

# TOWN OF BERLIN CONNECTICUT



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2011

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**OF THE**

**TOWN OF BERLIN  
CONNECTICUT**

**FISCAL YEAR ENDED JUNE 30, 2011**

**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	David Evans
Councilor	Robert Dacey	Councilor	William Rasmussen Jr.
Councilor	Karen Maier Drost	Councilor	Rachel Rochette

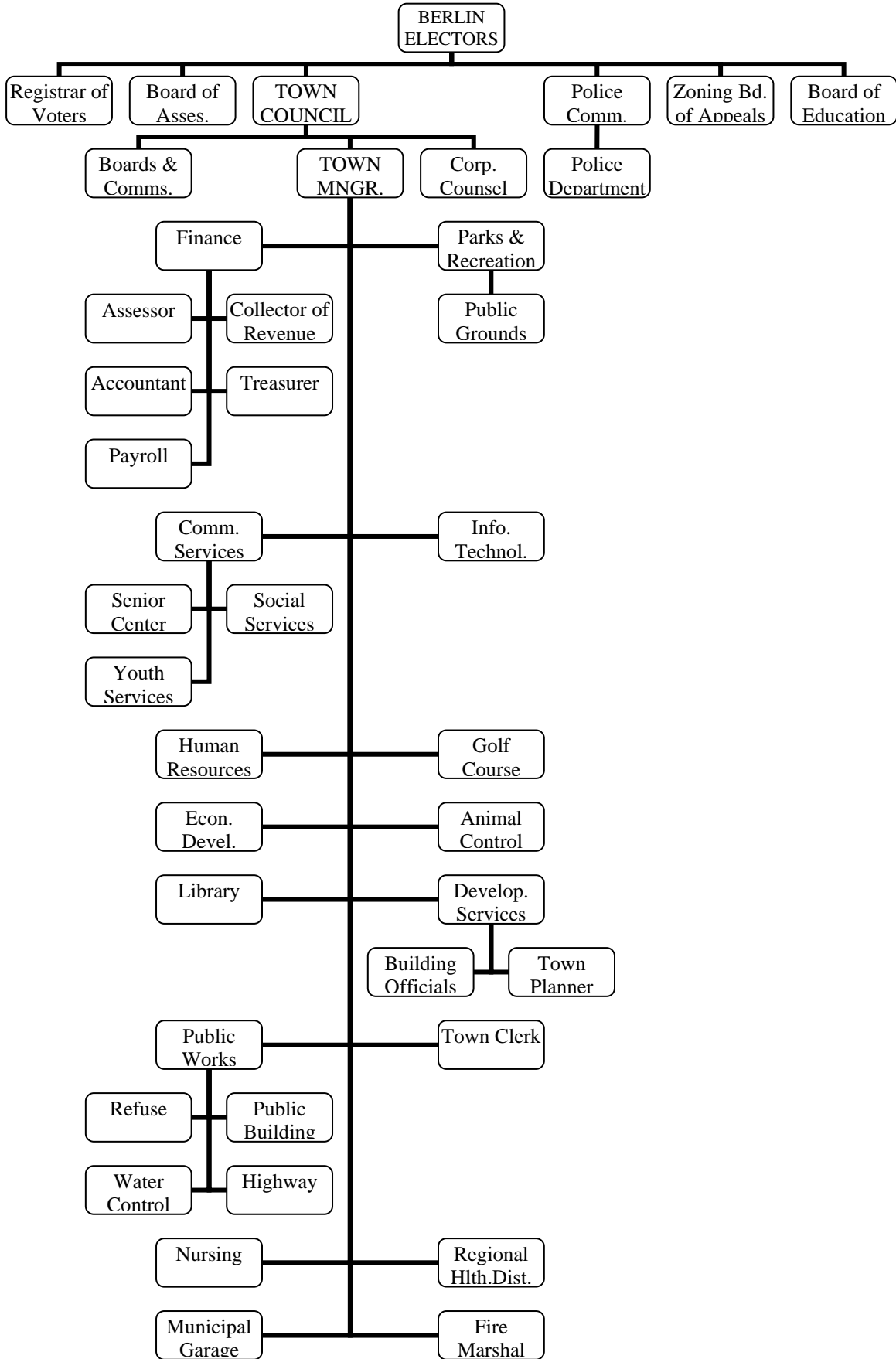
## ADMINISTRATION

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	Stephen R. Kelly
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 Bard

## BOARD OF EDUCATION

	Gary R. Brochu, President	
Michelle Hartel, Secretary		Irene Matulis
Michael Baczewski		Kathleen O'Donnell-Moss
Kristin Campanelli		Christopher Puzio
Julie Erickson		Anthony Recck
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 21, 2011

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

Dear Mayor, Members of the Town Council and Ms. McNair:

The Comprehensive Annual Financial Report (CAFR) of the Town of Berlin for the fiscal year ended June 30, 2011 is submitted herewith.

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. The Town 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 require 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 the auditing firm's report 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 schedules 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 19,866 as of June 30, 2011.



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 that 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 10<sup>th</sup>.

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 & Power and Yankee Gas. Other major businesses include ASSA ABLOY (Corbin Russwin architectural hardware), TIGHITCO (aerospace parts), Parker Hannifin (solenoid valves), the Western New England headquarters for COMCAST (cable television, internet and telephone) and TOMZ Corporation (a manufacturer of medical and aerospace parts).

The Town of Berlin entered the economic downturn that started in 2008 in relatively good condition with very high commercial/industrial occupancy rates and ongoing commercial and residential development projects across the Town. While the pace of development has slowed, building permit activity remains strong relative to norms in all categories. Like most towns, Berlin has experienced some business closings, most notably Hartford Direct, Bayer-Sheffield Plastics, AW Direct, Nielsen Hardware, Sam's Club and A&P Super Foodmart; in addition, Northeast Utilities' corporate office group relocated out of town but this space has been filled by other Northeast Utilities administrative offices.

On a more positive note, Northeast Utilities acquired a 100,000 square foot warehouse for its transmission group and has expanded its aerial device facility at the Berlin campus. Northeast Utilities announced plans in October 2010 to merge with NSTAR; the combined company will operate six regulated electric and gas utilities in three states, serving nearly 3.5 million customers. In addition to the Northeast Utilities expansion, several other existing Berlin businesses have expanded recently, including Letter Concepts, TOMZ Corporation, Harvey Industries, Budney Overhaul and Repair, Ltd., B&F Machine and Heise Industries, Inc. In total, these businesses have added over 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 2007-2011, the Town's unemployment rate is consistently less than the State, regional and national averages. As of June 2011, the unemployment rate in Berlin was 7.8% (not seasonally adjusted) compared with the Hartford's Labor Market Area (9.2%), the State of Connecticut (9.1%) and the United States (9.3%). 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 2010 overall Grand List grew 1.48% over 2009.

Issuance of building permits (both commercial and industrial) in the Town's 2011 fiscal year was stronger than expected with the number of permits issued increasing about 8% over fiscal year 2010. Senior housing continues to add to the Town's Grand List.

### **MAJOR INITIATIVES**

Public projects in Berlin's Commercial Core Area include streetscape improvements, construction of Berlin Veterans' Memorial Park, the 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.

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 & 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. Other projects include a major air quality upgrade at McGee Middle School, which is nearing completion; acquisition of the former Kensington Furniture property (which took place in October 2011) in order to relocate the police station to a more central location in Town; and the replacement of the roof at McGee School, which was completed in the summer of 2011.

Several other projects that have recently been undertaken include major roadway improvements (the first phase of which were authorized and financed in 2011 and are in the planning stages); the replacement of the Beckley Road Bridge, completed in summer 2011; the refurbishment of the Senior Center walkway and parking lot which is nearly completed; parking lot and masonry façade improvements at Griswold Elementary School which are currently underway; and the replacement of the Town Hall chiller system, which is expected to take place in the fall of 2011.

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.

## **FINANCIAL PLANNING AND POLICIES**

During fiscal year 2011, 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% 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 \$1,300,000 of fund balance to be used in fiscal year 2011; however, due to expenditure restrictions imposed in April 2011 as well as better than expected internal revenues, especially in Town Clerk and Building, it was not necessary to utilize any of these funds. In the previous fiscal year, only \$420,000 of the \$2,000,000 assigned needed to be used. It is important to note that this was accomplished during a time of reductions in revenues including state grants and interest income, especially a \$280,000 reduction in the Manufacturers' Machinery and Equipment PILOT program. The unassigned fund balance in the General Fund as a percentage of total General Fund revenues (budgetary basis) increased from 11.6% of total General Fund revenues at June 30, 2010 to 12.6% at June 30, 2011. For fiscal year 2012, \$1,550,000 of assigned fund balance was included in the budget with the expectation that the difficult economy will persist and continue to affect the federal, state and local governments.

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. These credit ratings have been reaffirmed during fiscal year 2011 despite the turbulent economy. These ratings have not been affected by the downgrade of the federal debt ratings by Standard & Poor's.

## **ACCOUNTING AND INTERNAL CONTROL**

The Town of Berlin's accounting system is organized on a fund basis. Each fund is a distinct, self-balancing accounting entity. The various funds used by the Town are described in detail in the notes to the financial statements.

The adopted budget is integrated into the accounting system and budgetary data for the General Fund are compared to actual data on a monthly basis. Budgetary control is reported at the departmental level by the encumbrance of estimated purchase amounts. Purchase orders, which would result in a budget overrun, are not released until an additional appropriation is made by the Town Council. Open encumbrances in the General Fund were re-appropriated or canceled at June 30, 2011. If the Town intends to honor outstanding purchase orders, they are re-appropriated in the ensuing year's budget.

The Town's accounting records for governmental and nonexpendable trust funds are maintained on a modified accrual basis with revenues being recorded when measurable and available and expenditures being recorded when the services or goods are received and accepted and the liability is incurred. The accrual basis of accounting is employed for the proprietary as well as certain fiduciary funds.

To ensure that the financial information reported in the Town of Berlin's accounting system is accurate and reliable, the management of the Town is responsible for establishing and maintaining a strong foundation of internal control. As such, the Town places a great deal of emphasis on the continuous monitoring and development of its system of internal controls. In conjunction with this goal, internal controls are designed to reasonably safeguard the Town's assets, check the accuracy and reliability of accounting data, promote operational efficiency and encourage adherence to prescribed managerial policies. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the evaluation of costs and benefits require estimates and judgments by management.

All internal control evaluations operate within the framework described above. The relationship of internal control to basic management responsibilities emphasizes the interaction of the accounting system with all other management control systems. I believe that the Town's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

### **CASH MANAGEMENT**

Cash not required to meet immediate operating needs is invested at various Connecticut-based financial institutions in repurchase agreements, certificates of deposit, CLASS, State Treasurers' Investment Fund (a state agency/local government investment pool organized under State of Connecticut General Statutes) and treasury bills. The Town invests all non-pension funds in accordance with Section 7-401 through 403 of the State of Connecticut General Statutes. The funds of the public employee retirement system are invested in various investment vehicles as governed by Connecticut General Statutes as well the investment policy adopted on February 6, 1996 and amended on July 14, 1998. The investment policy has been reviewed and updated as of November 1, 2011.

### **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.

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 26 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.

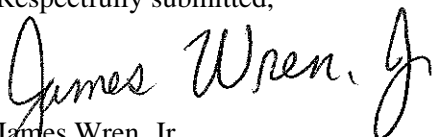
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR) whose contents conform to program standards. The report must satisfy both generally accepted accounting principles and applicable 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. I would also like to thank the Mayor, Town Council and Town Manager for their support in planning and conducting the financial operations of the Town in a responsible and progressive manner.

Respectfully submitted,



James Wren, Jr.  
Finance Director

# 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, 2010

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.



President

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, 2011, 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'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 basic 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's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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, 2011 and the respective changes in financial position and cash flows, where applicable, 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 21, 2011 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 and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Management's discussion and analysis on pages 3 through 10 and the budgetary comparison information on pages 49 through 57 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Berlin, Connecticut's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

*Blum, Shapiro & Company, P.C.*

November 21, 2011

## **TOWN OF BERLIN, CONNECTICUT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS** **FOR THE YEAR ENDED JUNE 30, 2011**

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, 2011. 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 \$443, or .5%, as a result of this year's operations. Net assets of our governmental activities increased by \$26, or .03%, and net assets of our business-type activities increased by \$417, or 3.1%.
- During the year, the Town had expenses that were \$26 less than the \$75,113 generated in tax and other revenues for governmental programs.
- In the Town's business-type activities, revenues increased by 4.2 % to \$3,174 and expenses increased by \$254, or 10.1%.
- The total cost of all of the Town's programs increased by 3.75 % to \$77,650 with no new programs added this year. A large part of the increase was due to Community Development program expenditures, which increased \$818; this was mainly due to capital additions for the Veterans' Park project.
- The General Fund reported a total fund balance this year of \$10,368, an increase of \$1,289, or 14.2%, from the previous year. The unassigned portion of fund balance increased by \$1,042, or 13.9%.
- 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, 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 \$89,630 to \$90,073. 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	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 38,418	\$ 29,305	\$ 4,322	\$ 3,923	\$ 42,740	\$ 33,228
Capital assets, net of accumulated depreciation	79,197	74,214	9,828	9,775	89,025	83,989
Total assets	<u>117,615</u>	<u>103,519</u>	<u>14,150</u>	<u>13,698</u>	<u>131,765</u>	<u>117,217</u>
Long-term debt outstanding	31,811	13,892			31,811	13,892
Other liabilities	9,776	13,625	105	70	9,881	13,695
Total liabilities	<u>41,587</u>	<u>27,517</u>	<u>105</u>	<u>70</u>	<u>41,692</u>	<u>27,587</u>
Net Assets:						
Invested in capital assets, net of related debt	56,583	56,766	9,828	9,775	66,411	66,541
Restricted	156	154			156	154
Unrestricted	<u>19,289</u>	<u>19,082</u>	<u>4,217</u>	<u>3,853</u>	<u>23,506</u>	<u>22,935</u>
Total Net Assets	<u>\$ 76,028</u>	<u>\$ 76,002</u>	<u>\$ 14,045</u>	<u>\$ 13,628</u>	<u>\$ 90,073</u>	<u>\$ 89,630</u>

Net assets of the Town's governmental activities increased by .03 %. Unrestricted governmental net assets—the part 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 from \$19,082 at June 30, 2010 to \$19,289 at the end of this year.

The Town was able to achieve a slight increase in unrestricted governmental net assets in 2011 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. The increase in unrestricted governmental net assets was partially offset by a decrease in net assets invested in capital assets, net of debt; this decrease is due to a large bond issuance in June 2011 to permanently finance capital projects including the purchase of Pistol Creek, air quality improvements at McGee Middle School and roadway improvements. Please refer to Note 7 in the Notes to Financial Statements for further detail.

Authorized General Fund appropriations of approximately \$1.8 million remained unspent at year end; this is the result of prioritizing needs and only funding 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, three of which were successfully renegotiated during this fiscal year (and all of which included a zero percent raise in one year of the contract).

In addition to expenditure reduction efforts, there were also positive results in several revenue categories, which also 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 (1.5% growth in fiscal year 2011). The Town has been able to achieve a very high tax collection ratio (98.55% in the current fiscal year) throughout the economic downturn. These positive factors are partially offset by declines in funding from the State of Connecticut, most notably a \$280 decrease in the Manufacturers' Machinery and Equipment PILOT program; however, the Town was fortunate that the State maintained current levels of Education Cost Sharing funding (despite the expiration of federal recovery funds); these funds account for the vast majority of funds received from the State. Capital grants and contributions also declined

from the prior year due to the expiration of federal ARRA grants received in the prior fiscal year. In addition to a decline in intergovernmental revenues, investment earnings also continue to be lower than expected due to the Federal Reserve policy of keeping interest rates at historically low levels.

