

TOWN OF BERLIN CONNECTICUT



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2012

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

**TOWN OF BERLIN
CONNECTICUT**

FISCAL YEAR ENDED JUNE 30, 2012

Prepared by:

Finance Department

James Wren, Jr., Finance Director

TOWN OF BERLIN, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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Introductory Section

PRINCIPAL ELECTED OFFICIALS

	Mayor	Adam P. Salina	
Deputy Mayor	Stephen Morelli	Councilor	Eric Buhrendorf
Councilor	David Evans	Councilor	William Rasmussen Jr.
Councilor	Rachel Rochette	Councilor	William Watson III

ADMINISTRATION

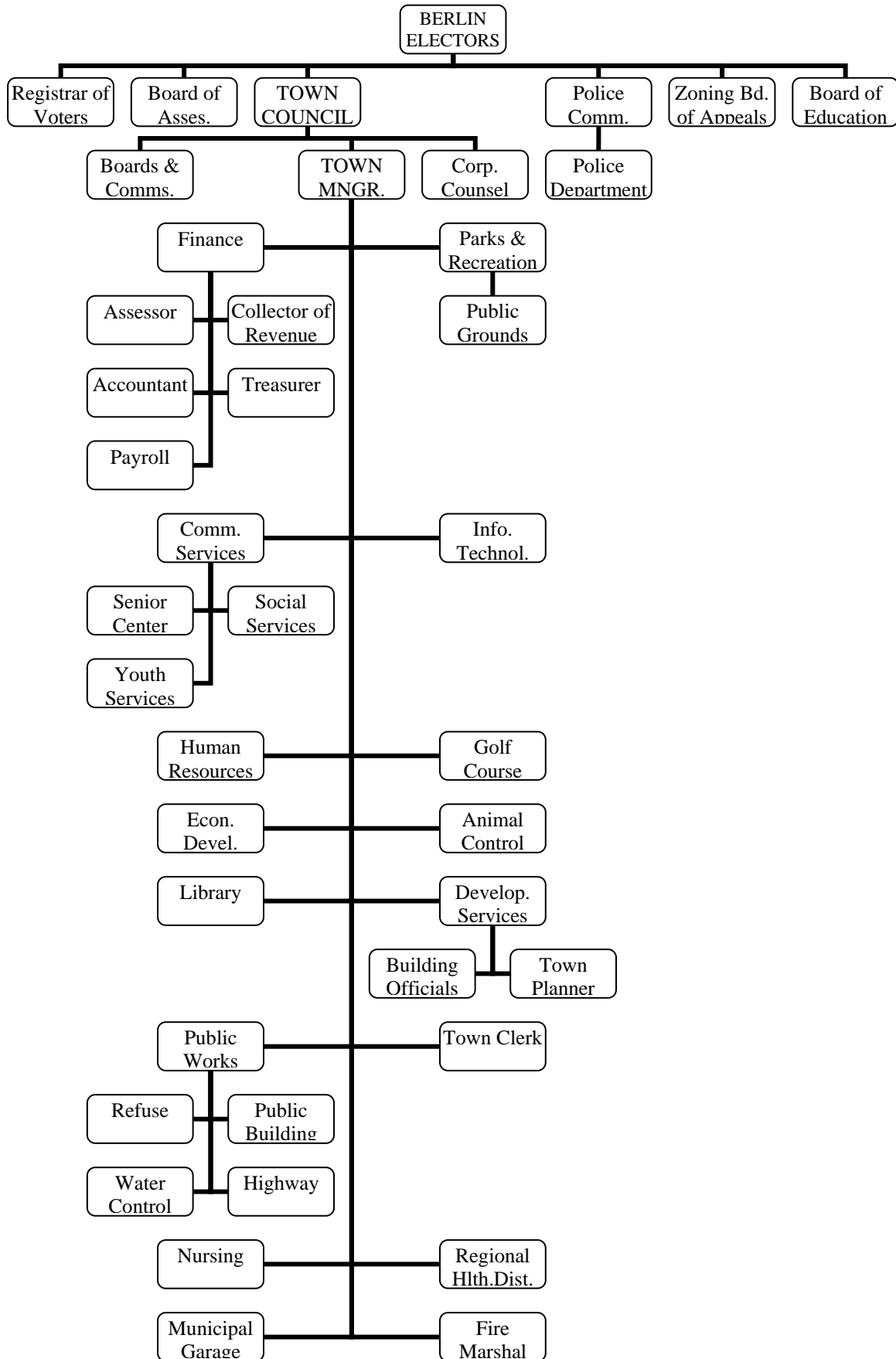
Town Manager	Denise M. McNair
Corporation Counsel	Robert F. Weber
Finance Director	James Wren Jr.
Nursing Supervisor	Linda Colella
Planner	Hellyn R. Riggins
Recreation Director	Vacant
Public Works Director	Arthur Simonian
Chief of Police	Paul D. Fitzgerald
Town Clerk	Kathryn J. Wall
Library Director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

BOARD OF EDUCATION

	Gary R. Brochu, President	
Irene H. Matulis, Secretary		Cynthia B. Kobus
Kristin Campanelli		Timothy J. Oakes
Jeffrey Cugno		Kathleen A. O'Donnell-Moss
Julie M. Erickson		John M. Richards
Superintendent of Schools		David B. Erwin
Business Manager		Roman J. Czuchta

TOWN OF BERLIN

Organization Chart





TOWN OF BERLIN

Finance Department

240 KENSINGTON ROAD • TOWN HALL • BERLIN, CT 06037

November 14, 2012

Mayor Adam P. Salina
Members of the Town Council
Ms. Denise McNair, Town Manager
Town of Berlin
240 Kensington Road
Berlin, Connecticut 06037

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

The Comprehensive Annual Financial Report (CAFR) of the Town of Berlin for the fiscal year ended June 30, 2012 is submitted herewith. State law requires that the Town publish, within six months of the close of the fiscal year, a complete set of audited financial statements. The attached report is published to fulfill that requirement for fiscal year 2012.

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

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

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

PROFILE OF THE MUNICIPALITY

The Town of Berlin is an independent town and is a political subdivision of the State of Connecticut autonomous from any county, town or other political subdivision of the State of Connecticut. The Town of Berlin was incorporated in 1785 from parts of Farmington, Middletown, and Wethersfield. The Town, which covers an area of 27.0 square miles, is located in the geographic center of the state in Hartford County. Berlin's current population is approximately 19,901 as of June 30, 2012.

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

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

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

LOCAL ECONOMIC CONDITION AND OUTLOOK

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

The Town of Berlin entered the economic downturn which started in 2008 in relatively good condition with very high commercial/industrial occupancy rates and ongoing commercial and residential development projects across the Town. The pace of development has slowed and the Town experienced some business closings but many of the impacted properties have already been sold or leased to new Berlin businesses. Notable new businesses include Fosdick Fulfillment (replacing Hartford Direct), Okay Industries (replacing Bayer-Sheffield Plastics), The Fletcher Terry Company (replacing Reliance Automotive) and Kohl's (being developed at the former Sam's Club site). Northeast Utilities' corporate office group relocated out of Town but this space has been filled by other Northeast Utilities administrative offices. Northeast Utilities subsidiaries Connecticut Light & Power and Yankee Gas are still headquartered in Berlin. In addition, Northeast Utilities acquired a 100,000-square-foot warehouse for its transmission group and an 18,500-square-foot office addition; the company has also expanded its

aerial device facility at the Berlin campus. Northeast Utilities completed a merger with NSTAR on April 10, 2012, creating one of the nation's largest utilities with six regulated electric and natural gas utilities serving 3.5 million customers in three states. The newly-merged company will continue to be called Northeast Utilities and NSTAR will become an NU subsidiary in Massachusetts. The merged company will have dual headquarters in Hartford and Boston.

Several other existing Berlin businesses have expanded recently, including Sportika, Letter Concepts, TOMZ Corporation, Harvey Industries, Budney Overhaul and Repair, LTD, B&F Machine and Heise Industries, Inc. In total, these businesses have added more than 100,000 square feet of building space.

Overall, the Town still benefits from a diverse economic base and a location that is accessible to a large labor force without requiring commuting through congested areas in the State's major cities. From 2007 - 2012, the Town's unemployment rate is consistently less than the State, regional and national averages. As of June 2012, the unemployment rate in Berlin was 6.6% (not seasonally adjusted) compared with the Hartford's Labor Market Area (8.5%), the State of Connecticut (8.1%) and the United States (8.2%). Local employment growth has outpaced the State over the past 10 years. Berlin has strong demographic characteristics including a median household income 27% higher than the State average. In addition, despite a slight decrease in the personal property Grand List, the Town's 2011 overall Grand List grew 1.37% over 2010.

Issuance of building permits (both commercial and industrial) in the Town's 2012 fiscal year was weaker than expected with the number of permits issued decreasing about 15% over fiscal year 2011.

MAJOR INITIATIVES

Public projects in Berlin's Commercial Core Area include streetscape improvements, construction of Berlin Veterans' Memorial Park, revitalization of the AMTRAK train station and the conversion of the vacant former Sherwood Tool complex into 84 non-age-restricted condominiums. The first two phases of this project (totaling 47 units) are completed and the third and final stage is under construction.

Major state and federal investments are also being made to upgrade commuter rail service through Berlin on the New Haven-to-Springfield corridor. These public investments will complement the Legion Square project anchored by Stop and Shop. In addition, the Berlin Turnpike corridor is benefiting from commercial developments including a \$12 million addition completed in 2010 by Connecticut Light & Power. Major Targeted Economic Development Sites (TEDS) were identified in the 2003 Plan of Conservation and Development and marketing of these sites in cooperation with property owners is expected to continue to yield future development successes.

In addition, the Town has undertaken several major capital projects including a \$69.95 million project to renovate Berlin High School as new; this project was approved at referendum in March 2011. Currently, this project is in the design phase and cost estimates and budgets are being reviewed. In addition, the Town has acquired the former Kensington Furniture property in order to relocate the police station to a more central location in Town; once environmental studies are completed, the existing building will be demolished in preparation for the construction of the new facility.

Several other projects that have recently been undertaken include major roadway improvements (the first phase of which is underway); the purchase of a new generator, phone system and virtualization software to better prepare the Town to respond to a disaster situation and a multi-year initiative to repair town bridges and sidewalks.

Final construction documents were prepared and bids were solicited to address the inflow and infiltration problems at the Sewer interceptor that serves three districts in Berlin. As of June 30, the Town is awaiting State approval to award the bid for work to be completed in fiscal year 2013 and 2014 to re-line the existing sewer pipes where major problems exist. The preliminary project cost estimate is \$4,000,000 to be shared by the three districts. A 2% 20 year loan from the State of Connecticut Department of Energy and Environmental Protection Clean Water Fund will be obtained to fund this project.

Finally, the Mattabassett District (which currently provides sewer treatment services for Berlin, Cromwell and New Britain) is planning a major upgrade for nitrogen removal, increased capacity to accommodate a new member (City of Middletown) and related required improvements to meet the EPA and DEEP nitrogen removal requirements as well as the EPA's sewage sludge incinerator emissions requirements. The three year construction project is anticipated to begin in the summer of 2012 with a total anticipated cost of \$100 million. The cost of this project will impact the annual assessment of all member towns, including Berlin, beginning with fiscal year 2013.

LONG-TERM FINANCIAL PLANNING AND IMPACT TO FUND BALANCE

During fiscal year 2012, the Town continued to place emphasis on its long-range strategic plan of maintaining unassigned general fund balance at a level that is at least 10 percent of general fund revenues. Unassigned fund balance represents that portion of fund balance which is available for appropriation. Because of conservative financial management in past years, the Town Council has been able to assign a portion of fund balance during the past several years' budget processes in order to defray the necessary mill rate increase. The Town assigned \$1,550,000 of fund balance to be used in fiscal year 2012; however, due to expenditure controls implemented by the Town as well as better than expected revenues, it was not necessary to utilize any of these funds. In the previous fiscal year, none of the \$1,300,000 assigned needed to be used. It is important to note that this was accomplished during 2012 despite the two major weather events (Tropical Storm Irene and Winter Storm Alfred) that occurred during the fiscal year which cost the Town over \$1.1 million. Through use of budgeted contingency, successful management of other expenditures and reimbursements of a portion of the storm costs from the federal government, the Town was able to minimize the effects of the disaster on the Town's fund balance.

The unassigned fund balance in the general fund as a percentage of total general fund revenues (budgetary basis) increased from 12.4% of total general fund revenues at June 30, 2011 to 13.2 % at June 30, 2012. For fiscal year 2013, \$1,550,000 of assigned fund balance was again included in the budget with the expectation that the difficult economy will persist and continue to affect the federal, state and local governments.

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

OTHER RELEVANT FINANCIAL POLICIES AND PROCEDURES

The Town of Berlin has established a comprehensive set of internal financial policies. During fiscal year 2012, several of these policies were particularly relevant as follows:

The Town has a policy of including a contingency account in the Town's operating budget to address unexpected financial issues that arise during the year. This policy assisted the Town in managing two major storms that affected the Town during the year. This policy, in conjunction with the process described above for managing expenditures prevented the Town from utilizing fund balance to cover storm expenditures. The Town's policy of canceling open purchase encumbrances in the general fund at the end the fiscal year also assists in controlling expenditures.

During the fiscal year, the Town has also begun the process of developing a comprehensive business continuity and disaster recovery plan. This includes an agreement with the financial software company to maintain a backup of the financial database out of state. This will ensure data integrity and continued financial operations in the event of a major disaster in the state.

OTHER INFORMATION

Independent Auditor:

In accordance with Section 7-13 of the Town Charter, the Council shall select an independent public accountant, approved by the Secretary of the State Office of Policy and Management, to complete an annual audit. During fiscal year 2010, the Town solicited proposals from qualified auditing firms to provide audit services for the three-year period encompassing fiscal years 2010, 2011 and 2012 with the potential of a two-year extension. On April 6, 2010, based on a recommendation from the Director of Finance and the Audit Committee of the Town Council, the Town Council re-appointed Blum, Shapiro & Company as the Town's auditors. The Town intends to solicit proposals again during fiscal year 2013.

Award:

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

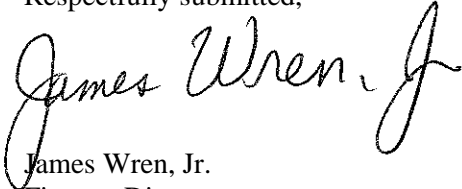
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR) whose contents conform to program standards. The report must satisfy both generally accepted accounting principles and applicable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

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

Acknowledgments:

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

Respectfully submitted,

A handwritten signature in black ink that reads "James Wren, Jr." with a stylized flourish at the end.

James Wren, Jr.
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Berlin
Connecticut

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Danison

President

Jeffrey R. Enner

Executive Director

Financial Section



Accounting | Tax | Business Consulting

Independent Auditors' Report

To the Town Council
Town of Berlin, Connecticut

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Berlin, Connecticut, as of and for the year ended June 30, 2012, which collectively comprise the Town of Berlin, Connecticut's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Berlin, Connecticut's management. 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Berlin, Connecticut's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Berlin, Connecticut, as of June 30, 2012 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2012 on our consideration of the Town of Berlin, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11 and the budgetary comparison information on pages 48 through 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Berlin, Connecticut's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Blum, Shapiro & Company, P.C.

November 14, 2012

TOWN OF BERLIN, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2012

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, 2012. Please read this Management Discussion and Analysis (MD&A) in conjunction with the transmittal letter and the Town's financial statements, Exhibits I to IX. All amounts are expressed in thousands unless otherwise noted.

FINANCIAL HIGHLIGHTS

- The Town's net assets increased by \$1,063, or 1.2%, as a result of this year's operations. Net assets of our governmental activities increased by \$539, or .7%, and net assets of our business-type activities increased by \$524, or 3.7%.
- During the year, the Town had expenses that were \$539 less than the \$79,748 generated in tax and other revenues for governmental programs.
- In the Town's business-type activities, expenses were \$524 less than the \$3,151 generated in charges for services and other revenues.
- The total cost of all of the Town's programs increased by 5.4% to \$81,836 with no new programs added this year. This increase was mainly due to large increases in education, public safety and physical services expenditures due to the impacts of two major storms during fiscal year 2012 (a portion of these costs were reimbursed by the federal government) as well as capital additions for the high school renovation project and purchase of land for construction of a new police station.
- The General Fund reported a total fund balance this year of \$11,298, an increase of \$930, or 9%, from the previous year. The unassigned portion of fund balance increased by \$857, or 10.1%. None of the \$1,550 fund balance assigned to balance the fiscal year 2012 budget was utilized.
- Expenditures were kept at or below spending limits.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

The analysis of the Town as a whole begins with Exhibits I and II. The statement of net assets 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 assets and changes in them. The Town's net assets (i.e. the difference between assets and liabilities) is one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net assets 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 assets and the statement of activities, we divide the Town into two types of activities:

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

Fund Financial Statements

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

- *Governmental funds (Exhibit III and IV)* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.
- *Proprietary funds (Exhibit V, VI and VII)* - When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net assets and the statement of activities. In fact, the Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. Internal service funds (the other component of proprietary funds) are used to report activities that provide supplies and services for the Town's other programs and activities—such as the Town's General Insurance and Medical and Health Insurance internal service funds.
- *Fiduciary funds (Exhibit VIII and IX)* - The Town is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the Town's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets. 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 assets increased from \$90,073 to \$91,136. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town's governmental and business-type activities.

Table 1
Net Assets
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 36,430	\$ 38,418	\$ 4,820	\$ 4,322	\$ 41,250	\$ 42,740
Capital assets, net of accumulated depreciation	83,216	79,197	9,824	9,828	93,040	89,025
Total assets	<u>119,646</u>	<u>117,615</u>	<u>14,644</u>	<u>14,150</u>	<u>134,290</u>	<u>131,765</u>
Long-term debt outstanding	30,272	31,811			30,272	31,811
Other liabilities	12,807	9,776	75	105	12,882	9,881
Total liabilities	<u>43,079</u>	<u>41,587</u>	<u>75</u>	<u>105</u>	<u>43,154</u>	<u>41,692</u>
Net Assets:						
Invested in capital assets, net of related debt	57,120	56,583	9,825	9,828	66,945	66,411
Restricted	157	156			157	156
Unrestricted	<u>19,290</u>	<u>19,289</u>	<u>4,744</u>	<u>4,217</u>	<u>24,034</u>	<u>23,506</u>
Total Net Assets	<u>\$ 76,567</u>	<u>\$ 76,028</u>	<u>\$ 14,569</u>	<u>\$ 14,045</u>	<u>\$ 91,136</u>	<u>\$ 90,073</u>

Net assets of the Town's governmental activities increased by .71 %. Unrestricted governmental net assets (i.e. the portion of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements) increased slightly from \$19,289 at June 30, 2011 to \$19,290 at the end of this year.

The Town was able to achieve a slight increase in unrestricted governmental net assets in 2012 due to successful expenditure controls (especially those put in place during the last quarter of the fiscal year) to outpace declining intergovernmental (i.e., grant) revenues during the difficult economic times experienced over the past year and that are expected to continue into the future. Net assets invested in capital assets, net of debt also increased from \$56,583 at June 30, 2011 to \$57,120 at June 30, 2012. This increase is due to the fact that no bond issuances were done during fiscal year 2012 combined with the fact that there was a significant increase in construction in progress this year due to large capital initiatives such as the high school renovation and police station construction projects. Substantial roadway improvement projects are also underway. Please refer to Notes 5 and 6 in the Notes to Financial Statements for further detail.

Authorized General Fund appropriations for operating expenses of approximately \$1.7 million remained unspent at year end; this is the result of prioritizing needs and funding only the most critical of these needs, especially in the last quarter of the fiscal year. In addition, management has controlled expenditures through such practices as improving operational efficiencies, not hiring any new staff, prohibiting out-of-state travel for conferences and negotiating favorable changes in labor contracts (with most Town contracts having no increase for fiscal year 2012). It should be noted that all of this was achieved despite the impacts of Tropical Storm Irene and Winter Storm Alfred, two federally-declared disasters that directly impacted the Town during fiscal year 2012. Through the use of budgeted contingency funds, expenditure savings due to a milder-than-average winter, performance of clean-up with internal forces rather than vendors, and successful reimbursement from the federal government, the Town was able to avoid a negative financial impact from these storms.

In addition to expenditure reduction efforts, there were also positive results in several revenue categories that contributed to an increase in net assets. Most notably, tax revenues, especially collection of delinquent accounts and related interest, have continued to be better than expected, despite the difficult economy; and the Grand List, unlike that

of many surrounding towns, has continued to grow (1.4% growth in fiscal year 2012). The Town has been able to achieve a very high tax collection ratio (98.54% in the current fiscal year) throughout the economic downturn. In addition, based on information available from the State of Connecticut at the time, the Town budgeted a substantially reduced amount for the Manufacturers' Machinery and Equipment grant (note that in fiscal year 2011, this grant was reduced by \$280 from previous levels); however, this grant was replaced by the Municipal Revenue Sharing Grant which resulted in the Town's recognizing a favorable budget variance of \$308 in non-education grant revenue. The Town was fortunate that the State maintained current levels of Education Cost Sharing funding with only minor reductions from the prior year; these funds account for the vast majority of funds received from the State. Positive variances in tax and intergovernmental revenues were partially offset by lower than expected results in charges for services. Please see the narrative following Table 2 for a more specific discussion of revenue variations by category.

