



BERLIN MAYOR AND COUNCIL

Meeting Agenda

Berlin Town Hall

10 William Street

Monday, November 25, 2019

6:30 PM EXECUTIVE SESSION – Conference Room

- a. Pursuant to Section §3-305(b)(7) – To consult with counsel to obtain legal advice on a legal matter.

7:00 PM REGULAR SESSION – Council Chambers

1. Approval of the Minutes for:
 - a. Executive Session of 10/15/19
 - b. Statement of Closure for Executive Session of 10/15/19
 - c. Regular Session of 10/15/19
 - d. Executive Session of 10/23/19
 - e. Statement of Closure for Executive Session of 10/23/19
 - f. Regular Session of 11/12/19
2. Town of Berlin FY2019 Audit – John Stern and Leslie Michalik, PKS
3. Chapter 24: Solid Waste:
 - a) Public Hearing on Ordinance 2019-05 amending Town Code Chapter 24: Solid Waste
 - b) Motion of the Mayor and Council 2019-35: Approving the Special Waste Collections Policy
4. Application for Special Sunday Permit – Boggs Disharoon American Legion Post 123 for December 8, 2019
5. Departmental Reports
6. Town Administrator's Report
7. Comments from the Mayor
8. Comments from the Council
9. Comments from the Public
10. Comments from the Press
11. Adjournment

Anyone having questions about the meetings mentioned above or needing special accommodations should contact Town Administrator Jeffrey Fleetwood at (410) 641-4002. Written materials in alternate formats for persons with disabilities are made available upon request.

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BERLIN MAYOR AND COUNCIL
 Meeting Minutes
 Tuesday, October 15, 2019

7:00 PM REGULAR SESSION – Berlin Town Hall Council Chambers

Present: Mayor Gee Williams, Vice-President Elroy Brittingham, Councilmembers Zackery Tyndall, and Dean Burrell.

Absent: Councilmembers Thom Gulyas and Troy Purnell.

Staff Present: Acting Town Administrator/Managing Director/Public Works Director Jeff Fleetwood, Administrative Services Director Mary Bohlen, Finance Director Natalie Saleh, Water Resources Director Jamey Latchum, Police Chief Arnold Downing, Electric Utility Director Tim Lawrence, Economic and Community Development Director Ivy Wells, Town Attorney David Gaskill, and Town Clerk Kelsey Jensen.

Following the Lord’s Prayer and Pledge of Allegiance, Mayor Williams called the meeting to order at approximately 7:00 PM.

1. Approval of the Minutes for:

a. Executive Session of 09/23/19:

On the motion of Vice-President Brittingham, the Executive Session minutes of September 23, 2019 were approved by the following vote:

Name	Counted toward Quorum			Recused	Absent
	Aye	No	Abstain		
Elroy Brittingham, VP	X				
Dean Burrell	X				
Troy Purnell					X
Thom Gulyas					X
Zackery Tyndall	X				
<i>Voting Tally</i>	3				2

b. Statement of Closure for Executive Session of 09/23/19:

Mayor Williams read the Statement of Closure.

c. Regular Session of 09/23/19:

On the motion of Councilmember Tyndall, the Regular Session Minutes of September 23, 2019 were approved by the following vote:

Name	Counted toward Quorum			Recused	Absent
	Aye	No	Abstain		
Elroy Brittingham, VP	X				
Dean Burrell	X				
Troy Purnell					X
Thom Gulyas					X
Zackery Tyndall	X				
<i>Voting Tally</i>	3				2

2. Berlin Electric Department – American Municipal Power Transmission/Distribution Safety Commendation
Mayor Williams presented the award and congratulated the Electric Utility Director Tim Lawrence and the Electric Department on their safety efforts.

3. Special Event Request: Burley Street Party and Yard Sale, October 27, 2019 from 3pm-7pm
Resident Alyssa Maloof presented the information on her request. Residents of Burley Street Andrea Cannon and Nate Reister came in support of the request. Acting Town Administrator Jeffrey Fleetwood asked if they would only be needing barricades and trash cans; she said yes, along with recycling. Councilmember Burrell asked if all of the residents were in support of this event, she said she had about half of their signatures, but received a lot of verbal support as well. On the motion of Councilmember Tyndall, the Special Event Request was approved by the following vote:

Name	Counted toward Quorum			Recused	Absent
	Aye	No	Abstain		
Elroy Brittingham, VP	X				
Dean Burrell	X				
Troy Purnell					X
Thom Gulyas					X
Zackery Tyndall	X				
<i>Voting Tally</i>	3				2

4. Motions to Approve:
 - a. Motion 2019-28: Motion approving the Agreement with Edward Hammond III to review all options cited in the Army Corps report and consult with him prior to project design as it affects his property
Mayor Williams explained the purpose of the Motion and the Memorandum of Understanding (MOU) with Mr. Hammond. Mr. Hammond said he hopes that the MOU will serve as a means of being a good neighbor and working together to address issues that need addressed in regard to the Bottle Branch waterway and easements on his property. Mayor Williams thanked him for his cooperation and said they hope to work together to create minimal environmental impacts.

On the motion of Vice-President Brittingham, Motion 2019-28 was approved by the following vote:

Name	Counted toward Quorum			Recused	Absent
	Aye	No	Abstain		
Elroy Brittingham, VP	X				
Dean Burrell	X				
Troy Purnell					X
Thom Gulyas					X
Zackery Tyndall	X				
<i>Voting Tally</i>	3				2

- b. Motion 2019-29: Motion approving park events and accepting the 2020 event schedule
Economic and Community Development Director Ivy Wells went through the event dates and noted that Spring Celebration should be changed to 04/11/20 and they still do not have a date for Reggae Play Day, but it will be a Friday in May.

On the motion of Vice-President Brittingham, Motion 2019-29 was approved by the following vote:

Name	Counted toward Quorum	

	Aye	No	Abstain	Recused	Absent
Elroy Brittingham, VP	X				
Dean Burrell	X				
Troy Purnell					X
Thom Gulyas					X
Zackery Tyndall	X				
<i>Voting Tally</i>	3				2

- c. Motion 2019-30: Motion approving an exception to Ordinance 2011-11, Chapter 30-1 to allow the consumption of alcohol in non-glass containers within the designated areas during six specified 2020 special events

Economic and Community Development Director Ivy Wells explained the six alcohol permitted events and said they have not changed from the prior year.

On the motion of Vice-President Brittingham, Motion 2019-30 was approved by the following vote:

Name	Counted toward Quorum				
	Aye	No	Abstain	Recused	Absent
Elroy Brittingham, VP	X				
Dean Burrell	X				
Troy Purnell					X
Thom Gulyas					X
Zackery Tyndall	X				
<i>Voting Tally</i>	3				2

Ms. Wells also mentioned that the stage will be moving to run parallel to Main Street to allow access to the 11 businesses on South Main Street. She said the alcohol permit from the County has a boarder of the Welcome Center.

- d. Motion 2019-31: Motion approving the Mayor and Council Meetings and Town Holidays for calendar year 2020

Administrative Services Director Mary Bohlen said the dates are unchanged from the prior year holidays. Mayor Williams said they will likely cancel the second December meeting when it is closer; Councilmember Tyndall said he though they always removed that meeting so staff can spend time with their families around the holidays. Town Clerk Kelsey Jensen said she listened to last year's audio and Mayor Williams said they will always be cancelled if they fall between December 23rd and December 25th. Councilmember Tyndall said he believes the second meeting should be cancelled.

On the motion of Councilmember Tyndall, Motion 2019-31, with the exception of the second meeting in December, was approved by the following vote:

Name	Counted toward Quorum				
	Aye	No	Abstain	Recused	Absent
Elroy Brittingham, VP	X				
Dean Burrell	X				
Troy Purnell					X
Thom Gulyas					X
Zackery Tyndall	X				
<i>Voting Tally</i>	3				2

- e. Motion 2019-32: Motion approving the Police Chief's Recommendations to Limit Parking on Washington Street

Mayor Williams explained the fire situation on Washington Street this summer. He asked Chief Downing to assess the roadways and make a recommendation on parking. Chief Downing said SHA suggests having 12 feet of navigable roadway and Washington Street only has seven feet when vehicles are parked there. Chief Downing recommended that there be no parking enforced on the southside of Washington Street and no parking at all on Grace Street. Councilmember Tyndall asked how it would be enforced. Chief Downing said with signage and red curbing. Councilmember Tyndall said he would like the corners of the adjacent streets to be no parking as well to allow for more turning radius.

On the motion of Councilmember Tyndall, Motion 2019-32 was approved by the following vote:

Name	Counted toward Quorum			Recused	Absent
	Aye	No	Abstain		
Elroy Brittingham, VP	X				
Dean Burrell	X				
Troy Purnell					X
Thom Gulyas					X
Zackery Tyndall	X				
<i>Voting Tally</i>	3				2

5. Departmental Reports:

a. Finance Director – Natalie Saleh

Ms. Saleh said she has the draft financial reports and is trying to set up a meeting time with PKS to go over them. She is hoping they will be able to make their audit presentation by the last meeting in November. She also said they will be doing their annual energy assistance mailings which are matched by the Town up to \$10,000, then given to ShoreUp to distribute back to those applicants in need who live in Berlin. Vice-President Brittingham thanked the Town on behalf of ShoreUp for their involvement in the program.

b. Administrative Services Director – Mary Bohlen

Ms. Bohlen said they will be shifting districts three and fours polling place from the Multipurpose Building to the Police Department for the 2020 election.

c. Water Resources Director – Jamey Latchum

Mr. Latchum said they are hoping to begin the Graham Avenue Submerged Gravel Wetlands Project by next week and should finish within a week. Acting Town Administrator Jeff Fleetwood said they have a 90-day completion window.

d. Electric Utility Director – Tim Lawrence

Mr. Lawrence thanked everyone for their participation with Touch-a-truck, it was a success. He said they have been doing some maintenance in the shop, but the main thing has been working on the generator. The temporary generator should be here by the end of November and will be installed at no cost to the Town.

e. Economic and Community Development Director – Ivy Wells

Ms. Wells said she received a \$10,000 non-matching grant for new trashcans, recycling bins, and cigarette butt containers on Main Street. Una Bella Salute received a grant to purchase a portable ADA accessible ramp. They are still hunting for a Christmas tree and are looking for one that is larger than 14ft tall. Lastly, she reminded everyone about Oktoberfest this weekend.

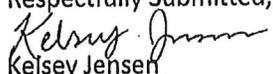
f. Police Chief – Arnold Downing

Chief Downing said they have been busy with events. Touch-a-truck was on the same day as Seagull Century and both were a huge success. He thanked SonRise Church for cleaning the Police

Department area and the faith based community for all they do in supporting the community. Mayor Williams asked if the Chief would be able to send them a letter thanking them; he said he would. Lastly, he thanked Larnet for a successful cruisers event.

6. **Acting Town Administrator/ Managing Director/ Public Works Director's Report:**
Mr. Fleetwood reported that the previous Town Administrator's contract ran from January 2017 through June 2021. Her severance package included three months pay and payout for vacation and sick leave which came out to \$68,048.89. Mayor Williams said there have been a lot of calls inquiring about this and rumors about how much was paid out so they wanted to be open with the public. He stated that Heron Park is still temporarily closed, but there is a Request for Proposal out for a scaled down clean up and they hope to move forward on that by the end of November. He also mentioned that the Purchase Power Agreement has been signed and will go into effect on January 1, 2021 and gave examples of how it would affect residents and businesses. Mayor Williams said it has gone down each time we have signed which is a huge plus for the Town. He reported that the controlled burn on Flower Street is still set to take place by the end of the month. Lastly, Mike Williams is retiring and there will be a retirement celebration for him on Thursday, October 24, 2019 in Town Hall, all are welcomed.
7. **Comments from the Mayor:** none.
8. **Comments from the Council:** Vice-President Brittingham thanked Mr. Lawrence for a great Touch-a-truck event.
9. **Comments from the Public:** Resident and Business Owner Ruth Koontz asked why the request to move the stage to be across from the Welcome Center cannot be approved. Mayor Williams said they discussed it with the Police Chief, and it would require the street to be closed to Tripoli which would majorly impact traffic in the area. He suggested trying it the way Ms. Wells has suggested and seeing if that helps the South-end businesses. Ms. Koontz Said she does not want to see it moved back after Oktoberfest, she hopes the new layout remains for all events.
10. **Comments from the Press:** none.
11. **Adjournment:**
On the motion of Councilmember Burrell, the Mayor and Council meeting was adjourned at approximately 8:00PM.

