150,842</u>

4. Pension and Other Post Retirement Plans

A. The Funded Retirement Plan of the Town of Berlin

Plan Description - The Town is the sponsor and administrator of a single employer public employee retirement system ("PERS") established and administered by the Town to provide pension benefits for its full-time employees who have elected to participate in the plan (excluding teachers covered under the CT 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 statement as a pension trust fund. A separate stand-alone financial report is not issued. The Plan is governed by the Retirement Plans Investment Advisor Committee (the "Board") which is a subcommittee of the Board of Finance.

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 12 members. The 12 members are the Town Manager, Finance Director, Director of Human Resources, Town Accountant, BOE Business Manager, top management representative, and the presidents of each of the six bargaining units. The Committee is advised by Fiduciary Investment Associates, and convenes on a quarterly basis for detailed plan review.

Defined Contribution Segment Plan Description and Benefits Provided

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.

4. Pension and Other Post Retirement Plans (Continued)

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. Effective January 1, 2015, new employees (other than Police) must wait a year before receiving a match and the match is a 100% match up to 6%. Those employed prior to January 1, 2015 were grandfathered under the old rules.

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 \$41,517,349 as of June 30, 2017. Employees contributed \$820,633, and covered payroll was \$17,137,326. The Town's matching share was \$1,591,398. 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 2, 2015.

As of June 30, 2017, 26% 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 74% 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 Town's contributions to the plan for the year ended June 30, 2017 were \$60,000. The total value of this plan is \$213,891 as of June 30, 2017.

Defined Benefit Segment Plan Description and Benefits Provided

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 (age 55 or 25 years of service for police officers); early retirements are allowable with reduced benefit.

4. Pension and Other Post Retirement Plans (Continued)

Plan Membership – As of the date of the latest actuarial valuation (July 1, 2016), membership consisted of the following:

	Defined Contribution Plan	Defined Benefit Plan	Total
Retirees and beneficiaries receiving benefits	-	23	23
Terminated employees entitled to benefits, but not yet receiving them	-	2	2
Active members	271	17	288
	<u>271</u>	<u>42</u>	<u>313</u>

The defined benefit segment plan is closed to new entrants.

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 fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income is recognized as earned.

Contribution and 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. For non-police employees hired after January 1, 2015, there is a one-year waiting period to receive the matching contribution. After the one-year waiting period expires, the match will be a one-for-one match up to 6% contribution.

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

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	100%

4. Pension and Other Post Retirement Plans (Continued)

Plan Fiduciary Net Position – The plan's fiduciary net position displays the net position, held in trust, to pay pension benefits as follows:

ASSETS

Investments, at fair value

Mutual funds - equity	\$ 34,779,931
-----------------------	---------------

Mutual funds - money market	11,989,915
-----------------------------	------------

Mutual funds - bonds	1,399,218
----------------------	-----------

Accounts receivable	22,673
---------------------	--------

Total Assets	<u>48,191,737</u>
--------------	-------------------

LIABILITIES

Accounts payable	770
------------------	-----

Due to other funds	161,744
--------------------	---------

Total Liabilities	<u>162,514</u>
-------------------	----------------

NET POSITION

Restricted for pensions	<u>\$ 48,029,223</u>
-------------------------	----------------------

Long-term expected rate of return – The best estimate range for the long-term expected rate of return is 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, 2017 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Guaranteed Deposit Account	100.00%	1.00%
Short Term Fixed Income	0.00%	0.50%
Core Fixed Income	0.00%	1.50%
Global Fixed Income	0.00%	2.25%
Domestic Large Cap Equity	0.00%	4.85%
Domestic Small Cap Equity	0.00%	5.00%
International Equity	0.00%	5.25%
Emerging Market Equity	0.00%	6.50%
Commodities	0.00%	2.25%

Calculation of Money-Weighted Rate of Return – For the fiscal year, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.95%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

4. Pension and Other Post Retirement Plans (Continued)

Net Pension Liability

The components of the net pension liability of the Town as of June 30, 2017 were as follows:

Town pension liability	\$ 9,167,967
Plan fiduciary net position	<u>268,669</u>
Net pension liability (asset)	<u>\$ 8,899,298</u>
Plan fiduciary net position as a percentage of total pension liability	2.93%

Changes in the Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance as of June 30, 2016	\$ 6,055,118	\$ 366,175	\$ 5,688,943
Changes for the year			
Service cost	93,056	-	93,056
Interest on total pension liability	287,446	-	287,446
Difference between expected and actual experience	1,080,795	-	1,080,795
Changes in assumptions	2,459,951	-	2,459,951
Employer contributions	-	700,399	(700,399)
Net investment income	-	10,494	(10,494)
Benefit payments, including refunds of member contributions	(808,399)	(808,399)	-
Net changes	<u>3,112,849</u>	<u>(97,506)</u>	<u>3,210,355</u>
Balance as of June 30, 2017	<u>\$ 9,167,967</u>	<u>\$ 268,669</u>	<u>\$ 8,899,298</u>

4. Pension and Other Post Retirement Plans (Continued)**Actuarial Methods and Significant Assumptions**

The following actuarial methods and assumptions were used in the July 1, 2016 valuation and projected forward to June 30, 2017:

Valuation timing	Actuarially determined contribution rates are calculated as of July 1, twelve months prior to the beginning of the fiscal year in which the contributions are reported.
Actuarial cost method	Entry Age Normal Actuarial Cost Method
Amortization method	
Level percent or level dollar	Level percent
Closed, open or layered	Open periods
Amortization period at 1/1/14	10 years
Asset valuation method	
Recognition method	Equal to the Market Value of Assets
Corridor	None
Inflation	2.60%
Salary increases	3.25% for Police. 2.75% for all
Investment rate of return	4.0% Pre-retirement, 2.45% post-retirement
Cost of living adjustment	None
Retirement age	Differing for Police and all other employees
Turnover	None
Pre-retirement mortality	RP-2014 adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2016
Post-retirement mortality	IRS 417(e) mortality table

Changes in the Plan and the Plan Assumptions – For the year ended June 30, 2017 the expected rate of return (net of investment-related and administrative expenses) was reduced from 5.00% to 4.00% for pre-retirement, and decreased from 3.11% to 2.45% for post-retirement.

Discount Rate – The discount rate used to measure the total pension liability was 4.00%. 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, calculated using the discount rate of 4.00% 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 (3.00%) or 1-percentage-point higher (5.00%) than the current rate:

	1% Decrease 3.00%	Current Discount Rate 4.00%	1% Increase 5.00%
Net Pension Liability (Asset)	<u>\$ 11,294,213</u>	<u>\$ 8,899,298</u>	<u>\$ 6,966,482</u>

4. Pension and Other Post Retirement Plans (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The Town recognized pension expense of \$1,827,280. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,134,114	\$ (139,579)
Changes in assumptions	2,243,538	-
Net difference between projected and actual earnings on pension plan investments	37,631	-
	<u>\$ 3,415,283</u>	<u>\$ (139,579)</u>

Amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in pension expense as follows:

Increase (Decrease) in Pension Expense from the Recognition of the Effects of:

	Recognized in 2017	2018	2019	To be recognized in 2020	2021	Total
Differences between expected and actual experience						
2015	\$ (139,580)	\$ (139,579)	\$ -	\$ -	\$ -	\$ (139,579)
2016	\$ 213,010	\$ 213,010	\$ 149,108	\$ -	\$ -	\$ 362,118
2017	\$ 308,799	\$ 308,799	\$ 308,799	\$ 154,398	\$ -	\$ 771,996
Recognition of the effects of changes of assumptions						
2015	\$ 185,118	\$ 185,118	\$ -	\$ -	\$ -	\$ 185,118
2016	\$ 177,243	\$ 177,243	\$ 124,069	\$ -	\$ -	\$ 301,312
2017	\$ 702,843	\$ 702,843	\$ 702,843	\$ 351,422	\$ -	\$ 1,757,108
Net difference between projected and actual earnings on pension plan investments						
2015	\$ 8,358	\$ 8,358	\$ 8,358	\$ -	\$ -	\$ 16,716
2016	\$ 5,599	\$ 5,599	\$ 5,599	\$ 5,599	\$ -	\$ 16,797
2017	\$ 1,030	\$ 1,030	\$ 1,030	\$ 1,030	\$ 1,028	\$ 4,118

B. Teacher's Retirement System

Plan Description

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

Plan Membership – All teachers, principals, superintendents or supervisors engaged in service of public schools are eligible for participation.