Table 2
Changes in Net Assets
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 4,481	\$ 5,055	\$ 3,142	\$ 3,138	\$ 7,623	\$ 8,193
Operating grants and contributions	14,144	12,330			14,144	12,330
Capital grants and contributions	1,412	1,345			1,412	1,345
General revenues:						
Property taxes	57,634	54,562			57,634	54,562
Grants and contributions not restricted to specific programs	1,055	932			1,055	932
Unrestricted investment earnings	276	203	9	36	285	239
Other general revenues	746	492			746	492
Total revenues	<u>79,748</u>	<u>74,919</u>	<u>3,151</u>	<u>3,174</u>	<u>82,899</u>	<u>78,093</u>
Program expenses:						
General government	3,736	3,616			3,736	3,616
Community development	1,311	1,705			1,311	1,705
Public safety	8,029	7,450			8,029	7,450
Physical services	9,334	8,575			9,334	8,575
Parks, recreation and libraries	4,274	4,388			4,274	4,388
Health and human services	2,440	2,655			2,440	2,655
Schools	48,942	46,086			48,942	46,086
Interest on long-term debt	1,141	612			1,141	612
Water			1,242	1,259	1,242	1,259
Sewers			1,387	1,304	1,387	1,304
Total program expenses	<u>79,207</u>	<u>75,087</u>	<u>2,629</u>	<u>2,563</u>	<u>81,836</u>	<u>77,650</u>
Excess (deficiency) before transfers	541	(168)	522	611	1,063	443
Transfers	<u>(2)</u>	<u>194</u>	<u>2</u>	<u>(194)</u>	<u>-</u>	<u>-</u>
Increase in Net Assets	<u>\$ 539</u>	<u>\$ 26</u>	<u>\$ 524</u>	<u>\$ 417</u>	<u>\$ 1,063</u>	<u>\$ 443</u>

The Town's total revenues (governmental and business-type) were \$82,899. The total cost of all programs and services (governmental and business-type) was \$81,836. 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 72.3%, followed by 17.7% from operating grants and contributions, then 5.6% from charges for services. Major revenue factors include:

- Property tax revenues recorded for fiscal year 2012 reflect a tax rate of 24.50 mills, an increase of .85 mills over the rate used in the previous fiscal year. The tax collection rate was consistent with the prior year at 98.54% vs. 98.55% and remained relatively strong considering the difficult economy. The Grand List continues to increase slightly (1.4%) and although the increase is much less than in previous fiscal years, the Town's increase outpaces many neighboring cities and towns.
- Unrestricted governmental investment earnings increased from \$203 in the prior fiscal year to \$276, or 36.0%. The increase in investment earnings is the result of more diversification in the Town's investments to attempt to take advantage of the best rate possible.
- Combined revenue from capital and operating grants and contributions increased from the prior fiscal year by \$1,881, or 13.8%. This is mainly due to the replacement of Manufacturers' Machinery & Equipment ("MME") grant with the Municipal Revenue Sharing grant from the State of Connecticut. This new grant combined with runout amounts from the former grant resulted in a substantial favorable variance over the prior year when just the reduced MME grant was received. The Town also recorded a receivable of \$793 (in addition to cash received during the fiscal year of \$54) from the Federal Emergency Management Agency ("FEMA") related to the 75% reimbursement of costs associated with Tropical Storm Irene and Winter Storm Alfred which impacted the town during fiscal year 2012. The State maintained Education Cost Sharing (ECS) at levels comparable to the prior year; this is significant as these grants represent approximately 65% of all grant funds received by the Town. Capital grants and contributions increased slightly from the prior year mainly due to school construction grants received from the State of Connecticut for various school-related projects.
- In the Capital Projects Fund, \$7.92 million was expended for asset acquisition and improvements, most notably for roadway and bridge improvements; economic development initiatives such as the construction of Berlin Veterans Memorial Park and improvements to the AMTRAK train station; initial expenditures for the renovation of Berlin High School; and acquisition of property to be used to construct a new police station. These capital expenses were funded through a combination of intergovernmental grants (including federal grants), transfers from the General Fund, and bond anticipation note proceeds (including a \$2,000 note issuance in September 2011 and a \$9,426 note issuance in May 2012).
- For governmental activities, 61.8% of the Town's expenses are for education, 11.8% for physical services, 10.1% for public safety, 5.4% for parks and recreation and libraries, and 4.7% for general government. These percentages are consistent with the prior year.

Major expense factors include:

- As mentioned previously, the Town employed various cost control methods to lower expenses in fiscal year 2012. In addition, the winter weather was milder than usual which resulted in a decrease in expenditures for snow removal (conversely, the previous winter was more severe than usual). This savings was partially offset by the expenses related to Tropical Storm Irene and Winter Storm Alfred. After federal reimbursement, the Town was responsible for approximately \$280 of expenditures related to these storms. The majority of these costs were funded from budgeted contingency.
- There were increases in employee wages as a result of negotiated step and general wage increases; however, contractual increases were limited to a maximum of 2% for the Town and 2.25% for the Board of Education. Most Town unions received no general wage increases during fiscal year 2012. There is one contract that expired at June 30, 2011 and is still not finalized as of June 30, 2012. Any increases as a result of this contract negotiation are budgeted in fiscal year 2013.
- No new Town positions were added during the year, and one Town position was eliminated. Five new certified Education positions were added and three were eliminated. The Town is planning to implement a voluntary retirement initiative in early fiscal year 2013.
- Employee benefit costs were well-managed due to benefits being realized from the prior year consolidation of the separate insurance plans previously offered to each bargaining unit into one standard plan. The Town is in the process of developing a wellness program as well as increasing the employee share of health insurance costs; these initiatives should assist in keeping claims at reasonable levels in the coming years.
- The cost of education services increased, due mainly to contractual wage obligations, employee health benefits as well as state and federal mandated services. Capital expenditures related to education also increased due to school construction projects (specifically, the high school renovation).

- Due to the impacts of the two large storms in fiscal year 2012, the \$300,000 budgeted for contingency was utilized; the budget for contingency has been increased to \$350,000 for fiscal year 2013. As mentioned above, the availability of budgeted contingency funds assisted in covering the Town's portion of storm expenditures thereby preventing an adverse impact to fund balance.
- Cost of issuing new debt continues to be low due to the Federal Reserve's policy of continuing low interest rates. Debt service expenditures will increase in the coming years due to principal payments on newly-issued debt beginning to come due. The \$69.95 million high school renovate-as-new project that was approved at referendum during fiscal year 2011 has experienced some construction delays; therefore, no bonding has yet to occur for this project. The first bonding is anticipated in May 2013, so the financial impact of the debt service will be first experienced during fiscal year 2014.

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	
	2012	2011	2012	2011
General government	\$ 3,736	\$ 3,616	\$ 2,171	\$ 2,520
Public safety	8,029	7,450	7,559	6,075
Physical services	9,334	8,575	8,334	7,792
Parks, recreation and library	4,274	4,388	2,836	3,081
Schools	48,941	46,086	34,666	33,701

Business-Type Activities

Revenues of the Town's business-type activities (see Table 2) decreased by .7 % and expenses (including transfers) decreased by 4.6%.

The major factor contributing to the slight decrease in revenues is a decrease in investment earnings due to a negative adjustment of \$14 to correct a prior year entry. Charges for services were slightly higher than the prior year.

The majority of the decrease in expenses and transfers of the Town's business-type activities is the elimination of a transfer (\$194 in the prior year) to the General Fund for reimbursement for a payment in lieu of taxes from the City of New Britain related to water distributed from Berlin Water Control's infrastructure. This agreement has been terminated and the transfer is no longer necessary.

TOWN FUNDS FINANCIAL ANALYSIS

Governmental Funds

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$16,181, which is a 23.0% decrease from last year's total of \$21,007. This decrease is due primarily to the fact that there was no bond issuance during fiscal year 2012 (compared with a \$16,610 general obligation bond issuance in fiscal year 2011); therefore, the capital projects fund balance temporarily financed capital expenditures. The next bond issuance will be in May 2013.

Included in this year's total change in governmental fund balance is an increase of \$930 in the Town's General Fund, compared to an increase of \$1,289 in the prior year. The primary reason for the General Fund's continued increase is better than expected tax revenue and the expenditure controls discussed in detail above. The increase in fiscal year 2012 is lower than the increase in the prior year primarily due to the prior year accounting change of \$296 related to the implementation of GASB Statement 54, which required funds formerly reported as nonmajor governmental funds to be

included in the General Fund. Delinquent tax collection revenues and related interest continue to exceed conservative budget estimates due to the collection efforts of the Revenue Collection office, the constables and the collection agency.

It should also be noted that the Town assigned \$1,550 in fund balance to be used during fiscal year 2012 and that did not need to be used, so results are significantly better than expected.

Proprietary Funds

As the Town completed the year, its business-type proprietary funds (as presented in the balance sheet - Exhibit V) reported combined net assets of \$14,569 which is an increase of \$524 from the previous year's total of \$14,045. The last implemented rate increase was a 5% increase in April 2011 which impacted the October 2011 bills. Any increase in the rates was partially offset by decreases in water usage which varies with the amount of precipitation. The increase in net assets is primarily due to the elimination of the large transfer to the general fund which is described above.

Internal Service Funds

In the internal service funds, the insurance funds experienced a combined decrease in net assets of \$455. Net assets in the Medical and Health Insurance fund decreased \$502 due to unfavorable claims experience including a large increase in catastrophic, large-dollar claims. It should be noted that this claim experience would have been more unfavorable if the Town did not maintain a \$150,000 stop-loss plan, so that any claims above this amount are paid by the insurer. The net assets in the General Insurance Fund increased by \$47, which is primarily due to a 3 year rate guarantee for liability insurance with the Town's new carrier which has kept premium amounts low as well as the elimination of broker fees now that the insurance is placed directly. In addition, the Town is working with the insurance carrier to do reviews of higher risk areas and provide staff training to try to improve workers' compensation claim experience.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2012, the Town had \$93,040 invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and water and sewer lines (see Table 4). This amount represents a net increase (including additions and deductions) of \$4,014 or 4.5%, over last year.

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

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 21,944	\$ 21,002	\$ 993	\$ 993	\$ 22,937	\$ 21,995
Land improvements	2,029	2,300			2,029	2,300
Buildings and improvements	24,801	25,323	544	601	25,345	25,924
Equipment	4,154	4,017	105	122	4,259	4,139
Construction in progress	10,818	7,021	1,553	1,424	12,370	8,445
Infrastructure	19,470	19,535	6,631	6,688	26,100	26,223
Totals	<u>\$ 83,216</u>	<u>\$ 79,198</u>	<u>\$ 9,825</u>	<u>\$ 9,828</u>	<u>\$ 93,041</u>	<u>\$ 89,026</u>

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

McGee School Roof	\$ 1,457
McGee School Air Quality	1,443
Land Purchase for New Police Facility	942
Berlin High School Renovation (Design phase)	831
Street Resurfacing	616
Town Hall Chiller	326
Golf Carts (Lease)	122
Beckley Road Bridge	100

The Town's fiscal-year 2012-13 capital budget calls for it to spend another \$1,347 for capital projects funded in the General Fund operating budget, principally for renovations to buildings (especially schools), various tools and equipment, trucks, vans and other vehicles. Bond anticipation notes of \$9.426 million were outstanding at June 30, 2012 for the following projects: Land Acquisition, Beckley Road Bridge Improvements, Material Storage Yard, Berlin High School Renovation, Police Department Construction and Fire Vehicle Acquisition projects. More detailed information about the Town's capital assets is presented in Note 1 and Note 5 to the financial statements.

Long-Term Debt

At June 30, 2012, the Town had \$27,215 in bonds outstanding versus \$28,835 last year, a decrease of \$1,620. The decrease was the result of the Town's debt repayment schedule. The Town maintains a five-year Capital Improvement Plan as well as a Debt Issuance Plan to determine projects that need to be completed and the funding for such projects.

Debt service expenditures will continue to increase over the next several years as the Town moves forward on the \$69,950 renovation of Berlin High School as well as other improvements to the Town's infrastructure. Due to some delays with the high school renovation process, no bonds have been issued for this project. The first bonds are expected to be issued in May 2013.

The Town's general obligation bond ratings of Aa2 with Moody's Investor Services and AA with Standard & Poor's Rating Services were re-affirmed during fiscal year 2011. The Town's Bond Anticipation Notes are rated MIG 1 with Moody's Investor Services and SP-1+ with Standard & Poor's Rating Services.

The State of Connecticut limits the amount of general obligation debt that towns can issue based on a formula determined under State Statutes which considers the type of debt and tax base. The Town's outstanding general obligation debt is significantly below the \$409,864 state-imposed limit.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For the fiscal year budget 2012-2013, General Fund appropriations total \$73,428. This is an increase of approximately 4.32% over 2011-2012 and resulted in a tax mill rate increase of .65 to 25.15 mills; this increase is .20 mills less than that in the previous year. The General Fund budget includes \$1,550 (the same amount as in the previous year) of assigned General Fund fund balance in order to mitigate the tax increase needed.

For the business-type activities, the Town, in conjunction with the Water Control Commission, has set related fees to offset the cost of operations. As described in detail in Note 12, the Mattabassett District, of which the Town is a member, is planning a major upgrade for nitrogen removal, increased capacity and improvements required by state and federal regulation. The total cost of this project is estimated to be \$100 million, which will be shared among the member cities and towns. Future rate increases will be impacted by this project beginning in fiscal year 2013.

The Town's elected and appointed officials considered many factors when establishing the tax mill rate and business-type fees for the 2012-13 fiscal year. The Town desires a stable level of service delivery and adopted a mill rate that reflects stable service delivery. The adverse economic conditions obviously continue to have a significant impact on the budget process. Unlike many surrounding towns, Berlin was fortunate to continue to see slight growth (1.4%) in the

Grand List for fiscal year 2012-13; however, this will be difficult to sustain if the adverse conditions continue. It is expected that future Grand List increases, if any, will be difficult to match with salary and benefit (particularly health benefit) increases directly or indirectly affected by binding arbitration. A state-mandated property revaluation will take place during fiscal year 2013 and is expected to have a significant impact on the fiscal year 2014 budget.

In a further attempt to reduce expenditures in the coming year, the Town Council approved a voluntary retirement plan in September 2012. To qualify for the plan, employees must meet certain requirements as to age and years of service. This plan is expected to have a favorable impact on salary and benefit expenditures in fiscal year 2013.

In addition, the Town faces the challenge of dealing with the budget instability occurring at the State level. Since approximately 12% of General Fund revenues are generated from operational grants, this is a significant concern for the Town. The Town has so far been spared a reduction in Education Cost Sharing funds, which represent approximately 76% of the grant revenue budget and 9% of the total revenue budget. However, in 2013, the Governor will issue a new biennial budget which will need to address the State's fiscal crisis; this means a reduction in the level of support the Town receives from the state is possible. Any significant reduction in State assistance will have to be addressed through tax increases and/or service reductions. Local, state and federal officials will have to work together to address this problem.

Overall, financial results were better than planned for fiscal year 2012 due to successful expense management efforts as well as positive results in tax revenues. Over the previous years, the Town has maintained a relatively strong level of General Fund fund balance, which has assisted the Town in dealing with the unfavorable economic climate as well as address contingencies such as large weather events while keeping tax increases relatively low (the Town currently has the 7th lowest historical mill rate increase of the 169 cities and towns in Connecticut). The growth in General Fund fund balance was maintained during fiscal year 2012 and will continue to put Berlin in a strong position to continue to weather the economic crisis and also to deal with other contingencies. The sustained statewide and national economic downturns will continue to be a significant challenge for the Town's management and elected officials for the next several budget years. The fiscal year 2014 budget will be particularly challenging due to the impacts of revaluation and the biennial state budget.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

TOWN OF BERLIN, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2012

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 32,107,462	\$ 3,732,945	\$ 35,840,407
Receivables, net	4,288,350	1,027,689	5,316,039
Internal balances	6,730	(6,730)	-
Inventory	27,356		27,356
Capital assets not subject to depreciation	32,761,835	2,545,701	35,307,536
Capital assets - depreciable, net of accumulated depreciation	50,454,108	7,279,483	57,733,591
Other		65,828	65,828
Total assets	<u>119,645,841</u>	<u>14,644,916</u>	<u>134,290,757</u>
Liabilities:			
Accounts and other payables	2,590,780	75,492	2,666,272
Unearned revenue	789,772		789,772
Bond anticipation notes	9,426,000		9,426,000
Noncurrent liabilities:			
Due within one year	2,263,162		2,263,162
Due in more than one year	28,009,019		28,009,019
Total liabilities	<u>43,078,733</u>	<u>75,492</u>	<u>43,154,225</u>
Net Assets:			
Invested in capital assets, net of related debt	57,119,702	9,825,184	66,944,886
Restricted for:			
Trust purposes:			
Expendable	42,697		42,697
Nonexpendable	114,691		114,691
Unrestricted	<u>19,290,018</u>	<u>4,744,240</u>	<u>24,034,258</u>
Total Net Assets	<u>\$ 76,567,108</u>	<u>\$ 14,569,424</u>	<u>\$ 91,136,532</u>

The accompanying notes are an integral part of the financial statements

TOWN OF BERLIN, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 3,736,129	\$ 643,713	\$ 921,434	\$	\$ (2,170,982)	\$	\$ (2,170,982)
Community development	1,310,926	4,530			(1,306,396)		(1,306,396)
Public safety	8,028,805	343,246	30,966	95,456	(7,559,137)		(7,559,137)
Physical services	9,333,507	325,712		673,605	(8,334,190)		(8,334,190)
Parks, recreation and libraries	4,273,783	1,427,958	9,589		(2,836,236)		(2,836,236)
Health and human services	2,439,771	1,018,334	240,930	25,000	(1,155,507)		(1,155,507)
Schools	48,941,403	717,242	12,940,838	617,449	(34,665,874)		(34,665,874)
Interest on long-term debt	1,141,429				(1,141,429)		(1,141,429)
Total governmental activities	79,205,753	4,480,735	14,143,757	1,411,510	(59,169,751)	-	(59,169,751)
Business-type activities:							
Water services	1,241,969	1,754,934				512,965	512,965
Sewer services	1,386,889	1,387,017				128	128
Total business-type activities	2,628,858	3,141,951	-	-	-	513,093	513,093
Total	\$ 81,834,611	\$ 7,622,686	\$ 14,143,757	\$ 1,411,510	(59,169,751)	513,093	(58,656,658)
General revenues:							
Property taxes					57,634,249	121	57,634,370
Grants and contributions not restricted to specific programs					1,054,761		1,054,761
Unrestricted investment earnings					275,834	8,977	284,811
Other					746,847		746,847
Transfers					(2,444)	2,444	-
Total general revenues and transfers					59,709,247	11,542	59,720,789
Change in net assets					539,496	524,635	1,064,131
Net Assets at Beginning of Year					76,027,612	14,044,789	90,072,401
Net Assets at End of Year					\$ 76,567,108	\$ 14,569,424	\$ 91,136,532

The accompanying notes are an integral part of the financial statements

TOWN OF BERLIN, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2012

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 11,490,612	\$ 14,568,116	\$ 685,219	\$ 26,743,947
Receivables, net	4,246,101	10,000	32,249	4,288,350
Due from other funds	6,730			6,730
Inventories			27,356	27,356
Total Assets	<u>\$ 15,743,443</u>	<u>\$ 14,578,116</u>	<u>\$ 744,824</u>	<u>\$ 31,066,383</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts and other payables	\$ 1,167,123	\$ 571,760	\$ 5,449	\$ 1,744,332
Taxes paid in advance	269,944			269,944
Due to other funds	128,482			128,482
Deferred revenue	2,879,891	322,232	114,302	3,316,425
Bond anticipation notes		9,426,000		9,426,000
Total liabilities	<u>4,445,440</u>	<u>10,319,992</u>	<u>119,751</u>	<u>14,885,183</u>
Fund balances:				
Nonspendable			142,047	142,047
Restricted		4,258,124	315,183	4,573,307
Committed	368,642		167,843	536,485
Assigned	1,550,000			1,550,000
Unassigned	9,379,361			9,379,361
Total fund balances	<u>11,298,003</u>	<u>4,258,124</u>	<u>625,073</u>	<u>16,181,200</u>
Total Liabilities and Fund Balances	<u>\$ 15,743,443</u>	<u>\$ 14,578,116</u>	<u>\$ 744,824</u>	<u>\$ 31,066,383</u>

(Continued on next page)