**Table 2**  
**Changes in Net Assets**  
**(in thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 5,055	\$ 5,177	\$ 3,138	\$ 3,023	\$ 8,193	\$ 8,200
Operating grants and contributions	12,330	11,942			12,330	11,942
Capital grants and contributions	1,345	2,113			1,345	2,113
General revenues:						
Property taxes	54,562	51,557			54,562	51,557
Grants and contributions not restricted to specific programs	932	1,024			932	1,024
Unrestricted investment earnings	203	285	36	22	239	307
Other general revenues	492	548			492	548
Total revenues	<u>74,919</u>	<u>72,646</u>	<u>3,174</u>	<u>3,045</u>	<u>78,093</u>	<u>75,691</u>
Program expenses:						
General government	3,616	3,619			3,616	3,619
Community development	1,705	887			1,705	887
Public safety	7,450	6,984			7,450	6,984
Physical services	8,575	8,263			8,575	8,263
Parks, recreation and libraries	4,388	4,403			4,388	4,403
Health and human services	2,655	2,172			2,655	2,172
Schools	46,086	45,541			46,086	45,541
Interest on long-term debt	612	604			612	604
Water			1,259	1,123	1,259	1,123
Sewers			1,304	1,247	1,304	1,247
Total program expenses	<u>75,087</u>	<u>72,473</u>	<u>2,563</u>	<u>2,370</u>	<u>77,650</u>	<u>74,843</u>
Excess (deficiency) before transfers	(168)	173	611	675	443	848
Transfers	<u>194</u>	<u>133</u>	<u>(194)</u>	<u>(133)</u>	<u>-</u>	<u>-</u>
Increase in Net Assets	<u>\$ 26</u>	<u>\$ 306</u>	<u>\$ 417</u>	<u>\$ 542</u>	<u>\$ 443</u>	<u>\$ 848</u>

The Town's total revenues (governmental and business-type) were \$78,093. The total cost of all programs and services (governmental and business-type) was \$77,650. 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 72.6%, followed by 17.7% from operating grants and contributions, then 6.7% from charges for services. Major revenue factors include:

- Property tax revenues recorded for fiscal year 2011 reflect a tax rate of 23.65 mills, an increase of .96 mills over the rate used in the previous fiscal year. The tax collection rate was slightly higher than the prior year at 98.55% vs. 98.42% and remained relatively strong considering the difficult economy. The Grand List continues to increase slightly 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 decreased from \$285 in the prior fiscal year to \$203, or 28.8%. The decrease in investment earnings is the result of the Federal Reserve's continuation of the low interest rate monetary policy.
- Combined revenue from capital and operating grants and contributions decreased from the prior fiscal year by \$380, or 2.7%. Though many operational grants from the State of Connecticut declined this fiscal year (especially a \$280 decrease in the state grant for manufacturers machinery and equipment), 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. The Town also received \$47 from the Federal Emergency Management Agency (FEMA) via the State of Connecticut Department of Emergency Management and Homeland Security Capital grants as a 75% reimbursement for snow removal-related costs (excluding roof work). The decrease in capital grants and contributions from the prior year is due to the end of the federal ARRA recovery grants that were included in the prior year.
- In the Capital Projects Fund, \$8.95 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; a major air quality project as well as roof replacement at McGee School; improvements to the Senior Center walkway and parking lot; and parking lot and masonry façade improvements at Griswold School. These capital expenses were funded through a combination of intergovernmental grants (including federal grants), transfers from the General Fund, general obligation bonds (including a \$16,610 bond issuance in June 2011) and bond anticipation note proceeds (including a \$6,317 note issuance in June 2011).
- For governmental activities, 61.4% of the Town's expenses are for education, 11.4 % for physical services, 9.9% for public safety, 5.8% for parks and recreation and libraries, and 4.8% for general government.

Major expense factors include:

- As mentioned previously, the Town employed various cost control methods to lower expenses in fiscal year 2011.
- There were increases in employee wages as a result of negotiated step and general wage increases; however, three contracts were renegotiated during fiscal year 2011 and all took a zero increase in one year of the new three-year contract and increases in the other years were limited to 2%.
- No new positions were added during the year, and two positions were eliminated on the Town side.
- Employee benefit costs were well-managed due to a consolidation of the separate insurance plans previously offered to each bargaining unit into one standard plan as well as continued favorable experience with self-insured medical claims. Though cumulative medical claims increased about 7.6% in fiscal year 2011, this was below projections and well below the 12% average increase seen in the market. 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.
- Due to the historically severe winter weather experienced in 2010-2011, the bulk of the \$300,000 budgeted for contingency had to be used; conversely, in fiscal year 2010, much of the contingency balance was returned to fund balance. As mentioned above, the Town was able to recoup some of the costs of the major storm in February 2011 through FEMA reimbursement; however, the largest cost of snow removal from the roofs of town buildings was not reimbursed and had to come from contingency.
- 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 was approved at referendum during fiscal year 2011. This is funded by a combination of State of Connecticut grants and debt issuance. The first principal payments on this debt will be in 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)**

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
General government	\$ 3,616	\$ 3,619	\$ 2,520	\$ 2,645
Public safety	7,450	6,984	6,075	6,368
Physical services	8,575	8,263	7,792	6,334
Parks, recreation and library	4,388	4,402	3,081	3,123
Schools	46,086	45,541	33,701	32,813

***Business-Type Activities***

Revenues of the Town's business-type activities (see Table 2) increased by 4.2 % (\$3,174 in 2011 compared to \$3,045 in 2010) and expenses (including transfers) increased by 10.1%. The major factor contributing to the increase in revenues is a prior year unfavorable accounting adjustment related to the accrual of billing for services.

The majority of the increase in expenses of the Town's business-type activities is an increase in the cost of purchased water from outside sources due to low flow conditions at the town's wells.

**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 \$21,007, which is a significant increase from last year's total of \$8,475. This increase is due primarily to the cost control activities described above as well as the issuance of \$16,610 general obligation bonds in June 2011 that eliminated the deficit in the Capital Projects Fund.

Included in this year's total change in fund balance is an increase of \$1,289 in the Town's General Fund, compared to a \$420 decrease in the prior year. The primary reason for the General Fund's increase is better than expected tax revenue and the expenditure controls discussed in detail above combined with the implementation of GASB Statement 54, which required funds formerly reported as nonmajor governmental funds to be now included in the General Fund. Although this did not impact the total governmental fund balance, it did impact the classification among the components of governmental funds. Approximately \$296 of the increase in General Fund balance is attributable to this accounting change.

It should also be noted that the Town designated \$1,300 in fund balance to be used during fiscal year 2011 and that did not need to be used, so results are significantly better than expected.

In the capital projects funds, the fund balance increased substantially primarily due to the June 2011 bond issuance. The fund balance in nonmajor governmental funds decreased due to the accounting adjustment described above.

***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 \$14,045, which is an increase of \$417 from the previous year's total of \$13,628. There were no rate increases during fiscal year 2011. The increase in net assets is primarily due to better than expected revenues (due to higher usage), which outpaced cost increases.

In the internal service funds, the insurance funds experienced a combined increase in net assets of \$361. Net assets in the Medical and Health Insurance fund increased \$300 primarily due to continued favorable claims experience. The net assets in the General Insurance Fund increased by \$61, which is primarily due to a reduction in the accrued assessment by the bankrupt Municipal Interlocal Risk Management Association (MIRMA), which previously provided workers' compensation coverage for the Town. Please refer to Note 10 for further explanation.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Assets*

At June 30, 2011, the Town had \$89,026 invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and water and sewer lines - Table 4. This amount represents a net increase (including additions and deductions) of \$5,037, or 6 %, over last year.

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Land	\$ 21,002	\$ 20,389	\$ 993	\$ 993	\$ 21,995	\$ 21,382
Land improvements	2,300	2,571			2,300	2,571
Buildings and improvements	25,323	25,349	601	658	25,924	26,007
Equipment	4,017	3,764	122	92	4,139	3,856
Construction in progress	7,021	2,122	1,424	1,188	8,445	3,310
Infrastructure	19,535	20,020	6,688	6,844	26,223	26,864
Totals	<u>\$ 79,198</u>	<u>\$ 74,215</u>	<u>\$ 9,828</u>	<u>\$ 9,775</u>	<u>\$ 89,026</u>	<u>\$ 83,990</u>

\*In the prior year, the Equipment and Infrastructure amounts for the business-type activities were reversed. This has been corrected in the current year and the totals adjusted accordingly. The grand totals did not change.

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

McGee School Air Quality	\$ 4,948
Veterans' Memorial Park	664
Chamberlain Highway Land Purchase	521
Street Resurfacing	250
Police Vehicles (9)	194
Backhoes (2) - Capital Lease	172

The Town's fiscal-year 2011-12 capital budget calls for it to spend another \$763 for capital projects funded in the General Fund operating budget, principally for renovations to buildings (especially schools), various tools and equipment, trucks, vans and vehicles. Bond anticipation notes of \$6.317 million were outstanding at June 30, 2011 for the following projects: Land Acquisition, Beckley Road Bridge Improvements, Material Storage Yard and the first phase of the Berlin High School Renovation project. 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, 2011, the Town had \$28,835 in bonds outstanding versus \$13,260 last year, an increase of \$15,575. The increase was the result of the Town's issuance of \$16,610 in general obligation bonds in June 2011 for various projects, including roof and air quality projects at McGee School, road improvements, purchase of the Pistol Creek property and remediation of the Sherwood Mill Property. The increase was partially offset by 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.

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 limits the amount of general obligation debt that towns can issue based on formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below the \$389,949 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 2011-2012, General Fund appropriations total \$70,389. This is an increase of approximately 3.75% over 2010-2011 and resulted in a tax mill rate increase of .85 to 24.50 mills; this increase is .11 mills less than that in the previous year. The General Fund budget includes \$1,550 (an increase from \$1,300 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.

The Town's elected and appointed officials considered many factors when establishing the tax mill rate and business-type fees for the 2011-12 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 have a large impact on the budget process. Unlike many surrounding towns, Berlin was fortunate to continue to see slight growth (1.48%) in the Grand List for fiscal year 2011-12; 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.

In addition, the Town faces the challenge of dealing with the budget instability occurring at the State level. Since approximately 16% 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 ECS funds, which represent approximately 81% of the grant revenue budget and 9% of the total revenue budget. However, as the governor and legislature attempt to address the State's fiscal crisis and possible reductions in federal aid to states, there is a significant possibility of a large reduction in the level of support the Town receives from the State. A large reduction in State assistance would have to be addressed through tax increases or service reductions. Local, state and federal officials will have to work together to address this problem.

Overall, financial results were above plan for fiscal year 2011 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 while keeping tax increases relatively low (the Town currently has the 7<sup>th</sup> 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 2011 and will continue to put the Town in a strong position to get through the economic crisis and also to deal with other contingencies (such as weather-related losses that have occurred early in fiscal year 2011-12). The current statewide and national economic downturns have resulted in lower investment returns as well as decreases in state funding; these issues will be a significant challenge for the Town's management and elected officials for the next several budget years.

## **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, 2011

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Assets:			
Cash and cash equivalents	\$ 35,265,273	\$ 3,232,054	\$ 38,497,327
Receivables, net	3,112,814	1,039,805	4,152,619
Internal balances	16,092	(16,092)	-
Inventory	23,378		23,378
Capital assets not subject to depreciation	28,022,604	2,416,972	30,439,576
Capital assets - depreciable, net of accumulated depreciation	51,174,936	7,410,766	58,585,702
Other		65,828	65,828
Total assets	<u>117,615,097</u>	<u>14,149,333</u>	<u>131,764,430</u>
Liabilities:			
Accounts and other payables	2,282,539	104,544	2,387,083
Unearned revenue	1,176,509		1,176,509
Bond anticipation notes	6,317,000		6,317,000
Noncurrent liabilities:			
Due within one year	2,216,297		2,216,297
Due in more than one year	29,595,140		29,595,140
Total liabilities	<u>41,587,485</u>	<u>104,544</u>	<u>41,692,029</u>
Net Assets:			
Invested in capital assets, net of related debt	56,582,569	9,827,738	66,410,307
Restricted for:			
Trust purposes:			
Expendable	41,382		41,382
Nonexpendable	114,691		114,691
Unrestricted	<u>19,288,970</u>	<u>4,217,051</u>	<u>23,506,021</u>
Total Net Assets	<u>\$ 76,027,612</u>	<u>\$ 14,044,789</u>	<u>\$ 90,072,401</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, 2011**

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	\$ 3,616,360	\$ 871,919	\$ 132,740	\$ 91,600	\$ (2,520,101)	\$	\$ (2,520,101)
Community development	1,705,036	5,575			(1,699,461)		(1,699,461)
Public safety	7,449,690	566,870	62,905	745,396	(6,074,519)		(6,074,519)
Physical services	8,574,797	300,207		482,622	(7,791,968)		(7,791,968)
Parks, recreation and libraries	4,388,416	1,306,716	300		(3,081,400)		(3,081,400)
Health and human services	2,655,144	1,258,023	495,160	25,000	(876,961)		(876,961)
Schools	46,085,989	745,821	11,639,362		(33,700,806)		(33,700,806)
Interest on long-term debt	612,457				(612,457)		(612,457)
Total governmental activities	<u>75,087,889</u>	<u>5,055,131</u>	<u>12,330,467</u>	<u>1,344,618</u>	<u>(56,357,673)</u>	<u>-</u>	<u>(56,357,673)</u>
Business-type activities:							
Water services	1,258,098	1,688,781				430,683	430,683
Sewer services	1,304,410	1,448,771				144,361	144,361
Total business-type activities	<u>2,562,508</u>	<u>3,137,552</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>575,044</u>	<u>575,044</u>
Total	<u>\$ 77,650,397</u>	<u>\$ 8,192,683</u>	<u>\$ 12,330,467</u>	<u>\$ 1,344,618</u>	<u>(56,357,673)</u>	<u>575,044</u>	<u>(55,782,629)</u>
General revenues:							
Property taxes					54,562,047	265	54,562,312
Grants and contributions not restricted to specific programs					932,269		932,269
Unrestricted investment earnings					203,116	35,913	239,029
Other					491,443		491,443.00
Transfers					194,380	(194,380)	-
Total general revenues and transfers					<u>56,383,255</u>	<u>(158,202)</u>	<u>56,225,053</u>
Change in net assets					25,582	416,842	442,424
Net Assets at Beginning of Year					<u>76,002,030</u>	<u>13,627,947</u>	<u>89,629,977</u>
Net Assets at End of Year					<u>\$ 76,027,612</u>	<u>\$ 14,044,789</u>	<u>\$ 90,072,401</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF BERLIN, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2011

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 11,862,297	\$ 17,074,487	\$ 727,332	\$ 29,664,116
Receivables, net	2,816,544	240,136	56,134	3,112,814
Due from other funds	16,092			16,092
Inventories			23,378	23,378
Total Assets	<u>\$ 14,694,933</u>	<u>\$ 17,314,623</u>	<u>\$ 806,844</u>	<u>\$ 32,816,400</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts and other payables	\$ 854,186	\$ 624,867	\$ 5,781	\$ 1,484,834
Taxes paid in advance	400,230			400,230
Due to other funds	284,457			284,457
Deferred revenue	2,788,348	383,889	150,760	3,322,997
Bond anticipation notes		6,317,000		6,317,000
Total liabilities	<u>4,327,221</u>	<u>7,325,756</u>	<u>156,541</u>	<u>11,809,518</u>
Fund balances:				
Nonspendable			138,069	138,069
Restricted		9,988,867	343,559	10,332,426
Committed	295,251		169,692	464,943
Assigned	1,550,000			1,550,000
Unassigned	8,522,461		(1,017)	8,521,444
Total fund balances	<u>10,367,712</u>	<u>9,988,867</u>	<u>650,303</u>	<u>21,006,882</u>
Total Liabilities and Fund Balances	<u>\$ 14,694,933</u>	<u>\$ 17,314,623</u>	<u>\$ 806,844</u>	<u>\$ 32,816,400</u>

(Continued on next page)

## TOWN OF BERLIN, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2011

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)		\$ 21,006,882
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental capital assets	\$ 145,088,300	
Less accumulated depreciation	<u>(65,890,760)</u>	
Net capital assets		79,197,540
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		1,477,434
Interest receivable on property taxes		1,069,284
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.		5,251,794
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		(318,284)
Net pension obligation		(274,902)
Bonds payable		(28,835,000)
Interest payable on bonds and notes		(163,885)
Compensated absences		(487,949)
Capital lease		(388,800)
Bond premium		(1,569,836)
Deferred charges on refunding		<u>63,334</u>
Net Assets of Governmental Activities (Exhibit I)		<u>\$ 76,027,612</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF BERLIN, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2011