Name	Counted toward Quorum			Recused	Absent
	Aye	No	Abstain		
Elroy Brittingham, VP	X				
Dean Burrell	X				
Troy Purnell					X
Thom Gulyas					X
Zackery Tyndall	X				
<i>Voting Tally</i>	3				2

Respectfully Submitted,

 Kelsey Jensen
 Town Clerk



BERLIN MAYOR AND COUNCIL
Meeting Minutes
Tuesday, November 12, 2019

7:00 PM REGULAR SESSION – Berlin Town Hall Council Chambers

Present: Mayor Gee Williams, Councilmembers Thom Gulyas, Zackery Tyndall, Dean Burrell, and Troy Purnell.

Absent: Vice-President Elroy Brittingham.

Staff Present: Town Administrator Jeff Fleetwood, Police Chief Arnold Downing, Electric Utility Director Tim Lawrence, Planning Director Dave Engelhart, Town Attorney David Gaskill, and Administrative Manager Kelsey Jensen.

Following the Lord’s Prayer and Pledge of Allegiance, Mayor Williams called the meeting to order at approximately 7:00 PM.

1. Approval of the Minutes for:

- a. Executive Session of 10/15/19, Regular Session of 10/15/19, and Executive Session of 10/23/19:

Mayor Williams said we would continue to table voting on all minutes from those dates until there is a full voting quorum at the next meeting on November 25, 2019.

- b. Executive Session of 10/28/19:

On the motion of Councilmember Gulyas, the Executive Session minutes of October 28, 2019 were approved by the following vote:

Name	Counted toward Quorum			Recused	Absent
	Aye	No	Abstain		
Elroy Brittingham, VP					X
Dean Burrell	X				
Troy Purnell	X				
Thom Gulyas	X				
Zackery Tyndall	X				
<i>Voting Tally</i>	4				1

- c. Statement of Closure for Executive Session of 10/28/19:

Mayor Williams read the Statement of Closure.

- d. Regular Session of 10/28/19:

On the motion of Councilmember Gulyas, the Regular Session Minutes of October 28, 2019 were approved by the following vote:

Name	Counted toward Quorum			Recused	Absent
	Aye	No	Abstain		
Elroy Brittingham, VP					X
Dean Burrell	X				
Troy Purnell	X				
Thom Gulyas	X				
Zackery Tyndall	X				

<i>Voting Tally</i>	4				1
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2. Nominations for new or re-appointed Boards and Commission Members

Mayor Williams read off his nominations for new and reappointed Boards and Commission members. Councilmember Gulyas asked who John Apple would be replacing on the Board of Zoning Appeals; he would be replacing Doug Parks who has said he is no longer interested in serving on the board.

On the motion of Councilmember Burrell, the Nominations for new or re-appointed Boards and Commission Members were approved by the following vote:

Name	Counted toward Quorum				
	Aye	No	Abstain	Recused	Absent
Elroy Brittingham, VP					X
Dean Burrell	X				
Troy Purnell	X				
Thom Gulyas	X				
Zackery Tyndall	X				
<i>Voting Tally</i>	4				1

3. Motion 2019-34: Motion approving the agreement between the Berlin Heritage Foundation and The Town of Berlin

Town Attorney David Gaskill explained that the purpose of this agreement was to have something in writing with the Berlin Heritage Foundation outlining what we already follow. Councilmember Gulyas asked Mr. Moore to replace "city council" with "town council" on page three.

On the motion of Councilmember Purnell, Motion 2019-34 with the change made by Councilmember Gulyas was approved by the following vote:

Name	Counted toward Quorum				
	Aye	No	Abstain	Recused	Absent
Elroy Brittingham, VP					X
Dean Burrell	X				
Troy Purnell	X				
Thom Gulyas	X				
Zackery Tyndall	X				
<i>Voting Tally</i>	4				1

4. First Reading Ordinance 2019-05 – Trash Code and Bulk Pick Up Change beginning in 2020

Town Administrator Jeffrey Fleetwood explained the changes outlined in Ordinance 2019-05 and explained the cost of bulk pickup for last year and this year. He said staff contacted other Towns to see how they handle bulk pickup and based this ordinance off those results. Resident Marie VeLong asked about scavengers and said she did not feel residents should have to pay for the pick up ahead of time because if you are paying for a certain number of items and scavengers come and take items you shouldn't be charged for all of them; she suggested residents being billed after pickup. Mayor Williams said we need to make a change in order to stop the abuse of bulk pickup.

5. Proclamation 2019-14 – Declaring November as Municipal Government Works Month

Town Administrator Jeffrey Fleetwood read Proclamation 2019-14 declaring November as Municipal Government Works Month.

6. Departmental Reports:

- a. Electric Utility Director – Tim Lawrence

Mr. Lawrence said the temporary generators have arrived and will hopefully be fully hooked up by tomorrow, the permanent generator will arrive in July or August of 2020. They have been working on installing Christmas lights and will be picking up the Town tree on November 20th.

b. Police Chief – Arnold Downing

Chief Downing said Halloween was very successful. The Police are participating in ‘No Shave November’ to raise awareness for men’s health. There is academy testing on Saturday. Lastly, they completed and distributed the Community Policing Report. Town Administrator Jeffrey Fleetwood added that the Police Department onboarded two new hires, a part-time and a full-time communications officer, leaving one part-time vacancy. Councilmember Tyndall said he saw the Police motorcycle in action on Halloween and felt that it was a great add to the department because it was able to maneuver throughout the traffic and crowds.

c. Planning and Zoning Director – David Engelhart

Mr. Engelhart said the Planning Commission will be meeting tomorrow to discuss the redesign of the Wolfe Terrace Apartments. Next month they will meet to discuss the annexation of the old McDonalds property and Myers Tools. Councilmember Burrell asked if there will be a change in the number of units when they redesign the apartments; he said no, but they plan to build new ones as well. He then asked how many vacancies currently exist in subsidized housing in Berlin; Councilmember Tyndall added that he would like to see how many total units there are as well. Lastly, Mr. Engelhart mentioned that the controlled burn on Flower Street was now complete.

7. Town Administrator’s Report – Jeffrey Fleetwood

Mr. Fleetwood mentioned that PKS will do their FY2019 Audit Presentation at the November 25th Mayor and Council Meeting. He and Finance Director Natalie Saleh are working on a reserve policy and an internal review policy that they hope to have completed by spring/summer 2020. He mentioned that the Holiday Lunch date was moved to Friday, December 13th at 11:30am. Lastly, he reported on the wind damage that was seen throughout Town from the wind storm on Halloween. Councilmember Tyndall asked to see the average daily EDU flow data for this year and the last four years.

8. Comments from the Mayor:

Mayor Williams had no comments.

9. Comments from the Council:

Councilmember Purnell asked if Jean Holloway was still working on the rate study for the Town; Mr. Fleetwood said she was, and they hope to have the data back in time for the budget.

10. Comments from the Public – none.

11. Comments from the Press – none.

12. Adjournment:

On the motion of Councilmember Burrell, the Mayor and Council meeting was adjourned at approximately 7:45PM.

Name	Counted toward Quorum			Recused	Absent
	Aye	No	Abstain		
Elroy Brittingham, VP					X
Dean Burrell	X				
Troy Purnell	X				
Thom Gulyas	X				

Zackery Tyndall	X				
Voting Tally	4				1

Respectfully Submitted,



Kelsey Jensen
Administrative Manager

Presentation by PKS & Company
– John Stern and Leslie Michalik

– Staff Contact Finance Director Natalie
Saleh

Copies of the Audit Report and Audit
Communications are available in the
online packet.

TOWN OF BERLIN, MARYLAND
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

TOWN OF BERLIN, MARYLAND

TABLE OF CONTENTS

	<u>Page(s)</u>
INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 11
BASIC FINANCIAL STATEMENTS	
Government-wide financial statements	
Statement of net position	12
Statement of activities	13
Fund financial statements	
Governmental funds	
Balance sheet	14
Reconciliation of the governmental funds balance sheet to the statement of net position	15
Statement of revenues, expenditures and changes in fund balances	16
Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities	17
Proprietary funds	
Statement of net position	18
Statement of revenues, expenses and changes in net position	19
Statement of cash flows	20
Notes to financial statements	21 - 44

TOWN OF BERLIN, MARYLAND
TABLE OF CONTENTS (CONTINUED)

	<u>Page(s)</u>
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedule - general fund	45
Maryland State Retirement and Pension System	
Schedule of the Town's proportionate share of the net pension liability	46
Schedule of the Town's contributions	47
SUPPLEMENTARY INFORMATION	
Independent auditors' report on supplementary information	48
Schedules of revenues and expenditures - General Fund	49
Schedules of revenues and expenditures - Special Revenue Fund	50
Schedules of revenues and expenses - Electric Fund	51
Schedules of revenues and expenses - Water Fund	52
Schedules of revenues and expenses - Sewer Fund	53
Schedules of revenues and expenses - Stormwater Fund	54
GOVERNMENT AUDITING STANDARDS REPORT	
Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	55 - 56



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ALLINIAL GLOBAL

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council
Town of Berlin, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Berlin, Maryland as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Berlin, Maryland's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's

Auditors' Responsibility (continued)

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Berlin, Maryland, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, and pension plan information on pages 4 through 11 and pages 45 through 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2019 on our consideration of the Town of Berlin, Maryland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations,

Other Reporting Required by *Government Auditing Standards* (continued)

contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Berlin, Maryland's internal control over financial reporting and compliance.

CERTIFIED PUBLIC ACCOUNTANTS

Salisbury, Maryland
October 30, 2019

TOWN OF BERLIN, MARYLAND
MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2019

This section of the Town of Berlin, Maryland’s (the “Town”) annual report presents our discussion and analysis of the Town’s financial performance during the fiscal year that ended on June 30, 2019. Please read it in conjunction with the Town’s financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four financial parts – *management’s discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and an optional section that presents schedules of revenues and expenditures/expenses. The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the Town’s overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the Town, reporting the Town’s operations in more detail than the Government-wide financial statements.
 - The *governmental funds* statements tell how general government services like general government, public safety, public works, parks, recreation, culture, and planning and economic development were financed in the *short term* as well as what remains for future spending.
 - *Proprietary fund* statements offer *short-* and *long-term* financial information about the activities the government operates *like businesses*, such as the electric department, the water and sewer system, and the stormwater system.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. In addition to these required elements, we have included schedules of selected revenues and expenditures/expenses.

Government-wide financial statements

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town's *net position* and how it has changed. Net position – the difference between the Town's assets and liabilities – is one way to measure the Town's financial health, or position. Over time, increases or decreases in the Town's net position are an indicator of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the Town you need to consider additional nonfinancial factors such as changes in the property tax base and the condition of the Town's roads and electric, water, and sewer systems.

The government-wide financial statements are divided into two categories:

- *Governmental activities* – Most of the Town's basic services are included here, such as the legislative and executive government, finance administration, police, fire, public works, parks, and planning and economic development. Property taxes and state and federal grants finance most of these activities.
- *Business-type activities* – The Town charges fees to customers to help it cover the costs of certain services it provides. The Town's electric, water, sewer, and stormwater departments are included here.

Fund financial statements

The fund financial statements provide more detailed information about the Town's most significant *funds* – not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for particular purposes. The Town has two kinds of funds:

- *Governmental funds* – Most of the Town's basic services are included in governmental funds which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.

- *Proprietary funds* – Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide financial statements, provide both long- and short-term financial information. In fact, the Town’s *enterprise funds* are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

The Town’s combined net position at June 30, 2019 was \$32,815,000. Of this total, \$31,603,000 was invested in capital assets, net of related debt, and \$1,239,000 was restricted which leaves an unrestricted deficit balance of \$27,000. The Town’s net position increased \$195,000 from last year. The tables below show key financial information in a condensed format for the current year.