TOWN OF BERLIN, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2012

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

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

Fund balances - total governmental funds (Exhibit III)	\$ 16,181,200
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Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 151,595,544	
Less accumulated depreciation	<u>(68,379,601)</u>	
Net capital assets		83,215,943

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

Property tax receivables greater than 60 days	1,601,760
Interest receivable on property taxes	1,194,837

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

4,797,076

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

Net OPEB obligation	(440,972)
Net pension obligation	(386,577)
Bonds payable	(27,215,000)
Interest payable on bonds and notes	(151,527)
Compensated absences	(443,715)
Capital lease	(368,238)
Bond premium	(1,465,180)
Deferred charges on refunding	<u>47,501</u>

Net Assets of Governmental Activities (Exhibit I)	<u><u>\$ 76,567,108</u></u>
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The accompanying notes are an integral part of the financial statements

TOWN OF BERLIN, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2012

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 57,384,370	\$	\$	\$ 57,384,370
Intergovernmental	13,319,574	1,354,411	1,859,624	16,533,609
Charges for services	3,552,653	81,514	778,973	4,413,140
Income on investments	274,415	367	1,052	275,834
Miscellaneous	682,064	72,650	104,051	858,765
Total revenues	<u>75,213,076</u>	<u>1,508,942</u>	<u>2,743,700</u>	<u>79,465,718</u>
Expenditures:				
Current:				
General government	3,517,629		24,099	3,541,728
Community development	732,681		6,098	738,779
Public safety	7,550,786		9,231	7,560,017
Physical services	8,021,028			8,021,028
Parks, recreation and libraries	3,776,977		73,145	3,850,122
Health and human services	2,089,463		278,661	2,368,124
Schools	45,044,221		2,377,696	47,421,917
Debt service:				
Principal retirement	1,662,257			1,662,257
Interest and fiscal charges	1,154,272	46,081		1,200,353
Capital outlay	115,966	7,920,853		8,036,819
Total expenditures	<u>73,665,280</u>	<u>7,966,934</u>	<u>2,768,930</u>	<u>84,401,144</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,547,796</u>	<u>(6,457,992)</u>	<u>(25,230)</u>	<u>(4,935,426)</u>
Other Financing Sources (Uses):				
Transfers in	317,390	1,029,425		1,346,815
Transfers out	(1,047,083)	(302,176)		(1,349,259)
Issuance of capital leases	112,188			112,188
Total other financing sources (uses)	<u>(617,505)</u>	<u>727,249</u>	<u>-</u>	<u>109,744</u>
Net Change in Fund Balances	930,291	(5,730,743)	(25,230)	(4,825,682)
Fund Balances at Beginning of Year	<u>10,367,712</u>	<u>9,988,867</u>	<u>650,303</u>	<u>21,006,882</u>
Fund Balances at End of Year	<u>\$ 11,298,003</u>	<u>\$ 4,258,124</u>	<u>\$ 625,073</u>	<u>\$ 16,181,200</u>

(Continued on next page)

TOWN OF BERLIN, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2012

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

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (4,825,682)
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	7,030,469
Depreciation expense	(2,992,953)

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	32,099
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The statement of activities reports losses arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets.	(51,212)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

Property tax receivable - accrual basis change	124,326
Property tax interest and lien revenue - accrual basis change	125,553

Change in pension and OPEB assets and liabilities:

Net OPEB expense	(122,688)
Net pension expense	(111,675)

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

Bond principal payments	1,620,000
Issuance of capital leases	(112,188)
Capital lease principal payments	132,750
Amortization of premiums on debt issuance	104,656

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

Compensated absences	44,234
Accrued interest	12,358
Amortization of deferred amount on refunding	(15,833)

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities.	<u>(454,718)</u>
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Change in Net Assets of Governmental Activities (Exhibit II)	<u>\$ 539,496</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF BERLIN, CONNECTICUT

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

JUNE 30, 2012

	Business-Type Activities	Governmental Activities
	Water and Sewer Enterprise Fund	Internal Service Fund
Assets:		
Current:		
Cash and cash equivalents	\$ 3,732,945	\$ 5,363,515
Accounts receivable	1,027,689	
Due from other funds		128,482
Total current assets	<u>4,760,634</u>	<u>5,491,997</u>
Noncurrent:		
Capital assets, net	9,825,184	
Other	65,828	
Total noncurrent assets	<u>9,891,012</u>	<u>-</u>
Total assets	<u>14,651,646</u>	<u>5,491,997</u>
Liabilities:		
Current:		
Accounts and other payables	75,492	562,719
Due to other funds	6,730	
Due to MIRMA		66,101
Total current liabilities	<u>82,222</u>	<u>628,820</u>
Noncurrent:		
Due to MIRMA		66,101
Total liabilities	<u>82,222</u>	<u>694,921</u>
Net Assets:		
Invested in capital assets	9,825,184	
Unrestricted	<u>4,744,240</u>	<u>4,797,076</u>
Total Net Assets	<u>\$ 14,569,424</u>	<u>\$ 4,797,076</u>

The accompanying notes are an integral part of the financial statements

TOWN OF BERLIN, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activities <u>Water and Sewer Enterprise Fund</u>	Governmental Activities <u>Internal Service Fund</u>
Operating Revenues:		
Insurance proceeds	\$	\$ 93,217
Employee contributions		1,555,265
Charges for services	3,141,654	7,327,417
Other	297	
Total operating revenues	<u>3,141,951</u>	<u>8,975,899</u>
Operating Expenses:		
Administrative expense	74,797	944,879
Employee benefits	170,307	7,470,272
Insurance and benefits		1,032,475
Purchase of water	559,064	
Source of supply	959,439	
Pumping expense	165,423	
Transmission and distribution	35,421	
Salaries - administrative and general	177,072	
Salaries - operating and maintenance	245,937	
Depreciation	241,398	
Total operating expenses	<u>2,628,858</u>	<u>9,447,626</u>
Operating Income (Loss)	<u>513,093</u>	<u>(471,727)</u>
Nonoperating Revenue:		
Income on investments	8,977	17,009
Taxes	121	
Total nonoperating revenue	<u>9,098</u>	<u>17,009</u>
Income (Loss) Before Transfers	522,191	(454,718)
Transfers In	17,658	
Transfers Out	<u>(15,214)</u>	
Change in Net Assets	524,635	(454,718)
Net Assets at Beginning of Year	<u>14,044,789</u>	<u>5,251,794</u>
Net Assets at End of Year	<u>\$ 14,569,424</u>	<u>\$ 4,797,076</u>

The accompanying notes are an integral part of the financial statements

TOWN OF BERLIN, CONNECTICUT

STATEMENT OF CASH FLOWS - PROPRIETARY FUND

FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activities	Governmental Activities
	Water and Sewer Enterprise Fund	Internal Service Fund
Cash Flows from Operating Activities:		
Cash received from users	\$ 3,153,770	\$ 9,038,657
Cash received from customers	(423,009)	
Cash payments to employees for services		(9,386,525)
Cash payments to providers of benefits	(2,002,865)	
Cash payments to suppliers for goods and services	297	93,217
Cash received from others	728,193	(254,651)
Net cash provided by (used in) operating activities		
Cash Flows from Noncapital Financing Activities:		
Transfers in	17,658	
Transfers out	(15,214)	
Cash received from tax collections	121	
Net cash from noncapital financing activities	2,565	-
Cash Flows from Capital and Related Financing Activities:		
Acquisition of capital assets	(238,844)	
Cash Flows from Investing Activities:		
Income on investments	8,977	17,009
Net Increase (Decrease) in Cash and Cash Equivalents	500,891	(237,642)
Cash and Cash Equivalents at Beginning of Year	3,232,054	5,601,157
Cash and Cash Equivalents at End of Year	\$ 3,732,945	\$ 5,363,515
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Operating income (loss)	\$ 513,093	\$ (471,727)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	241,398	
Change in assets and liabilities:		
Decrease in accounts receivable	12,116	155,975
Decrease in due to MIRMA		(66,155)
Increase (decrease) in accounts payable	(38,414)	127,256
Net Cash Provided by (Used in) Operating Activities	\$ 728,193	\$ (254,651)

The accompanying notes are an integral part of the financial statements

TOWN OF BERLIN, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2012

	Pension Trust Fund	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$	\$ 3,148,946
Mutual funds - equity securities	35,062,621	
Accounts receivable	10,000	
	<u> </u>	<u> </u>
Total assets	<u>35,072,621</u>	<u>\$ 3,148,946</u>
Liabilities:		
Accounts payable	54,918	\$
Due to other		3,148,946
	<u> </u>	<u> </u>
Total liabilities	<u>54,918</u>	<u>\$ 3,148,946</u>
Net Assets:		
Held in Trust for Pension Benefits	<u>\$ 35,017,703</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF BERLIN, CONNECTICUT

STATEMENT OF CHANGES IN PLAN NET ASSETS - FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Pension Trust Fund</u>
Additions:	
Contributions:	
Employer	\$ 1,844,640
Plan members	958,486
Total contributions	<u>2,803,126</u>
Investment income:	
Net appreciation in fair value of investments	319,259
Interest and dividends	<u>343,579</u>
Net investment income	<u>662,838</u>
Total additions	<u>3,465,964</u>
Deductions:	
Benefits	1,498,367
Administration	<u>128,942</u>
Total deductions	<u>1,627,309</u>
Net Increase	1,838,655
Net Assets Held in Trust for Pension Benefits at Beginning of Year	<u>33,179,048</u>
Net Assets Held in Trust for Pension Benefits at End of Year	<u><u>\$ 35,017,703</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF BERLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town was incorporated in 1785 from parts of Farmington, Middletown and Wethersfield. Under the Town Charter, adopted November 4, 1973, and most recently amended November 5, 2002, the Town Council is the legislative body for specific purposes. The Town Manager serves as the Chief Executive Officer of the Town and acts as the liaison to the Town Council. The Town Council is responsible for establishing policy. Charter revision on November 8, 1994 replaced an Executive Board, Board of Finance/Town Meeting form of government with a Town Manager/Council form of government, which took effect November 15, 1995.

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

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

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

Property taxes, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

The Town reports the following major governmental funds:

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

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities. The major sources of revenues for this fund are capital grants and the proceeds from the issuance of general obligation bonds.

The Town reports the following major proprietary funds:

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

Additionally, the Town reports the following fund types:

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

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

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

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

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

D. Deposits and Investments

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

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

Investments are reported at fair value.

E. Receivables and Payables

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

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

An amount of \$168,639 has been established as an allowance for uncollectible taxes. At June 30, 2012, this represents 8.4% of all property taxes receivable.

F. Inventories and Prepaid Items

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

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

G. Capital Assets

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

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

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

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

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

H. Compensated Absences

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

The Town has \$387,768 accrued for sick, vacation and comp time as of June 30, 2012.

The Board of Education has \$55,947 accrued for sick, vacation and separation pay as of June 30, 2012.

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

I. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, 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. Significant bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

J. Fund Equity

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

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

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

Committed Fund Balance - This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town of Berlin, Town Council).

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

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

An annual budget is legally adopted for the General Fund. The budget is prepared on a modified accrual basis. The Town does not budget for revenue or expenditures related to the State of Connecticut pension contribution to the State Teachers’ Retirement Fund on behalf of the Town which amounted to \$4,268,284. The contribution and expenditure, while not included in the budgetary reporting (RSI-1 and RSI-2), are included in Exhibit IV, which reports in accordance with GAAP.

In accordance with Section 7-3 of the Town Charter, the Town Council shall prepare and recommend the total Town budget for the annual public budget hearing to be held no later than the second Tuesday in April.

Annual Town Budget Referendum - The Annual Town Budget Referendum for the purpose of voting on the budget shall be held on the last Tuesday of April each year. Should the budget not be adopted by referendum vote, the budget shall be returned to the Council, which shall further consider and adopt an annual Town budget for the ensuing fiscal year.

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

The Town Council may, at any time, appropriate funds from contingency. Town meeting approval is required for transfers exceeding \$25,000 individually or exceeding \$250,000 cumulative annually. The Town Council may transfer funds from budget appropriations only in the last three months of the fiscal year. There were \$1,730,290 of supplemental appropriations during the year; this figure was larger than average because of the appropriation of FEMA grant money related to the two significant weather events in fiscal year 2012. All appropriations were approved in accordance with Charter provisions.

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

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

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

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds does not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

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

A. Deposits

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$33,761,937 of the Town's bank balance of \$35,467,019 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 30,285,743
Collateralized, held by banks	<u>3,476,194</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 33,761,937</u>

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

Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2012 the Town's cash equivalents amounted to \$8,489,873. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<u>Standard & Poor's</u>
State Short-Term Investment Fund (STIF)	AAAm
Cutwater - Cooperative Liquid Assets Securities System (CLASS)	AAAm

B. Investments

Investments as of June 30, 2012 in all funds are as follows:

<u>Investment Type</u>	<u>Fair Value</u>
Pooled open-end mutual fund accounts:	
Pension trust funds	\$ <u>35,062,621</u>

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

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

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

Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2012, the Town did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town's name.

4. RECEIVABLES

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

	<u>General</u>	<u>Capital Projects</u>	<u>Water and Sewer</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Interest	\$ 1,198,319	\$	\$	\$	\$ 1,198,319
Taxes	2,009,141				2,009,141
Accounts	83,347		1,027,689	2,243	1,113,279
Intergovernmental	1,123,933	10,000		30,006	1,163,939
Pension receivables				10,000	10,000
loans					-
Gross receivables	<u>4,414,740</u>	<u>10,000</u>	<u>1,027,689</u>	<u>42,249</u>	<u>5,494,678</u>
Less allowance for uncollectibles	<u>(168,639)</u>				<u>(168,639)</u>
Net Total Receivables	<u>\$ 4,246,101</u>	<u>\$ 10,000</u>	<u>\$ 1,027,689</u>	<u>\$ 42,249</u>	<u>\$ 5,326,039</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Taxes collected in advance	\$	\$ 269,944	\$ 269,944
Delinquent property taxes receivable	1,601,760		1,601,760
Accrued interest on property taxes	1,194,837		1,194,837
Grant drawdowns		326,099	326,099
Other unearned amounts		193,729	193,729
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 2,796,597</u>	<u>\$ 789,772</u>	<u>\$ 3,586,369</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Transfers</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 21,001,587	\$	\$ 942,477	\$	\$ 21,944,064
Construction in progress	7,021,017	(117,629)	3,914,383		10,817,771
Total capital assets not being depreciated	<u>28,022,604</u>	<u>(117,629)</u>	<u>4,856,860</u>	<u>-</u>	<u>32,761,835</u>
Capital assets being depreciated:					
Land improvements	4,123,891				4,123,891
Buildings	51,971,276	13,298	325,433		52,310,007
Machinery and equipment	12,427,154		1,014,913	555,324	12,886,743
Infrastructure	48,543,375	104,331	865,362		49,513,068
Total capital assets being depreciated	<u>117,065,696</u>	<u>117,629</u>	<u>2,205,708</u>	<u>555,324</u>	<u>118,833,709</u>
Less accumulated depreciation for:					
Land improvements	1,823,579		271,010		2,094,589
Buildings	26,648,452		860,459		27,508,911
Machinery and equipment	8,410,349		826,378	504,112	8,732,615
Infrastructure	29,008,380		1,035,106		30,043,486
Total accumulated depreciation	<u>65,890,760</u>	<u>-</u>	<u>2,992,953</u>	<u>504,112</u>	<u>68,379,601</u>
Total capital assets being depreciated, net	<u>51,174,936</u>	<u>117,629</u>	<u>(787,245)</u>	<u>51,212</u>	<u>50,454,108</u>
Governmental Activities Capital Assets, Net	<u>\$ 79,197,540</u>	<u>\$ -</u>	<u>\$ 4,069,615</u>	<u>\$ 51,212</u>	<u>\$ 83,215,943</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 993,100	\$	\$	\$ 993,100
Construction in progress	<u>1,423,872</u>	<u>233,498</u>	<u>104,769</u>	<u>1,552,601</u>
Total capital assets not being depreciated	<u>2,416,972</u>	<u>233,498</u>	<u>104,769</u>	<u>2,545,701</u>
Capital assets being depreciated:				
Buildings	1,977,764			1,977,764
Machinery and equipment	579,401	5,343		584,744
Infrastructure	<u>11,686,218</u>	<u>104,772</u>		<u>11,790,990</u>
Total capital assets being depreciated	<u>14,243,383</u>	<u>110,115</u>	<u>-</u>	<u>14,353,498</u>
Less accumulated depreciation for:				
Buildings	1,377,335	57,342		1,434,677
Machinery and equipment	456,775	22,436		479,211
Infrastructure	<u>4,998,507</u>	<u>161,620</u>		<u>5,160,127</u>
Total accumulated depreciation	<u>6,832,617</u>	<u>241,398</u>	<u>-</u>	<u>7,074,015</u>
Total capital assets being depreciated, net	<u>7,410,766</u>	<u>(131,283)</u>	<u>-</u>	<u>7,279,483</u>
Business-Type Activities Capital Assets, Net	<u>\$ 9,827,738</u>	<u>\$ 102,215</u>	<u>\$ 104,769</u>	<u>\$ 9,825,184</u>

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

Governmental activities:	
General government	\$ 118,625
Public safety	309,517
Physical services	1,270,126
Parks, recreation and libraries	499,922
Health and human services	49,556
Schools	<u>745,207</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,992,953</u>
Business-type activities:	
Water services	\$ 107,925
Sewer services	<u>133,473</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 241,398</u>

Construction Commitments

The Town has active construction projects as of June 30, 2012. The projects include the following:

<u>Project</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Encumbrances</u>	<u>Balance</u>
Bonded Road Improvements	\$ 5,109,449	\$ 3,580,238	\$	\$ 1,529,211
Town Center Public Improvement/Streetscape	775,000	719,397		55,603
Veterans Memorial Park	1,344,500	1,300,964	1,900	41,636
Train Station Rehabilitation*	400,000	73,901	36,044	290,055
Sage Park Maintenance	200,000	3,305		196,695
Berlin High School Renovations**	69,500,000	939,804	300,455	68,259,741
Berlin Police Station - New Construction***	2,000,000	957,000	454	1,042,546

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

** Total amount of authorization is \$69,500,000. Only \$5,000,000 was issued in notes and no bonds have been drawn down yet. Part of the funding for this appropriation will come from State grants.

*** Only \$2,000,000 was initially borrowed to purchase and remediate the land. The total project is estimated to cost between \$12,000,000 and \$15,000,000.

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The interfund receivables and payables are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Water and Sewer Enterprise Fund	\$ 6,730
Internal Service Fund	General Fund	128,482
Total		\$ <u>135,212</u>

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

Interfund transfers:

	<u>Transfers In</u>			
	<u>General Fund</u>	<u>Capital Projects</u>	<u>Water and Sewer Enterprise Fund</u>	<u>Total</u>
Transfers out:				
General Fund	\$	\$ 1,029,425	\$ 17,658	\$ 1,047,083
Capital Projects	302,176			302,176
Water and Sewer Enterprise Fund	15,214			15,214
Total Transfers In	\$ <u>317,390</u>	\$ <u>1,029,425</u>	\$ <u>17,658</u>	\$ <u>1,364,473</u>

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

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds and loans payable:					
General obligation bonds	\$ 28,835,000	\$	\$ 1,620,000	\$ 27,215,000	\$ 1,690,000
Less deferred amounts:					
On refunding	(63,334)		(15,833)	(47,501)	
For issuance premiums	<u>1,569,836</u>		<u>104,656</u>	<u>1,465,180</u>	
	30,341,502	-	1,708,823	28,632,679	1,690,000
Other liabilities:					
Compensated absences	487,949	19,443	63,677	443,715	443,715
Capital leases	388,800	112,188	132,750	368,238	129,447
Net pension obligation	274,902	111,675		386,577	
Net OPEB obligation	<u>318,284</u>	<u>122,688</u>		<u>440,972</u>	
Total Governmental Activities Long-Term Liabilities	<u>\$ 31,811,437</u>	<u>\$ 365,994</u>	<u>\$ 1,905,250</u>	<u>\$ 30,272,181</u>	<u>\$ 2,263,162</u>

The annual requirements to amortize all bonds outstanding as of June 30, 2012, including interest payments, are as follows:

<u>Year Ending June 30,</u>	<u>Debt Service, Annual Requirements</u>		
	<u>Long-Term Debt</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 1,690,000	\$ 965,075	\$ 2,655,075
2014	2,925,000	911,550	3,836,550
2015	2,265,000	833,438	3,098,438
2016	2,430,000	755,513	3,185,513
2017	2,155,000	679,375	2,834,375
2018-2022	9,750,000	2,140,688	11,890,688
2023-2026	<u>6,000,000</u>	<u>478,524</u>	<u>6,478,524</u>
Total	<u>\$ 27,215,000</u>	<u>\$ 6,764,163</u>	<u>\$ 33,979,163</u>

Outstanding debt by issue is as follows:

	<u>Issue</u>	<u>Original Amount</u>	<u>Year of Maturity</u>	<u>Interest Rate %</u>	<u>Balance June 30, 2012</u>
General Purpose	Sep-09	\$ 8,195,000	2025	2.0-3.625	\$ 7,595,000
Refunding	Apr-10	4,645,000	2016	2.0-4.0	3,010,000
General Purpose	Jun-11	16,610,000	2026	3.0-5.0	<u>16,610,000</u>
Total Outstanding					<u>\$ 27,215,000</u>

The Town currently has authorized the issuance of \$82.19 million of bonds for various projects. Bond anticipation notes of \$9.426 million are outstanding on these authorizations.