4. Pension and Other Post Retirement Plans (Continued)

Plan Benefits – The plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Normal Retirement: Retirement benefits for the employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

Early Retirement: Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service. Benefit amounts are reduced by 6% per year for the first 5 years preceding normal retirement age and 4% per year for the next 5 years preceding the normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3% per year by which retirement precedes normal retirement date.

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for non-service related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of social security benefits and workers' compensation cannot exceed 75% of average annual salary.

Contributions

State of Connecticut

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

Employer (School Districts)

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

Employees

Effective July 1, 1992, each teacher is required to contribute 6% of their salary for the pension benefit.

4. Pension and Other Post Retirement Plans (Continued)

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – The Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amounts recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the Town		79,965,829
Total	\$	<u>79,965,829</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town has no proportionate share of the net pension liability.

For the fiscal year ended, the Town recognized pension expense and revenue of \$8,720,561 for on-behalf amounts for the benefits provided by the State.

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvements scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 – June 30, 2015. As a result of the 2015 actuarial experience study, the rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted in the June 30, 2016 actuarial valuation to more closely reflect actual experience.

Future cost-of-living increases - For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for social security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for social security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

4. Pension and Other Post Retirement Plans (Continued)

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Cap U.S. Equities	21.00%	5.80%
Developed Non-U.S. Equities	18.00%	6.60%
Emerging Markets (Non-U.S.)	9.00%	8.30%
Core Fixed Income	7.00%	1.30%
Inflation Linked Bond Fund	3.00%	1.00%
Emerging Market Bond	5.00%	3.70%
High Yield Bonds	5.00%	3.90%
Real Estate	7.00%	5.10%
Private Equity	11.00%	7.60%
Alternative Investments	8.00%	4.10%
Cash	6.00%	0.40%

Discount Rate – The discount rate used to measure the total pension liability was 8.00%. 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 employer 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 Town's proportionate share of the net pension liability is \$0 and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

Plan Fiduciary Net Position – Detailed information about the Connecticut State Teachers' Retirement Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2016.

4. Pension and Other Post Retirement Plans (Continued)

C. Other Post-Employment Benefits ("OPEB")

From an accrual accounting perspective, the cost of post-employment health care benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. The Town recognizes the cost of post-employment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Town's future cash flows. The liability accumulated from the years prior to adopting this accounting procedure will be phased in over 30 years.

Plan Description

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

Eligibility – The Post-Retirement Medical Program (RMP) covers Town, Board of Education and Police employees.

- Teachers and Administrators – Age 60 with 20 years of service or 35 years of service at any age (Normal Retirement); or age 60 with 10 years of service, age 50 with 20 years of service or 25 years of service at any age (Early Retirement).
- Police – Age 50 with 25 years of service or age 55 with 20 years of service.
- Town – Age 60 with any years of service.
- BOE Non-Certified (Clerical and Secretaries) – Any age.

Contributions – Retired program members and beneficiaries currently receiving benefits are required to contribute 100% towards the cost of receiving those benefits under the Town's self-insured medical benefits program. Each police employee must contribute an amount equal to 3% of their annual base earnings to a separate Police Post-Retirement Medical Fund. The Town does not contribute to the Fund.

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 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.

4. Pension and Other Post Retirement Plans (Continued)

Employees Covered by Benefit Terms – At July 1, 2014, plan membership consisted of the following:

Retired members	20
Spouses of retired members	11
Active plan members	416
	<u>447</u>

Annual OPEB Cost ("AOC") and Net OPEB Obligation ("NOO")

Amortization Component:	
Actuarial Accrued Liability as of July 1, 2014	\$ 5,468,687
Assets at Market Value	-
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 5,468,687</u>
Funded Ratio	0.00%
Covered Payroll (Active plan members)	\$ 29,454,889
UAAL as a Percentage of Covered Payroll	18.57%
Annual Required Contribution	\$ 566,742
Interest on Net OPEB Obligation	61,436
Adjustment to Annual Required Contribution	<u>(76,339)</u>
Annual OPEB Cost	551,839
Contributions made	<u>(200,933)</u>
Increase in net OPEB Obligation (Asset)	350,906
Net OPEB Obligation (Asset) - Beginning of the year	1,535,897
Net OPEB Obligation (Asset) - End of the year	<u>\$ 1,886,803</u>

Three year trend information is as follows:

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contributions Made	Percentage of AOC Contributed	Net OPEB Obligation (NOO)
6/30/2015	573,705	269,000	46.9%	1,221,116
6/30/2016	520,914	206,133	39.6%	1,535,897
6/30/2017	551,839	200,933	36.4%	1,886,803

Actuarial Methods and Significant Assumptions - The Town's annual other postemployment benefit cost (expense) is calculated based on the annual required contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB. GASB establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees' medical insurance.

The "normal cost" is derived for each active participant as the actuarial present value of the projected benefits that are attributed to expected service in the current plan year. The normal cost for the plan is the total of the individual normal costs for each participant. The accrued liability is equal to the portion of the present value of future benefits that is allocated to years of service before the valuation date.

4. Pension and Other Post Retirement Plans (Continued)

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, the assumptions and projections utilized do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

The Town is required to accrue on the government-wide financial statements the amounts necessary to finance the plan as actuarially determined, which is equal to the balance not paid by plan members.

Other actuarial methods and significant assumptions are summarized as follows:

Latest Actuarial Date	July 1, 2014
Actuarial Cost Method	Projected Unit Credit
Discount Rate	4.00%
Medical Inflation	5.56%-4.40% over 69 years
Amortization Method	Level percentage of projected payroll
Amortization	30 years, closed. Remaining amortization period 23 years.
Mortality	Teachers and Administrators - RP-2000 Combined Healthy Mortality Table projected forward 19 years using Scale AA All Others - RP-2000 Healthy Mortality Table with generational projection per Scale AA
Participation	25% of Town, 50% of Police, 75% of Teachers and Administrators, and 10% of BOE Non-Certified
Retirement	Based on percentages at differing ages depending on department

Funding Progress

As of the last valuation date, July 1, 2014, the actuarial accrued liability was \$5,468,687, and the actuarial valuation of the plan assets was \$0, resulting in an unfunded actuarial accrued liability of \$5,468,687. The covered payroll of (annual payroll of active employees covered by the plan) is \$29,454,889 at June 30, 2017. The schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. There is no requirement for funding and the plan has not been funded.

5. Other Information

A. Litigation

The Town is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Town's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

Town of Berlin, Connecticut

Notes to Financial Statements (Continued) June 30, 2017

5. Other Information (Continued)

B. Contingencies

Grants - The Town participates in various Federal and State grant programs. These programs are subject to program compliance audits pursuant to the Federal and State Single Audit Acts. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town anticipates such amounts, if any, to be immaterial.

School Building Grants - Section 10-283(a)(3)(A) of the Connecticut General Statutes states that if the Town abandons, sells, leases, demolishes or otherwise redirects the use of a school building project authorized on or after July 1, 1996, paid partially with State funding, to other than a public school, it will owe a portion of the State funding back to the State. For projects with a cost of two million dollars or over, the contingency will be amortized over twenty years. For smaller projects, the contingency will be amortized over ten years.

C. Construction Commitments

The Town has active construction projects as of June 30, 2017. The projects include the following:

Project	Appropriations	Expenditures	Encumbrances	Balance
Bonded road improvements	\$ 9,972,152	\$ 8,678,830	\$ -	\$ 1,293,322
Veterans Memorial Park	1,844,500	1,840,069	-	4,431
Façade program	500,000	418,128	56,579	25,293
Boulevard at Berlin Train Station	500,000	24,000	67,000	409,000
Train Station rehab (1)	150,000	111,888	13,777	24,335
Streetscape improvements	475,180	475,180	-	-
Downtown sidewalks	500,000	57,582	365,198	77,220
Berlin High School renovations (2)	84,500,000	80,260,230	371,564	3,868,206
Berlin Police Station - new construction (3)	2,000,000	1,971,881	-	28,119
Recycling Center improvements (4)	484,485	-	-	484,485
Bridge rehabilitation program (5)	2,314,500	324,371	1,141,118	849,011
889 Farmington Ave remediation (6)	1,288,557	276,312	33,182	979,063
Griswold School Roof	1,092,168	1,088,145	-	4,023
Transit-oriented development plan	150,000	133,213	16,777	10
Farmington Avenue bridge	3,078,839	2,243,661	520,250	314,928
Firetruck	1,620,000	1,569,915	-	50,085
Transit-oriented development façade program	500,000	3,380	5,620	491,000
Police radios	1,600,000	-	-	1,600,000

(1) The appropriation is for the local match portion of the project (funded by State grants) which represents 20% of the project costs. The Federal Government is paying the remaining 80%.