Table 1
Town of Berlin, Maryland's Net Position
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 5,714	\$ 5,826	\$ 1,980	\$ 2,841	\$ 7,694	\$ 8,667
Capital assets	11,486	11,334	34,309	35,611	45,795	46,945
Total assets	17,200	17,160	36,289	38,452	53,489	55,612
Deferred outflows of resources	416	518	261	321	677	839
Long-term liabilities	5,629	5,688	13,369	15,329	18,998	21,017
Current and other liabilities	640	625	1,325	1,776	1,965	2,401
Total liabilities	6,269	6,313	14,694	17,105	20,963	23,418
Deferred inflows of resources	238	253	150	159	388	412
Net position						
Net investment in capital assets	7,870	7,536	23,733	23,008	31,603	30,544
Restricted	925	752	314	778	1,239	1,530
Unrestricted (deficit)	2,314	2,824	(2,341)	(2,277)	(27)	547
Total net position	\$ 11,109	\$ 11,112	\$ 21,706	\$ 21,509	\$ 32,815	\$ 32,621

Table 2 and the narrative that follows consider the operations of governmental and business-type activities separately.

Table 2
Changes in Town of Berlin, Maryland's Net Position
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
REVENUES						
Program services						
Charges for services	\$ 665	\$ 588	\$ 8,480	\$ 8,524	\$ 9,145	\$ 9,112
Operating grants and contributions	283	234			283	234
Capital grants and contributions	302	213	1,351	1,751	1,653	1,964
General revenues						
Property taxes	3,327	3,128			3,327	3,128
Other taxes and fees	660	496			660	496
Unrestricted grants	465	455			465	455
Overhead allocation	826	798	(826)	(798)		
Other	30	42	8	13	38	55
Total revenues	<u>6,558</u>	<u>5,954</u>	<u>9,013</u>	<u>9,490</u>	<u>15,571</u>	<u>15,444</u>
EXPENSES						
General government	1,716	1,430			1,716	1,430
Public safety	2,811	2,173			2,811	2,173
Public works	1,213	1,216			1,213	1,216
Planning and economic development	514	516			514	516
Recreation and parks	104	98			104	98
Interest on long-term debt	138	149			138	149
Electric			5,058	4,846	5,058	4,846
Water			810	931	810	931
Sewer			2,731	2,715	2,731	2,715
Stormwater			281	268	281	268
Total expenses	<u>6,496</u>	<u>5,582</u>	<u>8,880</u>	<u>8,760</u>	<u>15,376</u>	<u>14,342</u>
Change before transfers	62	372	133	730	195	1,102
Transfers	<u>(64)</u>	<u>(50)</u>	<u>64</u>	<u>50</u>		
Change in net position	<u>\$ (2)</u>	<u>\$ 322</u>	<u>\$ 197</u>	<u>\$ 780</u>	<u>\$ 195</u>	<u>\$ 1,102</u>

Governmental activities

Net position for the Town's governmental activities decreased by \$2,000 during the fiscal year. The primary reasons for this decrease mirror those highlighted in the following analysis of the General Fund.

Business-type activities

During the fiscal year, the Town's net position for business-type activities increased \$197,000. Because the change in net position for the Enterprise Funds is an aggregate, for purposes of this management discussion and analysis, Electric, Water, Sewer, and Stormwater funds will be addressed individually below under the analysis of the Town's funds.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

General Fund

For the year ended June 30, 2019, the general fund balance decreased \$92,000. This was a significant change from the prior year which reported a \$1,845,000 decrease in the fund balance.

General fund revenues were \$6,599,000 which is an increase over the prior year of \$645,000. Significant changes for the year included increases in real estate taxes, state shared income taxes, and impact fees.

General fund expenditures were \$6,692,000. The Town experienced a decrease in expenditures from the prior year of \$1,065,000. The large decrease is primarily due to the decrease in capital outlay expenses. Capital outlay expenditures were incurred over the past two years for construction of the new police building which was completed last year.

At the end of the year, the General fund had a balance of \$5,163,000. Of this amount, \$3,431,000 is reported as nonspendable and consists of amounts due from Enterprise funds (primarily the sewer fund) that are not expected to be collected within the next twelve months. In addition, \$1,716,000 was restricted, committed or assigned which leaves an unassigned fund balance of \$16,000.

A comparison of revenues and expenditures for a three year period is shown on page 49 of the financial statements.

Electric Fund

The Electric Fund had an operating income of \$349,000 and a total increase in net position of \$186,000 compared to a net increase of \$608,000 last year.

Service charges were down 3% from last year and revenues from sales and services also decreased. It should be noted that revenues in a given fiscal year are not a true representation of kilowatts sold in that same fiscal year because you are always recovering power costs from prior years. Operating expenses increased from last year by 5% due to increases in personnel expenses, supplies and operating expenses, and professional fees.

A comparison of revenues and expenses for a three year period is shown on page 51 of the financial statements.

Water Fund

The Water Fund had an operating loss of \$202,000 and a total decrease in net position (before special connection fees and transfers) of \$201,000 compared to a net decrease last year of \$347,000.

Service charge revenues increased by 13%. Operating expenses decreased \$70,000 due mainly to decreases in supplies and operating costs, and contracted services. Included in contracted services in the prior year were costs to repair flood damage sustained by the Town.

Special connection fees of \$340,000 were received. These fees are restricted for capital projects. Equipment with a book value of \$64,120 was transferred from the general fund to the water fund.

A comparison of revenues and expenses for a three year period is shown on page 52 of the financial statements.

Sewer Fund

The Sewer Fund had an operating loss of \$931,000 and a total decrease in net position (before special connection fees) of \$1,105,000 compared to a decrease in net position last year of \$1,140,000.

Operating revenues increased \$34,800 and operating expenses increased \$49,000.

Special connection fees of \$934,000 were received in the current year which is an increase over last year's fees of \$572,000. Special connection fees are restricted for capital projects.

A comparison of revenues and expenses for a three year period is shown on page 53 of the financial statements.

At June 30, 2019, the Sewer Fund owes the General Fund \$3,384,000 and the Water Fund \$374,000.

Stormwater Fund

The Stormwater Fund had an operating loss of \$99,000 compared to a loss in the prior year of \$142,000.

A grant of \$75,000 was received from the Chesapeake Bay Trust for the Graham Avenue submerged gravel wetlands.

A comparison of revenues and expenses for a three year period is shown on page 54 of the financial statements.

BUDGETARY HIGHLIGHTS – GENERAL FUND

There were no amendments to the Town's budget throughout the year.

Actual revenues exceeded the amount budgeted by \$822,000 due to increase in taxes, licenses and permits, and intergovernmental revenues. Actual expenditures were less than the amount budgeted by \$709,000.

The budget included the anticipated use of prior year surplus funds of \$1,523,000 and loan proceeds of \$150,000. Only \$92,000 of these funds were used in 2019.

A budgetary comparison schedule is included in the financial statements on page 45.

CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

Capital assets

At the end of the fiscal year, the Town had \$45,845,000, net of accumulated depreciation, invested in a broad range of capital assets.

Table 3
Town of Berlin, Maryland's Net Capital Assets
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 4,143	\$ 4,143	6,525	\$ 5,934	\$ 10,668	\$ 10,077
Infrastructure	5,139	4,538	58,621	58,492	63,760	63,030
Buildings and improvements	4,390	4,390	779	780	5,169	5,170
Equipment	892	981	3,606	3,448	4,498	4,429
Vehicles	1,971	1,502	1,774	1,556	3,745	3,058
Construction in progress	524	844	209	728	733	1,572
Less: accumulated depreciation	(5,573)	(5,065)	(37,155)	(35,327)	(42,728)	(40,392)
Total	\$ 11,486	\$ 11,333	\$ 34,359	\$ 35,611	\$ 45,845	\$ 46,944

This year's major capital asset additions included:

Governmental activities

- Completion of the Berlin bike path, Gay Street water main upgrade, Baker Street improvements, and Stephen Decatur Tennis Courts
- 2019 Chevy Tahoe
- 2019 Peterbilt Labrie Trash Truck
- Kann Recycling Truck

Business-type activities

- 2019 Altec Bucket Truck
- 2019 F450 Dump Truck
- Completion of Cedar Ave, Maple Drive, and Pine Street improvements

Long-term debt

At the end of the fiscal year, the Town had \$16,363,000 in general obligation bonds payable.

Table 4
Town of Berlin, Maryland's Outstanding Debt
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2019	2018	2019	2018	2019	2018	
General obligation bonds	\$ 3,616	\$ 3,798	\$ 12,747	\$ 14,723	\$ 16,363	\$ 18,521	-12%
Total	\$ 3,616	\$ 3,798	\$ 12,747	\$ 14,723	\$ 16,363	\$ 18,521	-12%

The Town did not incur any new debt during the year.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The approved budget for fiscal year 2020 includes an increase in the real estate tax rate of 18%. In addition, water and sewer rates increased 5% and 20%, respectively. The Town is taking all reasonable measures to monitor and control expenditures. The 2020 budget includes a reduction in anticipated expenses of 14%.

The Town is working with the Maryland Department of the Environment and has hired a contractor to clean-up a chemical spill that occurred in Heron Park in June. The estimated cost of the clean-up is \$283,000.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Town of Berlin, Maryland, 10 William Street, Berlin, Maryland 21811.

TOWN OF BERLIN, MARYLAND

STATEMENT OF NET POSITION

JUNE 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 957,283	\$	\$ 957,283
Pooled cash and investments	21,751	3,653,603	3,675,354
Taxes receivable	123,242		123,242
Accounts receivable, net	95,187	1,227,466	1,322,653
Internal balances	3,430,930	(3,430,930)	
Due from other governments	160,559	7,448	168,007
Inventories		157,711	157,711
Total current assets	<u>4,788,952</u>	<u>1,615,298</u>	<u>6,404,250</u>
Noncurrent assets			
Restricted cash	925,527	313,535	1,239,062
Capital assets, net of accumulated depreciation	11,485,908	34,359,466	45,845,374
Total noncurrent assets	<u>12,411,435</u>	<u>34,673,001</u>	<u>47,084,436</u>
Total assets	<u>17,200,387</u>	<u>36,288,299</u>	<u>53,488,686</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred financing outflows - retirement	416,097	261,491	677,588
LIABILITIES			
Current liabilities			
Accounts payable and accrued expenses	303,634	276,951	580,585
Current portion of accrued compensated absences	140,859	83,634	224,493
Accrued interest payable	13,733	70,278	84,011
Customer deposits		117,662	117,662
Current portion of bonds payable	182,096	777,027	959,123
Total current liabilities	<u>640,322</u>	<u>1,325,552</u>	<u>1,965,874</u>
Noncurrent liabilities			
Bonds payable, less current portion	3,434,272	11,970,461	15,404,733
Net pension liability	2,070,650	1,299,862	3,370,512
Accrued compensated absences, lessf current portion	124,370	98,483	222,853
Total noncurrent liabilities	<u>5,629,292</u>	<u>13,368,806</u>	<u>18,998,098</u>
Total liabilities	<u>6,269,614</u>	<u>14,694,358</u>	<u>20,963,972</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred financing inflows - retirement	237,545	149,531	387,076
NET POSITION			
Net investment in capital assets	7,869,540	23,732,978	31,602,518
Restricted	925,527	313,535	1,239,062
Unrestricted (deficit)	2,314,258	(2,340,612)	(26,354)
Total net position	<u>\$ 11,109,325</u>	<u>\$ 21,705,901</u>	<u>\$ 32,815,226</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF BERLIN, MARYLAND
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
FUNCTIONS/PROGRAMS							
GOVERNMENTAL ACTIVITIES							
General government	\$ 1,716,624	\$ 515,977	\$	\$ 166,987	\$ (1,033,660)	\$	\$ (1,033,660)
Public safety	2,811,021	16,155	65,963		(2,728,903)		(2,728,903)
Public works	1,212,815	21,162	182,137	134,680	(874,836)		(874,836)
Planning and economic development	514,206	111,175	35,287		(367,744)		(367,744)
Recreation and parks	104,391				(104,391)		(104,391)
Interest on long-term debt	137,875				(137,875)		(137,875)
Total governmental activities	<u>6,496,932</u>	<u>664,469</u>	<u>283,387</u>	<u>301,667</u>	<u>(5,247,409)</u>		<u>(5,247,409)</u>
BUSINESS-TYPE ACTIVITIES							
Electric	5,058,263	5,611,288				553,025	553,025
Water	809,637	785,093		340,311		315,767	315,767
Sewer	2,730,668	1,900,560		934,524		104,416	104,416
Stormwater	281,473	182,677		76,786		(22,010)	(22,010)
Total business-type activities	<u>8,880,041</u>	<u>8,479,618</u>		<u>1,351,621</u>		<u>951,198</u>	<u>951,198</u>
Total	<u>\$ 15,376,973</u>	<u>\$ 9,144,087</u>	<u>\$ 283,387</u>	<u>\$ 1,653,288</u>	<u>(5,247,409)</u>	<u>951,198</u>	<u>(4,296,211)</u>
GENERAL REVENUES							
Taxes							
Property taxes					3,327,388		3,327,388
Public service taxes					37,235		37,235
State income taxes					518,973		518,973
Franchise fees					104,379		104,379
Grants and contributions not restricted to specific programs					465,000		465,000
Unrestricted investment earnings					29,775	2,358	32,133
Overhead allocation					826,131	(826,131)	
Gain on disposal of assets					422	5,689	6,111
Transfers					(64,120)	64,120	
Total general revenues and transfers					<u>5,245,183</u>	<u>(753,964)</u>	<u>4,491,219</u>
Change in net position					(2,226)	197,234	195,008
NET POSITION, BEGINNING OF YEAR					11,111,551	21,508,667	32,620,218
NET POSITION, END OF YEAR					<u>\$ 11,109,325</u>	<u>\$ 21,705,901</u>	<u>\$ 32,815,226</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF BERLIN, MARYLAND