A summary of overlapping debt is presented below:

<u>Debt Outstanding</u>	<u>Total</u>	<u>Considered Overlapping</u>
Kensington Fire District	\$ 761,004	\$ 761,004
Worthington Fire District	584,259	584,259
Total	<u>\$ 1,345,263</u>	<u>\$ 1,345,263</u>

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

<u>Category</u>	<u>(In Thousands)</u>		
	<u>Debt Limit</u>	<u>Net Indebtedness*</u>	<u>Balance</u>
General purpose	\$ 131,742	\$ 29,335	\$ 102,407
Schools	263,484	57,329	206,155
Sewers	219,570	1,345	218,225
Urban renewal	190,294		190,294
Pension deficit	175,656		175,656

* Includes bonds authorized unissued and overlapping debt.

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$409,864.

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.

At June 30, 2012, the aggregate principal amount payable pursuant to the agreement was \$450,166.

8. LEASES

Operating Leases

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

Capital Lease

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

The assets acquired through the capital lease are as follows:

	Governmental Activities
Equipment	\$ 623,008
Less accumulated depreciation	<u>(165,176)</u>
Total	<u><u>\$ 457,832</u></u>

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2012 were as follows:

<u>Year Ending June 30</u>	Governmental Activities
2013	\$ 135,320
2014	75,938
2015	147,241
2016	24,402
Less amount representing interest	<u>(14,663)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 368,238</u></u>

9. BOND ANTICIPATION NOTES

The following is a schedule of changes in bond anticipation notes for the year ended June 30, 2012:

<u>Project</u>	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Balance July 1, 2011</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2012</u>
Open Space	6/1/2011	5/31/2012	1.5	\$ 280,000	\$	\$ 280,000	\$ -
Open Space	5/31/2012	9/20/2012	1		187,000		187,000
Land Acquisition	6/1/2011	5/31/2012	1.5	335,000		335,000	-
Land Acquisition	5/31/2012	9/20/2012	1		223,000		223,000
Beckley Rd Bridge	6/1/2011	5/31/2012	1.5	280,000		280,000	-
Beckley Rd Bridge	5/31/2012	9/20/2012	1		210,000		210,000
Material Storage Yard	6/1/2011	5/31/2012	1.5	160,000		160,000	-
Material Storage Yard	5/31/2012	9/20/2012	1		120,000		120,000
Town Hall Chiller	6/1/2011	5/31/2012	1.5	262,000		262,000	-
Town Hall Chiller	5/31/2012	9/20/2012	1		196,000		196,000
High School Renovations	6/1/2011	5/31/2012	1.5	5,000,000		5,000,000	-
High School Renovations	5/31/2012	9/20/2012	1		5,000,000		5,000,000
Police Station Construction	9/27/2011	5/31/2012	1.5		2,000,000	2,000,000	-
Police Station Construction	5/31/2012	9/20/2012	1		2,000,000		2,000,000
Fire Vehicles	5/31/2012	9/20/2012	1		1,490,000		1,490,000
				<u>\$ 6,317,000</u>	<u>\$ 11,426,000</u>	<u>\$ 8,317,000</u>	<u>\$ 9,426,000</u>

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

10. RISK MANAGEMENT

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

The General Insurance Fund receives funds from various funds and departments. The fund purchases insurance and provides ancillary services for the administration of this fund and accumulates reserves. Claims have not exceeded insurance coverage in any of the past three years. Worker's Compensation coverage, which makes up the largest component of the general insurance needs, is provided by insurance through the Connecticut Interlocal Risk Management Association. The Town examines the coverage and has an actuarial study conducted periodically.

The Medical and Health Insurance Fund also receives funds from various funds and departments. The funds are used to purchase medical and health insurance and provide ancillary services. This fund is used to pay claims and administrative fees directly to Anthem Blue Cross/Blue Shield. The Town does not have to pay the State insurance premium tax to the State, since a self-insurance fund is not subject to this tax. An actuarial study is made annually. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. These liabilities amounted to \$531,439 in the Medical and Health Insurance Fund at June 30, 2012. The following table reflects the activity of the past two years:

		Claims Payable July 1	Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
2010-2011	\$	460,574	\$ 6,609,496	\$ 6,638,145	\$ 431,925
2011-2012		431,925	7,468,690	7,369,176	531,439

Claims increased year over year primarily due to larger than usual catastrophic cases during fiscal year 2012. These claims are subject to the stop loss limitation.

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

As of June 30, 2011, MIRMA had decreased the estimated assessment to \$356,069 and the liability was adjusted accordingly. The Town paid the first two installments of \$70,094 and \$87,618 during the fiscal year 2011 and the third installment of \$66,101 during fiscal year 2012. The remaining liability at June 30, 2012 is \$132,202. The next installment of \$66,101 is due in fiscal year 2013.

11. FUND BALANCE

The components of fund balance for the governmental funds as of June 30, 2012 are as follows:

	Major Special Revenue Fund		Nonmajor Governmental Funds	Total
	General Fund	Capital Projects		
Fund balances:				
Nonspendable:				
Inventory	\$	\$	\$ 27,356	\$ 27,356
Permanent fund principal			114,691	114,691
Restricted for:				
Permanent funds			42,697	42,697
Unspent grant balances			94,812	94,812
Marjorie Moore donations			49,598	49,598
Capital projects		4,258,124		4,258,124
General government			13,519	13,519
Health and human services			4,243	4,243
Education			110,314	110,314
Committed to:				
Bargaining unit contracts to be settled during the subsequent fiscal year	132,303			132,303
Revaluation	236,339			236,339
General government			11,081	11,081
Community development			13,827	13,827
Public safety			5,000	5,000
Parks, recreation and libraries			43,939	43,939
Health and human services			2,466	2,466
Education			91,530	91,530
Assigned to:				
Future year budgets	1,550,000			1,550,000
Unassigned	9,379,361			9,379,361
Total Fund Balances	\$ 11,298,003	\$ 4,258,124	\$ 625,073	\$ 16,181,200

12. JOINTLY GOVERNED ORGANIZATION

The Mattabassett District

The Mattabassett District is a quasi-municipal district established in accordance with State Statutes to provide sewer treatment services for the Constituent Towns of Berlin and Cromwell and the Constituent City of New Britain and contractually to the City of Middletown, the Metropolitan District and the Town of Farmington. As a result of the 2010 census data released in February 2011, the Mattabassett Board of Directors representation is now as follows: New Britain - six members, Berlin - three members and Cromwell - three members. In June 2011, the State Statutes creating the Mattabassett District were amended to allow for the City of Middletown to become a Constituent Community. When this process is fully vested out, the Board representation will be as follows: New Britain - five members, Middletown - four members, Berlin - three members and Cromwell - three members.

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

Currently, the Mattabassett District is planning a major upgrade for nitrogen removal, increased capacity to accommodate increased flows from the City of Middletown and related required improvements to meet the EPA and DEEP nitrogen removal requirements as well as the EPA's sewage sludge incinerator emissions requirements. The three-year construction project is anticipated to begin in the summer of 2012 with a total anticipated cost of \$100 million. The cost of this project will impact the annual assessment of all member towns beginning with fiscal year 2013.

13. JOINT VENTURES

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

Tunxis Recycling Operating Committee

The Town is a participant with 13 other cities and towns in a joint venture, the Tunxis Recycling Operating Committee (TROC). TROC is responsible for the development, operations and management of a solid waste recycling program for all Contracting Municipalities. The governing board consists of town officials appointed by each of the Contracting Municipalities and assumes all the management decisions. The Town has an obligation to appropriate funds in amounts necessary to fulfill its obligations created pursuant to the Inter-Community Agreement dated as of June 21, 1990. Expenditures of \$39,605 were incurred in 2011-12 related to the Town's participation in TROC.

Fund balance for fiscal year ended June 30, 2012 as reflected in TROC's financial statements is \$1,399,189. A complete set of financial statements for TROC can be obtained from TROC's administrative office at 43 Enterprise Drive, Bristol, Connecticut.

Bristol Resource Recovery Facility Operating Committee

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

The Town expenditures to BRRFOC amounted to \$756,145 this year. The fund balance for fiscal year ended June 30, 2012 as reflected in BRRFOC's financial statements is \$8,450,524. A complete set of financial statements for BRRFOC can be obtained from the administrative office at 43 Enterprise Drive, Bristol, Connecticut.

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

14. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Pension Trust Fund

A. Plan Description

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

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

Defined Contribution Segment

The Town provides benefits for all of its full-time employees through a defined contribution plan. Employees enrolled in the plan before March 17, 1987 and police officers enrolled before July 1, 2000 will receive the better of the defined benefit or defined contribution plan. The defined contribution is computed first and accounted for in the defined contribution section of the plan, which is fully funded. Any difference to which the employee is entitled is computed in the defined benefit component of the plan. Effective July 1, 2004 in the defined contribution component, the benefits depend upon the combination of the employee contributions (limited to 5% of base earnings, 6% of base earnings for police officers), which are matched by the employer contributions (200% of employee contribution), plus investment earnings. Employees are allowed to contribute additional funds, which are not matched by the Town. Employees enrolled in the plan prior to July 1, 2004 are fully vested from the date of employment. Effective July 1, 2004, all new participants in the Town's defined contribution plan shall not be vested as to the employer contribution until the fifth anniversary of his/her participation in the plan. Future improvements regarding the defined contribution plan shall not have an effective date prior to June 30, 2014.

The defined contribution plan became effective on April 1, 1988. The prior contributions were computed and matched by the Town and interest of 4% credited to the accounts. The value of the plan is \$34,980,721 on June 30, 2012. Employees contributed \$860,385, and covered payroll was \$20,587,188. The Town's matching share was \$1,541,633. Contribution requirements may be amended by Town Council subject to various bargaining unit approvals. The Town's defined contribution plan is administered by Pension Consultants located in Farmington, Connecticut. Fiduciary Investment Associates (FIA) serves as investment consultants for both the defined benefit and defined contribution plans. The Town is in process of rewriting the investment policy statement for the pension plans and this work will be completed in fiscal year 2013. The plan's provisions may be changed by approval of the Town Council.

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. Contributions to this Plan will begin in fiscal year 2013.

Defined Benefit Segment

All full-time employees hired and participating in the plan prior to March 17, 1987 and all police officers hired and participating before July 1, 2000 will receive the higher of the defined contribution earnings (as described above) or the benefit due under the old defined benefit plan. The PERS provides retirement, disability and death benefits to plan members and their beneficiaries. Plan members are entitled to a monthly benefit equal to 2% and 2.125% for police of final earnings times years of employment, times the ratio of benefit service to years of employment. The plan provides for normal retirement at age 65 (55 for police); early retirements are allowable with reduced benefit.

At July 1, 2011, PERS membership consisted of:

	<u>Total</u>	<u>Defined Contribution Plan</u>	<u>Defined Benefit Plan</u>	
Retirees, disabled and beneficiaries currently receiving benefits	32		32	
Terminated employees entitled to benefits but not yet receiving them	3		3	
Current employees:				
Police	57	37	20	*
Other	289	280	9	*
Total	<u>381</u>	<u>317</u>	<u>64</u>	

* These participants are also included in the Defined Contribution Plan but still qualify under the minimum benefit standard for the Defined Benefit Plan.

B. Summary of Significant Accounting Policies and Plan Asset Matters

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

Method Used to Value Investments: All funds are invested and administered through various portfolio management plans and are reported at market value. Currently, 41% 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. Additionally, 59% of investments are held in ICMA-RC self directed funds including bond funds, guaranteed life income funds, balances/asset allocation funds, U.S. stock funds and international/global stock funds.

C. Funding Policy

The contribution requirements of plan members are established and may be amended by the Town Council, subject to union contract negotiation. Plan members are required to contribute up to 5% (6% for police) 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 for police is 12% and is 10% for all other employees of annual covered payroll.

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

D. Summary of Actuarial Changes

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

The assumed rate of investment return for the defined contribution plan was changed from 7% to 6%. Because participants get the higher of the defined contribution account balance or the defined benefit lump sum amount, the change impacts the defined benefit component negatively by increasing the required lump sum payout. The second change was a “strengthening” of the assumptions that convert the defined benefit plan monthly benefit into a lump sum. The conversion factors reflected a lower interest rate and a longer life expectancy. These changes increased the conversion factor and thus increased the defined benefit plan lump sum liability. A change was also made from the Frozen Entry Age method to Entry Age Normal with a reset of the amortization period to ten years. The net effect of the changes was to increase the accrued actuarial liability by \$1,789,314 in the prior year. These changes have an ongoing effect on the calculation of the accrued actuarial liability.

Due to this situation, the contribution included in the budget increased from \$200,000 in fiscal year 2011 to \$350,000 in 2012 and will increase to \$700,000 in 2013 in order to begin to address the unfunded obligation. During fiscal year 2012, current employees who participated in the “hybrid” plan were transferred into the straight defined contribution plan. This effort will assist in decreasing the net pension obligation.

E. Annual Pension Cost and Net Pension Obligations

The Town’s annual pension cost and net pension obligation to the PERS for the current year were as follows:

Annual required contribution	\$ 493,732
Interest on net pension obligation	19,243
Adjustment to annual required contribution	<u>(51,300)</u>
Annual pension cost	461,675
Contributions made	<u>350,000</u>
Increase in net pension obligation	111,675
Net pension obligation at beginning of year	<u>274,902</u>
Net Pension Obligation at End of Year	<u><u>\$ 386,577</u></u>

The following is a summary of certain significant actuarial assumptions and other PERS information:

Actuarial valuation date	July 1, 2011
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Amount - Open
Remaining amortization period	10 years
Asset valuation method	Fair Value, except Book Value of Insurance Contracts
Actuarial assumptions:	
Investment rate of return*	6% per annum
Projected salary increases*	3.75% per annum - police 3.00% per annum - all others

*Includes inflation rate of 3%

F. Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
6/30/10	\$ 374,613	46.7%	\$ 1,516
6/30/11	473,386	42.2	274,902
6/30/12	461,675	75.8	386,577

G. Pension Plan Required Supplementary Information

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Under Funded AAL as a % of Covered Payroll ((a-b)/c)
7/01/06	\$ 1,676,218	\$ 1,849,549	\$ (173,331)	90.6%	\$ 2,146,118	(8.1) %
7/01/07	1,807,648	1,932,779	(125,131)	93.5	2,233,448	(5.6)
7/01/08	2,013,793	2,062,275	(48,482)	97.6	2,251,842	(2.2)
7/01/09	1,303,836	4,974,116	(3,670,280)	26.2	1,986,110	(184.8)
7/01/10	1,248,885	6,553,019	(5,304,134)	19.1	1,993,876	(266.0)
7/01/11	590,790	6,202,794	(5,612,004)	9.5	1,907,671	(294.2)

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution	Percentage Contributed
6/30/07	\$ 251,783	102.6%
6/30/08	260,595	0.0
6/30/09	254,732	58.9
6/30/10	355,088	49.3
6/30/11	473,550	42.2
6/30/12	493,732	70.9

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation is presented in Section E above.

Teacher Retirement

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

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

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$20,838,534 or 50.3% of the total Town and Board of Education payroll of \$41,425,722.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of actuarially computed unfunded liability. For the year ended June 30, 2012, the Town has recorded in the General Fund (Exhibit IV) intergovernmental revenue schools and schools expenditures in the amount of \$4,268,284 as payments made by the State of Connecticut on behalf of the Town. The Town does not have any liability for teacher pensions.

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

15. OTHER POSTEMPLOYMENT BENEFITS

A. Plan Description

The Town, in accordance with various collective bargaining agreements, is committed to providing health and other benefits to certain eligible retirees and their spouses. The Post-Retirement Medical Program (RMP) covers Town, Board of Education and Police employees. Retired program members and beneficiaries currently receiving benefits are required to contribute 100% towards the cost of receiving

those benefits under the Town's self-insured medical benefits program. The Town does not issue a separate stand-alone financial statement for this program.

At July 1, 2010, plan membership consisted of the following:

	Post- Retirement Medical Program
Retired members	47
Spouses of retired members	22
Active plan members	<u>437</u>
Total Participants	<u><u>506</u></u>

B. Funding Policy

The Town funding and payment of postemployment benefits are accounted for in both the General Fund and in an internal service fund on a pay-as-you-go basis. Due to the fact that the Town's liability is solely from the implicit rate subsidy calculation, the Town has not established a trust fund to irrevocably segregate assets to fund the liability associated with postemployment benefits in accordance with GASB guidelines. Although a trust fund may not be established in the future to exclusively control the funding and reporting of postemployment benefits, since a combination of trust fund and internal service fund control may be used, the Town anticipates a commitment to fund normal cost and a long-term approach to the amortization of the actuarial accrued liability. The goal is to absorb, within the budgetary process, the actual cost of benefits in the determination of the costs of providing services to taxpayers. The Town's liability is solely from the implicit rate subsidy calculation.

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

C. Annual OPEB Cost and Net OPEB Obligations

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

Annual required contribution (ARC)	\$ 452,000
Interest on net OPEB obligation	12,731
Adjustment to annual required contribution	<u>(13,043)</u>
Annual OPEB cost	451,688
Contributions made	<u>329,000</u>
Increase in net OPEB obligation	122,688
Net OPEB obligation at beginning of year	<u>318,284</u>
Net OPEB Obligation at End of Year	<u><u>\$ 440,972</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal years ended June 30, 2012, 2011, and 2010, is presented below.

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/10	\$ 378,197	\$ 276,000	72.98%	\$ 220,197
6/30/11	394,087	296,000	75.11	318,284
6/30/12	451,688	329,000	72.84	440,972

As of July 1, 2010, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was approximately \$4.675 million, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$4.675 million. The covered payroll (annual payroll of active employees covered by the plan) is approximately \$18.48 million at June 30, 2012.

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

Schedule of Funding Progress

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

Schedule of Employer Contributions

Fiscal Year	Annual Required Contribution	Percentage Contributed
6/30/10	\$ 378,000	73%
6/30/11	394,000	75
6/30/12	452,000	73

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

In the July 1, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.0% investment rate of return assuming the benefits are not prefunded, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The annual healthcare cost trend rate varies by age and between the Board of Education and the Town and ranges from 0% to 4.83%. The ultimate medical inflation assumption is 4.7%. Projected salary increases were 3.5%. The actuarial value of assets was determined

assumption is 4.7%. Projected salary increases were 3.5%. The actuarial value of assets was determined using the closed group method. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at July 1, 2012 was 27 years.

16. CONTINGENT LIABILITIES

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

17. SUBSEQUENT EVENTS

On September 20, 2012, the Town issued \$9,703,000 of Bond Anticipation Notes, with a coupon rate of 1.25% and a net interest cost of 0.217% and a maturity date of May 30, 2013. The majority of these notes were to reissue expiring notes with \$657,000 new money added for the Disaster Recovery Project and the Bridge Repair Project.