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 54,508,377	\$	\$	\$ 54,508,377
Intergovernmental	11,406,083	1,228,018	1,846,612	14,480,713
Charges for services	4,117,246	71,225	805,696	4,994,167
Income on investments	188,976	12,539	1,601	203,116
Miscellaneous	395,997	88,700	102,751	587,448
Total revenues	<u>70,616,679</u>	<u>1,400,482</u>	<u>2,756,660</u>	<u>74,773,821</u>
Expenditures:				
Current:				
General government	3,297,025		3,000	3,300,025
Community development	724,713		498	725,211
Public safety	7,107,339		29,485	7,136,824
Physical services	7,147,149			7,147,149
Parks, recreation and libraries	3,774,532		64,818	3,839,350
Health and human services	2,118,226		511,476	2,629,702
Schools	42,974,081		2,265,782	45,239,863
Debt service:				
Principal retirement	1,075,054			1,075,054
Interest and fiscal charges	591,486	84,681		676,167
Capital outlay	497,144	8,951,018		9,448,162
Total expenditures	<u>69,306,749</u>	<u>9,035,699</u>	<u>2,875,059</u>	<u>81,217,507</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,309,930</u>	<u>(7,635,217)</u>	<u>(118,399)</u>	<u>(6,443,686)</u>
Other Financing Sources (Uses):				
Transfers in	395,549	913,318		1,308,867
Transfers out	(913,318)	(71,801)	(129,368)	(1,114,487)
Issuance of capital leases	497,144			497,144
Bond premiums		1,674,492		1,674,492
Issuance of bonds		16,610,000		16,610,000
Total other financing sources (uses)	<u>(20,625)</u>	<u>19,126,009</u>	<u>(129,368)</u>	<u>18,976,016</u>
Net Change in Fund Balances	1,289,305	11,490,792	(247,767)	12,532,330
Fund Balances at Beginning of Year, as Restated	<u>9,078,407</u>	<u>(1,501,925)</u>	<u>898,070</u>	<u>8,474,552</u>
Fund Balances at End of Year	<u>\$ 10,367,712</u>	<u>\$ 9,988,867</u>	<u>\$ 650,303</u>	<u>\$ 21,006,882</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, 2011

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)	\$ 12,532,330
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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	7,689,605
Depreciation expense	(2,686,245)

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.	91,600
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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.	(111,028)
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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	(50,022)
Property tax interest and lien revenue - accrual basis change	103,692

Change in pension and OPEB assets and liabilities:

Net OPEB expense	(98,087)
Net pension expense	(273,386)

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	1,035,000
Issuance of bonds and notes	(16,610,000)
Issuance of capital leases	(497,144)
Capital lease principal payments	108,344
Premium on debt issuance	(1,674,492)
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	1,115
Accrued interest	14,941
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>360,536</u>
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Change in Net Assets of Governmental Activities (Exhibit II)	<u>\$ 25,582</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, 2011

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Water and Sewer Enterprise Fund</u>	<u>Internal Service Fund</u>
Assets:		
Current:		
Cash and cash equivalents	\$ 3,232,054	\$ 5,601,157
Accounts receivable	1,039,805	
Due from other funds		284,457
Total current assets	<u>4,271,859</u>	<u>5,885,614</u>
Noncurrent:		
Capital assets, net	9,827,738	
Other	65,828	
Total noncurrent assets	<u>9,893,566</u>	<u>-</u>
Total assets	<u>14,165,425</u>	<u>5,885,614</u>
Liabilities:		
Current:		
Accounts and other payables	104,544	435,463
Due to other funds	16,092	
Due to MIRMA		66,101
Total current liabilities	<u>120,636</u>	<u>501,564</u>
Noncurrent:		
Due to MIRMA		<u>132,256</u>
Total liabilities	<u>120,636</u>	<u>633,820</u>
Net Assets:		
Invested in capital assets	9,827,738	
Unrestricted	<u>4,217,051</u>	<u>5,251,794</u>
Total Net Assets	<u>\$ 14,044,789</u>	<u>\$ 5,251,794</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, 2011

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Water and Sewer Enterprise Fund</u>	<u>Internal Service Fund</u>
Operating Revenues:		
Insurance proceeds	\$	\$ 89,774
Employee contributions		1,794,345
Charges for services	3,133,779	6,718,810
Other	3,773	
Total operating revenues	<u>3,137,552</u>	<u>8,602,929</u>
Operating Expenses:		
Administrative expense	63,011	707,820
Employee benefits	150,821	6,609,496
Insurance and benefits		943,411
Purchase of water	612,158	
Source of supply	904,548	
Pumping expense	179,309	
Transmission and distribution	12,368	
Salaries - administrative and general	160,997	
Salaries - operating and maintenance	242,981	
Depreciation	236,315	
Total operating expenses	<u>2,562,508</u>	<u>8,260,727</u>
Operating Income	<u>575,044</u>	<u>342,202</u>
Nonoperating Revenue:		
Income on investments	35,913	18,334
Taxes	265	
Total nonoperating revenue	<u>36,178</u>	<u>18,334</u>
Income Before Transfers	611,222	360,536
Transfers Out	<u>(194,380)</u>	
Change in Net Assets	416,842	360,536
Net Assets at Beginning of Year	<u>13,627,947</u>	<u>4,891,258</u>
Net Assets at End of Year	<u>\$ 14,044,789</u>	<u>\$ 5,251,794</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, 2011

	<u>Business-Type Activities Water and Sewer Enterprise Fund</u>	<u>Governmental Activities Internal Service Fund</u>
Cash Flows from Operating Activities:		
Cash received from users	\$	\$ 8,228,698
Cash received from customers	3,265,030	
Cash payments to employees for services	(403,978)	
Cash payments to providers of benefits		(8,508,194)
Cash payments to suppliers for goods and services	(1,890,325)	
Cash received from others	3,773	89,774
Net cash provided by (used in) operating activities	<u>974,500</u>	<u>(189,722)</u>
Cash Flows from Noncapital Financing Activities:		
Transfers to other funds	(194,380)	
Cash received from tax collections	265	
Net cash used in noncapital financing activities	<u>(194,115)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition of capital assets	(289,273)	
Cash Flows from Investing Activities:		
Income on investments	<u>35,913</u>	<u>18,334</u>
Net Increase (Decrease) in Cash and Cash Equivalents	527,025	(171,388)
Cash and Cash Equivalents at Beginning of Year	<u>2,705,029</u>	<u>5,772,545</u>
Cash and Cash Equivalents at End of Year	<u>\$ 3,232,054</u>	<u>\$ 5,601,157</u>
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:		
Operating income	\$ 575,044	\$ 342,202
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation	236,315	
Change in assets and liabilities:		
Increase (decrease) in accounts receivable	131,252	(284,457)
Decrease in due to MIRMA		(222,209)
Increase (decrease) in accounts payable	<u>31,889</u>	<u>(25,258)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 974,500</u>	<u>\$ (189,722)</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF BERLIN, CONNECTICUT

## STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2011

	<b>Pension Trust Fund</b>	<b>Agency Funds</b>
	<u>                    </u>	<u>                    </u>
Assets:		
Cash and cash equivalents	\$	\$ 2,954,407
Mutual funds - equity securities	<u>33,199,525</u>	<u>                    </u>
Total assets	<u>33,199,525</u>	<u>\$ 2,954,407</u>
Liabilities:		
Accounts payable	20,477	\$
Due to other	<u>                    </u>	<u>2,954,407</u>
Total liabilities	<u>20,477</u>	<u>\$ 2,954,407</u>
Net Assets:		
Held in Trust for Pension Benefits	<u>\$ 33,179,048</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, 2011

	<u>Pension Trust Fund</u>
Additions:	
Contributions:	
Employer	\$ 1,693,946
Plan members	1,046,423
Total contributions	<u>2,740,369</u>
Investment income:	
Net appreciation in fair value of investments	2,759,239
Interest and dividends	424,618
Net investment income	<u>3,183,857</u>
Total additions	<u>5,924,226</u>
Deductions:	
Benefits	2,708,039
Administration	92,655
Total deductions	<u>2,800,694</u>
Net Increase	3,123,532
Net Assets Held in Trust for Pension Benefits at Beginning of Year	<u>30,055,516</u>
Net Assets Held in Trust for Pension Benefits at End of Year	<u>\$ 33,179,048</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF BERLIN, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS**

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**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 \$155,070 has been established as an allowance for uncollectible taxes. At June 30, 2011, this represents 8.52% 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:

<u>Assets</u>	<u>Years</u>
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 his time extended by the Town Manager past June 30 to October 31 and a department head until December 31. The value of vacations accrued at June 30, 2011 is \$451,445.

The Board of Education has \$36,504 accrued for sick, vacation and separation pay.

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. 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 \$3,230,352. 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 not 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 \$433,157 of supplemental appropriations during the year. All appropriations were approved in accordance with Charter provisions.

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

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

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

### **3. CASH, CASH EQUIVALENTS AND INVESTMENTS**

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

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds 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) and the State Tax Exempt Proceeds Fund (TEPF). 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*, \$39,815,250 of the Town’s bank balance of \$41,500,112 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 35,733,725
Collateralized, held by banks	<u>4,081,525</u>
 Total Amount Subject to Custodial Credit Risk	 <u><u>\$ 39,815,250</u></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, 2011 the Town’s cash equivalents amounted to \$3,296,406. 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 &amp; Poor’s</u>
State Tax Exempt Proceeds Fund*	
State Short-Term Investment Fund (STIF)	AAAm
Cutwater - Cooperative Liquid Assets Securities System (CLASS)	AAAm

\*Not rated

## B. Investments

Investments as of June 30, 2011 in all funds are as follows:

<u>Investment Type</u>	<u>Fair Value</u>
Pooled open-end mutual fund accounts:	
Pension trust funds	\$ <u>33,199,525</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, 2011, 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	\$ 1,069,284	\$	\$	\$	\$ 1,069,284
Taxes	1,818,315				1,818,315
Accounts	84,015	39,110	1,039,805	751	1,163,681
Intergovernmental		201,026		55,383	256,409
Gross receivables	<u>2,971,614</u>	<u>240,136</u>	<u>1,039,805</u>	<u>56,134</u>	<u>4,307,689</u>
Less allowance for uncollectibles	<u>(155,070)</u>				<u>(155,070)</u>
Net Total Receivables	<u>\$ 2,816,544</u>	<u>\$ 240,136</u>	<u>\$ 1,039,805</u>	<u>\$ 56,134</u>	<u>\$ 4,152,619</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	\$	\$ 400,230	\$ 400,230
Delinquent property taxes receivable	1,477,434		1,477,434
Accrued interest on property taxes	1,069,284		1,069,284
Grant drawdowns		538,515	538,515
Other unearned amounts		<u>237,764</u>	<u>237,764</u>
 Total Deferred/Unearned Revenue for Governmental Funds	 <u>\$ 2,546,718</u>	 <u>\$ 1,176,509</u>	 <u>\$ 3,723,227</u>

## 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 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	\$ 20,388,987	\$	\$ 612,600	\$	\$ 21,001,587
Construction in progress	<u>2,121,706</u>	<u>(957,307)</u>	<u>5,856,618</u>		<u>7,021,017</u>
Total capital assets not being depreciated	<u>22,510,693</u>	<u>(957,307)</u>	<u>6,469,218</u>	<u>-</u>	<u>28,022,604</u>
Capital assets being depreciated:					
Land improvements	4,123,891				4,123,891
Buildings	51,137,997	833,279			51,971,276
Machinery and equipment	11,934,734		1,036,693	544,273	12,427,154
Infrastructure	<u>48,144,053</u>	<u>124,028</u>	<u>275,294</u>		<u>48,543,375</u>
Total capital assets being depreciated	<u>115,340,675</u>	<u>957,307</u>	<u>1,311,987</u>	<u>544,273</u>	<u>117,065,696</u>
Less accumulated depreciation for:					
Land improvements	1,552,568		271,011		1,823,579
Buildings	25,789,439		859,013		26,648,452
Machinery and equipment	8,171,218		672,376	433,245	8,410,349
Infrastructure	<u>28,124,535</u>		<u>883,845</u>		<u>29,008,380</u>
Total accumulated depreciation	<u>63,637,760</u>	<u>-</u>	<u>2,686,245</u>	<u>433,245</u>	<u>65,890,760</u>
Total capital assets being depreciated, net	<u>51,702,915</u>	<u>957,307</u>	<u>(1,374,258)</u>	<u>111,028</u>	<u>51,174,936</u>
Governmental Activities Capital Assets, Net	<u>\$ 74,213,608</u>	<u>\$ -</u>	<u>\$ 5,094,960</u>	<u>\$ 111,028</u>	<u>\$ 79,197,540</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>1,187,914</u>	<u>235,958</u>		<u>1,423,872</u>
Total capital assets not being depreciated	<u>2,181,014</u>	<u>235,958</u>	<u>-</u>	<u>2,416,972</u>
Capital assets being depreciated:				
Buildings	1,977,764			1,977,764
Machinery and equipment	526,086	53,315		579,401
Infrastructure	<u>11,686,218</u>			<u>11,686,218</u>
Total capital assets being depreciated	<u>14,190,068</u>	<u>53,315</u>	<u>-</u>	<u>14,243,383</u>
Less accumulated depreciation for:				
Buildings	1,319,995	57,340		1,377,335
Machinery and equipment	434,182	22,593		456,775
Infrastructure	<u>4,842,125</u>	<u>156,382</u>		<u>4,998,507</u>
Total accumulated depreciation	<u>6,596,302</u>	<u>236,315</u>	<u>-</u>	<u>6,832,617</u>
Total capital assets being depreciated, net	<u>7,593,766</u>	<u>(183,000)</u>	<u>-</u>	<u>7,410,766</u>
Business-Type Activities Capital Assets, Net	<u>\$ 9,774,780</u>	<u>\$ 52,958</u>	<u>\$ -</u>	<u>\$ 9,827,738</u>

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

Governmental activities:	
General government	\$ 104,482
Public safety	300,372
Physical services	1,013,632
Parks, recreation and libraries	486,191
Health and human services	31,424
Schools	<u>750,144</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,686,245</u>
Business-type activities:	
Water services	\$ 102,932
Sewer services	<u>133,383</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 236,315</u>

## Construction Commitments

The Town has active construction projects as of June 30, 2011. The projects include the following:

<u>Project</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Encumbrances</u>	<u>Balance</u>
McGee School Air Quality	\$ 6,950,000	\$ 5,285,804	\$ 1,406,990	\$ 257,206
Bonded Road Improvements	5,109,449	2,785,292		2,324,157
Town Center Public Improvement/Streetscape	775,000	678,209	96,791	-
Veterans Memorial Park	1,319,500	1,177,400		142,100
Beckley Road Bridge Replacement	500,000	78,314	64,224	357,462
Town Hall Chiller/Cooling Tower Replacement	340,000	14,567	1,453	323,980
Train Station Rehabilitation*	400,000	44,577		355,423
Sage Park Maintenance	200,000	3,305		196,695
Berlin High School Renovations	69,500,000	96,391		69,403,609
Sherwood Project Remediation	1,100,000	554,090		545,910
McGee School Roof	1,885,000	84,022		1,800,978

\* 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%.