**BALANCE SHEET
GOVERNMENTAL FUNDS**

JUNE 30, 2019

ASSETS

	General Fund	Special Revenue Fund	Total Governmental Funds
Cash and cash equivalents	\$ 957,283	\$	\$ 957,283
Pooled cash and investments	2,065	19,686	21,751
Taxes receivable	123,242		123,242
Accounts and notes receivable, net	95,187		95,187
Due from other governments	159,603	957	160,560
Due from other funds	3,505,884		3,505,884
Restricted cash	925,527		925,527
Total assets	<u>\$ 5,768,791</u>	<u>\$ 20,643</u>	<u>\$ 5,789,434</u>

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES,
AND FUND BALANCES**

LIABILITIES

Accounts payable and accrued expenses	\$ 283,745	\$ 19,890	\$ 303,635
Accrued compensated absences	140,859		140,859
Due to other funds	74,954		74,954
Total liabilities	<u>499,558</u>	<u>19,890</u>	<u>519,448</u>

DEFERRED INFLOWS OF RESOURCES

Deferred property taxes	<u>106,319</u>		<u>106,319</u>
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FUND BALANCES

Nonspendable	3,430,930		3,430,930
Restricted	4,233		4,233
Committed	921,293		921,293
Assigned	790,676		790,676
Unassigned	15,782	753	16,535
Total fund balance	<u>5,162,914</u>	<u>753</u>	<u>5,163,667</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,768,791</u>	<u>\$ 20,643</u>	<u>\$ 5,789,434</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF BERLIN, MARYLAND

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

JUNE 30, 2019

Total fund balances, governmental funds	\$ 5,163,667
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are therefore not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position.	11,485,908
Certain expenditures that reduce current financial resources are reported as expenditures in the fund financial statements, but are reported as deferred outflows of resources in the governmental activities of the Statement of Net Position: Deferred financing outflows - retirement.	416,097
Certain expenditures that reduce current financial resources are reported as expenditures in the fund financial statements, but are reported as deferred outflows of resources in the governmental activities of the Statement of Net Position: Deferred property taxes.	106,319
Some liabilities and deferred inflows of resources are not due and payable in the current period and therefore are not reported in the fund financial statements, but are included in the governmental activities in the Statement of Net Position.	
Bonds payable and accrued interest	(3,630,101)
Compensated absences	(124,370)
Deferred financing inflows - retirement	(237,545)
Net pension liability	<u>(2,070,650)</u>
Net position, governmental activities	<u>\$ 11,109,325</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF BERLIN, MARYLAND

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

YEAR ENDED JUNE 30, 2019

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Taxes	\$ 3,917,878	\$	\$ 3,917,878
Licenses and permits	291,750		291,750
Intergovernmental revenues	1,264,455	3,442	1,267,897
Service charges	888,639		888,639
Impact fees	166,987		166,987
Earnings on investments	29,776		29,776
Miscellaneous	39,693		39,693
Total revenues	6,599,178	3,442	6,602,620
EXPENDITURES			
Current			
General government	1,612,324		1,612,324
Public safety	2,461,294	3,935	2,465,229
Public works	976,773		976,773
Planning and economic development	471,750		471,750
Recreation and parks	70,215		70,215
Debt service	320,221		320,221
Capital outlay	779,032		779,032
Total expenditures	6,691,609	3,935	6,695,544
Net change in fund balance	(92,431)	(493)	(92,924)
FUND BALANCE, BEGINNING OF YEAR	5,255,345	1,246	5,256,591
FUND BALANCE, END OF YEAR	\$ 5,162,914	\$ 753	\$ 5,163,667

The accompanying notes are an integral part of these financial statements.

TOWN OF BERLIN, MARYLAND

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF
ACTIVITIES**

YEAR ENDED JUNE 30, 2019

Net change in fund balances, governmental funds	\$ (92,924)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expense (\$779,032) exceeded depreciation (\$562,535) in the current period.	216,497
Book value of assets transferred to the Water Fund.	(64,120)
Changes in deferred outflows of resources presented in the governmental activities of the Statement of Activities.	(101,629)
Some expenses reported in the statements of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:	
Change in accrued interest payable	809
Change in long-term compensated absences	(364)
Change in net pension liability	(123,344)
Change in deferred financing inflows	15,596
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned:	
Change in deferred property taxes	(34,285)
Governmental funds report repayment of debt principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities.	<u>181,538</u>
Change in net position, governmental activities	<u><u>\$ (2,226)</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF BERLIN, MARYLAND

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

JUNE 30, 2019

ASSETS	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	Total
Current assets					
Pooled cash and investments	\$ 2,972,424	\$ 680,931	\$	\$ 248	\$ 3,653,603
Accounts receivable, net of allowance	610,286	163,068	423,897	30,215	1,227,466
Due from other funds		448,847			448,847
Due from other governments	7,448				7,448
Inventory	140,512	12,527	4,672		157,711
Total current assets	<u>3,730,670</u>	<u>1,305,373</u>	<u>428,569</u>	<u>30,463</u>	<u>5,495,075</u>
Noncurrent assets					
Restricted cash		81,998	231,537		313,535
Capital assets, net of accumulated depreciation	4,241,402	2,099,581	25,383,643	2,634,840	34,359,466
Total noncurrent assets	<u>4,241,402</u>	<u>2,181,579</u>	<u>25,615,180</u>	<u>2,634,840</u>	<u>34,673,001</u>
Total assets	<u>7,972,072</u>	<u>3,486,952</u>	<u>26,043,749</u>	<u>2,665,303</u>	<u>40,168,076</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred financing outflows - retirement	106,420	42,086	91,131	21,854	261,491
LIABILITIES					
Current liabilities					
Accounts payable and accrued expenses	123,598	24,007	109,927	19,419	276,951
Accrued compensated absences	38,444	14,574	28,133	2,483	83,634
Accrued interest payable	20,930		49,348		70,278
Customer deposits	117,662				117,662
Current portion of bonds payable	327,500		449,527		777,027
Total current liabilities	<u>628,134</u>	<u>38,581</u>	<u>636,935</u>	<u>21,902</u>	<u>1,325,552</u>
Noncurrent liabilities					
Bonds payable	3,878,100		8,092,361		11,970,461
Due to other funds			3,757,454	122,323	3,879,777
Net pension liability	535,784	210,067	470,423	83,588	1,299,862
Accrued compensated absences	59,211	14,614	23,288	1,370	98,483
Total noncurrent liabilities	<u>4,473,095</u>	<u>224,681</u>	<u>12,343,526</u>	<u>207,281</u>	<u>17,248,583</u>
Total liabilities	<u>5,101,229</u>	<u>263,262</u>	<u>12,980,461</u>	<u>229,183</u>	<u>18,574,135</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred financing inflows - retirement	61,319	24,104	53,494	10,614	149,531
NET POSITION					
Net investment in capital assets	2,156,802	2,099,581	16,841,755	2,634,840	23,732,978
Restricted for capital projects		81,998	231,537		313,535
Unrestricted (deficit)	759,142	1,060,093	(3,972,367)	(187,480)	(2,340,612)
Total net position	<u>\$ 2,915,944</u>	<u>\$ 3,241,672</u>	<u>\$ 13,100,925</u>	<u>\$ 2,447,360</u>	<u>\$ 21,705,901</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF BERLIN, MARYLAND

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

YEAR ENDED JUNE 30, 2019

	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	Total
REVENUES					
Service charges	\$ 5,488,348	\$ 675,643	\$ 1,745,730	\$ 181,266	\$ 8,090,987
Sales and services	80,642	38,396			119,038
Hauler fees			125,655		125,655
Interest on delinquent accounts	34,850	5,915	16,116	1,348	58,229
Miscellaneous	7,448	65,139	13,059	63	85,709
Total revenues	<u>5,611,288</u>	<u>785,093</u>	<u>1,900,560</u>	<u>182,677</u>	<u>8,479,618</u>
EXPENSES					
Purchased power	2,598,667				2,598,667
Personnel expenses	1,012,170	355,469	879,698	105,931	2,353,268
Supplies and operating	445,885	147,076	412,939	15,744	1,021,644
Professional services	134,389		13,248	33,467	181,104
Contracted services	64,253	33,307	56,304	1,394	155,258
Insurance	19,390	8,383	16,380	812	44,965
Repairs and maintenance	106,701	67,007	84,504		258,212
Depreciation	513,443	198,395	1,086,514	124,125	1,922,477
General overhead	367,014	177,504	281,613		826,131
Total expenses	<u>5,261,912</u>	<u>987,141</u>	<u>2,831,200</u>	<u>281,473</u>	<u>9,361,726</u>
Operating income (loss)	<u>349,376</u>	<u>(202,048)</u>	<u>(930,640)</u>	<u>(98,796)</u>	<u>(882,108)</u>
NONOPERATING REVENUES (EXPENSES)					
Capital grants				76,786	76,786
Interest income		1,179	1,179		2,358
Interest expense	(163,365)		(181,081)		(344,446)
Gain on disposal of assets			5,689		5,689
Net nonoperating revenues (expenses)	<u>(163,365)</u>	<u>1,179</u>	<u>(174,213)</u>	<u>76,786</u>	<u>(259,613)</u>
Income (loss) before contributions and transfers	186,011	(200,869)	(1,104,853)	(22,010)	(1,141,721)
Transfers in		64,120			64,120
Capital contributions - special connection fees		340,311	934,524		1,274,835
Change in net position	186,011	203,562	(170,329)	(22,010)	197,234
NET POSITION, BEGINNING OF YEAR	<u>2,729,933</u>	<u>3,038,110</u>	<u>13,271,254</u>	<u>2,469,370</u>	<u>21,508,667</u>
NET POSITION, END OF YEAR	<u>\$ 2,915,944</u>	<u>\$ 3,241,672</u>	<u>\$ 13,100,925</u>	<u>\$ 2,447,360</u>	<u>\$ 21,705,901</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF BERLIN, MARYLAND

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

YEAR ENDED JUNE 30, 2019

	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 5,792,341	\$ 736,578	\$ 1,986,098	\$ 178,071	\$ 8,693,088
Other receipts	7,448	65,139	13,059	63	85,709
Payments to suppliers	(3,438,737)	(312,144)	(589,428)	(384,248)	(4,724,557)
Payments to employees	(962,433)	(338,201)	(843,838)	(100,513)	(2,244,985)
Payments for interfund services	(367,014)	(177,504)	(281,613)		(826,131)
Net cash provided (used) by operating activities	<u>1,031,605</u>	<u>(26,132)</u>	<u>284,278</u>	<u>(306,627)</u>	<u>983,124</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Interfund borrowings	<u>207,786</u>	<u>(448,847)</u>	<u>373,893</u>	<u>(412,745)</u>	<u>(279,913)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest income		<u>1,179</u>	<u>1,179</u>		<u>2,358</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(371,372)	(53,500)	(131,899)	(50,530)	(607,301)
Proceeds from the sale of capital assets			5,689		5,689
Proceeds from capital grants				770,150	770,150
Principal paid on long-term debt	(318,500)		(1,657,460)		(1,975,960)
Interest paid on long-term debt	(164,935)		(214,115)		(379,050)
Capital contributions - special connection fees		340,311	934,524		1,274,835
Net cash provided (used) by capital and related financing activities	<u>(854,807)</u>	<u>286,811</u>	<u>(1,063,261)</u>	<u>719,620</u>	<u>(911,637)</u>
Net increase (decrease) in cash	384,584	(186,989)	(403,911)	248	(206,068)
CASH, BEGINNING OF YEAR	<u>2,587,840</u>	<u>949,918</u>	<u>635,448</u>		<u>4,173,206</u>
CASH, END OF YEAR	<u>\$ 2,972,424</u>	<u>\$ 762,929</u>	<u>\$ 231,537</u>	<u>\$ 248</u>	<u>\$ 3,967,138</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 349,376	\$ (202,048)	\$ (930,640)	\$ (98,796)	\$ (882,108)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	513,443	198,395	1,086,514	124,125	1,922,477
Deferred financing outflows - retirement	25,390	9,966	21,546	2,373	59,275
Deferred financing inflows - retirement	(3,898)	(1,530)	(3,308)	(365)	(9,101)
(Increase) decrease in assets:					
Accounts receivable	187,011	16,624	98,597	(4,543)	297,689
Inventory	5,097	(6,691)	(3,257)		(4,851)
Increase (decrease) in liabilities:					
Accounts payable and accrued expenses	(46,304)	(40,848)	14,826	(329,421)	(401,747)
Customer deposits	1,490				1,490
Net cash provided (used) by operating activities	<u>\$ 1,031,605</u>	<u>\$ (26,132)</u>	<u>\$ 284,278</u>	<u>\$ (306,627)</u>	<u>\$ 983,124</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF BERLIN, MARYLAND
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

**BASIS OF PRESENTATION AND
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of the Town of Berlin, Maryland, (the “Town”), have been prepared in conformity with generally accepted accounting principles (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.