**Required Supplementary
Information**

TOWN OF BERLIN, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2012

	2012				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual 2011
Taxes:					
Current tax collections	\$ 55,969,076	\$ 55,969,076	\$ 56,412,884	\$ 443,808	\$ 53,504,058
Back taxes	381,500	381,500	555,832	174,332	586,080
Interest from overdue taxes	210,500	210,500	319,387	108,887	333,943
Lien fees	2,064	2,064	2,850	786	3,582
Suspense taxes and interest	55,000	55,000	49,791	(5,209)	47,075
Elderly housing	34,000	34,000	43,628	9,628	33,639
Total	56,652,140	56,652,140	57,384,372	732,232	54,508,377
Licenses, Permits and Other Departments:					
Town clerk fees	300,000	300,000	362,124	62,124	350,043
Zoning Commission and Building Inspector	410,500	410,500	270,490	(140,010)	510,337
Zoning Board of Appeals	4,635	4,635	4,530	(105)	5,575
Animal control fees	13,000	13,000	12,406	(594)	13,575
Police Department	40,000	40,000	47,983	7,983	43,214
Police services to other agencies	30,000	30,000	38,666	8,666	26,081
Outside police services	312,500	312,500	254,749	(57,751)	495,539
Engineering and public works	125,000	160,000	258,533	98,533	236,461
Scrap metal	35,000	35,000	54,669	19,669	49,307
New road fee	6,000	6,000	-	(6,000)	3,000
Parks and recreation	113,000	113,000	115,172	2,172	109,582
Golf course revenues	825,622	825,622	781,046	(44,576)	718,310
Golf pro shop revenues	-	-	-	-	6,569
Golf cart revenue	285,000	285,000	319,466	34,466	270,508
Golf range revenue	-	-	-	-	6,346
Berlin-Peck Memorial Library	17,000	17,000	14,484	(2,516)	14,776
Berlin Public Health Nursing Service	1,250,000	1,250,000	1,002,818	(247,182)	1,238,663
Summer/field trips	14,839	14,839	9,439	(5,400)	13,552
Senior citizen center	5,450	5,450	6,077	627	5,808
Public grounds outside overtime	1,000	1,000	-	(1,000)	-
Total	3,788,546	3,823,546	3,552,652	(270,894)	4,117,246
Intergovernmental Revenues - Schools:					
Private schools	25,741	25,741	28,296	2,555	25,741
School transportation	133,344	133,344	126,136	(7,208)	136,066
Miscellaneous school grants	1	1	-	(1)	-
Equalized cost sharing	6,169,410	6,169,410	6,143,835	(25,575)	5,297,652
State fiscal stabilization funds	-	-	-	-	880,159
Excess special education grant	506,797	781,383	781,383	-	736,427
Adult education	15,152	15,152	-	(15,152)	4,779
Total	6,850,445	7,125,031	7,079,650	(45,381)	7,080,824
Intergovernmental Revenues - Other:					
In lieu of boat taxes	-	-	-	-	20,441
In lieu of taxes	25,495	25,495	25,505	10	25,151
PILOT - New Britain Stadium	30,000	30,000	30,000	-	30,000
Elderly property tax relief	148,776	148,776	134,229	(14,547)	134,139
Manufacturer's equipment grant	435,000	435,000	-	(435,000)	646,080
Disability, Social Security	-	-	793,163	793,163	-
Additional veteran exemption	2,452	2,452	2,516	64	2,436
Miscellaneous state grants	14,434	14,434	14,610	176	13,390
Friends Against Drugs	-	-	-	-	10,103
Public building grant	3,300	3,300	3,300	-	3,300
Pequot grant	52,559	52,559	57,254	4,695	52,965
Child and youth services grant	14,000	20,250	20,250	-	20,250
State and federal grants	13,000	860,555	870,109	9,554	80,487
Police overtime grant	71,093	71,093	20,704	(50,389)	56,165
Total	810,109	1,663,914	1,971,640	307,726	1,094,907

(Continued on next page)

TOWN OF BERLIN, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2012

	2012				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual 2011
Other Services and Earnings on Investments:					
Interest on investments	\$ 250,000	\$ 250,000	\$ 274,415	\$ 24,415	\$ 187,826
Refund of expenditures	50,000	50,000	105,846	55,846	70,415
Sale of land, labor and materials	10,000	10,000	20,841	10,841	13,111
Mobile home rent	57,600	57,600	55,096	(2,504)	60,655
Cell tower rental	100,070	100,070	99,879	(191)	94,317
Other receipts	10,000	339,725	336,805	(2,920)	95,458
Telephone access line share	60,000	60,000	63,596	3,596	62,041
Total	<u>537,670</u>	<u>867,395</u>	<u>956,478</u>	<u>89,083</u>	<u>583,823</u>
Total revenues	<u>68,638,910</u>	<u>70,132,026</u>	<u>70,944,792</u>	<u>812,766</u>	<u>67,385,177</u>
Other Financing Sources:					
Operating transfers from other funds:					
Water Control Commission - other	127,500	127,500	5,851	(121,649)	191,790
Water Control Commission - receivables	2,500	2,500	9,363	6,863	2,590
Special Revenue Funds	5,200	242,376	237,176	(5,200)	136,169
Capital Project Funds	65,000	65,000	65,000	-	65,000
Total other financing sources	<u>200,200</u>	<u>437,376</u>	<u>317,390</u>	<u>(119,986)</u>	<u>395,549</u>
Total Revenues and Other Financing Sources	<u>\$ 68,839,110</u>	<u>\$ 70,569,402</u>	<u>71,262,182</u>	<u>\$ 692,780</u>	<u>\$ 67,780,726</u>
Budgetary revenues are different than GAAP revenues because:					
State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted			4,268,284		
The Town does not budget for the proceeds from the issuance of capital leases			<u>112,188</u>		
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			<u>\$ 75,642,654</u>		

TOWN OF BERLIN, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2012

	2012				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual 2011
General Government:					
Manager's Office:					
Wages	\$ 163,267	\$ 165,624	\$ 165,623	\$ 1	\$ 162,214
Fringe benefits	51,075	51,535	47,731	3,804	45,919
Operational	3,476	3,476	1,685	1,791	1,978
Total	<u>217,818</u>	<u>220,635</u>	<u>215,039</u>	<u>5,596</u>	<u>210,111</u>
Finance Department:					
Wages	396,601	399,518	397,058	2,460	389,907
Fringe benefits	148,017	152,905	151,321	1,584	143,260
Operational	64,671	60,343	53,179	7,164	51,806
Total	<u>609,289</u>	<u>612,766</u>	<u>601,558</u>	<u>11,208</u>	<u>584,973</u>
Technology Department:					
Wages	153,971	153,971	153,970	1	152,515
Fringe benefits	51,952	51,952	46,854	5,098	48,656
Operational	79,900	79,900	78,023	1,877	81,103
Capital	54,000	54,000	54,000	-	21,205
Total	<u>339,823</u>	<u>339,823</u>	<u>332,847</u>	<u>6,976</u>	<u>303,479</u>
Collector of Revenue:					
Wages	145,333	144,760	140,759	4,001	135,133
Fringe benefits	45,924	46,297	45,640	657	37,830
Operational	32,090	32,290	28,227	4,063	22,000
Total	<u>223,347</u>	<u>223,347</u>	<u>214,626</u>	<u>8,721</u>	<u>194,963</u>
Treasurer:					
Wages	48,174	48,174	48,174	-	47,728
Fringe benefits	21,769	22,294	22,112	182	21,119
Operational	1,150	1,150	796	354	207
Total	<u>71,093</u>	<u>71,618</u>	<u>71,082</u>	<u>536</u>	<u>69,054</u>
Corporation Counsel:					
Wages	110,650	110,250	110,233	17	110,000
Fringe benefits	36,304	37,367	37,088	279	35,239
Operational	92,160	91,497	83,735	7,762	73,964
Total	<u>239,114</u>	<u>239,114</u>	<u>231,056</u>	<u>8,058</u>	<u>219,203</u>
Townwide expenditures:					
Wages	163,309	5,141	5,140	1	1,738
Fringe benefits	447,985	439,615	399,113	40,502	268,559
Operational	979,584	684,506	672,049	12,457	648,031
Capital	500	500	343	157	
Total	<u>1,591,378</u>	<u>1,129,762</u>	<u>1,076,645</u>	<u>53,117</u>	<u>918,328</u>

(Continued on next page)

TOWN OF BERLIN, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2012

	2012				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual 2011
Assessor:					
Wages	\$ 229,904	\$ 228,654	\$ 227,484	\$ 1,170	\$ 227,393
Fringe benefits	82,950	84,200	82,822	1,378	80,314
Operational	24,545	24,545	18,376	6,169	22,370
Total	<u>337,399</u>	<u>337,399</u>	<u>328,682</u>	<u>8,717</u>	<u>330,077</u>
Registrar of Voters:					
Wages	57,000	57,000	54,032	2,968	55,080
Fringe benefits	11,358	11,358	10,720	638	10,488
Operational	58,950	58,950	26,765	32,185	49,863
Total	<u>127,308</u>	<u>127,308</u>	<u>91,517</u>	<u>35,791</u>	<u>115,431</u>
Town Clerk:					
Wages	228,416	229,662	229,173	489	225,992
Fringe benefits	95,207	95,647	89,490	6,157	91,139
Operational	25,345	25,345	24,605	740	23,531
Capital	4,500	4,500	4,431	69	4,500
Total	<u>353,468</u>	<u>355,154</u>	<u>347,699</u>	<u>7,455</u>	<u>345,162</u>
Board of Assessment Appeals:					
Wages	500	500	475	25	575
Fringe benefits	41	41	35	6	44
Operational	75	75		75	0
Total	<u>616</u>	<u>616</u>	<u>510</u>	<u>106</u>	<u>619</u>
Town Council:					
Operational	<u>100</u>	<u>100</u>		<u>100</u>	<u>1,125</u>
Total general government	<u>4,110,753</u>	<u>3,657,642</u>	<u>3,511,261</u>	<u>146,381</u>	<u>3,292,525</u>
Community Development:					
Planning and building inspection:					
Wages	415,353	417,284	412,599	4,685	414,185
Fringe benefits	164,474	164,900	151,566	13,334	152,757
Operational	19,972	19,972	16,607	3,365	19,004
Capital				-	3,313
Total	<u>599,799</u>	<u>602,156</u>	<u>580,772</u>	<u>21,384</u>	<u>589,259</u>
Planning and Zoning Commission:					
Operational	<u>510</u>	<u>510</u>	<u>400</u>	<u>110</u>	<u>422</u>

(Continued on next page)

TOWN OF BERLIN, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2012

	2012				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual 2011
Zoning Board of Appeals:					
Wages	\$ 1,300	\$ 1,300	\$ 975	\$ 325	\$ 1,150
Fringe benefits	103	103	77	26	80
Operational	360	360	277	83	314
Total	<u>1,763</u>	<u>1,763</u>	<u>1,329</u>	<u>434</u>	<u>1,544</u>
Economic Development:					
Wages	95,434	93,634	91,688	1,946	92,868
Fringe benefits	16,615	30,057	29,604	453	16,247
Operational	18,893	18,893	14,667	4,226	12,027
Capital	25,000			-	
Total	<u>155,942</u>	<u>142,584</u>	<u>135,959</u>	<u>6,625</u>	<u>121,142</u>
Conservation Commission:					
Wages	1,300	1,300	1,125	175	1,100
Fringe benefits	103	103	85	18	85
Operational	3,770	3,770	2,651	1,119	3,544
Total	<u>5,173</u>	<u>5,173</u>	<u>3,861</u>	<u>1,312</u>	<u>4,729</u>
Inland Wetlands Commission:					
Wages	1,400	1,400	1,225	175	900
Fringe benefits	111	111	91	20	68
Operational	2,511	2,511	2,211	300	
Total	<u>4,022</u>	<u>4,022</u>	<u>3,527</u>	<u>495</u>	<u>968</u>
Veterans Commission:					
Operational	<u>4,290</u>	<u>4,290</u>	<u>2,585</u>	<u>1,705</u>	<u>2,519</u>
Berlin Historic District:					
Wages	1,375	1,375	900	475	1,225
Fringe benefits	109	109	71	38	96
Operational	350	350	175	175	113
Total	<u>1,834</u>	<u>1,834</u>	<u>1,146</u>	<u>688</u>	<u>1,434</u>
Commission for Disabled:					
Wages	600	600	100	500	300
Fringe benefits	48	48	8	40	24
Operational	25	25		25	
Total	<u>673</u>	<u>673</u>	<u>108</u>	<u>565</u>	<u>324</u>
Public Building Commission:					
Wages	3,000	3,000	2,750	250	2,200
Fringe benefits	237	237	205	32	159
Operational	100	100	40	60	13
Total	<u>3,337</u>	<u>3,337</u>	<u>2,995</u>	<u>342</u>	<u>2,372</u>
Total community development	<u>777,343</u>	<u>766,342</u>	<u>732,682</u>	<u>33,660</u>	<u>724,713</u>

(Continued on next page)

TOWN OF BERLIN, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2012

	2012			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)
				Actual 2011
Public Safety:				
Ambulance contract:				
Operational	\$ 226,382	\$ 226,382	\$ 225,796	\$ 586
				\$ 218,753
Animal Control:				
Wages	90,218	91,642	90,918	724
Fringe benefits	31,849	30,831	30,534	297
Operational	15,915	15,836	13,931	1,905
Total	137,982	138,309	135,383	2,926
				131,621
Fire Department:				
Wages	220,567	234,566	233,915	651
Fringe benefits	105,350	120,864	119,496	1,368
Operational	339,050	312,777	300,099	12,678
Capital	7,500	7,500	7,411	89
Total	672,467	675,707	660,921	14,786
				443,987
Police:				
Wages	4,569,381	4,573,473	4,437,852	135,621
Fringe benefits	1,695,417	1,660,437	1,554,471	105,966
Operational	223,435	214,618	198,057	16,561
Capital	100,000	98,987	98,987	-
Total	6,588,233	6,547,515	6,289,367	258,148
				6,083,085
Fire Marshal:				
Wages	162,676	165,869	165,868	1
Fringe benefits	69,346	71,139	70,246	893
Operational	5,060	5,060	3,199	1,861
Total	237,082	242,068	239,313	2,755
				229,893
Total public safety	7,862,146	7,829,981	7,550,780	279,201
				7,107,339
Physical Services:				
Municipal garage:				
Wages	404,742	444,179	434,078	10,101
Fringe benefits	161,346	166,037	164,445	1,592
Operational	510,710	468,579	428,761	39,818
Capital	23,000			-
Total	1,099,798	1,078,795	1,027,284	51,511
				959,372
Public Works:				
Wages	337,586	273,176	273,057	119
Fringe benefits	128,346	128,573	109,253	19,320
Operational	2,108,285	2,239,435	2,145,962	93,473
Capital				-
Total	2,574,217	2,641,184	2,528,272	112,912
				2,430,701

(Continued on next page)

TOWN OF BERLIN, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2012

	2012				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual 2011
Highway:					
Wages	\$ 879,293	\$ 904,822	\$ 902,407	\$ 2,415	\$ 892,303
Fringe benefits	407,993	422,808	418,647	4,161	399,092
Operational	250,400	1,241,716	904,470	337,246	274,952
Capital	107,000	30,450	30,450	-	
Total	<u>1,644,686</u>	<u>2,599,796</u>	<u>2,255,974</u>	<u>343,822</u>	<u>1,566,347</u>
Public building:					
Wages	1,059,784	1,052,316	1,033,839	18,477	1,039,550
Fringe benefits	444,269	448,809	435,439	13,370	411,210
Operational	734,513	714,658	679,814	34,844	729,339
Capital	68,322	60,400	60,400	-	10,630
Total	<u>2,306,888</u>	<u>2,276,183</u>	<u>2,209,492</u>	<u>66,691</u>	<u>2,190,729</u>
Total physical services	<u>7,625,589</u>	<u>8,595,958</u>	<u>8,021,022</u>	<u>574,936</u>	<u>7,147,149</u>
Parks, Recreation and Libraries:					
Mobile home park:					
Operational	<u>8,780</u>	<u>8,780</u>	<u>7,210</u>	<u>1,570</u>	<u>7,404</u>
Recreation:					
Wages	303,347	302,817	292,909	9,908	287,616
Fringe benefits	89,999	90,524	87,017	3,507	80,463
Operational	48,069	48,074	40,957	7,117	44,990
Total	<u>441,415</u>	<u>441,415</u>	<u>420,883</u>	<u>20,532</u>	<u>413,069</u>
Golf course:					
Wages	466,152	471,340	470,545	795	499,078
Fringe benefits	158,894	181,509	172,456	9,053	167,629
Operational	466,639	462,051	459,367	2,684	524,297
Capital	48,884	48,451	48,451	-	45,801
Total	<u>1,140,569</u>	<u>1,163,351</u>	<u>1,150,819</u>	<u>12,532</u>	<u>1,236,805</u>
Libraries:					
Wages	612,948	611,886	590,288	21,598	584,811
Fringe benefits	207,957	212,016	201,664	10,352	187,634
Operational	180,610	180,610	179,768	842	160,751
Capital	6,000				6,000
Total	<u>1,007,515</u>	<u>1,004,512</u>	<u>971,720</u>	<u>32,792</u>	<u>939,196</u>

(Continued on next page)

TOWN OF BERLIN, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2012

	2012			Variance Positive (Negative)	Actual 2011
	Original Budget	Final Budget	Actual		
Public grounds:					
Wages	\$ 690,515	\$ 690,090	\$ 657,275	\$ 32,815	\$ 677,964
Fringe benefits	291,244	291,632	271,744	19,888	265,061
Operational	255,000	259,000	233,374	25,626	235,033
Capital	67,000	67,000	63,952	3,048	
Total	<u>1,303,759</u>	<u>1,307,722</u>	<u>1,226,345</u>	<u>81,377</u>	<u>1,178,058</u>
Total parks, recreation and libraries	<u>3,902,038</u>	<u>3,925,780</u>	<u>3,776,977</u>	<u>148,803</u>	<u>3,774,532</u>
Health and Human Services:					
Health Department:					
Operational	<u>84,372</u>	<u>84,372</u>	<u>84,372</u>	<u>-</u>	<u>83,953</u>
Nursing services:					
Wages	946,047	960,154	888,392	71,762	907,515
Fringe benefits	332,786	335,916	315,384	20,532	290,719
Operational	401,118	401,118	303,598	97,520	337,069
Capital				-	9,915
Total	<u>1,679,951</u>	<u>1,697,188</u>	<u>1,507,374</u>	<u>189,814</u>	<u>1,545,218</u>
Community services:					
Wages	317,009	322,120	320,315	1,805	315,817
Fringe benefits	139,732	142,144	141,318	826	136,195
Operational	<u>30,935</u>	<u>38,235</u>	<u>36,084</u>	<u>2,151</u>	<u>37,043</u>
Total	<u>487,676</u>	<u>502,499</u>	<u>497,717</u>	<u>4,782</u>	<u>489,055</u>
Total health and human services	<u>2,251,999</u>	<u>2,284,059</u>	<u>2,089,463</u>	<u>194,596</u>	<u>2,118,226</u>
Schools:					
Private schools:					
Wages	69,237	69,237	62,451	6,786	60,498
Fringe benefits	37,321	37,321	27,834	9,487	27,008
Operational	<u>1,308</u>	<u>1,308</u>	<u>1,140</u>	<u>168</u>	<u>1,065</u>
Total	<u>107,866</u>	<u>107,866</u>	<u>91,425</u>	<u>16,441</u>	<u>88,571</u>
Board of Education	<u>37,949,785</u>	<u>37,949,785</u>	<u>37,920,799</u>	<u>28,986</u>	<u>37,034,020</u>
School expenditures:					
Wages	466,289	504,190	489,462	14,728	446,327
Fringe benefits	894,074	854,261	772,824	81,437	777,784
Operational	899,417	1,186,891	1,158,478	28,413	1,165,756
Capital	<u>374,000</u>	<u>342,975</u>	<u>342,953</u>	<u>22</u>	<u>231,271</u>
Total	<u>2,633,780</u>	<u>2,888,317</u>	<u>2,763,717</u>	<u>124,600</u>	<u>2,621,138</u>
Total schools	<u>40,691,431</u>	<u>40,945,968</u>	<u>40,775,941</u>	<u>170,027</u>	<u>39,743,729</u>

(Continued on next page)

TOWN OF BERLIN, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2012

	2012			Variance Positive (Negative)	Actual 2011
	Original Budget	Final Budget	Actual		
Debt Principal:					
Town Government	\$ 1,662,258	\$ 1,662,258	\$ 1,662,257	\$ 1	\$ 1,075,054
Interest and Fiscal Charges:					
Town Government	653,428	835,666	689,153	146,513	519,035
Schools	451,525	465,119	465,119	-	72,451
Total interest and fiscal charges	<u>1,104,953</u>	<u>1,300,785</u>	<u>1,154,272</u>	<u>146,513</u>	<u>591,486</u>
Total Expenditures	<u>69,988,510</u>	<u>70,968,773</u>	<u>69,274,655</u>	<u>1,694,118</u>	<u>65,574,753</u>
Other Financing Uses:					
Transfers to Other Funds:					
Capital Projects fund	380,600	618,566	618,566	-	
Revaluation fund	20,000	20,000		20,000	
Capital and Nonrecurring fund		428,517	428,517		913,318
Union Negotiation Reserve Fund		83,544	83,544	-	
Total other financing uses	<u>400,600</u>	<u>1,150,627</u>	<u>1,130,627</u>	<u>20,000</u>	<u>913,318</u>
Total Expenditures and Other Financing Uses	\$ <u>70,389,110</u>	\$ <u>72,119,400</u>	70,405,282	\$ <u>1,714,118</u>	\$ <u>66,488,071</u>
Budgetary expenditures are different than GAAP expenditures because:					
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted			4,268,284		
The Town does not budget for capital outlay relating to the issuance of capital leases			112,188		
The Town does not budget for revaluation fund expenditures			10,153		
The Town budgets for union negotiation reserve fund transfers which are eliminated under GAAP			<u>(83,544)</u>		
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds - Exhibit IV			\$ <u>74,712,363</u>		