## 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>
Internal Service Fund	General Fund	\$ 284,457
General Fund	Water and Sewer Enterprise Fund	<u>16,092</u>
Total		\$ <u><u>300,549</u></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>Total</u>
Transfers out:			
General Fund	\$	\$ 913,318	\$ 913,318
Capital Projects	71,801		71,801
Nonmajor Governmental Funds	129,368		129,368
Water and Sewer Enterprise Fund	<u>194,380</u>		<u>194,380</u>
Total Transfers Out	\$ <u>395,549</u>	\$ <u>913,318</u>	\$ <u>1,308,867</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, 2011 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	\$ 13,260,000	\$ 16,610,000	\$ 1,035,000	\$ 28,835,000	\$ 1,620,000
Less deferred amounts:					
On refunding	(79,167)		(15,833)	(63,334)	
For issuance premiums		1,674,492	104,656	1,569,836	
	<u>13,180,833</u>	<u>18,284,492</u>	<u>1,123,823</u>	<u>30,341,502</u>	<u>1,620,000</u>
Other liabilities:					
Compensated absences	489,064	22,716	23,831	487,949	487,949
Capital leases		497,144	108,344	388,800	108,348
Net pension obligation	1,516	273,386		274,902	
Net OPEB obligation	220,197	98,087		318,284	
	<u>489,064</u>	<u>770,613</u>	<u>132,175</u>	<u>1,191,502</u>	<u>596,297</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 13,891,610</u>	<u>\$ 19,175,825</u>	<u>\$ 1,255,998</u>	<u>\$ 31,811,437</u>	<u>\$ 2,216,297</u>

The annual requirements to amortize all bonds outstanding as of June 30, 2011, 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>
2012	\$ 1,620,000	\$ 1,012,100	\$ 2,632,100
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
2017-2021	10,445,000	2,561,088	13,006,088
2022-2026	7,460,000	737,499	8,197,499
Total	<u>\$ 28,835,000</u>	<u>\$ 7,776,263</u>	<u>\$ 36,611,263</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, 2010</u>
General Purpose	Sep-09	\$ 8,195,000	2025	2.0-3.625	\$ 8,195,000
Refunding	Apr-10	4,645,000	2016	2.0-4.0	4,030,000
General Purpose	Jun-11	16,610,000	2026	3.0-5.0	<u>16,610,000</u>
Total Outstanding					<u>\$ 28,835,000</u>

The Town currently has authorized the issuance of \$81.93 million of bonds for various projects. Bond anticipation notes of \$6.317 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	\$ 832,545	\$ 832,545
Worthington Fire District	<u>612,441</u>	<u>612,441</u>
Total	<u>\$ 1,444,986</u>	<u>\$ 1,444,986</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	\$ 125,341	\$ 30,691	\$ 94,650
Schools	250,682	80,074	170,608
Sewers	208,901	1,445	207,456
Urban renewal	181,048		181,048
Pension deficit	167,121		167,121

\* 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, \$389,949.

### **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, 2011, the aggregate principal amount payable pursuant to the agreement was \$492,423.

## 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 17 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:

	<u>Governmental Activities</u>
Equipment	\$ 501,000
Less accumulated depreciation	<u>(69,620)</u>
Total	<u>\$ 431,380</u>

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2011 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2012	\$ 110,918
2013	110,918
2014	51,537
2015	122,840
Less amount representing interest	<u>(7,413)</u>
Present Value of Minimum Lease Payments	<u>\$ 388,800</u>

## 9. BOND ANTICIPATION NOTES

The following is a schedule of changes in bond anticipation notes for the year ended June 30, 2011:

<u>Project</u>	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Balance July 1, 2010</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2011</u>
Open Space	9/2/2009	9/1/2010	1.25	\$ 330,000	\$	\$ 330,000	\$ -
	9/1/2010	6/1/2011	1.5		280,000	280,000	-
	6/1/2011	5/31/2012	1.5		280,000		280,000
Pistol Creek Land	9/2/2009	9/1/2010	1.25	5,625,000		5,625,000	-
	9/1/2010	6/1/2011	1.5		5,340,000	5,340,000	-
Land Acquisition	9/2/2009	9/1/2010	1.25	375,000		375,000	-
	9/1/2010	6/1/2011	1.5		355,000	355,000	-
	6/1/2011	5/31/2012	1.5		335,000		335,000
McGee School Air Qual	6/10/2010	9/1/2010	0.5	3,000,000		3,000,000	-
	9/1/2010	6/1/2011	1.5		3,000,000	3,000,000	-
Beckley Rd Bridge	6/10/2010	9/1/2010	0.5	350,000		350,000	-
	9/1/2010	6/1/2011	1.5		350,000	350,000	-
	6/1/2011	5/31/2012	1.5		280,000		280,000
Sherwood Prop Remed	6/10/2010	9/1/2010	0.5	275,000		275,000	-
	9/1/2010	6/1/2011	1.5		550,000	550,000	-
Material Storage Yard	6/10/2010	9/1/2010	0.5	15,000		15,000	-
	9/1/2010	6/1/2011	1.5		100,000	100,000	-
	6/1/2011	5/31/2012	1.5		160,000		160,000
Town Hall Chiller	9/1/2010	6/1/2011	1.5		328,000	328,000	-
	6/1/2011	5/31/2012	1.5		262,000		262,000
	6/1/2011	5/31/2012	1.5		5,000,000		5,000,000
				<u>\$ 9,970,000</u>	<u>\$ 16,620,000</u>	<u>\$ 20,273,000</u>	<u>\$ 6,317,000</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 \$431,925 in the Medical and Health Insurance Fund at June 30, 2011. The following table reflects the activity of the past two years:

		<b>Claims Payable July 1</b>		<b>Claims and Changes in Estimates</b>		<b>Claims Paid</b>		<b>Claims Payable June 30</b>
2009-2010	\$	501,433	\$	5,018,930	\$	5,980,937	\$	460,574
2010-2011		460,574		6,609,496		6,638,145		431,925

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. The Town has entered into legal proceedings, along with other member towns, to dispute the additional assessment.

As of June 30, 2011, MIRMA has 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. The remaining liability at June 30, 2011 is \$198,357. The next installment of \$66,101 is due in fiscal year 2012.

## 11. FUND BALANCE

The components of fund balance for the governmental funds as of June 30, 2011 are as follows:

	<u>General Fund</u>	<u>Major Special Revenue Fund Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:				
Nonspendable:				
Inventory	\$	\$	\$ 23,378	\$ 23,378
Permanent fund principal			114,691	114,691
Restricted for:				
Permanent funds			41,382	41,382
Unspent grant balances			110,624	110,624
Marjorie Moore donations			48,242	48,242
Capital projects		9,988,867		9,988,867
General government			13,519	13,519
Health and human services			4,243	4,243
Education			125,549	125,549
Committed to:				
Bargaining unit contracts to be settled during the subsequent fiscal year	48,759			48,759
Revaluation	246,492			246,492
General government			31,529	31,529
Public safety			5,000	5,000
Parks, recreation and libraries			33,299	33,299
Health and human services			2,466	2,466
Education			97,398	97,398
Assigned to:				
Future year budgets	1,550,000			1,550,000
Unassigned	8,522,461		(1,017)	8,521,444
Total Fund Balances	\$ 10,367,712	\$ 9,988,867	\$ 650,303	\$ 21,006,882

## 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 of 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 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 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 \$49,811 were incurred in 2010-11 related to the Town's participation in TROC.

Fund balance for fiscal year ended June 30, 2011 as reflected in the TROC's financial statements is \$1,320,369. A complete set of financial statements for TROC can be obtained from the 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 \$696,896 this year. The fund balance for fiscal year ended June 30, 2011 as reflected in BRRFOC's financial statements is \$10,814,655. 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 \$32,608,736 on June 30, 2011. Employees contributed \$856,457, and covered payroll was \$20,441,640. The Town's matching share was \$1,519,520. 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. In 2011, the Town also engaged Fiduciary Investment Associates (FIA) as investment consultants for both the defined benefit and defined contribution plans. FIA will be assisting the Pension Committ in reviewing and re-evaluating the Town's investment policy and strategy. The plan's provisions may be changed by approval of the Town Council.



**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, 2010, PERS membership consisted of:

	<u>Total</u>	<u>Defined Contribution Plan</u>	<u>Defined Benefit Plan</u>
Retirees, disabled and beneficiaries currently receiving benefits	34		34
Terminated employees entitled to benefits but not yet receiving them	3		3
Current employees:			
Police	59	38	21 *
Other	295	284	11 *
<b>Total</b>	<u>391</u>	<u>322</u>	<u>69</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, 34% 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, 66% of investments are held in ICMA-RC mutual funds that are self directed.

**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 is anticipated to increase again in 2013 in order to address the unfunded obligation. In addition, an effort is underway to move current employees who are currently participants in the “hybrid” plan into the straight defined contribution plan. This effort, expected to be completed in fiscal year 2012, 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	\$	473,550
Interest on net pension obligation		106
Adjustment to annual required contribution		<u>(270)</u>
Annual pension cost		473,386
Contributions made		<u>200,000</u>
Increase in net pension obligation		273,386
Net pension obligation - beginning of year		<u>1,516</u>
Net Pension Obligation - End of Year	\$	<u><u>274,902</u></u>

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

Actuarial valuation date	July 1, 2010
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*	7% per annum
Projected salary increases*	3.75% per annum - police 3.00% per annum - all others

\*Includes inflation rate of 3%

#### F. Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
6/30/09	\$ 278,333	53.9%	\$ (198,097)
6/30/10	374,613	46.7	1,516
6/30/11	473,386	42.2	274,902

#### G. Pension Plan Required Supplementary Information

##### *Schedule of Funding Progress*

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (a-b)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>Under Funded AAL as a % of Covered Payroll ((a-b)/c)</u>
7/01/05	\$ 1,566,619	\$ 2,101,760	\$ (535,141)	74.5%	\$ 2,287,001	(23.4)%
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)

*Schedule of Employer Contributions*

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/06	\$ 241,623	111.8%
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

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 \$20,323,575 or 49.9% of the total Town and Board of Education payroll of \$40,675,215.

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, 2011, the Town has recorded in the General Fund (Exhibit IV) intergovernmental revenue schools and schools expenditures in the amount of \$3,230,352 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:

	<b>Post- Retirement Medical Program</b>
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. 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. The Town is currently developing a funding strategy to provide for normal cost and the amortization of the accrued liability. 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)	\$ 394,000
Interest on net OPEB obligation	8,808
Adjustment to annual required contribution	<u>(8,721)</u>
Annual OPEB cost	394,087
Contributions made	<u>296,000</u>
Increase in net OPEB obligation	98,087
Net OPEB obligation, beginning of year	<u>220,197</u>
Net OPEB Obligation, End of Year	<u><u>\$ 318,284</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, 2011, 2010 and 2009, is presented below.

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/09	\$ 365,000	\$ 247,000	67.67%	\$ 118,000
6/30/10	378,197	276,000	72.98	220,197
6/30/11	394,087	296,000	75.11	318,284

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) was not available.

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**

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

**Schedule of Employer Contributions**

<b>Fiscal Year</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
6/30/09	\$ 365,000	68%
6/30/10	378,000	73
6/30/11	394,000	75

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 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, 2010 was 30 years.

**16. FUND DEFICITS**

The Senior Center Walkway Project Fund has a deficit fund balance of \$1,017. This deficit will be funded through payment from the State of Connecticut bonding program for the second of two installment payments for this project. This will be completed in fiscal year 2012.

**17. 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.

## 18. PRIOR PERIOD ADJUSTMENTS

During the year, the Town implemented GASB Statement No. 54. This required the Town to review their special revenue funds and determine if they have a revenue source that is restricted or committed for a specific purpose. This revenue source also needs to constitute a substantial portion of the resources of the fund. As a result, various special revenue funds did not meet those requirements and are now reported as part of the General Fund or the Capital Projects Fund (special revenue fund).

	<u>Major Funds</u>			<u>Nonmajor Governmental Funds</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Highway Fund</u>	
Balance at June 30, 2010	\$ 8,779,806	\$ (2,663,359)	\$ 1,042,438	\$ 1,315,667
Reclassification to General Fund	298,601			(298,601)
Reclassification to Capital Projects Fund	<u>                    </u>	<u>1,161,434</u>	<u>(1,042,438)</u>	<u>(118,996)</u>
Restated Fund Balance at June 30, 2010	<u>\$ 9,078,407</u>	<u>\$ (1,501,925)</u>	<u>\$ -</u>	<u>\$ 898,070</u>

## 19. SUBSEQUENT EVENTS

On September 27, 2011, the Town issued \$2,000,000 of new Bond Anticipation Notes, with a coupon rate of 1.5% and a net interest cost of 0.408% and a maturity date of May 31, 2012 for the acquisition and remediation of land for the location of a new police station.



**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, 2011

	2011				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual 2010
Taxes:					
Current tax collections	\$ 53,133,421	\$ 53,133,421	\$ 53,504,058	\$ 370,637	\$ 50,316,094
Back taxes	320,500	320,500	586,080	265,580	508,655
Interest from overdue taxes	150,200	150,200	333,943	183,743	307,061
Lien fees	2,256	2,256	3,582	1,326	2,160
Suspense taxes and interest	55,000	55,000	47,075	(7,925)	62,554
Elderly housing	31,000	31,000	33,639	2,639	30,300
Total	<u>53,692,377</u>	<u>53,692,377</u>	<u>54,508,377</u>	<u>816,000</u>	<u>51,226,824</u>
Licenses, Permits and Other Departments:					
Town clerk fees	250,000	250,000	350,043	100,043	344,406
Zoning Commission and Building Inspector	350,000	350,000	510,337	160,337	547,262
Zoning Board of Appeals	4,500	4,500	5,575	1,075	6,041
Animal control fees	14,000	14,000	13,575	(425)	12,858
Police Department	42,000	42,000	43,214	1,214	36,940
Police services to other agencies	40,000	40,000	26,081	(13,919)	25,825
Outside police services	375,000	475,000	495,539	20,539	257,698
Engineering and public works	120,000	120,000	236,461	116,461	189,783
Scrap metal	30,000	30,000	49,307	19,307	42,952
New road fee	6,000	6,000	3,000	(3,000)	
Parks and recreation	102,000	102,000	109,582	7,582	100,735
Golf course revenues	827,500	827,500	718,310	(109,190)	756,950
Golf pro shop revenue:			6,569	6,569	
Golf cart revenue	300,000	300,000	270,508	(29,492)	261,988
Golf range revenue	14,000	14,000	6,346	(7,654)	11,753
Berlin-Peck Memorial Library	19,000	19,000	14,776	(4,224)	16,922
Berlin Public Health Nursing Service	1,300,000	1,300,000	1,238,663	(61,337)	1,595,792
Summer/field trips	14,320	15,082	13,552	(1,530)	14,179
Senior citizen center	5,000	5,000	5,808	808	6,154
Public grounds outside overtime	1,000	1,000		(1,000)	162
Total	<u>3,814,320</u>	<u>3,915,082</u>	<u>4,117,246</u>	<u>202,164</u>	<u>4,228,400</u>
Intergovernmental Revenues - Schools:					
Private schools	28,013	28,013	25,741	(2,272)	28,013
School transportation	181,342	181,342	136,066	(45,276)	129,483
Special education	3,000	3,000		(3,000)	2,098
Miscellaneous school grants	1	1		(1)	
Equalized cost sharing	5,289,251	5,289,251	5,297,652	8,401	5,223,255
State fiscal stabilization funds	880,159	880,159	880,159	-	880,159
Excess special education grant	506,797	736,427	736,427	-	661,965
Adult education	14,239	14,239	4,779	(9,460)	
Total	<u>6,902,802</u>	<u>7,132,432</u>	<u>7,080,824</u>	<u>(51,608)</u>	<u>6,924,973</u>
Intergovernmental Revenues - Other:					
In lieu of boat taxes			20,441	20,441	12,941
In lieu of taxes	25,008	25,008	25,151	143	26,999
PILOT - New Britain Stadium	30,000	30,000	30,000	-	30,000
Elderly property tax relief	143,884	143,884	134,139	(9,745)	133,621
Manufacturer's equipment grant	926,111	926,111	646,080	(280,031)	755,422
Disability, Social Security	2,314	2,314	2,436	122	2,201
Additional veteran exemption	12,483	12,483	13,390	907	12,818
Miscellaneous state grants			10,103	10,103	
Friends Against Drugs	3,300	3,300	3,300	-	3,300
Public building grant				-	45,140
Pequot grant	51,514	51,514	52,965	1,451	52,551
Child and youth services grant	14,000	20,250	20,250	-	20,250
State and federal grants	13,000	13,000	80,487	67,487	22,158
Police overtime grant	71,093	71,093	56,165	(14,928)	33,360
Total	<u>1,292,707</u>	<u>1,298,957</u>	<u>1,094,907</u>	<u>(204,050)</u>	<u>1,150,761</u>