Reporting Entity

The basic criteria for including component units in the Town’s financial statements are the exercise of oversight responsibility over such units by the Town’s elected officials and the scope of public services as it pertains to the activities benefiting the residents within the geographic boundaries of the Town. Oversight responsibility embraces such factors as financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

Based on the above criteria as set forth by the GASB, the Town of Berlin, Maryland has no component units.

Basis of Presentation

Government-wide financial statements - The statement of net position and the statement of activities display information about the Town. These statements include the financial activities of the overall government. These statements distinguish between the governmental and business-type activities of the Town. Governmental activities are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and revenues for the different business-type activities of the Town and for each function of the Town’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

TOWN OF BERLIN, MARYLAND
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

**BASIS OF PRESENTATION AND
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Basis of Presentation (continued)

Fund financial statements - The fund financial statements provide information about the Town's funds. Separate statements for each fund category – governmental and proprietary - are presented. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. Any remaining governmental and proprietary funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as grants and investment earnings, result from nonexchange transactions.

The Town reports the following major governmental fund: general fund. This is the primary 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 Town reports the following major proprietary funds: electric, water, sewer, and stormwater. These funds account for the operation and management of the electric, water, sewer, and stormwater departments.

The Town reports the following non-major governmental fund: special revenue fund. This fund accounts for state and federal grants with specific compliance restrictions.

Measurement Focus, Basis of Accounting

The government-wide and proprietary fund statements are reported using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all the eligibility requirements have been satisfied.

TOWN OF BERLIN, MARYLAND
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

**BASIS OF PRESENTATION AND
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Measurement Focus, Basis of Accounting (continued)

The governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year end. Property taxes, charges for services, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Budgetary Data

The Town's budgetary year begins July 1 of each year. By Town Ordinance, the Council must approve a budget for the succeeding year by June 30 after holding at least two public hearings. Appropriations lapse at year-end unless obligated or encumbered. Expenditures in excess of amounts appropriated for or transferred to a general classification of expenditures in the budget are prohibited by the Town's charter. Budget amendments can be made during the year, but must be approved by the Mayor and Council. Appropriations from prior year fund balance are recorded as other financing sources for budgetary purposes.

The general fund budget is adopted on a basis consistent with generally accepted accounting principles for governmental funds. No budget is adopted or required for the special revenue fund.

Cash Equivalents

The Town treats certificates of deposit with original maturities of 90 days or less and investments in repurchase agreements with short-term maturities as cash equivalents for purposes of preparing the cash flow statement.

Restricted Cash

Restricted cash in the general fund consists of impact fees set aside for future capital projects and slots revenue restricted by the State of Maryland. Restricted cash in the enterprise funds consists of special connection charges restricted for water and sewer capital and related financing activities and EDU escrow deposits.

TOWN OF BERLIN, MARYLAND
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

**BASIS OF PRESENTATION AND
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Allowance for Uncollectible Accounts

Provision is made for estimated uncollectible electric, water, sewer, and stormwater charges and miscellaneous accounts receivable based upon the Town's determination of individual accounts not likely to be collected. At June 30, 2019, the allowance in the General Fund was \$21,040 and the Enterprise Fund was \$106,528.

Inventories

Inventories of supplies are stated at cost at year-end as determined by the first-in, first-out method. Inventories are charged to expense when consumed, rather than when purchased or donated.

Deferred Inflows and Outflows of Resources

The Town reports a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period. The Town has two types of items that qualify for reporting in this category: (a) deferred property taxes which are not recognized until available (collected not later than 60 days after the end of the Town's fiscal year), and (b) deferred financing inflows related to the retirement plan.

The Town may report decreases in net assets that relate to a future period as deferred outflows of resources in a separate section of its government-wide and proprietary statements of net position or the governmental funds balance sheet. The Town has one item that qualifies for reporting in this category: deferred financing outflows related to the retirement plan.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Maryland State Retirement and Pension System (MSRPS), and additions to/deductions from MSRPS's fiduciary net position have been determined on the same basis as they are reported by MSRPS.

Property Taxes

Real and personal property taxes are calculated based on the assessable basis of the property as of the January 1 preceding the fiscal year which begins July 1. The taxes are levied July 1 of each year and are due October 1 with penalties charged on payments not received by October 1.

TOWN OF BERLIN, MARYLAND
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

**BASIS OF PRESENTATION AND
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. General infrastructure assets, such as streets, curbs, gutters, storm drains, traffic lighting systems and similar assets, acquired after June 30, 2000 are capitalized in the government-wide financial statements. The Town has established a \$5,000 minimum threshold amount for capitalization. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	10 - 50 years
Buildings and improvements	10 - 40 years
Machinery and equipment	5 - 10 years
Transportation equipment	5 - 15 years

Accrued Compensated Absences

The Town accrues a liability in the government-wide, governmental and proprietary fund statements for certain compensated absences (vacation and compensatory time) that have been earned but not yet paid. Sick pay, which is earned but not payable at separation, is not included.

Capital Contributions - Enterprise Funds

Capital contributions in the water and sewer funds consist of special connection fees that were assessed for payment of debt service costs and capital improvements to the water and sewer plants. Interest earned that is attributable to the special connections fees is reported in the water and sewer funds.

TOWN OF BERLIN, MARYLAND
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

**BASIS OF PRESENTATION AND
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Government-Wide and Proprietary Fund Net Position

Government-wide and proprietary fund net positions are divided into three components as follows:

Net investment in capital assets - consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

Restricted - consists of assets that are restricted by enabling legislation. In the governmental activities, this amount represents impact fees that are restricted for use on future capital projects and slots revenue that is restricted by the State of Maryland. In the business-type activities, this amount represents EDU escrow deposits.

Unrestricted - all other not reported in the above categories.

When an expense is incurred that can be paid using either restricted or unrestricted net position, the Town's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable fund balance - amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact.

Restricted fund balance - amounts that can be spent only for specific purposes because of constraints imposed by external providers (such as grantors, bondholders, and higher levels of government), or imposed by constitutional provisions or enabling legislation.

Committed fund balance - amounts that can be spent only for specific purposes determined by a formal action of the Mayor and Council.

Assigned fund balance - amounts the Mayor and Council intend to use for specific purposes that do not meet the criteria to be classified as restricted or committed.

TOWN OF BERLIN, MARYLAND
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

**BASIS OF PRESENTATION AND
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Governmental Fund Balances (continued)

Unassigned fund balance - amounts that are available for any purpose; these amounts can be reported only in the Town's General Fund.

In governmental funds, the Town's policy is to first apply the expenditure toward restricted fund balance and then to other, less restrictive classifications (committed and then assigned fund balances) before using unassigned fund balances.

DEPOSITS AND INVESTMENTS

The Town follows the State of Maryland laws related to types of deposits and investments, selection of depositories, and collateral requirements. The Annotated Code of Maryland requires that deposits with financial institutions be fully collateralized. Full collateralization is necessary to minimize the risk of loss of a deposit in the event of the default of a financial institution.

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. As of June 30, 2019, \$2,368,373 of the Town's deposits were exposed to custodial credit risk. These amounts were not covered by the Federal Deposit Insurance Corporation (FDIC) but were collateralized with securities held by the pledging financial institution's trust department, but not in the Town's name.

TOWN OF BERLIN, MARYLAND
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
<i>Capital assets not being depreciated</i>				
Land	\$ 4,142,914	\$	\$	\$ 4,142,914
Construction in progress	844,716	213,805	534,151	524,370
Total capital assets not being depreciated	<u>4,987,630</u>	<u>213,805</u>	<u>534,151</u>	<u>4,667,284</u>
<i>Capital assets being depreciated</i>				
Infrastructure	4,537,877	600,653		5,138,530
Buildings and improvements	4,389,795			4,389,795
Equipment	981,841	13,000	103,000	891,841
Vehicles	1,501,598	485,725	16,097	1,971,226
Total capital assets being depreciated	<u>11,411,111</u>	<u>1,099,378</u>	<u>119,097</u>	<u>12,391,392</u>
Less accumulated depreciation for:				
Infrastructure	2,622,079	144,520		2,766,599
Buildings and improvements	754,526	201,328		955,854
Equipment	623,679	62,290	38,879	647,090
Vehicles	1,064,925	154,397	16,097	1,203,225
Total accumulated depreciation	<u>5,065,209</u>	<u>562,535</u>	<u>54,976</u>	<u>5,572,768</u>
Total capital assets being depreciated, net	<u>6,345,902</u>	<u>536,843</u>	<u>64,121</u>	<u>6,818,624</u>
Governmental activities capital assets, net	<u>\$ 11,333,532</u>	<u>\$ 750,648</u>	<u>\$ 598,272</u>	<u>\$ 11,485,908</u>

Construction in progress in the governmental activities includes Decatur Street realignment, Heron Park, and Showell, Grace Bottle Branch Roadway reconstruction and utility upgrades.

TOWN OF BERLIN, MARYLAND
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

CAPITAL ASSETS (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
<u>Electric:</u>				
<i>Capital assets not being depreciated</i>				
Land	\$ 304,510	\$	\$	\$ 304,510
Total capital assets not being being depreciated	304,510			304,510
<i>Capital assets being depreciated</i>				
Infrastructure	14,987,867	91,808		15,079,675
Buildings and improvements	766,456			766,456
Equipment	2,231,202	8,268	4,090	2,235,380
Vehicles	613,276	271,296	9,925	874,647
Total capital assets being depreciated	18,598,801	371,372	14,015	18,956,158
Less accumulated depreciation for:				
Infrastructure	11,943,664	358,815		12,302,479
Buildings and improvements	499,884	23,450		523,334
Equipment	1,608,561	86,413	4,090	1,690,884
Vehicles	467,729	44,765	9,925	502,569
Total accumulated depreciation	14,519,838	513,443	14,015	15,019,266
Total capital assets being depreciated, net	4,078,963	(142,071)		3,936,892
Electric activities, capital assets, net	4,383,473	(142,071)		4,241,402

TOWN OF BERLIN, MARYLAND
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

CAPITAL ASSETS (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Sewer:				
<i>Capital assets not being depreciated</i>				
Land	3,495,233			3,495,233
Construction in progress	4,420	7,908		12,328
Total capital assets not being depreciated	3,499,653	7,908		3,507,561
<i>Capital assets being depreciated</i>				
Infrastructure	38,258,993			38,258,993
Buildings and improvements	1,510			1,510
Equipment	950,151	94,213	1,418	1,042,946
Vehicles	737,364	29,778	73,408	693,734
Total capital assets being depreciated	39,948,018	123,991	74,826	39,997,183
Less accumulated depreciation for:				
Infrastructure	15,765,590	998,842		16,764,432
Buildings and improvements	1,510			1,510
Equipment	732,808	35,222	1,418	766,612
Vehicles	609,505	52,450	73,408	588,547
Total accumulated depreciation	17,109,413	1,086,514	74,826	18,121,101
Total capital assets being depreciated, net	22,838,605	(962,523)		21,876,082
Sewer, capital assets, net	26,338,258	(954,615)		25,383,643