(2) The amount bonded as of June 30, 2017 is \$47,000,000. 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.

(3) Only \$2,000,000 was authorized to date to purchase land, perform demolition of existing structures and environmental remediation. During fiscal year 2015, the building of a new police station for \$21,000,000 was defeated at referendum. During fiscal year 2016, the Town Council voted not to send a revised proposal for \$16,000,000 to referendum.

5. Other Information (Continued)

(4) Funds appropriated from payments received from the Tunxis Recycling Operating Committee and Bristol Resource Recovery Facility Operating Committee reorganizations as well as surplus funds from other areas to make required improvements in recycling operations.

(5) This program borrows funds through notes to repair town bridges. \$300,000 in note proceeds was appropriated in fiscal year 2017.

(6) Remediation is being funded by Municipal and Regional Brownfields Grants.

D. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or three prior years.

Self-Insurance

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 ("CIRMA"). CIRMA is a public entity risk pool established under the provisions of the Connecticut General Statutes section 7-479a et. seq. The Town is liable only for contributions to the pool. Members do not retain the risk of loss, as they have transferred the risk by purchasing pool coverage with no deductible retention. A separate agreement limits the member's obligation to pay indemnification obligations and expenses should CIRMA be unable to do so. The Town 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. The Town self-insures its employees for medical and dental claims through the use of the Medical and Health Insurance Fund. Maximum liability to the Town per covered participant is \$150,000. The Town retains an insurance policy for employee claims in excess of \$150,000. A third party administers the plan for which the Town pays an administrative fee. The plan is funded monthly by Town and employee contributions, as required. An actuarial study is performed annually.

5. Other Information (Continued)

The following is a summary of changes in claims liability during the year:

General Insurance Fund

Year Ended June 30,	Beginning Claims Payable	Current Year Claims	Claim Payments	Ending Claims Payable
2017	\$ 2,223	\$ 1,559,126	\$ (1,481,220)	\$ 80,129
2016	35,858	1,466,223	(1,499,858)	2,223

Medical and Health Insurance Fund

Year Ended June 30,	Beginning Claims Payable	Current Year Claims	Claim Payments	Ending Claims Payable
2017	\$ 607,281	\$ 8,048,872	\$ (7,931,081)	\$ 725,072
2016	590,445	7,827,921	(7,811,085)	607,281

The Medical and Health Insurance Fund is funded by various funds and departments based on estimates for the number of employees and type of coverage (single or family) and trends in the insurance claims and estimates for administration. The claims liability, reported in the internal service funds at June 30, 2017, are based on the requirements of GASB Statements number 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated. The amount of claim accrual estimated is based on the ultimate cost of settling the claim which includes past experience data, inflation, other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual estimate does not include other allocated or unallocated claims adjustment expenses.

E. Risks and Uncertainties

The Town invests in various securities, including commercial paper, government-sponsored enterprises, and alternative investments. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. The ongoing credit and liquidity crisis in the United States and throughout the global financial systems has resulted in substantial volatility in financial markets and the banking system. This and other economic events have had a significant adverse impact on investment portfolios. Due to the level of risks associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position and activities.

5. Other Information (Continued)

F. Jointly Governed Organizations

The Mattabassett District

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

The 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 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 District default on its bonds and notes, although the obligation to pay these debts will remain with the District. The possibility of the District defaulting on its bond and note liabilities is remote. The Town has no direct interest in assets or liabilities of the District.

The District has completed a major construction 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 and odor control enhancements. The three-year construction project began in the summer of 2012 and was substantially complete in July 2015. As of June 30, 2017, the District had \$69,411,426 Clean Water Fund debt outstanding (net of grants received) to finance its sewage treatment plant and construction upgrade; this consisted of an Interim Construction Funding Obligation of \$67,064,487 and a Project Design Loan Obligation of \$2,346,939. It is estimated that, based on future treatment plant reserved capacity, the Town's annual assessment from the District will include 14.35% of Clean Water Fund Debt Service, which equals \$9,960,540. The District began loan payments for the interim Construction Fund Obligation in December 2015, and this has been factored into the Town's assessment.

G. Joint Ventures

Bristol Resource Recovery Facility Operating Committee

The Town is a participant with 14 other cities and towns (the "Contracting Municipalities") in a joint venture, the Bristol Resource Recovery Facility Operating Committee (the "BRRFOC"). The BRRFOC was created pursuant to an Inter-Community Agreement to exercise certain rights on behalf of the 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 management decisions.

5. Other Information (Continued)

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. These obligations ended on June 30, 2014 with the expiration of the amended and restated service agreement by and among BRRFOC, its 14 member communities and Covanta Bristol, Inc. Waste disposal services previously provided under that agreement continue to be in place through the Municipal Solid Waste Disposal and Recycling Services Agreement with Covanta Bristol, Inc. commencing July 2014.

On December 21, 2012, the Bristol Facility Policy Board (the "Policy Board") was formed pursuant to a Municipal Solid Waste Disposal and Recycling Services Agreement (the "Agreement") by and among the Cities of Bristol and 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. The BRRFOC has been selected by resolution to serve as the Policy Board under the Agreement and continue in such capacity. The Town continues to participate as a member of the BRRFOC and the Policy Board, with limited obligations to fund activities of the combined agency. Tonnage commitments were revised under the new Agreement such that the overall minimum for the 14 communities is aggregated and no shortfall will occur if these municipalities in total reach the required threshold.

The fund balance for fiscal year ended June 30, 2017 as reflected in BRRFOC's financial statements is \$1,472,666 (\$800 nonspendable, \$615,854 assigned and \$856,012 unassigned). A complete set of financial statements for BRRFOC can be obtained from the administrative office at 27 West Main Street, Bristol, Connecticut.

H. Tax Abatements

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

5. Other Information (Continued)

	Local
Purpose of the Program or Agreement	Economic Development
Tax being abated	Real Estate
Authority under which abatement agreements are entered into	State Statute
Criteria to be eligible to receive abatement	See Tax Abatement Program document adopted 12/2012; CGS 12-81 Projects must involve real property improvements with at least one of the following: <ul style="list-style-type: none"> • For office use. • For manufacturing use. • For warehouse, storage or distribution use. • For information technology. • For restaurants other than fast food, new retail developments or redevelopment of existing retail properties that involve substantial renovations or restoration of the exterior of the building and improvements to landscaping. • For recreation facilities.
How recipients' taxes are reduce	Reduced assessment
How the abatement amount is determined	Consistent with State statute, the Town abates taxes over three years with a schedule of 50%/40%/30% for an investment of at least \$50,000 7-year option exists if investment is over \$3 million - only one exists which abates at 50%/50%/40%/40%/30%/30%/10%
Provision for recapturing abated tax, if any	None
Types of commitments made by the Town other than to reduce taxes	None
Gross dollar amount, by which the Town's tax revenues were reduced as a result of abatement agreement	\$45,657 (The property is currently under construction, the dollar amount will increase in subsequent years.)
Assessment Impact	\$2,116,998

I. Subsequent Events

On September 19, 2017, the Town issued \$1,028,000 of Bond Anticipation Notes, with interest at 1.19% to re-finance a portion of the \$1,455,000 Bond Anticipation Note due May 18, 2017. The remaining \$427,000 from the May bonds that was not re-financed was paid off as part of the Town's 5-year BAN repayment plan.

On November 8, 2016, the Town approved at referendum the establishment of a Board of Finance. The Board of Finance will become effective after the election in November 2017. Once elected, the Board of Finance will assume budgetary responsibility for the Town.

5. Other Information (Continued)

J. State's Financial Condition

The State's bond rating has decreased to AA- and its outlook for the future has been changed from stable to negative. This reflects increasing constraints on Connecticut achieving long-term structural balance according to the rating agency Standard and Poor's Global Ratings. This has caused approximately one-third of Connecticut cities and towns' bond ratings to drop or their outlook for the future to be changed from stable to negative. In the current year, the Town received \$11,043,706 in payments from the State's budget plus the State paid \$8,720,561 on behalf of the Town for teachers' retirement benefits. These payments may be greatly or totally reduced in subsequent years. In addition, the Town may be required to pay additional costs charged by the State.