Combining and Individual Fund Statements and Schedules

General Fund

GENERAL FUND

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

TOWN OF BERLIN, CONNECTICUT

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash and cash equivalents	\$ 11,490,612	\$ 11,862,297
Receivables, net of allowances for uncollectibles:		
Taxes	1,840,502	1,663,245
Other	2,405,599	1,153,299
Due from other funds	<u>6,730</u>	<u>16,092</u>
Total Assets	<u>\$ 15,743,443</u>	<u>\$ 14,694,933</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 1,167,123	\$ 854,186
Taxes collected in advance	269,944	400,230
Due to other funds	128,482	284,457
Deferred revenue	<u>2,879,891</u>	<u>2,788,348</u>
Total liabilities	<u>4,445,440</u>	<u>4,327,221</u>
Fund balance:		
Committed	368,642	295,251
Assigned	1,550,000	1,550,000
Unassigned	<u>9,379,361</u>	<u>8,522,461</u>
Total fund balance	<u>11,298,003</u>	<u>10,367,712</u>
Total Liabilities and Fund Balance	<u>\$ 15,743,443</u>	<u>\$ 14,694,933</u>

TOWN OF BERLIN, CONNECTICUT

GENERAL FUND

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2012

Grand List October 1,	Due Date July 1,	Taxes Collectible	Lawful Corrections		Net Amount Collectible	Collections				Refunds	Transferred to Suspense Book	Uncollected Taxes June 30, 2012
			Additions(2)	Deductions		Taxes	Interest	Lien Fees	Total			
2011 (1)	2012	\$	\$	\$	\$	\$ 269,944	\$	\$	\$ 269,944	\$	\$	\$
2010	2011	56,522,792	717,671	158,333	57,082,130	56,304,393	150,395	264	56,455,052	58,349		836,086
2009	2010	786,878	59,234	2,942	843,170	372,090	75,363	1,506	448,959		151,843	319,237
2008	2009	287,702	29,313	98	316,917	119,793	48,675	570	169,038			197,124
2007	2008	242,342	819		243,161	49,413	24,364	288	74,065			193,748
2006	2007	77,545	577		78,122	5,949	5,504	78	11,531			72,173
2005	2006	66,410	274		66,684	4,738	5,989	72	10,799			61,946
2004	2005	56,017			56,017	659	4,366	24	5,049			55,358
2003	2004	53,668			53,668	28	34	24	86			53,640
2002	2003	52,765			52,765				-			52,765
2001	2002	25,047	288		25,335				-			25,335
2000	2001	28,874			28,874	2,251	1,437		3,688			26,623
1999	2000	26,813			26,813				-			26,813
1998	1999	28,951			28,951				-			28,951
1997	1998	29,335			29,335	281	1,528		1,809			29,054
1996	1997	30,920			30,920	632	1,731	24	2,387			30,288
Tax suspense book, including interest						49,791			49,791			-
Total		\$ 58,316,059	\$ 808,176	\$ 161,373	\$ 58,962,862	\$ 57,179,962	\$ 319,386	\$ 2,850	\$ 57,502,198	\$ 58,349	\$ 151,843	\$ 2,009,141

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

Note 2: Includes motor vehicle supplement amounting to \$ 470,323

Note 3: Actual tax collections excluding suspense taxes for the year ended June 30, 2012:

Note 4: Property taxes receivable, end of year \$ 2,009,141
Less: Allowance for uncollectible taxes (168,639)

Tax collections, end of year \$ 57,179,962

Deduct:

Net Property Taxes Receivable \$ 1,840,502

Suspense tax and interest (49,791)

Advance collections of taxes due, beginning of year (269,944)

Tax Collections \$ 56,860,227

**Nonmajor
Governmental Funds**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

Permanent Funds

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

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

TOWN OF BERLIN, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2012

	Special Revenue Funds									
	Cafeteria	Disadvantaged Education	School Rental Revolving	Police Drug Enforcement	Police Asset Forfeiture	Marjorie Moore	R & S Associates Bond	Summer Adventures	Disaster Recovery	Afternoon Enrichment Program
ASSETS										
Cash and cash equivalents	\$ 36,561	\$ 114,302	\$ 2,000	\$ 5,160	\$ 30,893	\$ 49,598	\$ 13,519	\$ 1,350	\$ 11,081	\$ 19,370
Receivables:										
Other	2,243									
Intergovernmental	30,006									
Inventory at cost	27,356									
Total Assets	<u>\$ 96,166</u>	<u>\$ 114,302</u>	<u>\$ 2,000</u>	<u>\$ 5,160</u>	<u>\$ 30,893</u>	<u>\$ 49,598</u>	<u>\$ 13,519</u>	<u>\$ 1,350</u>	<u>\$ 11,081</u>	<u>\$ 19,370</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred revenue		114,302								
Total liabilities	<u>-</u>	<u>114,302</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:										
Nonspendable	27,356									
Restricted				5,160	30,893	49,598	13,519			
Committed	68,810		2,000					1,350	11,081	19,370
Total fund balance	<u>96,166</u>	<u>-</u>	<u>2,000</u>	<u>5,160</u>	<u>30,893</u>	<u>49,598</u>	<u>13,519</u>	<u>1,350</u>	<u>11,081</u>	<u>19,370</u>
Total Liabilities and Fund Balances	<u>\$ 96,166</u>	<u>\$ 114,302</u>	<u>\$ 2,000</u>	<u>\$ 5,160</u>	<u>\$ 30,893</u>	<u>\$ 49,598</u>	<u>\$ 13,519</u>	<u>\$ 1,350</u>	<u>\$ 11,081</u>	<u>\$ 19,370</u>

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

JUNE 30, 2012

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	Special Revenue Funds									
	Work Zone Safety	Elderly Oral Screening	Caravan	Boundless Playground	Scholarship and Donations	Special Grants and Donations	Recreation	Senior Center Walkway Project	Veterans Brick Walkway	Total
ASSETS										
Cash and cash equivalents	\$ 5,000	\$ 2,466	\$ 4,243	\$ 262	\$ 111,207	\$ 60,686	\$ 46,306	\$	\$ 13,827	\$ 527,831
Receivables:										
Other										2,243
Intergovernmental										30,006
Inventory at cost										27,356
Total Assets	<u>\$ 5,000</u>	<u>\$ 2,466</u>	<u>\$ 4,243</u>	<u>\$ 262</u>	<u>\$ 111,207</u>	<u>\$ 60,686</u>	<u>\$ 46,306</u>	<u>\$ -</u>	<u>\$ 13,827</u>	<u>\$ 587,436</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$	\$	\$	\$	\$ 1,155	\$ 1,927	\$ 2,367	\$	\$	\$ 5,449
Deferred revenue										114,302
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,155</u>	<u>1,927</u>	<u>2,367</u>	<u>-</u>	<u>-</u>	<u>119,751</u>
Fund Balances:										
Nonspendable										27,356
Restricted			4,243	262	110,052	58,759				272,486
Committed	5,000	2,466					43,939		13,827	167,843
Total fund balance	<u>5,000</u>	<u>2,466</u>	<u>4,243</u>	<u>262</u>	<u>110,052</u>	<u>58,759</u>	<u>43,939</u>	<u>-</u>	<u>13,827</u>	<u>467,685</u>
Total Liabilities and Fund Balances	<u>\$ 5,000</u>	<u>\$ 2,466</u>	<u>\$ 4,243</u>	<u>\$ 262</u>	<u>\$ 111,207</u>	<u>\$ 60,686</u>	<u>\$ 46,306</u>	<u>\$ -</u>	<u>\$ 13,827</u>	<u>\$ 587,436</u>

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

JUNE 30, 2012

	Permanent Funds						Total Nonmajor Governmental Funds
	Marjorie Moore Tree	Olive Seldon	Berlin Playhouse Performing Arts	Medical Aid	Blanche Delaney	Total	
ASSETS							
Cash and cash equivalents	\$ 5,327	\$ 47,559	\$ 5,062	\$ 46,694	\$ 52,746	\$ 157,388	\$ 685,219
Receivables:							
Other						-	2,243
Intergovernmental						-	30,006
Inventory at cost						-	27,356
Total Assets	<u>\$ 5,327</u>	<u>\$ 47,559</u>	<u>\$ 5,062</u>	<u>\$ 46,694</u>	<u>\$ 52,746</u>	<u>\$ 157,388</u>	<u>\$ 744,824</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$	\$	\$	\$	\$	\$ -	\$ 5,449
Deferred revenue						-	114,302
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>119,751</u>
Fund Balances:							
Nonspendable	5,000	46,394		21,965	41,332	114,691	142,047
Restricted	327	1,165	5,062	24,729	11,414	42,697	315,183
Committed						-	167,843
Total fund balance	<u>5,327</u>	<u>47,559</u>	<u>5,062</u>	<u>46,694</u>	<u>52,746</u>	<u>157,388</u>	<u>625,073</u>
Total Liabilities and Fund Balances	<u>\$ 5,327</u>	<u>\$ 47,559</u>	<u>\$ 5,062</u>	<u>\$ 46,694</u>	<u>\$ 52,746</u>	<u>\$ 157,388</u>	<u>\$ 744,824</u>

TOWN OF BERLIN, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

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	Special Revenue Funds									
	Cafeteria	Disadvantaged Education	School Rental Revolving	Police Drug Enforcement	Police Asset Forfeiture	Marjorie Moore	R & S Associates Bond	Summer Adventures	Disaster Recovery	Afternoon Enrichment Program
Revenues:										
Intergovernmental revenue - schools	\$ 174,836	\$ 1,418,068	\$	\$	\$	\$	\$	\$	\$	\$
Intergovernmental revenue - other					6,712					
Licenses, permits and fees										18,505
Other sales and services	654,496		44,241							
Earnings on investments										
Other	47,182			250		26,050				
Total revenues	876,514	1,418,068	44,241	250	6,712	26,050	-	-	-	18,505
Expenditures:										
Current:										
General government									20,448	
Community development										
Public safety				3,848	80					
Parks, recreation and libraries						12,299				
Health and human services						12,395				
Schools	858,476	1,418,068	63,721							18,953
Total expenditures	858,476	1,418,068	63,721	3,848	80	24,694	-	-	20,448	18,953
Net Change in Fund Balances	18,038	-	(19,480)	(3,598)	6,632	1,356	-	-	(20,448)	(448)
Fund Balances at Beginning of Year	78,128	-	21,480	8,758	24,261	48,242	13,519	1,350	31,529	19,818
Fund Balances at End of Year	\$ 96,166	\$ -	\$ 2,000	\$ 5,160	\$ 30,893	\$ 49,598	\$ 13,519	\$ 1,350	\$ 11,081	\$ 19,370

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TOWN OF BERLIN, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Special Revenue Funds									
	Work Zone Safety	Elderly Oral Screening	Caravan	Boundless Playground	Scholarship and Donations	Special Grants and Donations	Recreation	Senior Center Walkway Project	Veterans Brick Walkway	Total
Revenues:										
Intergovernmental revenue - schools	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 1,592,904
Intergovernmental revenue - other						235,008		25,000		266,720
Licenses, permits and fees						540	61,191			80,236
Other sales and services										698,737
Earnings on investments					419	37				456
Other					4,535	3,284			19,620	100,921
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,954</u>	<u>238,869</u>	<u>61,191</u>	<u>25,000</u>	<u>19,620</u>	<u>2,739,974</u>
Expenditures:										
Current:										
General government						3,651				24,099
Community development						305			5,793	6,098
Public safety						5,303				9,231
Parks, recreation and libraries					2,372	7,923	50,551			73,145
Health and human services						240,533		23,983		276,911
Schools				17,817						2,377,035
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,817</u>	<u>2,372</u>	<u>257,715</u>	<u>50,551</u>	<u>23,983</u>	<u>5,793</u>	<u>2,766,519</u>
Net Change in Fund Balances	-	-	-	(17,817)	2,582	(18,846)	10,640	1,017	13,827	(26,545)
Fund Balances at Beginning of Year	<u>5,000</u>	<u>2,466</u>	<u>4,243</u>	<u>18,079</u>	<u>107,470</u>	<u>77,605</u>	<u>33,299</u>	<u>(1,017)</u>	<u>-</u>	<u>494,230</u>
Fund Balances at End of Year	\$ <u>5,000</u>	\$ <u>2,466</u>	\$ <u>4,243</u>	\$ <u>262</u>	\$ <u>110,052</u>	\$ <u>58,759</u>	\$ <u>43,939</u>	\$ <u>-</u>	\$ <u>13,827</u>	\$ <u>467,685</u>

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TOWN OF BERLIN, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Permanent Funds					Total Nonmajor Governmental Funds
	Marjorie Moore Tree	Olive Seldon	Berlin Playhouse Performing Arts	Medical Aid	Blanche Delaney	
Revenues:						
Intergovernmental revenue - schools	\$	\$	\$	\$	\$	\$ 1,592,904
Intergovernmental revenue - other						266,720
Licenses, permits and fees						80,236
Other sales and services						698,737
Earnings on investments	21	182	20	174	199	1,052
Other				3,130		104,051
Total revenues	<u>21</u>	<u>182</u>	<u>20</u>	<u>3,304</u>	<u>199</u>	<u>2,743,700</u>
Expenditures:						
Current:						
General government						24,099
Community development						6,098
Public safety						9,231
Parks, recreation and libraries						73,145
Health and human services				1,750		278,661
Schools		461	200			2,377,696
Total expenditures	<u>-</u>	<u>461</u>	<u>200</u>	<u>1,750</u>	<u>-</u>	<u>2,768,930</u>
Net Change in Fund Balances	21	(279)	(180)	1,554	199	(25,230)
Fund Balances at Beginning of Year	<u>5,306</u>	<u>47,838</u>	<u>5,242</u>	<u>45,140</u>	<u>52,547</u>	<u>650,303</u>
Fund Balances at End of Year	<u>\$ 5,327</u>	<u>\$ 47,559</u>	<u>\$ 5,062</u>	<u>\$ 46,694</u>	<u>\$ 52,746</u>	<u>\$ 625,073</u>

Enterprise Funds

ENTERPRISE FUNDS

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

TOWN OF BERLIN, CONNECTICUT
WATER AND SEWER ENTERPRISE FUND
SCHEDULE OF WATER ASSESSMENTS RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2012

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<u>Locations</u>	<u>Balance June 30, 2011</u>	<u>Assessments During Year</u>	<u>Adjustments</u>	<u>Interest and Penalties</u>	<u>Collections</u>	<u>Balance June 30, 2012</u>
Town Wide, March 1st	\$ 5,533	\$	\$ (1,383)	\$ 208	\$ 4,150	\$ -
Town Wide, May 1st	5,410		(2,632)	211	1,311	1,467
Town Wide, September 1st	6,848			397	2,482	4,366
Town Wide, December 1st	6,212			113	1,507	4,705
Due Town of Berlin: December 1st	<u>5,114</u>	<u></u>	<u>(1,023)</u>	<u></u>	<u></u>	<u>4,091</u>
Total	\$ <u>29,117</u>	\$ <u>-</u>	\$ <u>(5,038)</u>	\$ <u>929</u>	\$ <u>9,450</u>	\$ <u>14,629</u>

TOWN OF BERLIN, CONNECTICUT
WATER AND SEWER ENTERPRISE FUND
SCHEDULE OF SEWER ASSESSMENTS RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2012

<u>Locations</u>	<u>Balance June 30, 2011</u>	<u>Assessments During Year</u>	<u>Adjustments</u>	<u>Interest and Penalties</u>	<u>Collections</u>	<u>Balance June 30, 2012</u>
Town Wide, March 1st	\$ 1,584	\$	\$ (1,584)	\$	\$	\$ -
Town Wide, May 1st	732			55	732	-
⌚ Town Wide, September 1st and October 1st	2,732			205	1,753	979
Town Wide, December 1st	11,371		(707)	98	1,300	9,364
Belcher Brook Interceptor (due Town of Berlin):						
Due March 1st	7,667		(1,917)	288	5,750	-
Due September 1st	2,033					2,033
Due December 1st	1,278			50	673	605
Total	<u>\$ 27,397</u>	<u>\$ -</u>	<u>\$ (4,208)</u>	<u>\$ 696</u>	<u>\$ 10,208</u>	<u>\$ 12,981</u>

TOWN OF BERLIN, CONNECTICUT
WATER AND SEWER ENTERPRISE FUND
REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2012

<u>Grand List October 1,</u>		<u>Due Date July 1,</u>	<u>Taxes Collectible</u>	<u>Lawful Additions(2)</u>	<u>Lawful Deductions</u>	<u>Adjusted Taxes Collectible</u>	<u>Collections</u>				<u>Refunds</u>	<u>Transfer to Suspense</u>	<u>Taxes Receivable June 30, 2012</u>
							<u>Taxes</u>	<u>Interest</u>	<u>Lien Fees</u>	<u>Total</u>			
1996	(1)	1997	\$ 48	\$	\$	\$ 48	\$ 20	\$ 53	\$ 48	\$ 121	\$	\$	\$ 28
Tax suspense book including interest										-			-
Total			\$ <u>48</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>48</u>	\$ <u>20</u>	\$ <u>53</u>	\$ <u>48</u>	\$ <u>121</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>28</u>

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

Note 2: Taxes were not levied for the 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009 and 2010 grand lists.

Note 3: Actual tax collections excluding suspense taxes for the year ended June 30, 2012:

Tax collections, end of year \$ 20

Deduct:

Suspense tax and interest

Total \$ 20

Internal Service Funds

INTERNAL SERVICE FUNDS

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

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

TOWN OF BERLIN, CONNECTICUT

COMBINING STATEMENT OF NET ASSETS

INTERNAL SERVICE FUNDS

JUNE 30, 2012

	General Insurance Fund	Medical and Health Insurance Fund	Total
Assets:			
Cash and cash equivalents	\$ 2,616,211	\$ 2,747,304	\$ 5,363,515
Due from other funds		128,482	128,482
	<u>2,616,211</u>	<u>2,875,786</u>	<u>5,491,997</u>
Total assets			
	<u>2,616,211</u>	<u>2,875,786</u>	<u>5,491,997</u>
Liabilities:			
Current:			
Accounts payable and claims liability	35,049	527,670	562,719
Due to MIRMA	66,101		66,101
Total current liabilities	<u>101,150</u>	<u>527,670</u>	<u>628,820</u>
Noncurrent:			
Due to MIRMA	<u>66,101</u>		<u>66,101</u>
Total liabilities			
	<u>167,251</u>	<u>527,670</u>	<u>694,921</u>
Net Assets:			
Unrestricted	<u>2,448,960</u>	<u>2,348,116</u>	<u>4,797,076</u>
Total Net Assets	<u>\$ 2,448,960</u>	<u>\$ 2,348,116</u>	<u>\$ 4,797,076</u>

TOWN OF BERLIN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

	General Insurance Fund	Medical and Health Insurance Fund	Total
Operating revenues:			
Insurance proceeds	\$ 59,761	\$ 33,456	\$ 93,217
Employee contributions		1,555,265	1,555,265
Charges for services	1,093,568	6,233,849	7,327,417
Total operating revenues	<u>1,153,329</u>	<u>7,822,570</u>	<u>8,975,899</u>
Operating expenses:			
Administration	81,314	863,565	944,879
Benefits		7,470,272	7,470,272
Insurance	1,032,475		1,032,475
Total operating expenses	<u>1,113,789</u>	<u>8,333,837</u>	<u>9,447,626</u>
Operating Income (Loss)	39,540	(511,267)	(471,727)
Nonoperating revenue:			
Earnings on investments	<u>7,529</u>	<u>9,480</u>	<u>17,009</u>
Change in Net Assets	47,069	(501,787)	(454,718)
Net Assets at Beginning of Year	<u>2,401,891</u>	<u>2,849,903</u>	<u>5,251,794</u>
Net Assets at End of Year	<u>\$ 2,448,960</u>	<u>\$ 2,348,116</u>	<u>\$ 4,797,076</u>

TOWN OF BERLIN, CONNECTICUT

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

	General Insurance Fund	Medical and Health Insurance Fund	Total
Cash Flows from Operating Activities:			
Cash received from insurance and others	\$ 59,761	\$ 33,456	\$ 93,217
Cash received from users	1,093,568	7,945,089	9,038,657
Cash paid to vendors	<u>(1,148,297)</u>	<u>(8,238,228)</u>	<u>(9,386,525)</u>
Net cash provided by (used in) operating activities	5,032	(259,683)	(254,651)
Cash Flows from Investing Activities:			
Interest on investments	<u>7,529</u>	<u>9,480</u>	<u>17,009</u>
Net Increase (Decrease) in Cash and Cash Equivalents	12,561	(250,203)	(237,642)
Cash and Cash Equivalents at Beginning of Year	<u>2,603,650</u>	<u>2,997,507</u>	<u>5,601,157</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,616,211</u>	<u>\$ 2,747,304</u>	<u>\$ 5,363,515</u>
Reconciliation of Operating Income (Loss) to			
Net Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	\$ 39,540	\$ (511,267)	\$ (471,727)
Adjustments to reconcile operating income (loss)			
to net cash provided by (used in) operating activities:			
Decrease in accounts receivable		155,975	155,975
Decrease in due to MIRMA	(66,155)		(66,155)
Increase in accounts payable	<u>31,647</u>	<u>95,609</u>	<u>127,256</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 5,032</u>	<u>\$ (259,683)</u>	<u>\$ (254,651)</u>