TOWN OF BERLIN, MARYLAND
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

CAPITAL ASSETS (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Water:</u>				
<i>Capital assets not being depreciated</i>				
Land	82,039			82,039
Construction in progress	11,375	13,693		25,068
Total capital assets not being depreciated	93,414	13,693		107,107
<i>Capital assets being depreciated</i>				
Infrastructure	5,244,880	39,807	2,221	5,282,466
Buildings and improvements	11,781			11,781
Equipment	266,495	64,120	2,100	328,515
Vehicles	179,014			179,014
Total capital assets being depreciated	5,702,170	103,927	4,321	5,801,776
Less accumulated depreciation for:				
Infrastructure	3,361,417	154,591	2,221	3,513,787
Buildings and improvements	9,440	275		9,715
Equipment	145,583	18,288	2,100	161,771
Vehicles	98,788	25,241		124,029
Total accumulated depreciation	3,615,228	198,395	4,321	3,809,302
Total capital assets being depreciated, net	2,086,942	(94,468)		1,992,474
Water, capital assets, net	2,180,356	(80,775)		2,099,581

TOWN OF BERLIN, MARYLAND
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

CAPITAL ASSETS (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Stormwater:</u>				
<i>Capital asset not being depreciated</i>				
Construction in progress	712,970	50,530	591,541	171,959
Total capital assets not being depreciated	712,970	50,530	591,541	171,959
<i>Capital assets being depreciated</i>				
Land improvements	2,051,209	591,541		2,642,750
Vehicles	26,352			26,352
Total capital assets being depreciated	2,077,561	591,541		2,669,102
Less accumulated depreciation for:				
Land improvements	73,752	118,855		192,607
Vehicles	8,344	5,270		13,614
Total accumulated depreciation	82,096	124,125		206,221
Total capital assets being depreciated, net	1,995,465	467,416		2,462,881
Stormwater, capital asset, net	2,708,435	517,946	591,541	2,634,840
Business-type activities				
Capital assets, net	\$ 35,610,522	\$ (659,515)	\$ 591,541	\$ 34,359,466

Construction in progress in the Stormwater Fund includes the Graham, Grice, and Nelson project. This project is being funded in part by a Chesapeake Bay Trust grant of \$75,000.

Depreciation expense for governmental activities was charged to functions as follows:

General government	\$ 35,888
Public safety	249,113
Public works	234,848
Planning and community development	8,510
Recreation and parks	34,176
	<u>\$ 562,535</u>

TOWN OF BERLIN, MARYLAND
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

FUND BALANCES

Nonspendable funds are the net of amounts due from/due to other funds as these will not be available to pay current expenditures.

Restricted fund balances are state slots revenue that is restricted by the State of Maryland.

Committed fund balances are impact fees that are restricted for use on future capital projects.

Assigned fund balances are monies that the Mayor and Council have designed for the payment of employee insurance premiums and Community Center construction costs. In addition, police forfeiture funds are assigned for drug use prevention.

INTERNAL BALANCES AND ACTIVITY

Balances due to/from other funds at June 30, 2019 consist of the following:

	June 30, 2018	Increase (Decrease)	June 30, 2019
Due to the general fund from the sewer fund	\$ 3,383,561	\$	\$ 3,383,561
Due to the general fund from the stormwater fund	\$ 535,068	\$ (412,745)	\$ 122,323
Due to the electric fund from the general fund	\$ 215,234	\$ (215,234)	\$
Due to the water fund from the sewer fund	\$	\$ 373,893	\$ 373,893
Due to the water fund from the general fund	\$	\$ 74,954	\$ 74,954

The balances due to the general fund are not expected to be repaid within one year.

LONG-TERM DEBT

Changes in long-term obligations for the year June 30, 2019 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
General obligation bonds	\$ 3,797,906	\$	\$ 181,538	\$ 3,616,368

TOWN OF BERLIN, MARYLAND
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

LONG-TERM DEBT (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities:				
Electric				
General obligation bonds	\$ 4,524,100	\$	\$ 318,500	\$ 4,205,600
Sewer				
General obligation bonds	10,199,348		1,657,460	8,541,888
	<u>\$ 14,723,448</u>	<u>\$</u>	<u>\$ 1,975,960</u>	<u>\$ 12,747,488</u>

Governmental Activities

Bonds payable consists of the following:

	<u>Principal Balance Outstanding at June 30, 2019</u>
Public improvement bonds of 2002 payable to the U.S. Department of Agriculture. The original obligations are dated September 26, 2002. Debt is amortized over 40 years at an interest rate of 4.75%. Interest and principal is due quarterly, with payments ranging from \$362 to \$1,026 through September 26, 2042.	\$ 496,368
Bond anticipation note payable to the bank for the street improvement project, not to exceed \$1,700,000. The original obligation is dated November 1, 2009. Interest at 4.07% is due quarterly. The maturity date is November 1, 2024.	420,000
Public improvement bonds of 2016 payable to the Bank of Ocean City for the purchase of property. The original obligations are dated January 22, 2016. Debt is amortized over 30 years at an interest rate of 3.50%. Interest and principal is due annually, with principal payments of \$100,000 through December 1, 2045.	<u>2,700,000</u>
Total Governmental Activities	<u>\$ 3,616,368</u>

TOWN OF BERLIN, MARYLAND
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

LONG-TERM DEBT (continued)

Business-type Activities – Electric Fund

	<u>Principal Balance Outstanding at June 30, 2019</u>
2015 bonds payable to the Maryland Department of Housing and Community Development dated August 27, 2015 for \$2,288,100. Proceeds were used to refinance 2004 bonds payable. Debt is amortized over 19 years at an interest rate averaging 3.24%. Interest and principal is due semi-annually, with total annual payments ranging from \$19,251 to \$165,546 through April 1, 2034.	\$ 1,926,500
Infrastructure financing bonds of 2007 payable to the Maryland Department of Community Development. This obligation was used to refinance general obligation bonds for 1995. The original obligation is dated November 14, 2007 in the amount of \$944,200. Debt is amortized from 8 to 20 years at an interest rate of 4.125%. Interest and principal is due semi-annually with total annual payments ranging from \$90,970 to \$97,980. Payment is shared by the electric, water, and sewer funds. The maturity dates range from May 1, 2015 to May 1, 2027.	247,900
Local government infrastructure bonds of 2012 payable to the Maryland Department of Housing and Community Development. Proceeds were used to refinance general obligation bonds of 1999. The original obligations are dated May 17, 2012 in the amount of \$1,431,232. Debt is amortized over 17 years. Interest rates range from 1.41% to 3.94%. Interest is due semi-annually with principal payments due annually, ranging from \$2,098 to \$106,500 through May 1, 2029.	916,900
Local government infrastructure bonds of 2012 payable to the Maryland Department of Housing and Community Development. Proceeds were used to refinance general obligation bonds of 1998. The original obligations are dated May 17, 2012 in the amount of \$1,820,652. Debt is amortized over 16 years. Interest rates range from 1.41% to 3.94%. Interest is due semi-annually with principal payments due annually, ranging from \$2,778 to \$141,000 through May 1, 2028.	<u>1,114,300</u>
Total Electric Fund	<u>4,205,600</u>

TOWN OF BERLIN, MARYLAND
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

LONG-TERM DEBT (continued)

Business-type Activities – Sewer Fund

	Principal Balance Outstanding at June 30, 2019
<p>Real property acquisition bond payable to an individual. This obligation is being used to finance the purchase of real property for use in the spray irrigation project. The original obligation is dated December 15, 2010 in the amount of \$500,000. Debt is amortized over 25 years at an interest rate of 8.422%. Interest and principal is due monthly with payments in the amount of \$4,045. The maturity date is January 2036.</p>	420,533
<p>Bond payable to the U.S. Department of Agriculture. This obligation was used to fund the lagoon liner and wastewater treatment plant projects. The original obligation is dated November 16, 2010 in the amount of \$5,988,000. Interest and principal is due in semi-annual payments of \$113,952 at an interest rate of 2.25%. The maturity date is November 2050.</p>	5,120,553
<p>Loan payable to the U.S. Department of Agriculture to fund construction of Phase I of the spray irrigation project. The original obligation is dated August 24, 2011 in the amount of \$2,462,000. Debt is amortized over 40 years at an interest rate of 2.5%. Interest payments are due semi-annually with principal payments being due semi-annually beginning February 2013. Payments range from \$30,775 to \$50,373, maturing August 2050.</p>	452,007
<p>Loan payable to Maryland Department of the Environment. This loan is being used to fund construction of Phase II of the spray irrigation project. Total amount available to draw is \$3,207,000. Interest payments at .80% are due in semi-annual payments. Principal payments begin annually February 2015. The maturity date is February 2033.</p>	2,408,795

TOWN OF BERLIN, MARYLAND
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

LONG-TERM DEBT (continued)

Business-type Activities – Sewer Fund (continued)

	<u>Principal Balance Outstanding at June 30, 2019</u>
Local government infrastructure bonds of 2012 payable to the Maryland Department of Housing and Community Development. Proceeds were used to refinance general obligation bonds of 1991. The original obligations are dated May 17, 2012 in the amount of \$587,420. Debt is amortized over 16 years. Interest rates range from 1.41% to 3.94%. Interest is due semi-annually with principal payments due annually, ranging from \$980 to \$71,000 through May 2021.	140,000
Total Sewer Fund	8,541,888
Total long-term debt - Business-type Activities	<u>\$ 12,747,488</u>

Debt Service Requirements

Principal and interest requirements to amortize bond obligations as of June 30, 2019 are as follows:

Governmental Activities			
Year Ending	Principal	Interest	Totals
2020	\$ 182,096	\$ 132,038	\$ 314,134
2021	182,681	124,854	307,535
2022	183,294	117,892	301,186
2023	183,937	110,900	294,837
2024	184,611	104,088	288,699
2025 - 2029	654,360	435,811	1,090,171
2030 - 2034	606,825	324,384	931,209
2035 - 2039	635,272	208,398	843,670
2040 - 2044	603,292	87,403	690,695
2045 - 2046	200,000	7,110	207,110
	<u>\$ 3,616,368</u>	<u>\$ 1,652,878</u>	<u>\$ 5,269,146</u>

TOWN OF BERLIN, MARYLAND
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

LONG-TERM DEBT (continued)

Principal and interest requirements to amortize all Business-type Activities debt outstanding as of June 30, 2019 are as follows:

Business-Type Activities			
<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2020	\$ 777,027	\$ 348,129	\$ 1,125,156
2021	794,669	324,372	1,119,041
2022	743,648	300,731	1,044,379
2023	761,268	283,021	1,044,289
2024	760,400	262,875	1,023,275
2025 - 2029	3,359,754	1,018,025	4,377,779
2030 - 2034	2,399,911	589,592	2,989,503
2035 - 2039	856,925	930,427	1,787,352
2040 - 2044	927,441	212,079	1,139,520
2045 - 2049	1,037,220	102,300	1,139,520
2050 - 2052	329,225	7,398	336,623
	<u>\$ 12,747,488</u>	<u>\$ 4,378,949</u>	<u>\$ 17,126,437</u>

INTEREST COST - ENTERPRISE FUND

Where applicable, the Town follows the policy of capitalizing interest as a component of the cost of property, plant, and equipment constructed for its own use. During the year ended June 30, 2019, total interest incurred and paid in the Enterprise Fund was \$344,446 all of which was charged to operations.

CONDUIT DEBT

The Town has issued tax exempt conduit Hospital Revenue Bond 2017 Series in the principal amount of \$10,000,000. The proceeds were loaned to Atlantic General Hospital Corporation (AGH) for certain capital projects pursuant to a financing agreement dated September 1, 2017. The bond is secured by a pledge of specific revenues and a lien on the financed property. The Town is not obligated in any manner for the repayment of the bond. Accordingly, the bond is not a liability to the Town and not reported in the accompanying financial statements.

TOWN OF BERLIN, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

INTERNAL CHARGES AND SERVICES

The Town provides administrative services to the proprietary funds for certain services paid in the general fund. Also, a payment in lieu of taxes of \$157,000 is charged to the Electric Fund. The total services billed for the year ended June 30, 2019 were as follows:

<u>Service Type</u>	<u>Electric Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
Administrative services	<u>\$ 367,014</u>	<u>\$ 177,504</u>	<u>\$ 281,613</u>	<u>\$</u>	<u>\$ 826,131</u>

LEASE AGREEMENTS

The Town has entered into lease agreements expiring in 2032 and 2026 with AT&T Wireless and T-mobile for the use of the Town’s water tower for wireless antennas and transmission lines. Total lease payments billed for the year ended June 30, 2019 were \$68,049.