(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, 2011**

	<u>2011</u>				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual 2010</u>
Other Services and Earnings on Investments:					
Interest on investments	\$ 250,000	\$ 250,000	\$ 187,826	\$ (62,174)	\$ 260,452
Refund of expenditures	15,000	15,000	70,415	55,415	18,915
Sale of land, labor and materials	10,000	10,000	13,111	3,111	131,728
Mobile home rent	60,000	60,000	60,655	655	
Cell tower rental	86,205	86,205	94,317	8,112	82,406
Other receipts	49,687	139,400	95,458	(43,942)	5,316
Telephone access line share	112,000	112,000	62,041	(49,959)	73,670
Total	<u>582,892</u>	<u>672,605</u>	<u>583,823</u>	<u>(88,782)</u>	<u>572,487</u>
 Total revenues	 <u>66,285,098</u>	 <u>66,711,453</u>	 <u>67,385,177</u>	 <u>673,724</u>	 <u>64,103,445</u>
Other Financing Sources:					
Operating transfers from other funds:					
Water Control Commission - other	62,000	62,000	191,790	129,790	131,739
Water Control Commission - receivables	2,500	2,500	2,590	90	1,696
Special Revenue Funds	128,400	135,201	136,169	968	56,112
Capital Project Funds	65,000	65,000	65,000	-	65,000
Total other financing sources	<u>257,900</u>	<u>264,701</u>	<u>395,549</u>	<u>130,848</u>	<u>254,547</u>
 Total Revenues and Other Financing Sources	 <u>\$ 66,542,998</u>	 <u>\$ 66,976,154</u>	 67,780,726	 <u>\$ 804,572</u>	 <u>\$ 64,357,992</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			3,230,352		
The Town does not budget for the proceeds from the issuance of capital leases			497,144		
The Town does not budget for revaluation fund revenues			189		
The Town does not budget for wage negotiation reserve fund revenues			<u>961</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>\$ 71,509,372</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, 2011

	2011				Actual 2010
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	
General Government:					
Manager's Office:					
Wages	\$ 157,682	\$ 162,214	\$ 162,214	\$ -	\$ 166,384
Fringe benefits	45,953	50,356	45,919	4,437	48,888
Operational	3,575	3,575	1,978	1,597	1,944
Total	<u>207,210</u>	<u>216,145</u>	<u>210,111</u>	<u>6,034</u>	<u>217,216</u>
Finance Department:					
Wages	385,228	392,403	389,907	2,496	356,370
Fringe benefits	135,007	145,262	143,260	2,002	125,364
Operational	63,353	63,353	51,806	11,547	49,351
Total	<u>583,588</u>	<u>601,018</u>	<u>584,973</u>	<u>16,045</u>	<u>531,085</u>
Technology Department:					
Wages	152,515	152,515	152,515	-	146,737
Fringe benefits	54,607	54,525	48,656	5,869	42,371
Operational	90,735	82,734	81,103	1,631	110,745
Capital	22,150	22,150	21,205	945	12,738
Total	<u>320,007</u>	<u>311,924</u>	<u>303,479</u>	<u>8,445</u>	<u>312,591</u>
Collector of Revenue:					
Wages	139,200	139,129	135,133	3,996	131,011
Fringe benefits	52,577	52,648	37,830	14,818	38,520
Operational	30,421	30,421	22,000	8,421	32,142
Total	<u>222,198</u>	<u>222,198</u>	<u>194,963</u>	<u>27,235</u>	<u>201,673</u>
Treasurer:					
Wages	47,726	47,728	47,728	-	45,938
Fringe benefits	21,805	21,803	21,119	684	19,209
Operational	570	570	207	363	288
Total	<u>70,101</u>	<u>70,101</u>	<u>69,054</u>	<u>1,047</u>	<u>65,435</u>
Corporation Counsel:					
Wages	110,650	110,650	110,000	650	110,645
Fringe benefits	32,549	36,135	35,239	896	35,586
Operational	61,960	91,960	73,964	17,996	62,944
Total	<u>205,159</u>	<u>238,745</u>	<u>219,203</u>	<u>19,542</u>	<u>209,175</u>
Townwide expenditures:					
Wages	220,989	109,259	1,738	107,521	1,000
Fringe benefits	310,886	308,792	268,559	40,233	224,473
Operational	970,888	693,034	648,031	45,003	423,120
Total	<u>1,502,763</u>	<u>1,111,085</u>	<u>918,328</u>	<u>192,757</u>	<u>648,593</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, 2011

	2011				Actual 2010
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	
Assessor:					
Wages	\$ 230,544	\$ 232,657	\$ 227,393	\$ 5,264	\$ 218,104
Fringe benefits	100,621	93,057	80,314	12,743	79,185
Operational	24,040	24,040	22,370	1,670	22,027
Total	<u>355,205</u>	<u>349,754</u>	<u>330,077</u>	<u>19,677</u>	<u>319,316</u>
Registrar of Voters:					
Wages	57,000	56,047	55,080	967	51,353
Fringe benefits	18,775	18,851	10,488	8,363	10,356
Operational	53,600	54,477	49,863	4,614	27,052
Total	<u>129,375</u>	<u>129,375</u>	<u>115,431</u>	<u>13,944</u>	<u>88,761</u>
Town Clerk:					
Wages	222,345	226,491	225,992	499	218,431
Fringe benefits	95,189	95,602	91,139	4,463	85,771
Operational	25,390	25,390	23,531	1,859	22,664
Capital	4,500	4,500	4,500		
Total	<u>347,424</u>	<u>351,983</u>	<u>345,162</u>	<u>6,821</u>	<u>326,866</u>
Board of Assessment Appeals:					
Wages	500	575	575	-	350
Fringe benefits	40	44	44	-	27
Operational	375	296		296	30
Total	<u>915</u>	<u>915</u>	<u>619</u>	<u>296</u>	<u>407</u>
Town Council:					
Operational	<u>1,227</u>	<u>1,227</u>	<u>1,125</u>	<u>102</u>	<u>1,063</u>
Total general government	<u>3,945,172</u>	<u>3,604,470</u>	<u>3,292,525</u>	<u>311,945</u>	<u>2,922,181</u>
Community Development:					
Planning and building inspection:					
Wages	409,167	414,314	414,185	129	399,377
Fringe benefits	163,514	164,125	152,757	11,368	151,095
Operational	22,526	22,361	19,004	3,357	18,984
Capital	20,000	3,313	3,313	-	
Total	<u>615,207</u>	<u>604,113</u>	<u>589,259</u>	<u>14,854</u>	<u>569,456</u>
Planning and Zoning Commission:					
Operational	<u>710</u>	<u>710</u>	<u>422</u>	<u>288</u>	<u>467</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, 2011

	2011				Actual 2010
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	
Zoning Board of Appeals:					
Wages	\$ 1,300	\$ 1,300	\$ 1,150	\$ 150	\$ 475
Fringe benefits	103	103	80	23	37
Operational	530	530	314	216	210
Total	<u>1,933</u>	<u>1,933</u>	<u>1,544</u>	<u>389</u>	<u>722</u>
Economic Development:					
Wages	94,264	94,264	92,868	1,396	88,477
Fringe benefits	16,385	16,385	16,247	138	11,645
Operational	24,865	24,865	12,027	12,838	17,394
Total	<u>135,514</u>	<u>135,514</u>	<u>121,142</u>	<u>14,372</u>	<u>117,516</u>
Conservation Commission:					
Wages	1,300	1,300	1,100	200	1,125
Fringe benefits	103	103	85	18	83
Operational	3,775	3,775	3,544	231	2,800
Total	<u>5,178</u>	<u>5,178</u>	<u>4,729</u>	<u>449</u>	<u>4,008</u>
Inland Wetlands Commission:					
Wages	1,400	1,400	900	500	1,325
Fringe benefits	111	111	68	43	100
Operational	300	300		300	60
Total	<u>1,811</u>	<u>1,811</u>	<u>968</u>	<u>843</u>	<u>1,485</u>
Veterans Commission:					
Operational	<u>3,290</u>	<u>3,290</u>	<u>2,519</u>	<u>771</u>	<u>8,557</u>
Berlin Historic District:					
Wages	1,375	1,375	1,225	150	300
Fringe benefits	109	109	96	13	24
Operational	350	350	113	237	171
Total	<u>1,834</u>	<u>1,834</u>	<u>1,434</u>	<u>400</u>	<u>495</u>
Commission for Disabled:					
Wages	600	600	300	300	500
Fringe benefits	48	48	24	24	39
Operational	25	25		25	
Total	<u>673</u>	<u>673</u>	<u>324</u>	<u>349</u>	<u>539</u>
Public Building Commission:					
Wages	2,400	2,400	2,200	200	2,775
Fringe benefits	189	189	159	30	207
Operational	100	100	13	87	
Total	<u>2,689</u>	<u>2,689</u>	<u>2,372</u>	<u>317</u>	<u>2,982</u>
Total community development	<u>768,839</u>	<u>757,745</u>	<u>724,713</u>	<u>33,032</u>	<u>706,227</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, 2011

	2011				Actual 2010
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	
Public Safety:					
Ambulance contract:					
Operational	\$ 219,654	\$ 219,654	\$ 218,753	\$ 901	\$ 212,076
Animal Control:					
Wages	87,119	89,636	89,636	-	86,530
Fringe benefits	27,849	31,321	30,193	1,128	24,952
Operational	17,935	17,935	11,792	6,143	10,078
Capital	55,000			-	
Total	187,903	138,892	131,621	7,271	121,560
Fire Department:					
Wages	97,818	98,218	89,687	8,531	84,119
Fringe benefits	92,652	89,660	68,927	20,733	67,150
Operational	293,425	296,425	272,079	24,346	297,898
Capital	18,000	18,000	13,294	4,706	
Total	501,895	502,303	443,987	58,316	449,167
Police:					
Wages	4,489,785	4,596,477	4,365,582	230,895	4,271,544
Fringe benefits	1,548,940	1,554,274	1,442,301	111,973	1,420,434
Operational	226,435	226,435	175,202	51,233	149,036
Capital	100,000	100,000	100,000	-	109,267
Total	6,365,160	6,477,186	6,083,085	394,101	5,950,281
Fire Marshal:					
Wages	159,494	160,790	160,790	-	152,062
Fringe benefits	64,151	67,720	66,162	1,558	55,549
Operational	5,850	4,453	2,941	1,512	2,589
Total	229,495	232,963	229,893	3,070	210,200
Total public safety	7,504,107	7,570,998	7,107,339	463,659	6,943,284
Physical Services:					
Municipal garage:					
Wages	399,773	422,284	418,969	3,315	394,859
Fringe benefits	162,138	163,813	149,934	13,879	133,019
Operational	413,035	418,035	390,469	27,566	335,999
Total	974,946	1,004,132	959,372	44,760	863,877
Public Works:					
Wages	350,052	287,221	286,662	559	290,015
Fringe benefits	128,860	124,614	105,320	19,294	103,014
Operational	2,023,199	2,096,310	2,033,920	62,390	2,004,157
Capital		4,900	4,799	101	
Total	2,502,111	2,513,045	2,430,701	82,344	2,397,186

(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, 2011

	2011				Actual 2010
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	
Highway:					
Wages	\$ 855,516	\$ 904,563	\$ 892,303	\$ 12,260	\$ 828,999
Fringe benefits	383,792	407,651	399,092	8,559	351,096
Operational	252,380	304,467	274,952	29,515	198,488
Total	<u>1,491,688</u>	<u>1,616,681</u>	<u>1,566,347</u>	<u>50,334</u>	<u>1,378,583</u>
Public building:					
Wages	1,038,936	1,043,849	1,039,550	4,299	988,953
Fringe benefits	450,544	452,235	411,210	41,025	381,947
Operational	740,370	781,032	729,339	51,693	797,822
Capital	76,000	10,630	10,630	-	31,140
Total	<u>2,305,850</u>	<u>2,287,746</u>	<u>2,190,729</u>	<u>97,017</u>	<u>2,199,862</u>
Total physical services	<u>7,274,595</u>	<u>7,421,604</u>	<u>7,147,149</u>	<u>274,455</u>	<u>6,839,508</u>
Parks, Recreation and Libraries:					
Mobile home park:					
Operational	<u>7,880</u>	<u>7,880</u>	<u>7,404</u>	<u>476</u>	<u>-</u>
Recreation:					
Wages	309,167	310,025	287,616	22,409	284,672
Fringe benefits	80,321	85,023	80,463	4,560	68,967
Operational	56,540	56,800	44,990	11,810	43,067
Total	<u>446,028</u>	<u>451,848</u>	<u>413,069</u>	<u>38,779</u>	<u>396,706</u>
Golf course:					
Wages	530,424	501,287	499,078	2,209	555,729
Fringe benefits	206,547	181,311	167,629	13,682	185,254
Operational	530,975	558,000	524,297	33,703	478,867
Capital	45,801	45,801	45,801	-	45,801
Total	<u>1,313,747</u>	<u>1,286,399</u>	<u>1,236,805</u>	<u>49,594</u>	<u>1,265,651</u>
Libraries:					
Wages	605,681	605,681	584,811	20,870	577,476
Fringe benefits	224,401	198,624	187,634	10,990	184,604
Operational	169,058	169,058	160,751	8,307	162,640
Capital	6,000	6,000	6,000	-	-
Total	<u>1,005,140</u>	<u>979,363</u>	<u>939,196</u>	<u>40,167</u>	<u>924,720</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, 2011

	2011				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual 2010
Public grounds:					
Wages	\$ 722,035	\$ 741,735	\$ 677,964	\$ 63,771	\$ 657,301
Fringe benefits	293,134	285,539	265,061	20,478	271,139
Operational	285,615	285,615	235,033	50,582	215,141
Capital				-	20,423
Total	<u>1,300,784</u>	<u>1,312,889</u>	<u>1,178,058</u>	<u>134,831</u>	<u>1,164,004</u>
Total parks, recreation and libraries	<u>4,073,579</u>	<u>4,038,379</u>	<u>3,774,532</u>	<u>263,847</u>	<u>3,751,081</u>
Health and Human Services:					
Health Department:					
Operational	<u>83,953</u>	<u>83,953</u>	<u>83,953</u>	<u>-</u>	<u>83,506</u>
Nursing services:					
Wages	930,898	936,368	907,515	28,853	901,695
Fringe benefits	338,033	318,313	290,719	27,594	280,074
Operational	367,046	363,699	337,069	26,630	363,186
Capital	9,916	9,916	9,915	1	12,216
Total	<u>1,645,893</u>	<u>1,628,296</u>	<u>1,545,218</u>	<u>83,078</u>	<u>1,557,171</u>
Community services:					
Wages	309,999	318,877	315,817	3,060	294,280
Fringe benefits	121,943	137,582	136,195	1,387	124,083
Operational	<u>31,884</u>	<u>38,631</u>	<u>37,043</u>	<u>1,588</u>	<u>35,244</u>
Total	<u>463,826</u>	<u>495,090</u>	<u>489,055</u>	<u>6,035</u>	<u>453,607</u>
Total health and human services	<u>2,193,672</u>	<u>2,207,339</u>	<u>2,118,226</u>	<u>89,113</u>	<u>2,094,284</u>
Schools:					
Private schools:					
Wages	83,357	83,357	60,498	22,859	58,111
Fringe benefits	37,482	37,382	27,008	10,374	23,544
Operational	<u>1,208</u>	<u>1,308</u>	<u>1,065</u>	<u>243</u>	<u>1,074</u>
Total	<u>122,047</u>	<u>122,047</u>	<u>88,571</u>	<u>33,476</u>	<u>82,729</u>
Board of Education	<u>37,060,337</u>	<u>37,060,337</u>	<u>37,034,020</u>	<u>26,317</u>	<u>36,504,649</u>
School expenditures:					
Wages	485,976	486,738	446,327	40,411	437,904
Fringe benefits	811,499	827,160	777,784	49,376	743,089
Operational	957,243	1,177,353	1,165,756	11,597	1,045,402
Capital	374,050	231,271	231,271	-	365,031
Total	<u>2,628,768</u>	<u>2,722,522</u>	<u>2,621,138</u>	<u>101,384</u>	<u>2,591,426</u>
Total schools	<u>39,811,152</u>	<u>39,904,906</u>	<u>39,743,729</u>	<u>161,177</u>	<u>39,178,804</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, 2011**