As discussed in footnote 4 and noted above, the Town participates in a cost-sharing multiple employer public employee retirement system with the State of Connecticut ("Plan") covering teachers' retirement benefits. Currently the plan is funded solely by the State. During Connecticut budget negotiations, various proposals were made to share the costs of the Plan. Generally the net pension liability in a cost sharing plan is allocated based on the same allocation as the costs are allocated. The pension liability for teachers in the Town, currently reported 100% as a State of Connecticut liability, is \$79,965,829. This figure represents the Town's share of the \$14,245,051,000 liability the State reports for all teachers in the plan.

M. Minimum Budget Requirement

The State of Connecticut has established a Minimum Budget Requirement ("MBR") for education expenditures. The MBR prohibits a town from budgeting less for education than it did in the previous year unless, and with limits, the town can demonstrate (1) a decrease in school enrollment or (2) savings through increased efficiencies. If the Town receives an increase or decrease in their Education Cost Sharing grant, the MBR will increase or decrease by the same amount.

N. GASB Pronouncements Issued, But Not Yet Effective

The Governmental Accounting Standards Board (GASB) is the standard setting board for governmental entities. The following are statements which have been approved by GASB, but are not yet effective:

- GASB Statement 75 – *Accounting and Financial Reporting for Postemployment Benefits (OPEB) Other than Pensions* – This Statement establishes standards of accounting and financial reporting for defined benefit OPEB and defined contribution OPEB that are provided to the employees of state and local governmental employers through OPEB plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) and applies to all governments whose employees are provided with OPEB. The requirements of this Statement are effective for fiscal years beginning after June 15, 2017. Management is currently assessing the impact of this standard on the Town.
- GASB Statement 81 – *Irrevocable Split-Interest Agreements* – This Statement provides recognition and measurement guidance for situations in which a government is a beneficiary of the agreement and is effective for periods beginning after December 15, 2016. Management does not expect this to have any financial impact on the Town.

5. Other Information (Continued)

- GASB Statement 83 – *Certain Asset Retirement Obligations* – This Statement addresses accounting and financial reporting for certain asset retirement obligations and is effective for periods beginning after June 15, 2018. Management does not expect this to have any financial impact on the Town.
- GASB Statement 84 – *Fiduciary Activities* – This Statement provides guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported and is effective for periods beginning after December 15, 2018. Management is currently assessing the impact of this standard on the Town.
- GASB Statement 85 – *Omnibus 2017* – This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements and effective for periods beginning after June 15, 2017. Management is currently assessing the impact of this standard on the Town.

Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
General Fund
For the Year Ended June 30, 2017

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
REVENUES					
Property Taxes					
Current tax collections	\$67,314,580	\$ -	\$67,314,580	\$67,235,926	\$ (78,654)
Back taxes	534,000	-	534,000	464,083	(69,917)
Interest from overdue taxes	340,000	-	340,000	310,734	(29,266)
Lien fees	3,330	-	3,330	2,765	(565)
Suspense taxes and interest	38,000	-	38,000	65,149	27,149
Elderly housing	46,545	-	46,545	47,414	869
	68,276,455	-	68,276,455	68,126,071	(150,384)
Licenses, Permits and Other Departments					
Town clerk fees	315,000	-	315,000	362,140	47,140
Zoning commisison and building inspector	300,000	-	300,000	401,591	101,591
Planning	15,000	-	15,000	17,489	2,489
Zoning board of appeals	4,000	-	4,000	6,215	2,215
Animal control fees	12,550	-	12,550	12,339	(211)
Animal control rent	5,820	-	5,820	5,820	-
Police department	40,000	-	40,000	45,664	5,664
Police services to other agencies	30,000	-	30,000	14,492	(15,508)
Outside police services	287,500	38,522	326,022	333,376	7,354
Engineering and public works	52,000	-	52,000	38,400	(13,600)
Scrap metal	10,000	-	10,000	27,392	17,392
Parks and recreation	130,000	-	130,000	145,014	15,014
Golf course revenue	762,654	-	762,654	599,503	(163,151)
Golf restaurant rent	10,683	-	10,683	10,683	-
Golf course season pass revenue	-	-	-	128,155	128,155
Golf cart revenue	291,905	-	291,905	343,649	51,744
Berlin-Peck memorial library	19,950	-	19,950	16,401	(3,549)
Library copy fees	1,050	-	1,050	1,282	232
Passport fees	-	-	-	5,625	5,625
Berlin public health nursing service	1,000,000	-	1,000,000	982,820	(17,180)
Summer/field trips	18,132	1,662	19,794	19,582	(212)
Homemaking Services	-	-	-	36,189	36,189
Senior citizen center	6,400	-	6,400	7,798	1,398
	3,312,644	40,184	3,352,828	3,561,619	208,791
Intergovernmental Revenue - Schools					
Private schools	8,661	-	8,661	24,987	16,326
School transportation	88,055	-	88,055	-	(88,055)
Equalized cost sharing	6,290,335	-	6,290,335	6,233,686	(56,649)
Excess special education grant	600,000	-	600,000	605,861	5,861
Adult education	13,549	-	13,549	-	(13,549)
	7,000,600	-	7,000,600	6,864,534	(136,066)
Intergovernmental Revenue - Other					
In lieu of taxes	450	-	450	447	(3)
PILOT - New Britian stadium	25,000	-	25,000	25,000	-
Elderly property tax relief	122,026	-	122,026	100,594	(21,432)
Hold harmless grant	786,396	-	786,396	786,396	-
Revenue Sharing - additional sales tax	1,213,548	-	1,213,548	843,048	(370,500)
Disability, social security	3,597	-	3,597	2,794	(803)
Additional veteran exemption	11,052	-	11,052	10,672	(380)
Friends against drugs	3,300	15	3,315	4,153	838
Pequot grant	43,538	-	43,538	43,425	(113)
Child and youth services grant	14,000	6,250	20,250	20,250	-
State and federal grant	45,001	-	45,001	66,190	21,189
Police overtime grant	72,900	-	72,900	43,438	(29,462)
	2,340,808	6,265	2,347,073	1,946,407	(400,666)

(continued)

Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) (Continued)
General Fund
For the Year Ended June 30, 2017

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
Other Services and Earnings on Investments					
Interest on investments	\$ 100,000	\$ -	\$ 100,000	\$ 241,457	\$ 141,457
Refund of expenditures	64,000	-	64,000	11,106	(52,894)
Sale of land, labor and materials	19,000	-	19,000	10,353	(8,647)
Mobile home rent	57,600	-	57,600	57,792	192
Cell tower rental	108,678	-	108,678	108,608	(70)
Other receipts	10,000	363,369	373,369	389,427	16,058
Telephone access line share	52,000	-	52,000	54,845	2,845
Premiums on bonds	-	-	-	165,207	165,207
	<u>411,278</u>	<u>363,369</u>	<u>774,647</u>	<u>1,038,795</u>	<u>264,148</u>
Operating Transfers from Other Funds					
Water control commission - receivables	4,500	-	4,500	4,800	300
Capital projects funds	-	2,000	2,000	2,000	-
Timberlin reserve fund	65,000	-	65,000	-	(65,000)
	<u>69,500</u>	<u>2,000</u>	<u>71,500</u>	<u>6,800</u>	<u>(64,700)</u>
Total Revenues	<u>81,411,285</u>	<u>411,818</u>	<u>81,823,103</u>	<u>81,544,226</u>	<u>(278,877)</u>
EXPENDITURES					
General Government					
Managers Office					
Wages	184,922	36,299	221,221	221,221	-
Fringe benefits	82,300	(3,397)	78,903	64,950	13,953
Operational	2,661	(560)	2,101	1,713	388
	<u>269,883</u>	<u>32,342</u>	<u>302,225</u>	<u>287,884</u>	<u>14,341</u>
Finance Department					
Wages	456,833	4,903	461,736	447,628	14,108
Fringe benefits	180,531	(7,370)	173,161	145,587	27,574
Operational	59,977	-	59,977	56,673	3,304
	<u>697,341</u>	<u>(2,467)</u>	<u>694,874</u>	<u>649,888</u>	<u>44,986</u>
Technology Department					
Wages	170,355	3,783	174,138	174,138	-
Fringe benefits	53,727	683	54,410	51,120	3,290
Operational	81,450	-	81,450	78,487	2,963
Capital	50,039	(7,502)	42,537	42,537	-
	<u>355,571</u>	<u>(3,036)</u>	<u>352,535</u>	<u>346,282</u>	<u>6,253</u>
Collector of Revenue					
Wages	151,214	-	151,214	148,924	2,290
Fringe benefits	73,385	(27,329)	46,056	29,771	16,285
Operational	32,662	-	32,662	28,493	4,169
	<u>257,261</u>	<u>(27,329)</u>	<u>229,932</u>	<u>207,188</u>	<u>22,744</u>
Treasurer					
Wages	52,387	792	53,179	53,178	1
Fringe benefits	17,951	144	18,095	17,553	542
Operational	205	-	205	205	-
	<u>70,543</u>	<u>936</u>	<u>71,479</u>	<u>70,936</u>	<u>543</u>
Corporation Counsel					
Operational	259,955	-	259,955	243,679	16,276