Future lease payment terms to be received are:

<u>Year Ending June 30,</u>	<u>Total Payment</u>
2020	\$ 64,814
2021	65,996
2022	69,754
2023	71,008
2024	72,300
All subsequent years	<u>443,442</u>
Total minimum lease payments to be received	<u>\$ 787,314</u>

TOWN OF BERLIN, MARYLAND
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

RETIREMENT AND PENSION PLANS

General information about the pension plan

Plan description. Employees of the Town are covered by the Pension System for Employees of the State of Maryland or the Employees’ Retirement System of the State of Maryland. These systems are part of the Maryland State Retirement and Pension System (MSRPS), and are cost-sharing multiple-employer public employee retirement systems. The plan is administered by the State Retirement Agency (the Agency). Responsibility for the administration and operation of the MSRPS is vested in a 15-member Board of Trustees. The MSRPS was established by the State Personnel and Pensions Article of the Annotated Code of Maryland. The Agency issued a publicly available financial report that includes basic financial statements and required supplementary information for the MSRPS. This report can be found at www.sra.state.md.us/Agency/Downloads/CAFR/CAFR_FullReport.pdf.

Benefits provided. The MSRPS provides retirement, disability and death benefits. Retirement allowances for members of the Town are based on the highest five consecutive years average Annual Compensation (AFC) and the actual years of accumulated credited services. Employees of the Town may retire with reduced benefits after attaining age 60 with at least 15 years of eligible service. Permanent disability benefits are available after five years of service and approximate 25% of AFC. Death benefits are equal to employee salary at the time of death plus all member contributions and interest.

Contributions. The State Personnel and Pensions Article requires active members to contribute to the MSRPS at the rate of 4%, 5% or 7% of their covered salary depending upon the retirement option selected. The Town is required to contribute at an actuarially determined rate. Contributions to the plan from the Town for the past three years were as follows:

Fiscal Year Ending	Annual Pension Cost	Percentage Funded
6/30/2017	\$ 298,871	100%
6/30/2018	\$ 320,331	100%
6/30/2019	\$ 339,058	100%

TOWN OF BERLIN, MARYLAND
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

RETIREMENT AND PENSION PLANS (Continued)

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

At June 30, 2019, the Town reported a liability of \$3,370,512 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental units, actuarially determined. At June 30, 2018, the Town's proportion was .01606%.

For the year ended June 30, 2019, the Town recognized pension expense of \$353,581. At June 30, 2019, the Town reported deferred outflows of resources or deferred inflows of resources related to pensions from the following sources.

	Deferred Outflows of Resources	Deferred Inflows Resources
Changes of assumptions	\$ 91,080	\$
Net difference between projected and actual earnings on pension plan investments	247,450	129,118
Differences between expected and actual experience		257,958
Contributions subsequent to measurement date	339,058	
	<u>\$ 677,588</u>	<u>\$ 387,076</u>

The Town's contribution subsequent to the measurement date of \$339,058, reported as deferred outflows of resources, will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

Deferred financial inflows and outflows are made up of changes in actuarial assumptions, differences in actual and expected experience, and net difference in the projected and actual investment earnings. The deferred outflows and inflows related to non-investment activity are being amortized over the remaining service life ranging from 5.72 to 5.87 years. The net difference in investment earnings are being amortized over a closed five-year period for each of the years presented. The following table shows the amortization of these balances:

TOWN OF BERLIN, MARYLAND
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

RETIREMENT AND PENSION PLANS (Continued)

Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions (continued)

Year Ending June 30	Deferred Inflows	Deferred Outflows
2020	\$ 112,223	\$ 195,783
2021	110,482	125,072
2022	98,352	7,642
2023	52,452	6,914
2024	13,567	3,119
Total	<u>\$ 387,076</u>	<u>\$ 338,530</u>

Actuarial assumptions. The actuarial assumption for the Pension Plan as a whole and based on the June 30, 2018 annual actuarial valuation report for Maryland Municipal Corporation are as follows:

Inflation	2.60% general, 3.10% wage
Salary increases	3.10% to 9.15%, including inflation
Investment rate of return	7.45%

Mortality rates were based on the RP-2014 Combined Healthy Mortality table projected to the year 2025.

Actuarial valuations are based upon assumptions regarding future activity in specific risk areas including the rates of investment return and payroll growth, eligibility for the various classes of benefits, and longevity among retired lives. The Board adopts these assumptions after considering the advice of the actuary and other professionals. The assumptions and the methods comply with the requirements of Statements No. 25 and 67 of the Governmental Accounting Standards Board (GASB).

Discount rate. The discount rate used to measure the total pension liability was 7.45%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contribution from the municipalities will be made at contractually required rates, actuarially determined.

TOWN OF BERLIN, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

RETIREMENT AND PENSION PLANS (Continued)

Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions (continued)

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.45%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.45%) or 1-percentage point higher (8.45%) than the current rate:

1% Decrease (6.45%)	\$ 4,854,684
Current discount rate (7.45%)	\$ 3,370,512
1% Increase (8.45%)	\$ 2,138,743

Pension plan fiduciary net position. Detailed information about the plan's fiduciary net position is available in the System's separately issued financial report.

DEFERRED COMPENSATION PLAN

The Town offers certain employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Town employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The deferred amounts are invested in various annuity contracts. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the deferred compensation plan participants. The Town has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. In accordance with GASB Statement No. 32, the plan's assets are not reported on the statement of net assets of the Town.

RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The Town maintains commercial insurance covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this coverage in any of the past three fiscal years.

TOWN OF BERLIN, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

RELATED PARTY TRANSACTIONS

Ace Printing is owned by At-Large Councilmember Thom Gulyas. Ace Printing is responsible for minimal printing needs, utility bills forms, public works forms, signage, and other miscellaneous office supplies.

CONTINGENCIES

The Town is the recipient of various federal and state grants. The Town may be under obligation to repay these grant funds if, upon final review by the respective granting agencies, the funds expended did not meet the established program objectives. The Town is not aware of any repayment requests.

A chemical spill was located at Heron Park in late June. The Town has hired a contractor to handle the clean-up and is working with the Maryland Department of the Environment (MDE) during the clean-up process. The Town is working with the contractor and MDE to determine if there are any other chemicals at any location in Heron Park. Clean-up costs are estimated at \$283,000.

NEW GASB PRONOUNCEMENTS

GASB issued Statement No. 87, Leases, in June 2017. It is effective for reporting periods beginning after December 15, 2020. The new guidance requires recognition of certain lease assets and liabilities that were previously classified as operating leases. It also recognizes inflows of resources or outflows of resources based on the payment provisions of the contract.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the end of a Construction Period*, requires interest cost incurred before the end of a construction period be recognized as an expense for financial statements prepared using the economic resources measurement focus. Previously, this interest was included in the historical cost of capital assets. It is effective for periods beginning after December 15, 2019.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BERLIN, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes	\$ 3,499,080	\$ 3,499,080	\$ 3,917,878	\$ 418,798
Licenses and permits	186,000	186,000	291,750	105,750
Intergovernmental revenues	1,053,296	1,053,296	1,264,455	211,159
Service charges	876,281	876,281	888,639	12,358
Impact fees	115,000	115,000	166,987	51,987
Earnings on investments	40,000	40,000	29,776	(10,224)
Miscellaneous	7,500	7,500	39,693	32,193
Total revenues	<u>5,777,157</u>	<u>5,777,157</u>	<u>6,599,178</u>	<u>822,021</u>
EXPENDITURES				
Current				
General government	1,627,498	1,627,498	1,612,324	15,174
Public safety	2,575,770	2,575,770	2,461,294	114,476
Public works	1,155,266	1,155,266	976,773	178,493
Planning and economic development	512,173	512,173	471,750	40,423
Recreation and parks	83,450	83,450	70,215	13,235
Debt service	322,000	322,000	320,221	1,779
Capital outlay	1,124,150	1,124,150	779,032	345,118
Total expenditures	<u>7,400,307</u>	<u>7,400,307</u>	<u>6,691,609</u>	<u>708,698</u>
Excess of expenditures (over) under revenues	(1,623,150)	(1,623,150)	(92,431)	1,530,719
OTHER FINANCING SOURCES (USES)				
Prior year surplus	1,523,150	1,523,150		(1,523,150)
Transfers out	(50,000)	(50,000)		50,000
Proceeds from issuance of long-term debt	150,000	150,000		(150,000)
Net other financing sources (uses)	<u>1,623,150</u>	<u>1,623,150</u>		<u>(1,623,150)</u>
Net change in fund balance	<u>\$</u>	<u>\$</u>	<u>\$ (92,431)</u>	<u>\$ (92,431)</u>

TOWN OF BERLIN, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE TOWN'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
MARYLAND STATE RETIREMENT AND PENSION SYSTEM
(UNAUDITED)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.1606%	0.1470%	0.1550%	0.1460%	0.1290%
Town's proportionate share of the net pension liability	\$ 3,370,512	\$ 3,175,235	\$ 3,649,291	\$ 3,030,119	\$ 2,290,390
Town's covered-employee payroll	\$ 3,416,307	\$ 3,390,716	\$ 3,069,300	\$ 3,212,440	\$ 2,984,932
Town's proportionate share of the net pension liability as a percentage of its covered payroll	98.66%	93.64%	118.90%	94.32%	76.73%
Plan fiduciary net position as a percentage of the total pension liability	71.18%	69.38%	65.79%	68.78%	71.87%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

TOWN OF BERLIN, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE TOWN'S CONTRIBUTIONS
MARYLAND STATE RETIREMENT AND PENSION SYSTEM
(UNAUDITED)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 320,331	\$ 298,871	\$ 301,310	\$ 307,322	\$ 300,756
Contributions in relation to the contractually required contribution	<u>(320,331)</u>	<u>(298,871)</u>	<u>(301,310)</u>	<u>(307,322)</u>	<u>(300,756)</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Town's covered-employee payroll	\$ 3,416,307	\$ 3,390,716	\$ 3,069,300	\$ 3,212,440	2,984,932
Contributions as a percentage of covered-employee payroll	9.38%	8.81%	9.82%	9.57%	10.08%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

SUPPLEMENTARY INFORMATION



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MICHAEL C. KLEGER, CPA
E. LEE McCABE, CPA
JEFFREY A. MICHALIK, CPA
ROBERT L. MOORE, CPA
DANIEL M. O'CONNELL II, CPA
JOHN M. STERN, JR., CPA

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Mayor and Council
Town of Berlin, Maryland

Report on Supplementary Information

PKSca.com

Salisbury

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P.O. BOX 72
SALISBURY, MD 21803
TEL: 410.546.5600

Ocean City

12216 OCEAN GATEWAY
SUITE 800
OCEAN CITY, MD 21842
TEL: 410.213.7185

Lewes

1143 SAVANNAH ROAD
SUITE 1
LEWES, DE 19958
TEL: 302.645.5757

MEMBERS OF:

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MARYLAND ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

DELAWARE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

ALLINIAL GLOBAL

Our report on our audit of the financial statements that collectively comprise the Town of Berlin, Maryland's basic financial statements as of June 30, 2019, appears on pages one through three. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Berlin, Maryland's basic financial statements. The supplementary information presented on pages 49 through 54 is presented for purposes of additional analysis and is not a required part of the financial statements.

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

Other Matter

The prior year comparative information has been derived from the Town's 2018 and 2017 financial statements and, in our reports dated November 16, 2018 and November 16, 2017, we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information.