	<u>2011</u>			<u>Variance</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive</u>	<u>Actual</u>
	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>(Negative)</u>	<u>2010</u>
Debt Principal:					
Town Government	\$ 1,615,654	\$ 1,104,654	\$ 1,075,054	\$ 29,600	\$ 1,170,000
Interest and Fiscal Charges:					
Town Government	531,138	627,652	519,035	108,617	353,689
Schools	125,090	125,090	72,451	52,639	54,545
Total interest and fiscal charges	<u>656,228</u>	<u>752,742</u>	<u>591,486</u>	<u>161,256</u>	<u>408,234</u>
Total Expenditures	<u>67,842,998</u>	<u>67,362,837</u>	<u>65,574,753</u>	<u>1,788,084</u>	<u>64,013,603</u>
Other Financing Uses:					
Transfers to Other Funds:					
Capital projects fund		913,318	913,318	-	569,060
Special grants and donations				-	8,000
Union negotiation reserve				-	17,000
Total other financing uses	<u>-</u>	<u>913,318</u>	<u>913,318</u>	<u>-</u>	<u>594,060</u>
Total Expenditures and Other Financing Uses	<u>\$ 67,842,998</u>	<u>\$ 68,276,155</u>	66,488,071	<u>\$ 1,788,084</u>	<u>\$ 64,607,663</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			3,230,352		
The Town does not budget for capital outlay relating to the issuance of capital leases.			497,144		
The Town does not budget for wage negotiation reserve fund expenditures.			<u>4,500</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>\$ 70,220,067</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, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 11,862,297	\$ 10,631,537
Receivables, net of allowances for uncollectibles:		
Taxes	1,663,245	1,590,653
Other	1,153,299	985,953
Due from other funds	<u>16,092</u>	<u>18,682</u>
Total Assets	<u>\$ 14,694,933</u>	<u>\$ 13,226,825</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	\$ 854,186	\$ 1,265,282
Taxes collected in advance	400,230	220,836
Due to other funds	284,457	
Deferred revenue	<u>2,788,348</u>	<u>2,662,300</u>
Total liabilities	<u>4,327,221</u>	<u>4,148,418</u>
Fund balance:		
Committed	295,251	298,601
Assigned	1,550,000	1,300,000
Unassigned	<u>8,522,461</u>	<u>7,479,806</u>
Total fund balance	<u>10,367,712</u>	<u>9,078,407</u>
Total Liabilities and Fund Balance	<u>\$ 14,694,933</u>	<u>\$ 13,226,825</u>

**TOWN OF BERLIN, CONNECTICUT**  
**GENERAL FUND**  
**REPORT OF TAX COLLECTOR**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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, 2011
			Additions(2)	Deductions		Taxes	Interest	Lien Fees	Total			
2010 (1)	2011	\$	\$	\$	\$	\$ 400,230	\$	\$	\$ 400,230	\$	\$	\$
2009	2010	53,730,757	582,352	158,765	54,154,344	53,415,510	161,156	312	53,576,978	48,044		786,878
2008	2009	808,974	46,240	1,291	853,923	443,190	100,218	1,758	545,166		123,031	287,702
2007	2008	341,396	3,179		344,575	102,233	46,588	702	149,523			242,342
2006	2007	121,279			121,279	43,734	17,536	366	61,636			77,545
2005	2006	75,766			75,766	9,356	5,879	174	15,409			66,410
2004	2005	59,385	321		59,706	3,689	1,171	72	4,932			56,017
2003	2004	54,030			54,030	362	405	48	815			53,668
2002	2003	52,854			52,854	89	121	24	234			52,765
2001	2002	25,085			25,085	38	58	48	144			25,047
2000	2001	28,899			28,899	25	27	54	106			28,874
1999	2000	26,822			26,822	9	18	24	51			26,813
1998	1999	28,951			28,951				-			28,951
1997	1998	29,335			29,335				-			29,335
1996	1997	30,920			30,920				-			30,920
1995	1996	25,048			25,048				-			25,048
Tax suspense book, including interest						47,075			47,075			-
Total		\$ 55,439,501	\$ 632,092	\$ 160,056	\$ 55,911,537	\$ 54,465,540	\$ 333,177	\$ 3,582	\$ 54,802,299	\$ 48,044	\$ 123,031	\$ 1,818,315

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

Note 2: Includes motor vehicle supplement amounting to \$ 364,256

Note 3: Actual tax collections excluding suspense taxes for the year ended June 30, 2011:  
 Tax collections, end of year \$ 54,465,540  
 Deduct:  
     Suspense tax and interest (47,075)  
     Advance collections of taxes due, beginning of year (400,230)

Note 4: Property taxes receivable, end of year \$ 1,818,315  
 Less: Allowance for uncollectible taxes (155,070)  
 Net Property Taxes Receivable \$ 1,663,245

Tax Collections \$ 54,018,235

**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
Mobile Home Park	Rental fees	Maintenance of park
Scholarship and Donations	Donations	Scholarships
Special Grants and Donations	State and Federal grants	Various projects
Recreation	User fees	Recreation programs
Senior Center Walkway Project	State grants	Walkway and parking lot paving at Senior Center

### 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, 2011**

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	<u>Special Revenue Funds</u>									
	<u>Cafeteria</u>	<u>Disadvantaged Education</u>	<u>School Rental Revolving</u>	<u>Police Drug Enforcement</u>	<u>Police Asset Forfeiture</u>	<u>Marjorie Moore</u>	<u>R &amp; S Associates Bond</u>	<u>Summer Adventures</u>	<u>Disaster Recovery</u>	<u>Afternoon Enrichment Program</u>
<b>ASSETS</b>										
Cash and cash equivalents	\$ 26,721	\$ 122,655	\$ 21,480	\$ 11,397	\$ 24,261	\$ 48,242	\$ 13,519	\$ 1,350	\$ 31,529	\$ 19,818
Receivables:										
Other	751									
Intergovernmental	27,278	28,105								
Due from other funds										
Inventory at cost	23,378									
<b>Total Assets</b>	<b>\$ 78,128</b>	<b>\$ 150,760</b>	<b>\$ 21,480</b>	<b>\$ 11,397</b>	<b>\$ 24,261</b>	<b>\$ 48,242</b>	<b>\$ 13,519</b>	<b>\$ 1,350</b>	<b>\$ 31,529</b>	<b>\$ 19,818</b>
<b>LIABILITIES AND FUND BALANCES</b>										
Liabilities:										
Accounts payable	\$	\$	\$	\$ 2,639	\$	\$	\$	\$	\$	\$
Due to other funds										
Deferred revenue		150,760								
<b>Total liabilities</b>	<b>-</b>	<b>150,760</b>	<b>-</b>	<b>2,639</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund Balances:										
Nonspendable	23,378									
Restricted				8,758	24,261	48,242	13,519			
Committed	54,750		21,480					1,350	31,529	19,818
Unassigned										
<b>Total fund balance</b>	<b>78,128</b>	<b>-</b>	<b>21,480</b>	<b>8,758</b>	<b>24,261</b>	<b>48,242</b>	<b>13,519</b>	<b>1,350</b>	<b>31,529</b>	<b>19,818</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 78,128</b>	<b>\$ 150,760</b>	<b>\$ 21,480</b>	<b>\$ 11,397</b>	<b>\$ 24,261</b>	<b>\$ 48,242</b>	<b>\$ 13,519</b>	<b>\$ 1,350</b>	<b>\$ 31,529</b>	<b>\$ 19,818</b>

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

JUNE 30, 2011

	Special Revenue Funds									
	Work Zone Safety	Elderly Oral Screening	Caravan	Boundless Playground	Mobile Home Park	Scholarship and Donations	Special Grants and Donations	Recreation	Senior Center Walkway Project	Total
<b>ASSETS</b>										
Cash and cash equivalents	\$ 5,000	\$ 2,466	\$ 4,243	\$ 18,079	\$ -	\$ 107,470	\$ 78,348	\$ 34,681	\$ -	\$ 571,259
Receivables:										
Other										751
Intergovernmental										55,383
Due from other funds								1,017		1,017
Inventory at cost										23,378
<b>Total Assets</b>	<b>\$ 5,000</b>	<b>\$ 2,466</b>	<b>\$ 4,243</b>	<b>\$ 18,079</b>	<b>\$ -</b>	<b>\$ 107,470</b>	<b>\$ 78,348</b>	<b>\$ 35,698</b>	<b>\$ -</b>	<b>\$ 651,788</b>
<b>LIABILITIES AND FUND BALANCES</b>										
Liabilities:										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 743	\$ 2,399	\$ -	\$ 5,781
Due to other funds									1,017	1,017
Deferred revenue										150,760
<b>Total liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 743</b>	<b>\$ 2,399</b>	<b>\$ 1,017</b>	<b>\$ 157,558</b>
Fund Balances:										
Nonspendable										23,378
Restricted			4,243	18,079		107,470	77,605			302,177
Committed	5,000	2,466						33,299		169,692
Unassigned									(1,017)	(1,017)
<b>Total fund balance</b>	<b>5,000</b>	<b>2,466</b>	<b>4,243</b>	<b>18,079</b>	<b>-</b>	<b>107,470</b>	<b>77,605</b>	<b>33,299</b>	<b>(1,017)</b>	<b>494,230</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,000</b>	<b>\$ 2,466</b>	<b>\$ 4,243</b>	<b>\$ 18,079</b>	<b>\$ -</b>	<b>\$ 107,470</b>	<b>\$ 78,348</b>	<b>\$ 35,698</b>	<b>\$ -</b>	<b>\$ 651,788</b>

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

JUNE 30, 2011

	Permanent Funds						Interfund Eliminations	Total Nonmajor Governmental Funds
	Marjorie Moore Tree	Olive Seldon	Berlin Playhouse Performing Arts	Medical Aid	Blanche Delaney	Total		
<b>ASSETS</b>								
Cash and cash equivalents	\$ 5,306	\$ 47,838	\$ 5,242	\$ 45,140	\$ 52,547	\$ 156,073	\$ -	\$ 727,332
Receivables:								
Other						-		751
Intergovernmental						-		55,383
Due from other funds						-	(1,017)	-
Inventory at cost						-		23,378
<b>Total Assets</b>	<b>\$ 5,306</b>	<b>\$ 47,838</b>	<b>\$ 5,242</b>	<b>\$ 45,140</b>	<b>\$ 52,547</b>	<b>\$ 156,073</b>	<b>\$ (1,017)</b>	<b>\$ 806,844</b>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,017)	\$ 5,781
Due to other funds						-	(1,017)	-
Deferred revenue						-		150,760
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,017)</b>	<b>156,541</b>
Fund Balances:								
Nonspendable	5,000	46,394		21,965	41,332	114,691		138,069
Restricted	306	1,444	5,242	23,175	11,215	41,382		343,559
Committed						-		169,692
Unassigned						-		(1,017)
<b>Total fund balance</b>	<b>5,306</b>	<b>47,838</b>	<b>5,242</b>	<b>45,140</b>	<b>52,547</b>	<b>156,073</b>	<b>-</b>	<b>650,303</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,306</b>	<b>\$ 47,838</b>	<b>\$ 5,242</b>	<b>\$ 45,140</b>	<b>\$ 52,547</b>	<b>\$ 156,073</b>	<b>\$ (1,017)</b>	<b>\$ 806,844</b>

**TOWN OF BERLIN, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Special Revenue Funds</u>									
	<u>Cafeteria</u>	<u>Disadvantaged Education</u>	<u>School Rental Revolving</u>	<u>Police Drug Enforcement</u>	<u>Police Asset Forfeiture</u>	<u>Marjorie Moore</u>	<u>R &amp; S Associates Bond</u>	<u>Summer Adventures</u>	<u>Disaster Recovery</u>	<u>Afternoon Enrichment Program</u>
Revenues:										
Intergovernmental revenue - schools	\$ 156,064	\$ 1,168,022	\$	\$	\$	\$	\$	\$	\$	\$
Intergovernmental revenue - other					1,880					
Licenses, permits and fees										19,570
Other sales and services	645,839		80,412							
Earnings on investments					93	213			123	
Other	68,284			1,560		18,000				
Total revenues	<u>870,187</u>	<u>1,168,022</u>	<u>80,412</u>	<u>1,560</u>	<u>1,973</u>	<u>18,213</u>	<u>-</u>	<u>-</u>	<u>123</u>	<u>19,570</u>
Expenditures:										
Current:										
General government										
Community development										
Public safety				4,785	1,088	15,020				
Physical services										
Parks, recreation and libraries						92				
Health and human services						4,727				
Schools	862,894	1,326,172	55,732							20,283
Total expenditures	<u>862,894</u>	<u>1,326,172</u>	<u>55,732</u>	<u>4,785</u>	<u>1,088</u>	<u>19,839</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,283</u>
Excess (Deficiency) of Revenues over Expenditures	<u>7,293</u>	<u>(158,150)</u>	<u>24,680</u>	<u>(3,225)</u>	<u>885</u>	<u>(1,626)</u>	<u>-</u>	<u>-</u>	<u>123</u>	<u>(713)</u>
Other Financing Sources (Uses):										
Transfers in						993				
Transfers out			(5,200)							
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(5,200)</u>	<u>-</u>	<u>-</u>	<u>993</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	7,293	(158,150)	19,480	(3,225)	885	(633)	-	-	123	(713)
Fund Balances at Beginning of Year, as Restated	70,835	158,150	2,000	11,983	23,376	48,875	13,519	1,350	31,406	20,531
Fund Balances at End of Year	<u>\$ 78,128</u>	<u>\$ -</u>	<u>\$ 21,480</u>	<u>\$ 8,758</u>	<u>\$ 24,261</u>	<u>\$ 48,242</u>	<u>\$ 13,519</u>	<u>\$ 1,350</u>	<u>\$ 31,529</u>	<u>\$ 19,818</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, 2011**

	<b>Special Revenue Funds</b>								
	<u>Work Zone Safety</u>	<u>Elderly Oral Screening</u>	<u>Caravan</u>	<u>Boundless Playground</u>	<u>Mobile Home Park</u>	<u>Scholarship and Donations</u>	<u>Special Grants and Donations</u>	<u>Recreation</u>	<u>Senior Center Walkway Project</u>
Revenues:									
Intergovernmental revenue - schools	\$	\$	\$	\$	\$	\$	\$	\$	\$
Intergovernmental revenue - other						495,646		25,000	1,324,086
Licenses, permits and fees							59,875		522,526
Other sales and services									79,445
Earnings on investments				70		412	40	46	726,251
Other				300		4,100	8,747		997
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>370</u>	<u>-</u>	<u>4,512</u>	<u>504,433</u>	<u>59,921</u>	<u>2,754,296</u>
Expenditures:									
Current:									
General government							3,000		3,000
Community development							498		498
Public safety							8,592		29,485
Physical services									
Parks, recreation and libraries							6,021	58,705	64,818
Health and human services							480,732	26,017	511,476
Schools									2,265,081
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>498,843</u>	<u>58,705</u>	<u>2,874,358</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>370</u>	<u>-</u>	<u>4,512</u>	<u>5,590</u>	<u>1,216</u>	<u>(120,062)</u>
Other Financing Sources (Uses):									
Transfers in									993
Transfers out					(123,668)		(1,493)		(130,361)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(123,668)</u>	<u>-</u>	<u>(1,493)</u>	<u>-</u>	<u>(129,368)</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>370</u>	<u>(123,668)</u>	<u>4,512</u>	<u>4,097</u>	<u>1,216</u>	<u>(249,430)</u>
Fund Balances at Beginning of Year, as Restated	<u>5,000</u>	<u>2,466</u>	<u>4,243</u>	<u>17,709</u>	<u>123,668</u>	<u>102,958</u>	<u>73,508</u>	<u>32,083</u>	<u>743,660</u>
Fund Balances at End of Year	<u>\$ 5,000</u>	<u>\$ 2,466</u>	<u>\$ 4,243</u>	<u>\$ 18,079</u>	<u>\$ -</u>	<u>\$ 107,470</u>	<u>\$ 77,605</u>	<u>\$ 33,299</u>	<u>\$ (1,017)</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, 2011**