(continued)

Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) (Continued)
General Fund
For the Year Ended June 30, 2017

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
Townwide Expenditures					
Wages	\$ 402,257	\$ (305,060)	\$ 97,197	\$ 2,734	\$ 94,463
Fringe benefits	833,031	(70,072)	762,959	732,982	29,977
Operational	1,018,090	(59,126)	958,964	646,448	312,516
	<u>2,253,378</u>	<u>(434,258)</u>	<u>1,819,120</u>	<u>1,382,164</u>	<u>436,956</u>
Assessor					
Wages	272,533	3,440	275,973	272,183	3,790
Fringe benefits	110,358	791	111,149	100,013	11,136
Operational	27,977	-	27,977	26,285	1,692
	<u>410,868</u>	<u>4,231</u>	<u>415,099</u>	<u>398,481</u>	<u>16,618</u>
Registrar of Voters					
Wages	66,000	-	66,000	63,893	2,107
Fringe benefits	21,407	1,266	22,673	22,313	360
Operational	51,540	(1,266)	50,274	32,465	17,809
	<u>138,947</u>	<u>-</u>	<u>138,947</u>	<u>118,671</u>	<u>20,276</u>
Town Clerk					
Wages	256,853	3,188	260,041	260,039	2
Fringe benefits	104,776	575	105,351	102,085	3,266
Operational	22,066	-	22,066	21,531	535
Capital	2,000	-	2,000	2,000	-
	<u>385,695</u>	<u>3,763</u>	<u>389,458</u>	<u>385,655</u>	<u>3,803</u>
Board of Assessment Appeals					
Wages	925	-	925	500	425
Fringe benefits	75	-	75	39	36
	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>539</u>	<u>461</u>
Town Council					
Operational	100	-	100	-	100
Total General Government	<u>5,100,542</u>	<u>(425,818)</u>	<u>4,674,724</u>	<u>4,091,367</u>	<u>583,357</u>
Community Development					
Planning and building inspection					
Wages	405,662	2,320	407,982	407,982	-
Fringe benefits	168,133	463	168,596	155,345	13,251
Operational	8,919	317	9,236	7,980	1,256
	<u>582,714</u>	<u>3,100</u>	<u>585,814</u>	<u>571,307</u>	<u>14,507</u>
Planning and Zoning Commission					
Operational	335	-	335	110	225
Zoning Board of Appeals					
Wages	1,175	-	1,175	1,125	50
Fringe benefits	95	-	95	90	5
Operational	340	-	340	309	31
	<u>1,610</u>	<u>-</u>	<u>1,610</u>	<u>1,524</u>	<u>86</u>
Economic Development					
Wages	123,291	(2,774)	120,517	119,025	1,492
Fringe benefits	37,189	267	37,456	36,038	1,418
Operational	14,189	4,250	18,439	14,365	4,074
	<u>174,669</u>	<u>1,743</u>	<u>176,412</u>	<u>169,428</u>	<u>6,984</u>

(continued)

Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) (Continued)
General Fund
For the Year Ended June 30, 2017

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
Conservation Commission					
Wages	\$ 1,300	\$ -	\$ 1,300	\$ 800	\$ 500
Fringe benefits	105	-	105	60	45
Operational	3,390	-	3,390	741	2,649
	<u>4,795</u>	<u>-</u>	<u>4,795</u>	<u>1,601</u>	<u>3,194</u>
Inland Wetlands Commission					
Wages	1,400	-	1,400	800	600
Fringe benefits	114	-	114	60	54
Operational	2,250	-	2,250	2,211	39
	<u>3,764</u>	<u>-</u>	<u>3,764</u>	<u>3,071</u>	<u>693</u>
Veterans Commission					
Operational	4,250	-	4,250	4,033	217
Aquifer Protection Commission					
Wages	300	(80)	220	-	220
Fringe benefits	25	-	25	-	25
Operational	50	80	130	80	50
	<u>375</u>	<u>-</u>	<u>375</u>	<u>80</u>	<u>295</u>
Berlin Historic District					
Wages	1,250	-	1,250	900	350
Fringe benefits	101	-	101	68	33
Operational	200	-	200	115	85
	<u>1,551</u>	<u>-</u>	<u>1,551</u>	<u>1,083</u>	<u>468</u>
Charter Revision Commission					
Wages	1,300	(950)	350	350	-
Fringe benefits	345	(317)	28	28	-
Operational	1,354	1,267	2,621	2,621	-
	<u>2,999</u>	<u>-</u>	<u>2,999</u>	<u>2,999</u>	<u>-</u>
Commission for Disabled					
Wages	600	-	600	600	-
Fringe benefits	49	-	49	45	4
	<u>649</u>	<u>-</u>	<u>649</u>	<u>645</u>	<u>4</u>
Public Building Commission					
Wages	2,300	-	2,300	1,700	600
Fringe benefits	185	-	185	127	58
Operational	400	-	400	-	400
	<u>2,885</u>	<u>-</u>	<u>2,885</u>	<u>1,827</u>	<u>1,058</u>
Total Community Development	<u>780,596</u>	<u>4,843</u>	<u>785,439</u>	<u>757,708</u>	<u>27,731</u>
Public Safety					
Ambulance Contract					
Operational	347,116	-	347,116	346,116	1,000
Animal Control					
Wages	101,329	3,629	104,958	94,596	10,362
Fringe benefits	28,663	847	29,510	27,979	1,531
Operational	14,885	(99)	14,786	13,409	1,377
	<u>144,877</u>	<u>4,377</u>	<u>149,254</u>	<u>135,984</u>	<u>13,270</u>

(continued)

Required Supplementary Information
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Budgetary Basis) (Continued)
 General Fund
 For the Year Ended June 30, 2017

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
Fire Department					
Wages	\$ 272,095	\$ -	\$ 272,095	\$ 248,452	\$ 23,643
Fringe benefits	148,730	(3,925)	144,805	124,979	19,826
Operational	355,189	3,925	359,114	329,548	29,566
	<u>776,014</u>	<u>-</u>	<u>776,014</u>	<u>702,979</u>	<u>73,035</u>
Police					
Wages	4,967,282	44,487	5,011,769	4,898,585	113,184
Fringe benefits	1,939,785	2,003	1,941,788	1,814,153	127,635
Operational	274,814	(3,500)	271,314	258,862	12,452
Capital	195,500	(628)	194,872	194,827	45
	<u>7,377,381</u>	<u>42,362</u>	<u>7,419,743</u>	<u>7,166,427</u>	<u>253,316</u>
Emergency Management					
Operational	14,900	-	14,900	13,551	1,349
Fire Marshal					
Wages	191,326	4,203	195,529	194,868	661
Fringe benefits	93,506	1,131	94,637	91,245	3,392
Operational	5,140	-	5,140	4,238	902
	<u>289,972</u>	<u>5,334</u>	<u>295,306</u>	<u>290,351</u>	<u>4,955</u>
Total Public Safety	<u>8,950,260</u>	<u>52,073</u>	<u>9,002,333</u>	<u>8,655,408</u>	<u>346,925</u>
Physical services					
Municipal Garage					
Wages	474,143	(17,212)	456,931	433,862	23,069
Fringe benefits	200,409	617	201,026	152,836	48,190
Operational	483,655	20,233	503,888	384,143	119,745
Capital	50,000	(39,470)	10,530	10,530	-
	<u>1,208,207</u>	<u>(35,832)</u>	<u>1,172,375</u>	<u>981,371</u>	<u>191,004</u>
Public Works					
Wages	331,916	1,423	333,339	292,220	41,119
Fringe benefits	129,379	311	129,690	106,273	23,417
Operational	1,999,055	12,079	2,011,134	1,773,496	237,638
Capital	35,000	(20,000)	15,000	6,500	8,500
	<u>2,495,350</u>	<u>(6,187)</u>	<u>2,489,163</u>	<u>2,178,489</u>	<u>310,674</u>
Highway					
Wages	996,738	60,706	1,057,444	1,056,325	1,119
Fringe benefits	553,811	3,330	557,141	531,050	26,091
Operational	216,400	7,964	224,364	170,286	54,078
Capital	109,378	(3,775)	105,603	105,602	1
	<u>1,876,327</u>	<u>68,225</u>	<u>1,944,552</u>	<u>1,863,263</u>	<u>81,289</u>
Public Building					
Wages	1,015,514	9,811	1,025,325	1,019,983	5,342
Fringe benefits	470,076	(1,747)	468,329	409,981	58,348
Operational	935,670	(37,574)	898,096	737,735	160,361
Capital	240,000	(184,434)	55,566	55,566	-
	<u>2,661,260</u>	<u>(213,944)</u>	<u>2,447,316</u>	<u>2,223,265</u>	<u>224,051</u>
Total Physical Services	<u>8,241,144</u>	<u>(187,738)</u>	<u>8,053,406</u>	<u>7,246,388</u>	<u>807,018</u>
Parks, Recreation and Libraries					
Mobile Home Park - Operational	7,940	1,200	9,140	7,684	1,456
	<u>7,940</u>	<u>1,200</u>	<u>9,140</u>	<u>7,684</u>	<u>1,456</u>