Fiduciary Funds

AGENCY FUNDS

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

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

TOWN OF BERLIN, CONNECTICUT

AGENCY FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2012

	<u>Student Activity</u>	<u>Town Funds</u>	<u>Performance Bond</u>	<u>Miscellaneous Education</u>	<u>Total</u>
Assets:					
Cash and cash equivalents	\$ <u>443,463</u>	\$ <u>748,216</u>	\$ <u>1,955,355</u>	\$ <u>1,912</u>	\$ <u>3,148,946</u>
Liabilities					
Due to student and other groups	\$ <u>443,463</u>	\$ <u>748,216</u>	\$ <u>1,955,355</u>	\$ <u>1,912</u>	\$ <u>3,148,946</u>

TOWN OF BERLIN, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
Student Activity Fund				
Assets:				
Cash and cash equivalents	\$ <u>440,349</u>	\$ <u>875,138</u>	\$ <u>872,024</u>	\$ <u>443,463</u>
Liabilities:				
Due to student and other groups	\$ <u>440,349</u>	\$ <u>875,138</u>	\$ <u>872,024</u>	\$ <u>443,463</u>
Town Funds				
Assets:				
Cash and cash equivalents	\$ <u>1,022,563</u>	\$ <u>150,091</u>	\$ <u>424,438</u>	\$ <u>748,216</u>
Liabilities:				
Due to student and other groups	\$ <u>1,022,563</u>	\$ <u>150,091</u>	\$ <u>424,438</u>	\$ <u>748,216</u>
Performance Bond Fund				
Assets:				
Cash and cash equivalents	\$ <u>1,489,328</u>	\$ <u>881,662</u>	\$ <u>415,635</u>	\$ <u>1,955,355</u>
Liabilities:				
Due to contractors	\$ <u>1,489,328</u>	\$ <u>881,662</u>	\$ <u>415,635</u>	\$ <u>1,955,355</u>
Miscellaneous Education Fund				
Assets:				
Cash and cash equivalents	\$ <u>2,167</u>	\$ <u>35,217</u>	\$ <u>35,472</u>	\$ <u>1,912</u>
Liabilities:				
Due to student and other groups	\$ <u>2,167</u>	\$ <u>35,217</u>	\$ <u>35,472</u>	\$ <u>1,912</u>
Total All Funds				
Assets:				
Cash and cash equivalents	\$ <u>2,954,407</u>	\$ <u>1,942,108</u>	\$ <u>1,747,569</u>	\$ <u>3,148,946</u>
Liabilities:				
Due to student and other groups	\$ <u>2,954,407</u>	\$ <u>1,942,108</u>	\$ <u>1,747,569</u>	\$ <u>3,148,946</u>

Statistical Section

Statistical Section Information

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

Statistical section information is presented in the following categories:

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

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

TABLE 1

TOWN OF BERLIN, CONNECTICUT

NET ASSETS BY COMPONENT

LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities:										
Invested in Capital Assets, net of related debt	\$ 57,119,702	\$ 56,582,569	\$ 56,765,965	\$ 56,546,105	\$ 58,306,096	\$ 59,854,926	\$ 36,935,971	\$ 32,706,871	\$ 32,758,768	\$ 32,489,586
Restricted	157,388	156,073	154,410	152,346	151,894	173,081	168,268	149,932	153,053	153,964
Unrestricted	19,290,018	19,288,970	19,081,655	18,996,700	19,214,369	18,578,013	17,600,305	17,007,912	14,731,226	15,442,820
Subtotal governmental activities net assets	76,567,108	76,027,612	76,002,030	75,695,151	77,672,359	78,606,020	54,704,544	49,864,715	47,643,047	48,086,370
Business-type activities:										
Invested in capital assets, net of related debt	9,825,184	9,827,738	9,774,780	9,857,160	9,928,237	9,996,420	9,755,452	9,857,905	9,889,856	9,712,362
Restricted										
Unrestricted	4,744,240	4,217,051	3,853,167	3,228,973	2,421,282	2,205,970	2,992,537	3,239,655	3,911,933	4,707,752
Subtotal business-type activities net assets	14,569,424	14,044,789	13,627,947	13,086,133	12,349,519	12,202,390	12,747,989	13,097,560	13,801,789	14,420,114
Primary government:										
Invested in capital assets, net of related debt	66,944,886	66,410,307	66,540,745	66,403,265	68,234,333	69,851,346	46,691,423	42,564,776	42,648,624	42,201,948
Restricted	157,388	156,073	154,410	152,346	151,894	173,081	168,268	149,932	153,053	153,964
Unrestricted	24,034,258	23,506,021	22,934,822	22,225,673	21,635,651	20,783,983	20,592,842	20,247,567	18,643,159	20,150,572
Total primary government net assets	\$ 91,136,532	\$ 90,072,401	\$ 89,629,977	\$ 88,781,284	\$ 90,021,878	\$ 90,808,410	\$ 67,452,533	\$ 62,962,275	\$ 61,444,836	\$ 62,506,484

TABLE 2

TOWN OF BERLIN, CONNECTICUT

CHANGES IN NET ASSETS

LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses:										
Governmental activities:										
General Government	\$ 3,736,129	\$ 3,616,360	\$ 3,619,079	\$ 4,621,878	\$ 4,239,561	\$ 3,946,358	\$ 3,340,580	\$ 2,954,885	\$ 2,570,378	\$ 3,059,954
Community Development	1,310,926	1,705,036	886,822	839,495	956,473	2,440,174	733,914	648,086	626,621	612,043
Public Safety	8,028,805	7,449,690	6,984,300	7,097,794	7,170,214	6,975,850	6,408,827	6,074,315	5,773,502	5,418,080
Physical Services	9,333,507	8,574,797	8,262,981	8,429,763	10,129,428	7,694,018	6,287,383	5,802,030	5,796,477	5,913,777
Parks, Recreation and Libraries	4,273,783	4,388,416	4,402,401	4,846,694	4,473,542	3,899,395	3,766,608	3,572,496	3,239,284	3,483,838
Health and Human Services	2,439,771	2,655,144	2,172,130	2,226,650	2,456,113	1,894,580	1,853,167	1,799,214	1,714,915	1,687,731
Schools	48,941,403	46,085,989	45,540,917	44,321,238	53,811,652	39,455,804	38,162,289	35,794,805	32,504,802	32,232,698
Interest on long-term debt	1,141,429	612,457	604,382	451,341	539,200	524,378	521,937	495,777	535,329	627,935
Total governmental activities expenses	<u>79,205,753</u>	<u>75,087,889</u>	<u>72,473,012</u>	<u>72,834,853</u>	<u>83,776,183</u>	<u>66,830,557</u>	<u>61,074,705</u>	<u>57,141,608</u>	<u>52,761,308</u>	<u>53,036,056</u>
Business-type activities:										
Water Services	1,241,969	1,258,098	1,123,138	1,247,991	1,462,405	1,154,067	1,351,093	1,288,775	1,254,282	1,293,749
Sewer Services	1,386,889	1,304,410	1,246,417	1,205,860	1,184,983	1,133,894	1,011,714	881,237	796,560	745,922
Total business-type activities expenses	<u>2,628,858</u>	<u>2,562,508</u>	<u>2,369,555</u>	<u>2,453,851</u>	<u>2,647,388</u>	<u>2,287,961</u>	<u>2,362,807</u>	<u>2,170,012</u>	<u>2,050,842</u>	<u>2,039,671</u>
Total Primary Government Expenses	<u>\$ 81,834,611</u>	<u>\$ 77,650,397</u>	<u>\$ 74,842,567</u>	<u>\$ 75,288,704</u>	<u>\$ 86,423,571</u>	<u>\$ 69,118,518</u>	<u>\$ 63,437,512</u>	<u>\$ 59,311,620</u>	<u>\$ 54,812,150</u>	<u>\$ 55,075,727</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General Government	\$ 643,713	\$ 871,919	\$ 901,805	\$ 694,725	\$ 910,684	\$ 1,120,577	\$ 1,158,892	\$ 1,149,647	\$ 979,147	\$ 1,093,376
Community Development	4,530	5,575	6,056	6,098	6,532	7,160	37,354	7,160	6,926	71,364
Public Safety	343,246	566,870	327,880	334,571	345,534	635,148	510,266	390,799	282,926	396,804
Physical Services	325,712	300,207	306,116	274,291	171,747	239,704	113,581	83,599	60,055	117,393
Parks, Recreation and Libraries	1,427,958	1,306,716	1,269,759	1,301,301	1,410,686	1,302,048	1,037,539	973,245	917,698	904,249
Health and Human Services	1,018,334	1,258,023	1,616,125	1,826,991	1,351,026	1,172,895	1,182,198	1,301,913	838,935	1,048,033
Schools	717,242	745,821	749,505	809,939	846,762	863,638	922,582	897,302	837,798	1,027,337
Operating grants and contributions	14,143,757	12,330,467	11,941,777	11,530,990	22,506,260	9,011,723	8,890,491	8,043,223	6,760,002	6,767,534
Capital grants and contributions	1,411,510	1,344,618	2,113,303	470,617	1,061,648	5,797,906	2,764,801	320,467	917,414	442,377
Total governmental activities program revenues	<u>20,036,002</u>	<u>18,730,216</u>	<u>19,232,326</u>	<u>17,249,523</u>	<u>28,610,879</u>	<u>20,150,799</u>	<u>16,617,704</u>	<u>13,167,355</u>	<u>11,600,901</u>	<u>11,868,467</u>
Business-type activities:										
Charges for services:										
Water Services	1,754,934	1,688,781	1,733,560	1,684,705	1,537,976	833,303	968,213	835,451	709,810	826,279
Sewer Services	1,387,017	1,448,771	1,289,334	1,493,041	1,208,130	838,471	969,877	539,905	640,542	720,020
Total business-type activities program revenues	<u>3,141,951</u>	<u>3,137,552</u>	<u>3,022,894</u>	<u>3,177,746</u>	<u>2,746,106</u>	<u>1,671,774</u>	<u>1,938,090</u>	<u>1,375,356</u>	<u>1,350,352</u>	<u>1,546,299</u>
Total Primary Government Program Revenues	<u>\$ 23,177,953</u>	<u>\$ 21,867,768</u>	<u>\$ 22,255,220</u>	<u>\$ 20,427,269</u>	<u>\$ 31,356,985</u>	<u>\$ 21,822,573</u>	<u>\$ 18,555,794</u>	<u>\$ 14,542,711</u>	<u>\$ 12,951,253</u>	<u>\$ 13,414,766</u>
Net (Expense) Revenue:										
Governmental activities	<u>\$ (59,169,751)</u>	<u>\$ (56,357,673)</u>	<u>\$ (53,240,686)</u>	<u>\$ (55,585,330)</u>	<u>\$ (55,165,304)</u>	<u>\$ (46,679,758)</u>	<u>\$ (44,457,001)</u>	<u>\$ (43,974,253)</u>	<u>\$ (41,160,407)</u>	<u>\$ (41,167,589)</u>
Business-type activities	<u>513,093</u>	<u>575,044</u>	<u>653,339</u>	<u>723,895</u>	<u>98,718</u>	<u>(616,187)</u>	<u>(424,717)</u>	<u>(794,656)</u>	<u>(700,490)</u>	<u>(489,249)</u>
Total Primary Government Net Expense	<u>\$ (58,656,658)</u>	<u>\$ (55,782,629)</u>	<u>\$ (52,587,347)</u>	<u>\$ (54,861,435)</u>	<u>\$ (55,066,586)</u>	<u>\$ (47,295,945)</u>	<u>\$ (44,881,718)</u>	<u>\$ (44,768,909)</u>	<u>\$ (41,860,897)</u>	<u>\$ (41,656,838)</u>
General Revenues and Other Changes in Net Assets										
Governmental activities:										
General revenues:										
Property taxes	\$ 57,634,249	\$ 54,562,047	\$ 51,556,894	\$ 51,145,362	\$ 49,837,758	\$ 48,842,637	\$ 46,696,996	\$ 44,333,205	\$ 39,345,255	\$ 39,898,759
Unrestricted grants and contributions	1,054,761	932,269	1,024,352	1,225,329	1,164,634	1,132,808	1,010,214	793,218	955,364	1,278,836
Unrestricted investment earnings	275,834	203,116	284,541	939,238	1,607,677	1,893,894	1,499,630	726,248	383,435	522,564
Other	746,847	491,443	548,341	261,208	998,689	265,353	82,000	336,535	22,334	79,397
Transfers	(2,444)	194,380	133,435	36,987	12,437	9,161	7,990	6,715	10,696	14,956
Total governmental activities	<u>59,709,247</u>	<u>56,383,255</u>	<u>53,547,563</u>	<u>53,608,124</u>	<u>53,621,195</u>	<u>52,143,853</u>	<u>49,296,830</u>	<u>46,195,921</u>	<u>40,717,084</u>	<u>41,794,512</u>
Business-type activities:										
General revenues:										
Property Taxes	121	265	927	75	194	242	31	195	678	1,450
Unrestricted investment earnings	8,977	35,913	20,983	49,631	60,654	79,507	83,105	96,947	92,183	80,654
Transfers	2,444	(194,380)	(133,435)	(36,987)	(12,437)	(9,161)	(7,990)	(6,715)	(10,696)	(14,956)
Total business-type activities	<u>11,542</u>	<u>(158,202)</u>	<u>(111,525)</u>	<u>12,719</u>	<u>48,411</u>	<u>70,588</u>	<u>75,146</u>	<u>90,427</u>	<u>82,165</u>	<u>67,148</u>
Total Primary Government	<u>\$ 59,720,789</u>	<u>\$ 56,225,053</u>	<u>\$ 53,436,038</u>	<u>\$ 53,620,843</u>	<u>\$ 53,669,606</u>	<u>\$ 52,214,441</u>	<u>\$ 49,371,976</u>	<u>\$ 46,286,348</u>	<u>\$ 40,799,249</u>	<u>\$ 41,861,660</u>
Change in Net Assets:										
Governmental activities	<u>\$ 539,496</u>	<u>\$ 25,582</u>	<u>\$ 306,877</u>	<u>\$ (1,977,206)</u>	<u>\$ (1,544,109)</u>	<u>\$ 5,464,095</u>	<u>\$ 4,839,829</u>	<u>\$ 2,221,668</u>	<u>\$ (443,323)</u>	<u>\$ 626,923</u>
Business-type activities	<u>524,635</u>	<u>416,842</u>	<u>541,814</u>	<u>736,614</u>	<u>147,129</u>	<u>(545,599)</u>	<u>(349,571)</u>	<u>(704,229)</u>	<u>(618,325)</u>	<u>(422,101)</u>
Total Primary Government	<u>\$ 1,064,131</u>	<u>\$ 442,424</u>	<u>\$ 848,691</u>	<u>\$ (1,240,592)</u>	<u>\$ (1,396,980)</u>	<u>\$ 4,918,496</u>	<u>\$ 4,490,258</u>	<u>\$ 1,517,439</u>	<u>\$ (1,061,648)</u>	<u>\$ 204,822</u>

TOWN OF BERLIN, CONNECTICUT

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

		FISCAL YEAR									
		2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Fund:											
Reserved											
Unreserved:											
Designated	\$	\$	\$ 1,300,000	\$ 2,000,000	\$ 2,000,000	\$ 1,300,000	\$ 1,120,000	\$ 650,000	\$ 500,000	\$ 1,000,000	
Undesignated			7,479,806	7,199,724	7,519,032	7,870,925	6,735,039	5,637,646	4,410,350	4,422,615	
Committed		368,642	295,251								
Assigned		1,550,000	1,550,000								
Unassigned		9,379,361	8,522,461								
Total General Fund	\$	<u>11,298,003</u>	<u>10,367,712</u>	<u>8,779,806</u>	<u>9,199,724</u>	<u>9,519,032</u>	<u>9,170,925</u>	<u>7,855,039</u>	<u>6,287,646</u>	<u>4,910,350</u>	<u>5,422,615</u>
All Other Governmental Funds:											
Reserved	\$	\$	\$ 629,526	\$ 215,092	\$ 281,133	\$ 134,115	\$ 556,172	\$ 379,492	\$ 1,139,371	\$ 335,454	
Unreserved, reported in:											
Special revenue funds			2,173,277	(791,351)	8,726	932,125	1,424,196	1,698,541	1,566,288	359,314	
Capital projects funds			(3,147,776)	(5,746,753)	2,818,974	2,427,877	3,731,791	3,189,583	2,941,420	(32,777)	
Permanent funds			39,719	37,655	37,203	38,966	35,575	76,573	79,694	39,273	
Nonspendable		142,047	138,069								
Restricted		4,573,307	10,332,426								
Committed		167,843	169,692								
Unassigned			(1,017)								
Total All Other Governmental Funds	\$	<u>4,883,197</u>	<u>10,639,170</u>	<u>(305,254)</u>	<u>(6,285,357)</u>	<u>3,146,036</u>	<u>3,533,083</u>	<u>5,747,734</u>	<u>5,344,189</u>	<u>5,726,773</u>	<u>701,264</u>

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

TABLE 4

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

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues:										
Property taxes	\$ 57,384,370	\$ 54,508,377	\$ 51,226,824	\$ 50,700,632	\$ 49,846,526	\$ 48,565,796	\$ 46,523,609	\$ 44,265,223	\$ 40,291,616	\$ 40,321,350
Intergovernmental	16,533,609	14,480,713	14,219,822	13,265,831	24,809,576	11,698,299	10,283,903	9,032,912	8,180,428	8,808,766
Charges for services	4,413,140	4,994,167	5,176,849	5,247,916	5,046,536	5,276,389	4,898,682	4,783,119	4,051,088	3,831,766
Income on investments	275,834	203,116	284,541	859,021	1,515,342	1,765,694	1,381,670	648,816	290,604	447,975
Miscellaneous	858,765	587,448	485,284	307,709	754,877	493,769	324,930	450,411	282,777	457,956
Total revenues	<u>79,465,718</u>	<u>74,773,821</u>	<u>71,393,320</u>	<u>70,381,109</u>	<u>81,972,857</u>	<u>67,799,947</u>	<u>63,412,794</u>	<u>59,180,481</u>	<u>53,096,513</u>	<u>53,867,813</u>
Expenditures:										
General government	3,541,728	3,300,025	2,930,181	3,295,436	3,415,941	3,591,432	3,025,871	2,717,920	2,263,861	2,780,300
Community development	738,779	725,211	709,015	720,335	691,162	661,771	613,080	580,973	546,204	513,046
Public safety	7,560,017	7,136,824	7,483,644	7,025,587	7,110,341	6,820,530	6,179,221	5,854,348	5,472,447	5,101,061
Physical services	8,021,028	7,147,149	8,058,192	7,479,379	7,353,311	6,694,309	6,885,793	5,902,125	5,435,744	5,494,852
Parks, recreation and libraries	3,850,122	3,839,350	3,827,112	3,914,116	3,971,585	3,609,781	3,396,419	3,297,015	2,921,050	2,889,234
Health and human services	2,368,124	2,629,702	2,176,324	2,268,618	2,415,194	1,885,792	1,793,955	1,770,896	1,667,444	1,622,329
Schools	47,421,917	45,239,863	44,716,115	43,555,508	52,355,011	38,910,340	36,930,167	33,938,839	31,476,981	31,439,294
Debt service										
Principal	1,662,257	1,075,054	1,207,966	1,765,000	1,766,266	2,265,000	1,980,000	1,980,000	2,365,000	2,370,000
Interest	1,200,353	676,167	370,268	458,136	522,092	554,982	486,553	499,579	530,953	632,843
Capital outlay	8,036,819	9,448,162	2,588,360	9,686,682	2,423,331	3,713,936	4,718,787	1,650,789	2,594,281	3,584,709
Total expenditures	<u>84,401,144</u>	<u>81,217,507</u>	<u>74,067,177</u>	<u>80,168,797</u>	<u>82,024,234</u>	<u>68,707,873</u>	<u>66,009,846</u>	<u>58,192,484</u>	<u>55,273,965</u>	<u>56,427,668</u>
Excess (Deficiency) of Revenues										
Over Expenditures	<u>(4,935,426)</u>	<u>(6,443,686)</u>	<u>(2,673,857)</u>	<u>(9,787,688)</u>	<u>(51,377)</u>	<u>(907,926)</u>	<u>(2,597,052)</u>	<u>987,997</u>	<u>(2,177,452)</u>	<u>(2,559,855)</u>
Other Financing Sources (Uses):										
Transfers in	1,346,815	1,308,867	848,607	1,005,376	2,202,652	936,136	819,007	858,675	915,776	819,413
Transfers out	(1,349,259)	(1,114,487)	(715,172)	(968,389)	(2,190,215)	(926,975)	(811,017)	(851,960)	(905,080)	(804,457)
Proceeds from refunding bond issuance			4,645,000							
Payments to escrow agents			(4,815,247)							
Proceeds from the issuance of capital leases	112,188	497,144								
Bond premiums		1,674,492	75,854							
Proceeds from the issuance of bonds		16,610,000	8,195,000				4,560,000		6,680,000	
Total other financing sources (uses)	<u>109,744</u>	<u>18,976,016</u>	<u>8,234,042</u>	<u>36,987</u>	<u>12,437</u>	<u>9,161</u>	<u>4,567,990</u>	<u>6,715</u>	<u>6,690,696</u>	<u>14,956</u>
Net Changes in Fund Balances	<u>\$ (4,825,682)</u>	<u>\$ 12,532,330</u>	<u>\$ 5,560,185</u>	<u>\$ (9,750,701)</u>	<u>\$ (38,940)</u>	<u>\$ (898,765)</u>	<u>\$ 1,970,938</u>	<u>\$ 994,712</u>	<u>\$ 4,513,244</u>	<u>\$ (2,544,899)</u>
Debt Service as a Percentage of										
Noncapital Expenditures	3.7%	2.4%	2.2%	3.1%	2.9%	4.3%	4.0%	4.4%	5.5%	5.7%