	<b>Permanent Funds</b>						<b>Interfund Eliminations</b>	<b>Total Nonmajor Governmental Funds</b>
	<b>Marjorie Moore Tree</b>	<b>Olive Seldon</b>	<b>Berlin Playhouse Performing Arts</b>	<b>Medical Aid</b>	<b>Blanche Delaney</b>	<b>Total</b>		
Revenues:								
Intergovernmental revenue - schools	\$	\$	\$	\$	\$	-	\$	\$ 1,324,086
Intergovernmental revenue - other						-		522,526
Licenses, permits and fees						-		79,445
Other sales and services						-		726,251
Earnings on investments	20	187	21	172	204	604		1,601
Other				1,760		1,760		102,751
<b>Total revenues</b>	<u>20</u>	<u>187</u>	<u>21</u>	<u>1,932</u>	<u>204</u>	<u>2,364</u>	<u>-</u>	<u>2,756,660</u>
Expenditures:								
Current:								
General government						-		3,000
Community development						-		498
Public safety						-		29,485
Physical services						-		
Parks, recreation and libraries						-		64,818
Health and human services						-		511,476
Schools		501	200			701		2,265,782
<b>Total expenditures</b>	<u>-</u>	<u>501</u>	<u>200</u>	<u>-</u>	<u>-</u>	<u>701</u>	<u>-</u>	<u>2,875,059</u>
Excess (Deficiency) of Revenues over Expenditures	<u>20</u>	<u>(314)</u>	<u>(179)</u>	<u>1,932</u>	<u>204</u>	<u>1,663</u>	<u>-</u>	<u>(118,399)</u>
Other Financing Sources (Uses):								
Transfers in						-	(993)	
Transfers out						-	993	(129,368)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(129,368)</u>
Net Change in Fund Balances	20	(314)	(179)	1,932	204	1,663	-	(247,767)
Fund Balances at Beginning of Year, as Restated	<u>5,286</u>	<u>48,152</u>	<u>5,421</u>	<u>43,208</u>	<u>52,343</u>	<u>154,410</u>		<u>898,070</u>
Fund Balances at End of Year	<u>\$ 5,306</u>	<u>\$ 47,838</u>	<u>\$ 5,242</u>	<u>\$ 45,140</u>	<u>\$ 52,547</u>	<u>\$ 156,073</u>	<u>\$ -</u>	<u>\$ 650,303</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, 2011**

<u>Locations</u>	<u>Balance June 30, 2010</u>	<u>Assessments During Year</u>	<u>Adjustments</u>	<u>Interest and Penalties</u>	<u>Collections</u>	<u>Balance June 30, 2011</u>
Town Wide, March 1st	\$ 6,917	\$	\$	\$ 622	\$ 1,384	\$ 5,533
Town Wide, May 1st	6,861		(859)	93	592	5,410
Town Wide, September 1st	10,517			200	3,669	6,848
Town Wide, December 1st	9,942		(2,200)	230	1,530	6,212
Due Town of Berlin: December 1st	<u>5,114</u>					<u>5,114</u>
Total	<u>\$ 39,351</u>	<u>\$ -</u>	<u>\$ (3,059)</u>	<u>\$ 1,145</u>	<u>\$ 7,175</u>	<u>\$ 29,117</u>

**TOWN OF BERLIN, CONNECTICUT**  
**WATER AND SEWER ENTERPRISE FUND**  
**SCHEDULE OF SEWER ASSESSMENTS RECEIVABLE**  
**FOR THE YEAR ENDED JUNE 30, 2011**

<u>Locations</u>	<u>Balance June 30, 2010</u>	<u>Assessments During Year</u>	<u>Adjustments</u>	<u>Interest and Penalties</u>	<u>Collections</u>	<u>Balance June 30, 2011</u>
Town Wide, March 1st	\$ 1,584	\$	\$	\$	\$	\$ 1,584
Town Wide, May 1st	1,508			120	776	732
2 Town Wide, September 1st and October 1st	4,485			336	1,753	2,732
Town Wide, December 1st	12,671			195	1,300	11,371
Belcher Brook Interceptor (due Town of Berlin):						
Due March 1st	9,583			862	1,916	7,667
Due September 1st	2,033					2,033
Due December 1st	1,951			101	673	1,278
Total	<u>\$ 33,815</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,614</u>	<u>\$ 6,418</u>	<u>\$ 27,397</u>

**TOWN OF BERLIN, CONNECTICUT**  
**WATER AND SEWER ENTERPRISE FUND**  
**REPORT OF TAX COLLECTOR**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Grand List October 1,	Due Date July 1,	Taxes Collectible	Lawful Additions(2)	Lawful Deductions	Adjusted Taxes Collectible	Collections				Refunds	Transfer to Suspense	Taxes Receivable June 30, 2011
						Taxes	Interest	Lien Fees	Total			
1996 (1)	1997	\$ 48	\$	\$	\$ 48	\$	\$	\$	\$ -	\$	\$	\$ 48
1995	1996	74			74	48	124	72	244			26
Tax suspense book including interest					-		2		2			-
Total		\$ 122	\$ -	\$ -	\$ 122	\$ 48	\$ 126	\$ 72	\$ 246	\$ -	\$ -	\$ 74

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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 and 2009 grand lists.

Note 3: Actual tax collections excluding suspense taxes for the year ended June 30, 2011:

Tax collections, end of year	\$ 48
Deduct:	
Suspense tax and interest	<u>          </u>
Total	<u>\$ 48</u>

## **Internal Service Funds**

## **INTERNAL SERVICE FUNDS**

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

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

**TOWN OF BERLIN, CONNECTICUT**  
**COMBINING STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**JUNE 30, 2011**

	<b>General Insurance Fund</b>	<b>Medical and Health Insurance Fund</b>	<b>Total</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 2,603,650	\$ 2,997,507	\$ 5,601,157
Due from other funds		284,457	284,457
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>2,603,650</u>	<u>3,281,964</u>	<u>5,885,614</u>
<b>Liabilities:</b>			
<b>Current:</b>			
Accounts payable and claims liability	3,402	432,061	435,463
Due to MIRMA	66,101		66,101
	<u>          </u>	<u>          </u>	<u>          </u>
Total current liabilities	<u>69,503</u>	<u>432,061</u>	<u>501,564</u>
<b>Noncurrent:</b>			
Due to MIRMA	132,256		132,256
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>201,759</u>	<u>432,061</u>	<u>633,820</u>
<b>Net Assets:</b>			
Unrestricted	<u>2,401,891</u>	<u>2,849,903</u>	<u>5,251,794</u>
<b>Total Net Assets</b>	<u><u>\$ 2,401,891</u></u>	<u><u>\$ 2,849,903</u></u>	<u><u>\$ 5,251,794</u></u>

## TOWN OF BERLIN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS

## INTERNAL SERVICE FUNDS

## FOR THE YEAR ENDED JUNE 30, 2011

	<b>General Insurance Fund</b>	<b>Medical and Health Insurance Fund</b>	<b>Total</b>
Operating revenues:			
Insurance proceeds	\$ 23,346	\$ 66,428	\$ 89,774
Employee contributions		1,794,345	1,794,345
Charges for services	1,030,252	5,688,558	6,718,810
Total operating expenses	<u>1,053,598</u>	<u>7,549,331</u>	<u>8,602,929</u>
Operating expenses:			
Administration	56,686	651,134	707,820
Benefits		6,609,496	6,609,496
Insurance	943,411		943,411
Total operating expenses	<u>1,000,097</u>	<u>7,260,630</u>	<u>8,260,727</u>
Operating Income	53,501	288,701	342,202
Nonoperating revenue:			
Earnings on investments	<u>7,407</u>	<u>10,927</u>	<u>18,334</u>
Change in Net Assets	60,908	299,628	360,536
Net Assets at Beginning of Year	<u>2,340,983</u>	<u>2,550,275</u>	<u>4,891,258</u>
Net Assets at End of Year	<u>\$ 2,401,891</u>	<u>\$ 2,849,903</u>	<u>\$ 5,251,794</u>



**TOWN OF BERLIN, CONNECTICUT**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<b>General Insurance Fund</b>	<b>Medical and Health Insurance Fund</b>	<b>Total</b>
	<u>          </u>	<u>          </u>	<u>          </u>
Cash Flows from Operating Activities:			
Cash received from insurance and others	\$ 23,346	\$ 66,428	\$ 89,774
Cash received from users	1,030,252	7,198,446	8,228,698
Cash paid to vendors	<u>(1,218,904)</u>	<u>(7,289,290)</u>	<u>(8,508,194)</u>
Net cash used in operating activities	(165,306)	(24,416)	(189,722)
Cash Flows from Investing Activities:			
Interest on investments	<u>7,407</u>	<u>10,927</u>	<u>18,334</u>
Net Decrease in Cash and Cash Equivalents	(157,899)	(13,489)	(171,388)
Cash and Cash Equivalents at Beginning of Year	<u>2,761,549</u>	<u>3,010,996</u>	<u>5,772,545</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,603,650</u>	<u>\$ 2,997,507</u>	<u>\$ 5,601,157</u>
Reconciliation of Operating Income to			
Net Cash Used in Operating Activities:			
Operating income	\$ 53,501	\$ 288,701	\$ 342,202
Adjustments to reconcile operating income			
to net cash used in operating activities:			
Decrease in accounts receivable		(284,457)	(284,457)
Decrease in due to MIRMA	(222,209)		(222,209)
Increase (decrease) in accounts payable	<u>3,402</u>	<u>(28,660)</u>	<u>(25,258)</u>
Net Cash Used in Operating Activities	<u>\$ (165,306)</u>	<u>\$ (24,416)</u>	<u>\$ (189,722)</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, 2011

	<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>440,349</u>	\$ <u>1,022,563</u>	\$ <u>1,489,328</u>	\$ <u>2,167</u>	\$ <u>2,954,407</u>
Liabilities					
Due to student and other groups	\$ <u>440,349</u>	\$ <u>1,022,563</u>	\$ <u>1,489,328</u>	\$ <u>2,167</u>	\$ <u>2,954,407</u>

## TOWN OF BERLIN, CONNECTICUT

## AGENCY FUNDS

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

## FOR THE YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
<b>Student Activity Fund</b>				
Assets:				
Cash and cash equivalents	\$ <u>453,667</u>	\$ <u>961,088</u>	\$ <u>974,406</u>	\$ <u>440,349</u>
Liabilities:				
Due to student and other groups	\$ <u>453,667</u>	\$ <u>961,088</u>	\$ <u>974,406</u>	\$ <u>440,349</u>
<b>Town Funds</b>				
Assets:				
Cash and cash equivalents	\$ <u>957,750</u>	\$ <u>162,049</u>	\$ <u>97,236</u>	\$ <u>1,022,563</u>
Liabilities:				
Due to student and other groups	\$ <u>957,750</u>	\$ <u>162,049</u>	\$ <u>97,236</u>	\$ <u>1,022,563</u>
<b>Performance Bond Fund</b>				
Assets:				
Cash and cash equivalents	\$ <u>1,174,731</u>	\$ <u>2,660,837</u>	\$ <u>2,346,240</u>	\$ <u>1,489,328</u>
Liabilities:				
Due to contractors	\$ <u>1,174,731</u>	\$ <u>2,660,837</u>	\$ <u>2,346,240</u>	\$ <u>1,489,328</u>
<b>Miscellaneous Education Fund</b>				
Assets:				
Cash and cash equivalents	\$ <u>2,167</u>	\$ <u>36,764</u>	\$ <u>36,764</u>	\$ <u>2,167</u>
Liabilities:				
Due to student and other groups	\$ <u>2,167</u>	\$ <u>36,764</u>	\$ <u>36,764</u>	\$ <u>2,167</u>
<b>Total All Funds</b>				
Assets:				
Cash and cash equivalents	\$ <u>2,588,315</u>	\$ <u>3,820,738</u>	\$ <u>3,454,646</u>	\$ <u>2,954,407</u>
Liabilities:				
Due to student and other groups	\$ <u>2,588,315</u>	\$ <u>3,820,738</u>	\$ <u>3,454,646</u>	\$ <u>2,954,407</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.

## TOWN OF BERLIN, CONNECTICUT

## NET ASSETS BY COMPONENT

## LAST NINE FISCAL YEARS

	FISCAL YEAR								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities:									
Invested in Capital Assets, net of related debt	\$ 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	156,073	154,410	152,346	151,894	173,081	168,268	149,932	153,053	153,964
Unrestricted	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	76,027,612	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	9,827,738	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	4,217,051	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	14,044,789	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	66,410,307	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	156,073	154,410	152,346	151,894	173,081	168,268	149,932	153,053	153,964
Unrestricted	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	\$ 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

Note: Information for years prior to the implementation of GASB Statement No. 34 has not been restated.



## TOWN OF BERLIN, CONNECTICUT

## CHANGES IN NET ASSETS

## LAST NINE FISCAL YEARS

	FISCAL YEAR								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Expenses:</b>									
Governmental activities:									
General Government	\$ 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	1,705,036	886,822	839,495	956,473	2,440,174	733,914	648,086	626,621	612,043
Public Safety	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	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	4,388,416	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	2,655,144	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	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	612,457	604,382	451,341	539,200	524,378	521,937	495,777	535,329	627,935
Total governmental activities expenses	<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	1,258,098	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	1,304,410	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>2,562,508</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>\$ 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>
<b>Program Revenues</b>									
Governmental activities:									
Charges for services:									
General Government	\$ 871,919	\$ 901,805	\$ 694,725	\$ 910,684	\$ 1,120,577	\$ 1,158,892	\$ 1,149,647	\$ 979,147	\$ 1,093,376
Community Development	5,575	6,056	6,098	6,532	7,160	37,354	7,160	6,926	71,364
Public Safety	566,870	327,880	334,571	345,534	635,148	510,266	390,799	282,926	396,804
Physical Services	300,207	306,116	274,291	171,747	239,704	113,581	83,599	60,055	117,393
Parks, Recreation and Libraries	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	1,258,023	1,616,125	1,826,991	1,351,026	1,172,895	1,182,198	1,301,913	838,935	1,048,033
Schools	745,821	749,505	809,939	846,762	863,638	922,582	897,302	837,798	1,027,337
Operating grants and contributions	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	1,344,618	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>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	1,688,781	1,733,560	1,684,705	1,537,976	833,303	968,213	835,451	709,810	826,279
Sewer Services	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>3,137,552</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>\$ 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>
<b>Net (Expense) Revenue:</b>									
Governmental activities	\$ (56,357,673)	\$ (53,240,686)	\$ (55,585,330)	\$ (55,165,304)	\$ (46,679,758)	\$ (44,457,001)	\$ (43,974,253)	\$ (41,160,407)	\$ (41,167,589)
Business-type activities	<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>\$ (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>
<b>General Revenues and Other Changes in Net Assets</b>									
Governmental activities:									
General revenues:									
Property taxes	\$ 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	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	203,116	284,541	939,238	1,607,677	1,893,894	1,499,630	726,248	383,435	522,564
Other	491,443	548,341	261,208	998,689	265,353	82,000	336,535	22,334	79,397
Transfers	194,380	133,435	36,987	12,437	9,161	7,990	6,715	10,696	14,956
Total governmental activities	<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	265	927	75	194	242	31	195	678	1,450
Unrestricted investment earnings	35,913	20,983	49,631	60,654	79,507	83,105	96,947	92,183	80,654
Transfers	(194,380)	(133,435)	(36,987)	(12,437)	(9,161)	(7,990)	(6,715)	(10,696)	(14,956)
Total business-type activities	<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>\$ 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>
<b>Change in Net Assets:</b>									
Governmental activities	\$ 25,582	\$ 306,877	\$ (1,977,206)	\$ (1,544,109)	\$ 5,464,095	\$ 4,839,829	\$ 2,221,668	\$ (443,323)	\$ 626,923
Business-type activities	<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>\$ 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>

Note: Information for years prior to the implementation of GASB Statement No. 34 has not been restated.