(continued)

Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) (Continued)
General Fund
For the Year Ended June 30, 2017

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
Recreation					
Wages	\$ 310,500	\$ 2,049	\$ 312,549	\$ 296,850	\$ 15,699
Fringe benefits	83,266	732	83,998	80,506	3,492
Operational	52,643	(441)	52,202	47,320	4,882
Capital	7,000	-	7,000	6,845	155
	<u>453,409</u>	<u>2,340</u>	<u>455,749</u>	<u>431,521</u>	<u>24,228</u>
Golf Course					
Wages	422,822	9,508	432,330	430,736	1,594
Fringe benefits	170,344	1,422	171,766	165,844	5,922
Operational	483,559	1,696	485,255	476,407	8,848
Capital	30,821	9,100	39,921	37,959	1,962
	<u>1,107,546</u>	<u>21,726</u>	<u>1,129,272</u>	<u>1,110,946</u>	<u>18,326</u>
Libraries					
Wages	654,511	(22,323)	632,188	623,596	8,592
Fringe benefits	195,118	24,634	219,752	198,258	21,494
Operational	171,575	-	171,575	166,265	5,310
Capital	7,500	(4,425)	3,075	3,075	-
	<u>1,028,704</u>	<u>(2,114)</u>	<u>1,026,590</u>	<u>991,194</u>	<u>35,396</u>
Public Grounds					
Wages	719,101	24,049	743,150	727,976	15,174
Fringe benefits	376,842	(4,572)	372,270	320,392	51,878
Operational	295,453	2,905	298,358	287,410	10,948
Capital	74,509	(17,555)	56,954	56,954	-
	<u>1,465,905</u>	<u>4,827</u>	<u>1,470,732</u>	<u>1,392,732</u>	<u>78,000</u>
Total Parks, Recreation and Libraries	<u>4,063,504</u>	<u>27,979</u>	<u>4,091,483</u>	<u>3,934,077</u>	<u>157,406</u>
Health and Human Services					
Health Department					
Operational	<u>115,022</u>	<u>-</u>	<u>115,022</u>	<u>109,593</u>	<u>5,429</u>
Nursing Services					
Wages	1,143,788	(10,046)	1,133,742	1,095,101	38,641
Fringe benefits	412,450	15,124	427,574	398,730	28,844
Operational	365,576	-	365,576	243,667	121,909
Capital	15,498	(10,578)	4,920	4,920	-
	<u>1,937,312</u>	<u>(5,500)</u>	<u>1,931,812</u>	<u>1,742,418</u>	<u>189,394</u>
Community Services					
Wages	354,382	7,744	362,126	353,192	8,934
Fringe benefits	165,068	2,024	167,092	157,207	9,885
Operational	28,983	6,665	35,648	34,128	1,520
	<u>548,433</u>	<u>16,433</u>	<u>564,866</u>	<u>544,527</u>	<u>20,339</u>
Homemaking Services					
Wages	116,880	(460)	116,420	66,539	49,881
Fringe benefits	20,415	591	21,006	13,106	7,900
Operational	22,575	-	22,575	4,867	17,708
	<u>159,870</u>	<u>131</u>	<u>160,001</u>	<u>84,512</u>	<u>75,489</u>
Total Health and Human Services	<u>2,760,637</u>	<u>11,064</u>	<u>2,771,701</u>	<u>2,481,050</u>	<u>290,651</u>

(continued)

Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) (Continued)
General Fund
For the Year Ended June 30, 2017

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
Schools					
Private Schools					
Wages	86,264	(2,560)	83,704	65,610	18,094
Fringe benefits	39,867	2,560	42,427	36,532	5,895
Operational	1,382	-	1,382	1,054	328
	<u>127,513</u>	<u>-</u>	<u>127,513</u>	<u>103,196</u>	<u>24,317</u>
Board of Education	<u>41,958,892</u>	<u>-</u>	<u>41,958,892</u>	<u>41,901,752</u>	<u>57,140</u>
School Expenditures					
Wages	\$ 606,013	\$ 5,752	\$ 611,765	\$ 581,978	\$ 29,787
Fringe benefits	715,622	972	716,594	670,174	46,420
Operational	2,146,933	31,716	2,178,649	2,106,369	72,280
Capital	435,000	(254,623)	180,377	179,626	751
	<u>3,903,568</u>	<u>(216,183)</u>	<u>3,687,385</u>	<u>3,538,147</u>	<u>149,238</u>
Total Schools	<u>45,989,973</u>	<u>(216,183)</u>	<u>45,773,790</u>	<u>45,543,095</u>	<u>230,695</u>
Debt Principal					
Town government	1,323,098	-	1,323,098	1,305,349	17,749
Schools	3,132,131	-	3,132,131	3,104,590	27,541
	<u>4,455,229</u>	<u>-</u>	<u>4,455,229</u>	<u>4,409,939</u>	<u>45,290</u>
Interest and Fiscal Charges					
Town government	673,347	-	673,347	572,083	101,264
Schools	1,901,053	-	1,901,053	1,859,212	41,841
	<u>2,574,400</u>	<u>-</u>	<u>2,574,400</u>	<u>2,431,295</u>	<u>143,105</u>
Total Expenditures	<u>82,916,285</u>	<u>(733,780)</u>	<u>82,182,505</u>	<u>79,550,327</u>	<u>2,632,178</u>
Other Financing Uses					
Transfers to other funds					
Capital projects fund	280,000	922,584	1,202,584	1,202,584	-
Special revenue funds	-	229,017	229,017	229,017	-
Other funds	15,000	-	15,000	15,000	-
	<u>295,000</u>	<u>1,151,601</u>	<u>1,446,601</u>	<u>1,446,601</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>83,211,285</u>	<u>417,821</u>	<u>83,629,106</u>	<u>80,996,928</u>	<u>2,632,178</u>
Excess (Deficiency) of Revenues Over Expenditures - Budgetary Basis	<u>\$ (1,800,000)</u>	<u>\$ (6,003)</u>	<u>\$ (1,806,003)</u>	<u>\$ 547,298</u>	<u>\$ 2,353,301</u>
Adjustments to Generally Accepted Accounting Principles (GAAP):					
Payments on Behalf of the Town Not Recorded on a Budgetary Basis:					
Revenues from Teachers' Retirement				8,720,561	
Expenditures for Teachers' Retirement				(8,720,561)	
Other Funds Not Recorded on a Budgetary Basis:					
Union Negotiation Reserve				219,342	
Revaluation Fund				(40,076)	
Correction of Prior Year Salary Payable				(286,507)	
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses - GAAP Basis (Exhibit 4)				<u>\$ 440,057</u>	

Notes to Required Supplementary Information: This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions: 1. The Town does not recognize as income or expenditures payments made for the teacher's retirement by the State of Connecticut on the Town's behalf; 2. Revenues and expenditures from capital leasing and for renewing or refunding long-term debt are included in the budget as the net revenue or expenditure expected; 3. The Union Negotiation Fund and Revaluation Fund are not reported in the budget.