TABLE 5

TOWN OF BERLIN, CONNECTICUT

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS
(in thousands of dollars)

Fiscal Year Ended June 30,	Real Estate	Personal Property	Motor Vehicle	Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Value
2012	\$ 1,990,185	\$ 223,962	\$ 175,009	\$ 73,995	\$ 2,315,161	\$ 24.50	\$ 3,307,373	70 %
2011	1,956,325	223,033	162,127	62,090	2,279,395	23.65	3,256,279	70
2010	1,944,242	198,971	161,959	59,849	2,245,323	22.69	3,207,604	70
2009	1,920,752	186,449	161,200	42,712	2,225,689	22.69	3,179,556	70
2008	1,401,636	184,248	158,442	37,354	1,706,972	28.74	2,438,531	70
2007	1,372,410	174,714	151,002	34,331	1,663,795	28.74	2,376,850	70
2006	1,345,360	169,334	141,070	33,753	1,622,011	28.40	2,317,159	70
2005	1,328,094	169,848	130,071	32,549	1,595,464	27.43	2,279,234	70
2004	1,307,884	164,259	131,651	35,011	1,568,783	25.30	2,241,119	70
2003	991,981	168,638	124,406	37,778	1,247,247	31.40	1,781,781	70

Source: Town of Berlin Assessor's Office

TOWN OF BERLIN, CONNECTICUT

DIRECT AND OVERLAPPING PROPERTY TAX RATES

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

Fiscal Year	Town Direct Rate	Overlapping Rates		
		Water and Sewer Enterprise Fund	Kensington Fire District	Worthington Fire District
2012	2.450	0.00	0.10	0.1989
2011	2.365	0.00	0.10	0.1990
2010	2.269	0.00	0.08	0.1910
2009	2.269	0.00	0.08	0.1910
2008	2.874	0.00	0.10	0.1910
2007	2.874	0.00	0.10	0.1820
2006	2.840	0.00	0.09	0.1400
2005	2.743	0.00	0.09	0.1400
2004	2.530	0.00	0.09	0.1212
2003	3.140	0.00	0.10	0.0990

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

TABLE 7

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

	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
Taxpayer						
Rocky River Realty Co.	\$ 181,188,630	1	7.83%	\$ 105,399,860	1	8.64%
Corbin Russwin, Inc.	25,675,870	2	1.11%	17,413,260	2	1.43%
Cedar Brickyard LLC	23,727,700	3	1.02%			
Stonebridge Berlin Assoc	9,175,700	4	0.40%			
BRE Realty LLC	8,564,480	5	0.37%			
Atohaas North America Inc.	8,385,530	6	0.36%	3,634,470	9	0.30%
Blue Dog Properties Trust	7,414,500	7	0.32%	4,916,290	7	0.40%
Berlin Commerce Park	7,172,000	8	0.31%			
Legion Square Associates LLC	6,869,400	9	0.30%			
Paradigm Precision Holdings LLC	6,529,410	10	0.28%			
Gateway Conn. Properties, Inc.				11,588,780	3	0.95%
Sherwood Properties				6,304,830	4	0.52%
National Amusements				5,480,190	5	0.45%
Hartford Direct				5,433,050	6	0.45%
Connecticut Natural Gas				3,655,680	8	0.30%
Parker Hanifan				2,383,100	10	0.20%
Total	\$ 284,703,220		12.30%	\$ 166,209,510		13.64%

Source: Town of Berlin Assessor's Office

TABLE 8

TOWN OF BERLIN, CONNECTICUT

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year		Collected Within the		Collections in Subsequent Years	Total Collections to Date		
			Fiscal Year of the Levy			Amount	Percentage of Levy	
			Amount	Percentage of Levy				
2012	\$	57,082,130	\$	56,246,044	98.54%	\$	56,246,044	98.54%
2011		54,154,344		53,367,466	98.55%	467,641	53,835,107	99.41%
2010		51,124,528		50,315,554	98.42%	611,850	50,927,404	99.61%
2009		50,792,129		49,989,264	98.42%	609,117	50,598,381	99.62%
2008		49,549,590		48,988,081	98.87%	489,336	49,477,417	99.85%
2007		48,323,207		47,803,630	98.92%	457,631	48,261,261	99.87%
2006		46,494,295		45,964,653	98.86%	474,284	46,438,937	99.88%
2005		43,947,848		43,580,111	99.16%	314,097	43,894,208	99.88%
2004		39,902,471		39,434,045	98.83%	415,661	39,849,706	99.87%
2003		39,453,433		38,990,264	98.83%	437,834	39,428,098	99.94%

TOWN OF BERLIN, CONNECTICUT

RATIO OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS
(dollars in thousands, except per capita)

Fiscal Year	Governmental Activities				Per Capita
	General Obligation Bonds	Percentage of Personal Income	Percentage of Actual Taxable Value of Property		
2012	\$ 27,215	%	0.82	%	\$ 1,368
2011	28,835		0.89		1,451
2010	13,260		0.41		667
2009	6,330		0.20		309
2008	8,095		0.33		398
2007	9,860		0.41		490
2006	12,125		0.52		618
2005	9,545	1.39	0.42		487
2004	11,525	1.68	0.51		592
2003	7,210	1.05	0.40		373

Personal income figure not available for 2006, 2007, 2008, 2009, 2010, 2011 and 2012.

TOWN OF BERLIN, CONNECTICUT

SCHEDULE OF DEBT LIMITATION

JUNE 30, 2012

(in Thousands)

Total tax collections (including interest and lien fees)
received by Treasurer for year ended June 30, 2012:

General Fund	\$ 57,182
Fire Districts	1,366
Reimbursement for revenue loss on:	
Tax relief for elderly	<u>4</u>
Total Base	<u>\$ 58,552</u>

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2 1/4 times base	\$ 131,742	\$	\$	\$	\$
4 1/2 times base		263,484			
3 3/4 times base			219,570		
3 1/4 times base				190,294	
3 times base					175,656
Total debt limitation*	<u>131,742</u>	<u>263,484</u>	<u>219,570</u>	<u>190,294</u>	<u>175,656</u>
Indebtedness:					
Bonds payable	16,082	11,133			
Bonds authorized, unissued	13,253	68,941			
Overlapping indebtedness**			1,345		
Anticipated school construction grants		(22,745)			
Total indebtedness	<u>29,335</u>	<u>57,329</u>	<u>1,345</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 102,407</u>	<u>\$ 206,155</u>	<u>\$ 218,225</u>	<u>\$ 190,294</u>	<u>\$ 175,656</u>

* In no case shall total indebtedness exceed seven times annual receipts from taxation.
The maximum permitted at this time is \$409,864.

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

TOWN OF BERLIN, CONNECTICUT

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

JUNE 30, 2012
(Dollars in Thousands)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Kensington Fire District Commercial Loan	\$ 761	100.00 %	\$ 761
Worthington Fire District USDA Loan	435	100.00	450
Worthington Fire District Capital Projects	134	100.00	134
Subtotal, overlapping debt			1,345
Town of Berlin, direct debt			27,215
Total Direct and Overlapping Debt			\$ 28,560

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

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

TOWN OF BERLIN, CONNECTICUT
LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS
(dollars in thousands)

Legal Debt Margin Calculation for Fiscal Year 2011:

Revenue Base	\$ <u>58,552</u>
Debt limit (Revenue Base x 7)	\$ <u>409,864</u>
Debt applicable to limit:	
General obligation bonds	27,215
Plus: bonds authorized, unissued	82,194
Overlapping debt	1,345
Less: Grant commitments	<u>(22,745)</u>
Total debt applicable to limit	<u>88,009</u>
Legal Debt Margin	\$ <u>321,855</u>

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	FISCAL YEAR									
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Debt limit	\$ 409,864	\$ 389,949	\$ 366,898	\$ 362,544	\$ 351,540	\$ 342,678	\$ 331,513	\$ 315,791	\$ 287,630	\$ 286,412
Total net debt applicable to limit	<u>88,009</u>	<u>112,210</u>	<u>37,100</u>	<u>25,181</u>	<u>20,160</u>	<u>12,972</u>	<u>14,992</u>	<u>10,462</u>	<u>12,205</u>	<u>13,358</u>
Legal debt margin	\$ <u>321,855</u>	\$ <u>277,739</u>	\$ <u>329,798</u>	\$ <u>337,363</u>	\$ <u>331,380</u>	\$ <u>329,706</u>	\$ <u>316,521</u>	\$ <u>305,329</u>	\$ <u>275,425</u>	\$ <u>273,054</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	21.47%	28.78%	10.11%	6.95%	5.73%	3.79%	4.52%	3.31%	4.24%	4.66%

TOWN OF BERLIN, CONNECTICUT

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population (4)</u>	<u>Personal Income (1) (thousands of dollars)</u>	<u>Per Capita Personal Income (1)</u>	<u>School Enrollment</u>	<u>Unemployment Rate (3)</u>
2012	19,901	\$ (2)	\$ (2)	3,015	6.6%
2011	19,866			3,118	7.8%
2010	19,866			3,159	7.5%
2009	20,467			3,217	6.7%
2008	20,364			3,269	4.5%
2007	20,137			3,274	3.6%
2006	19,611		30,456	3,343	3.8%
2005	19,590	690,234	35,234	3,352	4.7%
2004	19,471	673,891	34,610	3,345	3.9%
2003	19,322	658,687	34,090	3,293	4.4%

Notes:

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

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

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

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

The 2012 population figure is a Town of Berlin estimate

The 2011 population figure is a Town of Berlin estimate

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

TABLE 14

TOWN OF BERLIN, CONNECTICUT

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

Employer	2012			2003		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Northeast Utilities	1,599	1	15.14%	700	1	7.94%
Town of Berlin	608	2	5.76%	581	2	6.59%
Comcast Cable/TCI, CT	500	3	4.73%	325	4	3.69%
Corbin Russwin	350	4	3.31%	400	3	4.54%
Parker Hannifin	230	5	2.18%			
B & F Machine	200	6	1.89%			
TIGHITCO	151	7	1.43%			
Stop & Shop	139	8	1.32%			
Home Depot	110	9	1.04%	200	7	2.27%
TOMZ Corporation	89	10	0.84%			
Parker Skinner Valve				225	5	2.55%
Reliance Automotive				225	6	2.55%
Sherwood Industries				190	8	2.15%
Hartford District				150	9	1.70%
Indalex Alum. Solutions				140	10	1.59%
Total	3,976		37.64%	3,136		35.57%

Source: Town of Berlin Economic Development Department

TOWN OF BERLIN, CONNECTICUT

FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Government:										
Manager's Office	2.40	2.40	2.40	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Finance Department	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Technology Department	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Collector of Revenue	2.62	2.62	2.62	2.62	2.62	2.53	2.45	2.45	2.45	2.45
Treasurer	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
Corporation Counsel	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Assessor	4.00	4.00	4.00	4.70	4.70	4.70	4.70	4.70	4.70	4.00
Registrar of Voters	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14
Town Clerk	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Community Development:										
Planning and Building Inspection	5.84	5.84	5.84	6.34	6.34	5.84	5.84	5.84	5.84	5.57
Economic Development	0.86	0.86	0.86	0.86	0.86	0.83	0.83	1.33	1.33	1.33
Public Safety:										
Animal Control	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
Fire Department	0.43	0.43	0.43	0.43	0.43	0.43	0.00	0.00	0.00	0.00
Police Department:										
Officers	41.00	41.00	41.00	41.00	41.00	40.00	40.00	40.00	40.00	40.00
Civilians	13.00	12.00	12.00	12.00	12.00	12.00	11.00	10.00	9.00	9.00
Fire Marshal	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.20	1.20	1.20
Physical Services:										
Municipal Garage	6.07	6.07	6.07	6.07	6.07	6.07	5.83	5.33	5.33	5.33
Public Works	4.50	4.67	4.67	4.67	4.67	4.67	4.67	4.67	4.67	4.67
Highway	14.00	14.00	15.00	15.00	16.00	16.00	16.50	16.50	16.50	16.50
Public Building	17.95	17.95	17.35	17.35	16.35	15.35	14.83	14.83	14.83	14.83
Parks, Recreation and Libraries:										
Recreation	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.67	2.33	2.33
Golf Course	6.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.33	7.33
Libraries	11.10	11.10	11.10	11.10	11.10	11.10	11.10	11.10	11.10	11.10
Public Grounds	10.33	11.33	11.33	11.33	11.33	10.33	10.33	10.33	10.33	10.33

(Continued on next page)

TOWN OF BERLIN, CONNECTICUT

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

LAST TEN FISCAL YEARS

Function/Program	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Health and Human Services:										
Nursing Services	15.00	15.00	15.00	15.00	15.00	16.00	15.90	15.90	15.90	15.90
Community Services	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Schools:										
Private Schools	1.33	1.33	1.33	1.33	1.33	1.33	1.34	1.34	1.34	1.34
Board of Education										
Administration	17.60	17.60	17.60	18.00	18.00	18.00	16.00	16.00	16.00	16.00
Teachers	274.91	273.21	273.31	273.75	271.74	268.3	266.48	260.22	249.79	256.20
Other	120.56	121.06	120.37	123.65	122.94	122.51	121.73	118.94	110.43	116.25
School Expenses	7.67	7.67	7.67	7.67	7.67	6.67	6.78	6.78	6.78	6.78
Water Control Comm.:										
Administration	2.50	2.33	2.33	2.33	2.33	2.33	2.33	2.33	2.33	2.33
Operations	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Total	<u>608.28</u>	<u>608.08</u>	<u>607.89</u>	<u>613.81</u>	<u>611.09</u>	<u>603.60</u>	<u>597.25</u>	<u>586.40</u>	<u>566.45</u>	<u>577.71</u>
Total - Town Government	180.71	181.88	182.28	184.08	184.08	181.46	179.59	177.79	176.78	175.81
Total - Education	422.07	420.87	420.28	424.40	421.68	416.81	412.33	403.28	384.34	396.57
Total - Water Control	<u>5.50</u>	<u>5.33</u>	<u>5.33</u>	<u>5.33</u>	<u>5.33</u>	<u>5.33</u>	<u>5.33</u>	<u>5.33</u>	<u>5.33</u>	<u>5.33</u>
	<u>608.28</u>	<u>608.08</u>	<u>607.89</u>	<u>613.81</u>	<u>611.09</u>	<u>603.60</u>	<u>597.25</u>	<u>586.40</u>	<u>566.45</u>	<u>577.71</u>

Source: Town of Berlin Finance Department

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

Function/Program	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Police:										
Physical arrests:										
Adult arrest	488	639	668	1,124	1,147	1,267	1,479	1,581	1,296	1,053
Juvenile arrest	39	37	21	15	51	62	67	71	34	57
Parking violations:										
Parking tickets	0	0	24	74	101	92	116	98	92	1
Traffic violations:										
Infractions	2,451	2,513	2,605	2,802	2,348	2,426	2,994	3,043	4,029	3,597
Misdemeanor	585	585	578	508	514	662	877	934	1,004	1,077
Written warning	3,039	2,539	2,775	2,407	1,956	1,909	1,976	1	0	0
Town ordinance	0	1	66	22	34	26	31	43	28	27
Animal Control:										
Dog licenses issued	1,886	1,448	1,692	1,828	1,890	2,007	1,920	2,045	2,070	1,919
Animals adopted	77	57	59	95	77	84	114	172	213	205
Dog redemptions	59	52	58	52	58	54	73	59	90	79
Fire Suppression Services: *										
Alarms	133	121	101	122	702	382	N/A	169	138	168
Fires	80	63	56	71	77	45	N/A	161	148	139
Hazardous materials	53	120	81	120	32	20	N/A	69	61	79
Assistance calls	71	189	101	233	102	6	N/A	370	237	273
Rescue calls	16	127	15	122	129	310	N/A	7	9	17
Fire Marshal:										
Inspections	218	245	269	321	340	410	490	358	316	321
Investigations	23	42	25	23	24	39	60	36	52	47
Refuse Collection:										
Solid waste (tons)	11,723	10,805	10,482	9,667	9,621	9,955	9,522	8,660	8,604	8,153
Bulky waste (tons)	**	383	285	**	34	178	57	71	219	N/A
Curbside recycling (tons):										
Commingled containers	1,348	1,351	1,485	524	548	505	513	524	520	537
Corrugated	***	***	***	N/A	N/A	N/A	N/A	N/A	N/A	121
Newspaper	***	***	***	1,222	1,277	1,177	1,209	1,235	1,241	1,074
Leaves	727	644	741	787	1,434	659	688	480	511	500
Other Public Works:										
Street resurfacing (miles)	2.3	1.1	1.1	2.1	2.4	1.6	1.0	N/A	N/A	N/A

(Continued on next page)

TOWN OF BERLIN, CONNECTICUT

OPERATING INDICATORS BY FUNCTION/PROGRAM (CONTINUED)

LAST TEN FISCAL YEARS

Function/Program	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Building Department:										
Building permits issued	1,188	1,391	1,284	1,231	1,429	1,541	1,421	1,349	1,584	1,485
Planning:										
Zoning violations	103	130	191	245	255	180	108	14	N/A	N/A
Library:										
Volumes in collection	130,637	127,480	126,128	124,569	102,471	107,274	106,162	101,255	100,503	101,568
Total volumes borrowed	196,164	194,674	216,882	219,248	213,411	212,554	215,187	225,075	235,911	231,109
Water:										
New connections	27	7	25	19	89	105	77	73	100	21
Water main breaks	10	15	10	5	2	3	2	2	0	3
Average daily consumption (thousands of gallons)	951	950	955	950	933	800	750	730	860	840
Peak daily consumption (thousands of gallons)	332	330	325	325	325	300	250	280	290	270
Sewer:										
Average daily sewage treatment (thousands of gallons)	2,800	1,200	1,200	1,100	1,100	769	880	960	104	850

N/A = Not Available

Source: Town of Berlin

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

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

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

TOWN OF BERLIN, CONNECTICUT

CAPITAL ASSET AND INFRASTRUCTURE STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	14	14	14	15	14	14	14	14	14	14
Fire:										
Stations	4	4	4	4	4	4	4	4	4	4
Number of fire apparatus	15	15	15	15	15	15	15	15	15	15
Public Works:										
Streets (miles)	111.41	111.41	111.00	111.00	103.18	102.97	102.25	101.80	101.80	101.80
Streetlights	2,534	2,525	2,522	2,520	2,515	2,498	2,483	2,481	2,481	2,438
Traffic signals	5	5	5	5	5	5	5	5	4	4
Bridges	37	37	37	37	37	37	37	37	37	37
Parks and Recreation:										
Golf courses	1	1	1	1	1	1	1	1	1	1
Pools	2	2	2	2	2	2	2	2	2	2
Parks acreage	2,163	2,163	2,163	2,137	2,060	2,060	1,610	1,610	1,610	1,520
Playgrounds	9	9	9	9	9	9	9	9	9	9
Baseball/softball fields	16	16	16	16	16	16	16	16	15	14
Soccer/football fields	11	11	11	11	11	11	10	10	10	9
Community centers	1	1	1	1	1	1	1	1	1	1
Senior centers	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	47.0	46.6	46.5	46	46	42	42	42	42	42
Fire hydrants	434	430	428	425	420	400	400	400	400	400
Storage capac. (thousands of gals.)	4,000	4,000	4,000	4,000	4,000	4,000	2,000	2,000	2,000	2,000
Wastewater:										
Sanitary sewers (miles)	119.00	103.80	103.75	103.50	103.00	102.00	99.23	99.23	99.23	94.16
Storm sewers (miles)	55.21	55.21	54.84	54.78	54.50	53.82	53.22	52.80	53.10	52.70
Trtmnt. capac. (thousands of gals.)	1,468,000	1,463,000	1,462,600	1,462,570	1,457,674	1,495,669	1,495,669	1,495,669	1,495,669	1,495,669
Pump stations	12	12	12	12	12	12	12	12	12	12
Education:										
Number of schools	5	5	5	5	5	5	5	5	5	5

Source: Town of Berlin

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