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

	FISCAL YEAR									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
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	\$ 675,000
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	4,400,980
Committed	295,251									
Assigned	1,550,000									
Unassigned	8,522,461									
<b>Total General Fund</b>	<b>\$ 10,367,712</b>	<b>\$ 8,779,806</b>	<b>\$ 9,199,724</b>	<b>\$ 9,519,032</b>	<b>\$ 9,170,925</b>	<b>\$ 7,855,039</b>	<b>\$ 6,287,646</b>	<b>\$ 4,910,350</b>	<b>\$ 5,422,615</b>	<b>\$ 5,075,980</b>
All Other Governmental Funds:										
Reserved	\$	\$ 629,526	\$ 215,092	\$ 281,133	\$ 134,115	\$ 556,172	\$ 379,492	\$ 1,139,371	\$ 335,454	\$ 2,008,535
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	628,719
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)	865,475
Permanent funds		39,719	37,655	37,203	38,966	35,575	76,573	79,694	39,273	36,321
Nonspendable	138,069									
Restricted	10,332,426									
Committed	169,692									
Unassigned	(1,017)									
<b>Total All Other Governmental Funds</b>	<b>\$ 10,639,170</b>	<b>\$ (305,254)</b>	<b>\$ (6,285,357)</b>	<b>\$ 3,146,036</b>	<b>\$ 3,533,083</b>	<b>\$ 5,747,734</b>	<b>\$ 5,344,189</b>	<b>\$ 5,726,773</b>	<b>\$ 701,264</b>	<b>\$ 3,539,050</b>

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

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

	FISCAL YEAR									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues:										
Property taxes	\$ 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	\$ 38,960,152
Intergovernmental	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	8,463,438
Charges for services	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	3,811,789
Income on investments	203,116	284,541	859,021	1,515,342	1,765,694	1,381,670	648,816	290,604	447,975	1,545,535
Miscellaneous	587,448	485,284	307,709	754,877	493,769	324,930	450,411	282,777	457,956	30,900
Total revenues	<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>	<u>52,811,814</u>
Expenditures:										
General government	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	2,508,148
Community development	725,211	709,015	720,335	691,162	661,771	613,080	580,973	546,204	513,046	497,590
Public safety	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	5,203,450
Physical services	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	5,140,908
Parks, recreation and libraries	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	2,820,555
Health and human services	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	1,474,329
Schools	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	30,746,046
Debt service										
Principal	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	2,365,000
Interest	676,167	370,268	458,136	522,092	554,982	486,553	499,579	530,953	632,843	694,264
Capital outlay	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	2,596,929
Total expenditures	<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>	<u>54,047,219</u>
Excess (Deficiency) of Revenues										
Over Expenditures	<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>	<u>(1,235,405)</u>
Other Financing Sources (Uses):										
Transfers in	1,308,867	848,607	1,005,376	2,202,652	936,136	819,007	858,675	915,776	819,413	1,341,413
Transfers out	(1,114,487)	(715,172)	(968,389)	(2,190,215)	(926,975)	(811,017)	(851,960)	(905,080)	(804,457)	(1,332,533)
Proceeds from refunding bond issuance		4,645,000								
Payments to escrow agents		(4,815,247)								
Proceeds from the issuance of capital leases	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>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>	<u>8,880</u>
Net Changes in Fund Balances	<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>	<u>\$ (1,226,525)</u>
Debt Service as a Percentage of										
Noncapital Expenditures	2.4%	2.2%	3.1%	2.9%	4.3%	4.0%	4.4%	5.5%	5.7%	5.9%

## TOWN OF BERLIN, CONNECTICUT

## ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS  
(in thousands of dollars)

<b>Fiscal Year Ended June 30,</b>	<b>Real Estate</b>	<b>Personal Property</b>	<b>Motor Vehicle</b>	<b>Tax Exempt Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Taxable Assessed Value as a Percentage of Actual Value</b>
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
2002	970,752	168,166	117,959	36,843	1,220,034	31.40	1,742,906	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
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
2002	3.140	0.00	0.10	0.0990

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

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

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Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
Rocky River Realty Co.	\$ 165,818,020	1	7.27%	\$ 103,989,820	1	8.52%
Corbin Russwin, Inc.	25,597,730	2	1.12%	21,240,160	2	1.74%
Cedar Brickyard LLC	23,727,700	3	1.04%			
Stonebridge Berlin Assoc	9,175,700	4	0.40%			
Atohaas North America Inc.	8,585,060	5	0.38%			
BRE Realty LLC	8,530,200	6	0.37%			
Blue Dog Properties Trust	7,414,500	7	0.33%			
Paradigm Precision Holdings, LLC	7,207,940	8	0.32%			
Berlin Commerce Park	7,172,000	9	0.31%	2,962,820	10	0.24%
Bayer Polymers LLC & Sheffield Plastics Inc	6,993,490	10	0.31%			
Gateway Conn. Properties, Inc.				11,588,780	3	0.95%
Sherwood Properties				5,989,230	4	0.49%
Hartford Direct				5,123,560	5	0.42%
National Amusements				4,473,380	6	0.37%
City of New Britain				4,264,210	7	0.35%
Connecticut Natural Gas				3,599,560	8	0.30%
Elf Atochem				3,248,970	9	0.27%
<b>Total</b>	<b>\$ 270,222,340</b>		<b>11.85%</b>	<b>\$ 166,480,490</b>		<b>13.65%</b>

Source: Town of Berlin Assessor's Office

**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 Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	\$ 54,154,344	\$ 53,367,466	98.55%	\$	\$ 53,367,466	98.55%
2010	51,124,528	50,315,554	98.42%	521,272	50,836,826	99.44%
2009	50,792,129	49,989,264	98.42%	560,557	50,549,821	99.52%
2008	49,549,590	48,988,081	98.87%	483,964	49,472,045	99.84%
2007	48,323,207	47,803,630	98.92%	453,167	48,256,797	99.86%
2006	46,494,295	45,964,653	98.86%	473,625	46,438,278	99.88%
2005	43,947,848	43,580,111	99.16%	314,069	43,894,180	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%	438,122	39,428,386	99.94%
2002	38,624,572	38,029,966	98.46%	565,732	38,595,698	99.93%

## TOWN OF BERLIN, CONNECTICUT

## RATIO OF OUTSTANDING DEBT BY TYPE

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

Fiscal Year	Governmental Activities			
	General Obligation Bonds	Percentage of Personal Income	Percentage of Actual Taxable Value of Property	Per Capita
2011	\$ 28,835	%	0.89 %	\$ 1451
2010	13,260		0.41	648
2009	6,330		0.20	313
2008	8,095		0.33	398
2007	9,860		0.42	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
2002	9,580	1.39	0.55	501

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



## TOWN OF BERLIN, CONNECTICUT

## SCHEDULE OF DEBT LIMITATION

**JUNE 30, 2011**  
**(in Thousands)**

Total tax collections (including interest and lien fees)					
received by Treasurer for year ended June 30, 2011:					
General Fund					\$ 54,355
Fire Districts					1,348
Reimbursement for revenue loss on:					
Tax relief for elderly					<u>4</u>
Total Base					<u>\$ 55,707</u>
	<u>General</u>			<u>Urban</u>	<u>Pension</u>
	<u>Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Renewal</u>	<u>Deficit</u>
Debt limitation:					
2 1/4 times base	\$ 125,341	\$	\$	\$	\$
4 1/2 times base		250,682			
3 3/4 times base			208,901		
3 1/4 times base				181,048	
3 times base					<u>167,121</u>
Total debt limitation*	<u>125,341</u>	<u>250,682</u>	<u>208,901</u>	<u>181,048</u>	<u>167,121</u>
Indebtedness:					
Bonds payable	17,702	11,133			
Bonds authorized, unissued	12,989	68,941			
Overlapping indebtedness**			<u>1,445</u>		
Total indebtedness	<u>30,691</u>	<u>80,074</u>	<u>1,445</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of					
Outstanding and Authorized Debt	<u>\$ 94,650</u>	<u>\$ 170,608</u>	<u>\$ 207,456</u>	<u>\$ 181,048</u>	<u>\$ 167,121</u>

\* In no case shall total indebtedness exceed seven times annual receipts from taxation.  
The maximum permitted at this time is \$389,949.

\*\*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, 2011**  
**(Dollars in Thousands)**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable*</u>	<u>Estimated Share of Overlapping Debt</u>
Kensington Fire District Commercial Loan	\$ 833	100.00 %	\$ 833
Worthington Fire District USDA Loan	440	100.00	440
Worthington Fire District Capital Projects	172	100.00	<u>172</u>
Subtotal, overlapping debt			1,445
Town of Berlin, direct debt			<u>28,835</u>
Total Direct and Overlapping Debt			<u><u>\$ 30,280</u></u>

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

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

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>55,707</u>
Debt limit (Revenue Base x 7)	\$ <u>389,949</u>
Debt applicable to limit:	
General obligation bonds	28,835
Plus: bonds authorized, unissued	81,930
Overlapping debt	1,445
Less: Grant commitments	
Total debt applicable to limit	<u>112,210</u>
Legal Debt Margin	\$ <u>277,739</u>

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	FISCAL YEAR									
	<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>	<u>2002</u>
Debt limit	\$ 389,949	\$ 366,898	\$ 362,544	\$ 351,540	\$ 342,678	\$ 331,513	\$ 315,791	\$ 287,630	\$ 286,412	\$ 276,185
Total net debt applicable to limit	<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>	<u>13,008</u>
Legal debt margin	\$ <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>	\$ <u>263,177</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	28.78%	10.11%	6.95%	5.73%	3.79%	4.52%	3.31%	4.24%	4.66%	4.71%

## 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>
2011	19,866	\$ (2)	\$ (2)	3,124	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%
2002	19,116	641,724	33,570	3,304	3.4%

## Notes:

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

(2) The 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 2011 population figure is a Town of Berlin estimate

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

TOWN OF BERLIN, CONNECTICUT

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

Employer	2011			2002		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Northeast Utilities	1,703	1	14.59%	1,500	1	17.47%
Town of Berlin	611	2	5.23%	571	2	6.65%
Comcast Cable/TCI, CT	516	3	4.42%	500	3	5.82%
Parker Hannifin	320	4	2.74%	240	7	2.80%
Corbin Russwin	269	5	2.30%	435	4	5.07%
B & F Machine	185	6	1.58%			
TIGHITCO	151	7	1.29%			
Home Depot	135	8	1.16%	240	8	2.80%
Stop & Shop	132	9	1.13%			
TOMZ Corporation	101	10	0.87%			
Reliance Automotive				300	5	3.49%
Sherwood Industries				259	6	3.02%
Indalex Alum. Solutions				240	9	2.80%
Hartford Direct				200	10	2.33%
Total	4,123		35.31%	4,485		52.25%

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									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Government:										
Manager's Office	2.40	2.40	3.00	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	2.53	2.45	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	4.70	4.70	4.70	4.70	4.70	4.70	4.00	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	6.34	6.34	5.84	5.84	5.84	5.84	5.57	6.00
Economic Development	0.86	0.86	0.86	0.86	0.83	0.83	1.33	1.33	1.33	0.83
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	0.00	0.00	0.00	0.00	0.00
Police Department:										
Officers	41.00	41.00	41.00	41.00	40.00	40.00	40.00	40.00	40.00	40.00
Civilians	12.00	12.00	12.00	12.00	12.00	11.00	10.00	9.00	9.00	9.00
Fire Marshal	2.00	2.00	2.00	2.00	2.00	2.00	1.20	1.20	1.20	1.20
Physical Services:										
Municipal Garage	6.07	6.07	6.07	6.07	6.07	5.83	5.33	5.33	5.33	5.33
Public Works	4.67	4.67	4.67	4.67	4.67	4.67	4.67	4.67	4.67	4.67
Highway	14.00	15.00	15.00	16.00	16.00	16.50	16.50	16.50	16.50	16.50
Public Building	17.95	17.35	17.35	16.35	15.35	14.83	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	2.33	2.33	2.33
Golf Course	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.33	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	11.33	11.33	11.33	11.33	10.33	10.33	10.33	10.33	10.33	10.33

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TOWN OF BERLIN, CONNECTICUT

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

LAST TEN FISCAL YEARS

Function/Program	FISCAL YEAR									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Health and Human Services:										
Nursing Services	15.00	15.00	15.00	15.00	16.00	15.90	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	1.34	1.34	1.34	1.34	0.69
Board of Education										
Administration	17.60	17.60	18.00	18.00	18.00	16.00	16.00	16.00	16.00	16.00
Teachers	273.21	273.31	273.75	271.74	268.3	266.48	260.22	249.79	256.20	255.33
Other	121.06	120.37	123.65	122.94	122.51	121.73	118.94	110.43	116.25	111.72
School Expenses	7.67	7.67	7.67	7.67	6.67	6.78	6.78	6.78	6.78	6.23
Water Control Comm.:										
Administration	2.33	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>608.08</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>	<u>571.04</u>
Total - Town Government	181.88	182.28	184.08	184.08	181.46	179.59	177.79	176.78	175.81	175.74
Total - Education	420.87	420.28	424.40	421.68	416.81	412.33	403.28	384.34	396.57	389.97
Total - Water Control	<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>5.33</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>	<u>571.04</u>

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Source: Town of Berlin Finance Department

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

Function/Program	FISCAL YEAR									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Police:										
Physical arrests:										
Adult arrest	639	668	1,124	1,147	1,267	1,479	1,581	1,296	1,053	1,340
Juvenile arrest	37	21	15	51	62	67	71	34	57	190
Parking violations:										
Parking tickets	0	24	74	101	92	116	98	92	1	0
Traffic violations:										
Infractions	2,513	2,605	2,802	2,348	2,426	2,994	3,043	4,029	3,597	3,120
Misdemeanor	585	578	508	514	662	877	934	1,004	1,077	952
Written warning	2,539	2,775	2,407	1,956	1,909	1,976	1	0	0	0
Town ordinance	1	66	22	34	26	31	43	28	27	51
Animal Control:										
Dog licenses issued	1,448	1,692	1,828	1,890	2,007	1,920	2,045	2,070	1,919	1,960
Animals adopted	57	59	95	77	84	114	172	213	205	198
Dog redemptions	52	58	52	58	54	73	59	90	79	90
Fire Suppression Services: *										
Alarms	121	101	122	702	382	N/A	169	138	168	163
Fires	63	56	71	77	45	N/A	161	148	139	175
Hazardous materials	120	81	120	32	20	N/A	69	61	79	88
Assistance calls	189	101	233	102	6	N/A	370	237	273	195
Rescue calls	127	15	122	129	310	N/A	7	9	17	8
Fire Marshal:										
Inspections	245	269	321	340	410	490	358	316	321	408
Investigations	42	25	23	24	39	60	36	52	47	61
Refuse Collection:										
Solid waste (tons)	10,805	10,482	9,667	9,621	9,955	9,522	8,660	8,604	8,153	7,768
Bulky waste (tons)	383	285	**	34	178	57	71	219	N/A	N/A
Curbside recycling (tons):										
Commingled containers	1,351	1,485	524	548	505	513	524	520	537	536
Corrugated	***	***	N/A	N/A	N/A	N/A	N/A	N/A	121	121
Newspaper	***	***	1,222	1,277	1,177	1,209	1,235	1,241	1,074	1,072
Leaves	644	741	787	1,434	659	688	480	511	500	331
Other Public Works:										
Street resurfacing (miles)	1.1	1.1	2.1	2.4	1.6	1.0	N/A	N/A	N/A	N/A

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## TOWN OF BERLIN, CONNECTICUT

## OPERATING INDICATORS BY FUNCTION/PROGRAM (CONTINUED)

## LAST TEN FISCAL YEARS

Function/Program	FISCAL YEAR									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Building Department:										
Building permits issued	1,391	1,284	1,231	1,429	1,541	1,421	1,349	1,584	1,485	1,970
Planning:										
Zoning violations	130	191	245	255	180	108	14	N/A	N/A	N/A
Library:										
Volumes in collection	127,480	126,128	124,569	102,471	107,274	106,162	101,255	100,503	101,568	98,188
Total volumes borrowed	194,674	216,882	219,248	213,411	212,554	215,187	225,075	235,911	231,109	224,337
Water:										
New connections	7	25	19	89	105	77	73	100	21	4
Water main breaks	15	10	5	2	3	2	2	0	3	N/A
Average daily consumption (thousands of gallons)	950	955	950	933	800	750	730	860	840	750
Peak daily consumption (thousands of gallons)	330	325	325	325	300	250	280	290	270	280
Sewer:										
Average daily sewage treatment (thousands of gallons)	1,200	1,200	1,100	1,100	769	880	960	104	850	820

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									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	14	14	15	14	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	111.00	111.00	103.18	102.97	102.25	101.80	101.80	101.80	101.80
Streetlights	2,525	2,522	2,520	2,515	2,498	2,483	2,481	2,481	2,438	2,438
Traffic signals	5	5	5	5	5	5	5	4	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	2,137	2,060	2,060	1,610	1,610	1,610	1,520	1,418
Playgrounds	9	9	9	9	9	9	9	9	9	9
Baseball/softball fields	16	16	16	16	16	16	16	15	14	14
Soccer/football fields	12	12	12	12	12	10	10	10	9	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)	46.6	46.5	46	46	42	42	42	42	42	42
Fire hydrants	430	428	425	420	400	400	400	400	400	400
Storage capac. (thousands of gals.)	4,000	4,000	4,000	4,000	4,000	2,000	2,000	2,000	2,000	2,000
Wastewater:										
Sanitary sewers (miles)	103.80	103.75	103.50	103.00	102.00	99.23	99.23	99.23	94.16	94.34
Storm sewers (miles)	55.21	54.84	54.78	54.50	53.82	53.22	52.80	53.10	52.70	52.70
Trtmnt. capac. (thousands of gals.)	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	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.