Required Supplementary Information
 Town of Berlin Employee Retirement Plan
 Schedule of Changes in Net Pension Liability and Related Ratios
 Last 10 Fiscal Years or Since Inception of GASB 67/68

	2017	2016	2015	2014
Total Pension Liability				
Service cost	\$ 93,056	\$ 117,272	\$ 113,033	\$ 104,337
Interest on total pension liability	287,446	306,265	363,095	450,167
Differences between expected and actual experience	1,080,795	788,138	(558,319)	-
Changes of assumptions	2,459,951	655,798	740,472	-
Benefit payments	(808,399)	(1,576,058)	(1,666,241)	(215,290)
Net change in total pension liability	3,112,849	291,415	(1,007,960)	339,214
Total pension liability, beginning	6,055,118	5,763,703	6,771,663	6,432,449
Total pension liability, ending	9,167,967	6,055,118	5,763,703	6,771,663
Fiduciary Net Position				
Employer contributions	700,399	700,537	1,406,809	700,000
Member contributions	-	-	-	290,417
Net investment income	10,494	19,456	37,101	24,338
Benefit payments	(808,399)	(1,576,058)	(1,666,241)	(215,290)
Net change in plan fiduciary net position	(97,506)	(856,065)	(222,331)	799,465
Fiduciary net position, beginning	366,175	1,222,240	1,444,571	645,106
Fiduciary net position, ending	268,669	366,175	1,222,240	1,444,571
Net pension liability, ending	\$ 8,899,298	\$ 5,688,943	\$ 4,541,463	\$ 5,327,092
Fiduciary net position as a % of total pension liability	2.93%	6.05%	21.21%	21.33%
Covered payroll	\$ 1,452,832	\$ 1,585,622	\$ 1,882,367	\$ 1,958,991
Net pension liability as a % of covered payroll	612.55%	358.78%	241.26%	271.93%

This schedule is intended to show 10 years of data. Additional years will be displayed as it becomes available.

Town of Berlin, Connecticut

RSI-2b

Required Supplementary Information
Town of Berlin Employee Retirement Plan
Schedule of Employer Contributions
Last 10 Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 913,803	\$ 918,862	\$1,001,122	\$ 935,628	\$1,005,393	\$ 493,732	\$ 473,550	\$ 355,088	\$ 254,732	\$ 260,595
Contributions in relation to the actuarially determined contribution	700,399	700,537	1,406,809	700,000	700,000	350,000	200,000	175,000	150,000	-
Contribution deficiency (excess)	\$ 213,404	\$ 218,325	\$ (405,687)	\$ 235,628	\$ 305,393	\$ 143,732	\$ 273,550	\$ 180,088	\$ 104,732	\$ 260,595
Covered employee payroll	\$ 1,452,832	\$ 1,585,622	\$1,882,367	\$1,958,991	\$2,073,539	\$1,907,671	\$1,993,876	\$1,986,110	\$2,251,842	\$2,233,448
Contributions as a percentage of covered employee payroll	48.21%	44.18%	74.74%	35.73%	33.76%	18.35%	10.03%	8.81%	6.66%	0.00%

Notes to the Schedule

Valuation Date July 1, 2016

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	Fair value method
Inflation	2.60%
Salary increases	3.25% per year for Police and 2.75% for all others
Investment rate of return	Pre-retirement: 4.00%, Post-retirement: 2.45%
Retirement age	Police: 100% at 30 years of active service. All others: 100% at age 65. Pre-retirement
Mortality	Pre-retirement: RP-2014 adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2016
	Post-retirement: IRS 417(e) mortality table

Required Supplementary Information
Town of Berlin Employee Retirement Plan
Schedule of Money-Weighted Rate of Return
Last 10 Fiscal Years or Since Inception of GASB 67/68

Fiscal Year Ending June 30,	Net Money-Weighted Rate of Return
2017	1.95%
2016	2.46%
2015	2.17%
2014	2.02%
2013	NA
2012	NA
2011	NA
2010	NA
2009	NA
2008	NA

This schedule is intended to show 10 years of data.
Additional years will be displayed as it becomes available.

Required Supplementary Information - Schedule of Funding Progress
 Other Post Employment Benefits Plan
 Last Three Valuations

Valuation Date	Actuarial Value of Assets	Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
7/1/2014	\$ -	\$ 5,468,687	\$ 5,468,687	0.00%	\$ 29,454,889	18.57%
7/1/2012	-	5,682,000	5,682,000	0.00%	29,701,000	19.13%
7/1/2010	-	4,675,000	4,675,000	0.00%	N/A	0.00%

Required Supplementary Information - Schedule of Employer Contributions
Other Post Employment Benefits Plan
Last Six Fiscal Years

Fiscal Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
6/30/2017	\$ 566,742	\$ 200,933	35.45%
6/30/2016	530,261	206,133	38.87%
6/30/2015	579,000	269,000	46.46%
6/30/2014	546,000	239,000	43.77%
6/30/2013	476,000	304,000	63.87%
6/30/2012	452,000	329,000	72.79%

Required Supplementary Information
Connecticut Teachers Retirement System
June 30, 2017

	2017	2016	2015
Schedule of Changes in Net Pension Liability and Related Ratios Last 10 Fiscal Years or Since Inception of GASB 68			
Town's percentage of collective net pension liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Town's proportionate share of the collective net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the collective net pension liability associated with the employer	<u>\$79,965,829</u>	<u>\$62,277,260</u>	<u>\$57,488,298</u>
Total proportionate share of the collective net pension liability	<u>\$79,965,829</u>	<u>\$62,277,260</u>	<u>\$57,488,298</u>
Town's covered payroll	(1) <u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Town's proportionate share of the collective net pension liability as a % of covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a % of total pension liability	<u>52.26%</u>	<u>59.50%</u>	<u>61.51%</u>

Schedule of Employer Contributions
Last 10 Fiscal Years or Since Inception of GASB 68

Contractually required Town contribution	(2) \$ -	\$ -	\$ -
--	----------	------	------

(1) Not applicable since 0% proportional share of the net pension liability.

(2) The Town is not required to contribute to the plan. The State contributes on behalf of the Town.

This schedule is intended to show 10 years of data. Additional years will be displayed as it becomes available.

(Continued)

Required Supplementary Information
Connecticut Teachers Retirement System *(continued)*
June 30, 2017

Notes to Required Supplementary Information

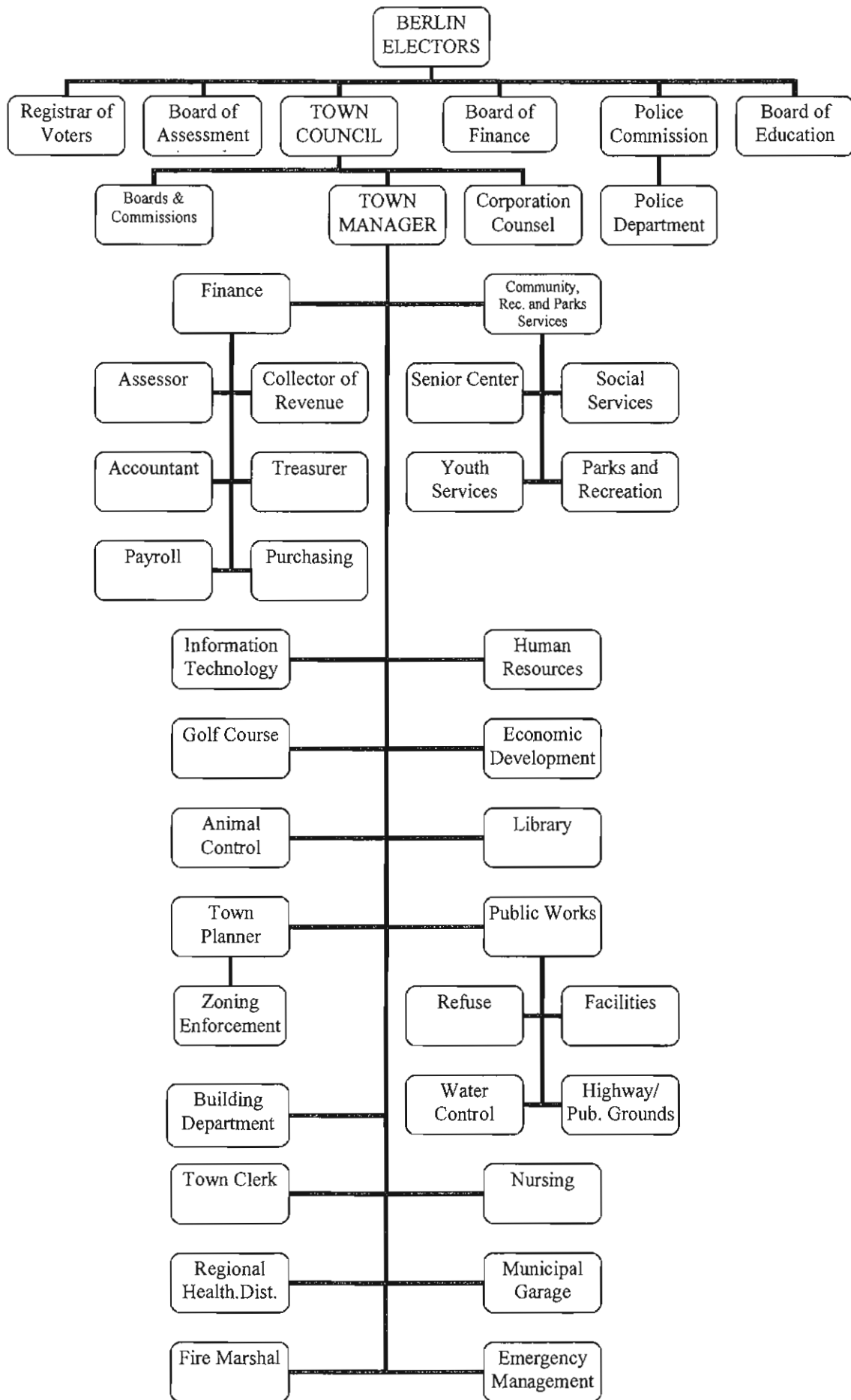
Changes of benefit terms	None
Changes of assumptions	<ol style="list-style-type: none"> 1. Reduce the inflation assumption from 3.00% to 2.75%. 2. Reduce the real rate of return assumption from 5.50% to 5.25% which, when combined with the inflation assumption change results in a decrease in the investment rate of return assumption from 8.50% to 8.00%. 3. Reduce the annual rate of wage increase assumption from 0.75% to 0.50%. 4. Slightly modify the merit portion of the salary scale. 5. Reduce the payroll growth assumption from 3.75% to 3.25%. 6. Update mortality tables to projected versions of the RPH-2014 mortality tables. 7. Increase normal retirement rates for females at most ages and proratable retirement rates for males at most ages. Decrease early retirement rates for both males and females. 8. Increase rates of withdrawal. 9. Decrease rates of disability for males.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	21.4 years
Asset valuation method	4 year smoothed market
Inflation	2.75%
Salary increases	3.25%-6.00% average, including inflation
Investment rate of return	8.00% net of pension plan investment expense, including inflation 9. Decrease rates of disability for males.

Town of Berlin, Connecticut

Exhibit A-2

Report of the Property Tax Collector
For the Year Ended June 30, 2017

Grand List	Due Date	Taxes Collectible	Lawful Corrections	Adjusted Taxes Collectible	Taxes	Interest	Collections	Lien Fees	Total	Refunds	Transferred to Suspense Book	Taxes Receivable June 30, 2017
October 1, 2016 (1)	July 1, 2017	\$	Additions (2)	Deductions (5)	\$	\$	\$	\$	\$	\$	\$	\$
2015	2016	67,411,496	892,908	235,046	68,069,358	67,378,401	153,748	1,255	67,533,404	135,769	-	826,726
2014	2015	742,080	2,412	16,028	728,464	327,988	80,274	1,265	409,527	10,294	93,682	317,088
2013	2014	212,891	-	1,144	211,747	73,071	37,920	576	111,567	21,112	-	159,788
2012	2013	131,778	355	135	131,998	42,455	23,518	288	66,261	43	-	89,586
2011	2012	96,169	-	-	96,169	13,733	6,333	144	20,210	38	-	82,474
2010	2011	82,755	-	-	82,755	4,849	2,347	24	7,220	37	-	77,943
2009	2010	48,172	-	-	48,172	-	-	-	-	-	-	48,172
2008	2009	51,470	-	-	51,470	-	111	-	111	-	-	51,470
2007	2008	63,271	-	-	63,271	436	38	24	498	-	-	62,835
2006	2007	13,613	-	-	13,613	-	-	-	-	-	-	13,613
2005	2006	14,106	-	-	14,106	13	-	-	13	-	-	14,093
2004	2005	13,289	-	-	13,289	-	5,857	-	5,857	-	-	13,289
2003	2004	13,115	-	-	13,115	2,087	271	24	2,382	-	-	11,028
2002	2003	10,383	-	-	10,383	-	-	-	-	-	-	10,383
2001	2002	1,688	-	-	1,688	-	165	-	165	-	-	1,688
Tax suspense book, including interest												
Total		\$ 68,906,276	\$ 895,675	\$ 252,353	\$ 69,549,598	\$ 67,964,730	\$ 310,582	\$ 3,600	\$ 68,278,912	\$ 167,293	\$ 93,682	\$ 1,780,176
Note 1: The fiscal year begins on July 1, and taxes become due on that date.												
Note 2: Includes motor vehicle supplemental amounting to \$ 740,401												
Note 3: Actual tax coll. excluding Susp. Taxes for the year ended June 30, 2017:												
Tax collections, June 30, 2017												
Deduct:												
Suspense tax and interest (65,149)												
Advance collections of taxes due July 1, 2017 (56,548)												
Tax Collections \$ 67,843,033												
Note 4: Property taxes receivable, June 30, 2017.												
Less:												
Allowance for uncollectible taxes												
Net property taxes receivable (481,788)												
Note 5: Includes writeoffs amounting to \$ 144												





ADMINISTRATION

Jack Healy, P.E.
Acting Town
Manager
860.828.7003

ANIMAL CONTROL

Jan Lund, Officer
860.828.7055

BERLIN-PECK MEMORIAL LIBRARY

Helen Malinka, Director
860.828.7125

BOARD OF EDUCATION

Brian Benigni, Superintendent
860.828.5017

BUILDING DEPARTMENT

Frank Van Linter, Building Official
860.828.7012

COMMUNITY, RECREATION & PARK SERVICES

Jennifer Ochoa, Director
860.828.7010
Debra Dennis, Superintendent of
Recreation
860.828.7056
Doug Truitt, Director of Social and
Youth Services
860.828.7059
Tina Doyle, Senior Center Director
860.828.7050

ECONOMIC DEVELOPMENT

Chris Edge, Director
860.828.7005

ENGINEERING/PUBLIC WORKS

Jack Healy, P.E. Engineer/Director
860.828.7022
Doug Solek, Facilities Director
860.828.7139
Ray Jarema, P.E. Water Control
860.828.7065
Bryan Griswold, Superintendent of
Highways and Public Grounds
860.828.7046

FINANCE

Kevin Delaney, Director
860.828.7044
Nancy Lockwood, Treasurer
860.828.7045
Maryssa Tsoilis, Purchasing Agent
860.828.7048
Joseph Ferraro, Assessor
860.828.7039
Debbie Swan, Revenue Collector
860.828.7123

FIRE SERVICES

Jim Simons, Fire Administrator
860.828.7057

FIRE MARSHAL

Steven Waznia, Fire Marshal/
Risk Manager
860.828.7053

HEALTH DEPARTMENT

Central Connecticut Health District
Jeff Vecchitto, Sanitarian
860.828.7017

HUMAN RESOURCES

Denise Parsons, Director
860.828.7115

INFORMATION TECHNOLOGY

Barbara Sagan, Director
860.828.7095

MUNICIPAL GARAGE

Jim Simons,
Fleet Management
Director
860.828.7057

POLICE DEPARTMENT

Chief John Klett
860.828.7092

REGISTRARS OF VOTERS

Christy Miano (D)
860.828.7021
Elizabeth Tedeschi (R)
860.828.7020

TIMBERLIN GOLF COURSE

Jonathan Zuk, Director
860.828.7054

TOWN CLERK'S OFFICE

Kate Wall, Town Clerk
860.828.7036

TOWN MANAGER

Jack Healy, P.E.
Acting Town Manager
860.828.7003

TOWN PLANNER

Marek Kozikowski, Town Planner
860.828.7060
Maureen Giusti, Zoning Officer
860.828.7008

VNA (Visiting Nurses
Administration)
Wendy Russo, Administrator
860.828.7026