CERTIFIED PUBLIC ACCOUNTANTS

Salisbury, Maryland
October 30, 2019

TOWN OF BERLIN, MARYLAND

**SCHEDULES OF REVENUES AND EXPENDITURES
GENERAL FUND**

**YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018 AND 2017)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
REVENUES			
Taxes			
Berlin property	\$ 3,328,681	\$ 3,098,412	\$ 2,984,070
County shared	37,235	40,269	64,911
State shared	518,973	365,721	526,039
Penalties and interest	32,989	27,615	41,339
Licenses and permits	291,750	227,844	303,245
Intergovernmental			
State	799,455	736,074	669,357
County	465,000	455,000	450,000
Service charges to other funds	826,131	798,057	769,744
Service charges, other	62,508	56,958	61,779
Impact fees	166,987	96,070	265,742
Earnings on investments	29,776	35,768	51,944
Miscellaneous	39,693	22,835	9,386
Total revenues	<u>6,599,178</u>	<u>5,960,623</u>	<u>6,197,556</u>
EXPENDITURES			
Current			
General government	1,612,324	1,421,404	1,366,065
Public safety	2,461,294	2,111,513	1,911,504
Public works	976,773	1,048,370	961,242
Planning and economic development	471,750	470,596	477,093
Recreation and parks	70,215	68,675	71,421
Debt service	320,221	333,311	339,483
Capital outlay	779,032	2,301,994	2,312,531
Total expenditures	<u>6,691,609</u>	<u>7,755,863</u>	<u>7,439,339</u>
Revenues under expenditures	(92,431)	(1,795,240)	(1,241,783)
OTHER FINANCING SOURCES (USES)			
Transfers out		<u>(50,000)</u>	<u>(50,000)</u>
Net change in fund balance	<u>\$ (92,431)</u>	<u>\$ (1,845,240)</u>	<u>\$ (1,291,783)</u>

TOWN OF BERLIN, MARYLAND

**SCHEDULES OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND**

**YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018 AND 2017)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
REVENUES			
Intergovernmental revenues	\$ 3,442	\$ 5,305	\$ 4,856
Total revenues	<u>3,442</u>	<u>5,305</u>	<u>4,856</u>
EXPENDITURES			
Salaries and related	<u>3,935</u>	<u>4,230</u>	<u>1,640</u>
Total expenditures	<u>3,935</u>	<u>4,230</u>	<u>1,640</u>
Net change in fund balance	<u>\$ (493)</u>	<u>\$ 1,075</u>	<u>\$ 3,216</u>

TOWN OF BERLIN, MARYLAND

**SCHEDULES OF REVENUES AND EXPENSES
ELECTRIC FUND**

**YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018 AND 2017)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
REVENUES			
Service charges	\$ 5,488,348	\$ 5,634,411	\$ 5,310,718
Sales and services	80,642	113,024	70,726
Interest on delinquent accounts	34,850	33,469	33,558
Miscellaneous	7,448	349	25,045
Total revenues	<u>5,611,288</u>	<u>5,781,253</u>	<u>5,440,047</u>
EXPENSES			
Purchased power	2,598,667	2,752,339	2,685,862
Personnel expenses	1,012,170	813,119	850,068
Supplies and operating	445,885	333,913	439,063
Professional services	134,389	92,468	99,766
Contracted services	64,253	97,972	124,403
Insurance	19,390	22,615	19,819
Repairs and maintenance	106,701	48,407	32,442
Depreciation	513,443	512,659	526,752
General overhead	367,014	331,399	349,710
Total expenses	<u>5,261,912</u>	<u>5,004,891</u>	<u>5,127,885</u>
Operating income	<u>349,376</u>	<u>776,362</u>	<u>312,162</u>
NONOPERATING REVENUES (EXPENSES)			
Interest expense	(163,365)	(172,839)	(180,684)
Gain (loss) on disposal of assets		4,727	(1,106)
Net nonoperating expenses	<u>(163,365)</u>	<u>(168,112)</u>	<u>(181,790)</u>
Change in net position	<u>\$ 186,011</u>	<u>\$ 608,250</u>	<u>\$ 130,372</u>

TOWN OF BERLIN, MARYLAND

**SCHEDULES OF REVENUES AND EXPENSES
WATER FUND**

**YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018 AND 2017)**

	2019	2018	2017
REVENUES			
Service charges	\$ 675,643	\$ 599,577	\$ 674,940
Sales and services	38,396	38,096	30,453
Interest on delinquent accounts	5,915	8,141	7,369
Miscellaneous	65,139	62,092	50,398
Total revenues	785,093	707,906	763,160
EXPENSES			
Personnel expenses	355,469	357,105	364,316
Supplies and operating	147,076	188,468	173,127
Professional services		7,105	
Contracted services	33,307	100,103	10,464
Insurance	8,383	8,638	8,712
Repairs and maintenance	67,007	82,237	80,496
Depreciation	198,395	187,190	177,982
General overhead	177,504	126,703	124,259
Total expenses	987,141	1,057,549	939,356
Operating loss	(202,048)	(349,643)	(176,196)
NONOPERATING REVENUES (EXPENSES)			
Interest income	1,179	2,900	958
Interest expense			(6,563)
Loss on disposal of assets			(8,184)
Net nonoperating revenues (expenses)	1,179	2,900	(13,789)
Loss before contributions	(200,869)	(346,743)	(189,985)
Capital contribution - special connection fees	340,311	207,150	531,300
Transfers in	64,120		
Change in net position	\$ 203,562	\$ (139,593)	\$ 341,315

TOWN OF BERLIN, MARYLAND

**SCHEDULES OF REVENUES AND EXPENSES
SEWER FUND**

**YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018 AND 2017)**

	2019	2018	2017
REVENUES			
Service charges	\$ 1,745,730	\$ 1,677,257	\$ 1,651,884
Sales and services			1,902
Hauler fees	125,655	164,221	107,328
Interest on delinquent accounts	16,116	24,127	21,610
Miscellaneous	13,059	105	1,592
Total revenues	1,900,560	1,865,710	1,784,316
EXPENSES			
Personnel expenses	879,698	760,085	771,857
Supplies and operating	412,939	452,319	382,039
Professional services	13,248	16,832	2,234
Contracted services	56,304	41,196	23,925
Insurance	16,380	18,902	18,695
Repairs and maintenance	84,504	114,762	78,808
Depreciation	1,086,514	1,082,233	1,101,826
General overhead	281,613	296,257	244,251
Total expenses	2,831,200	2,782,586	2,623,635
Operating loss	(930,640)	(916,876)	(839,319)
NONOPERATING REVENUES (EXPENSES)			
Interest income	1,179	5,599	930
Interest expense	(181,081)	(228,589)	(324,577)
Gain on disposal of assets	5,689		
Net nonoperating expenses	(174,213)	(222,990)	(323,647)
Loss before contributions	(1,104,853)	(1,139,866)	(1,162,966)
Capital contributions - special connection fees	934,524	572,006	1,468,176
Change in net position	\$ (170,329)	\$ (567,860)	\$ 305,210

TOWN OF BERLIN, MARYLAND

**SCHEDULES OF REVENUES AND EXPENSES
STORMWATER FUND**

**YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018 AND 2017)**

	2019	2018	2017
REVENUES			
Service charges	\$ 181,266	\$ 167,404	\$ 171,356
Interest on delinquent accounts	1,348	1,326	1,126
Miscellaneous	63	105	119
Total revenues	182,677	168,835	172,601
EXPENSES			
Personnel expenses	105,931	151,289	170,253
Supplies and operating	15,744	19,260	36,036
Professional services	33,467	24,208	10,882
Contracted services	1,394	29,446	26,141
Insurance	812	1,245	1,186
Depreciation	124,125	42,138	12,553
General overhead		43,698	51,523
Total expenses	281,473	311,284	308,574
Operating loss	(98,796)	(142,449)	(135,973)
NONOPERATING REVENUES			
Capital grants	76,786	971,556	916,249
Net nonoperating revenues	76,786	971,556	916,249
Gain (loss) before transfers	(22,010)	829,107	780,276
Transfers in		50,000	50,000
Change in net position	\$ (22,010)	\$ 879,107	\$ 830,276

GOVERNMENT AUDITING STANDARDS REPORT



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

To the Mayor and Council
Town of Berlin, Maryland

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Berlin, Maryland, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Berlin, Maryland's basic financial statements and have issued our report thereon dated October 30, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Berlin, Maryland's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Berlin, Maryland's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Berlin, Maryland's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Berlin, Maryland's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CERTIFIED PUBLIC ACCOUNTANTS

Salisbury, Maryland
October 30, 2019

TOWN OF BERLIN, MARYLAND
AUDITORS' COMMUNICATIONS
YEAR ENDED JUNE 30, 2019

TOWN OF BERLIN, MARYLAND

TABLE OF CONTENTS

	<u>Page(s)</u>
Management letter	1 – 2
Required communications with those charged with governance	3 – 7

MANAGEMENT LETTER



October 30, 2019

ANDREW M. HAYNIE, CPA
SUSAN P. KEEN, CPA
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To the Mayor and Council and Town Administrator
Town of Berlin, Maryland

In planning and performing our audit of the financial statements of the Town of Berlin, Maryland as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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Salisbury

1801 SWEETBAY DRIVE
P.O. Box 72
SALISBURY, MD 21803
TEL: 410.546.5600

Following are matters for the Mayor and Council and management's consideration:

GENERAL FUND BALANCE

Ocean City

12216 OCEAN GATEWAY
SUITE 800
OCEAN CITY, MD 21842
TEL: 410.213.7185

During the year ended June 30, 2019, the general fund balance decreased by \$92,431. The Town ended the year with a general fund balance of \$5,162,914. Of this amount, \$3,430,930 is reported as nonspendable and consists of amounts due from other funds (primarily the sewer fund) which is not expected to be collected in the next twelve months.

Lewes

1143 SAVANNAH ROAD
SUITE 1
LEWES, DE 19958
TEL: 302.645.5757

The total amount of fund balances that are unrestricted (total of committed, assigned, and unassigned) is \$1,727,751. This represents 3.25 months of average daily operating expenses.

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The GFOA recommends, at a minimum, that governments, regardless of size, maintain unrestricted budgetary fund balances in their general fund of no less than two months of regular general fund operating expenditures. However, the Town's unique circumstances and vulnerabilities may require a level of unrestricted fund balance in the general fund significantly in excess of this recommended minimum level.

As noted in our letter last year, we recommend that the Town establish a formal policy which sets the level of unrestricted (total of committed, assigned, and unassigned) fund balances that should be maintained in the general fund for budgetary purposes. In addition, the policy should provide guidelines for how resources would be directed to replenish the fund balance should the balance fall below the prescribed level.

SEWER FUND – OPERATING LOSSES

As reported in prior years, the sewer fund had an operating loss for 2019 of \$930,640 which follows operating losses in prior fiscal years. Because of this, the cash being generated in the sewer fund is not sufficient to cover its operating expenses, debt service costs, and capital purchases. As a result of the continuing losses, the sewer fund owes the general fund \$3,383,561 and the water fund \$373,893 as of June 30, 2019.

Management should determine the amount of the interfund loans that the Town has the intention and ability to repay to the general fund. Any amounts that do meet that criteria should be written off as a transfer between the funds.

For loans that the Town intends to repay, management should develop a written plan to repay the general fund in a reasonable amount of time. The plan should include the amounts, source of funds and schedule of payments. The annual budget should include a provision for the scheduled payments.

SEWER FUND - WORKING CAPITAL

Enterprise funds should maintain adequate levels of working capital. Working capital is defined as current assets minus current liabilities. An adequate level of working capital is necessary to mitigate current and future risks and ensure stable services and fees. The GFOA recommends that the target for working capital should be no less than 45 days of annual operating expenses and other working capital needs of the enterprise fund. However, a target of 45 days would only be appropriate for those enterprise funds with the least amount of need for a cushion or buffer.

As of June 30, 2019 the sewer fund had a negative working capital balance of \$208,366. This means that the fund's current liabilities exceed current assets which may result in the fund not being able to pay its debts.

This report is intended solely for the information and use of the Mayor and Council, management and others within the administration and federal and state grant agencies.

We would like to thank the staff of the Town of Berlin, Maryland for the assistance provided to us throughout the audit. Should there be any questions on our recommendations, we would be pleased to discuss them further at your convenience.

CERTIFIED PUBLIC ACCOUNTANTS

**REQUIRED COMMUNICATIONS WITH THOSE
CHARGED WITH GOVERNANCE**



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ALLINIAL GLOBAL

October 30, 2019

To the Mayor and Council and Town Administrator
Town of Berlin, Maryland

We have audited the financial statements of the Town of Berlin, Maryland as of and for the year ended June 30, 2019, and have issued our report thereon dated October 30, 2019. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated July 16, 2019, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements 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 entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Town of Berlin, Maryland solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team and others in our firm, as appropriate, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Town of Berlin, Maryland is included in the Summary of Significant Accounting Policies in the notes to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2019. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive estimates affecting the financial statements were:

- Allowance for uncollectible accounts,
- Useful lives of capital assets in order to calculate depreciation, and
- Short-term portion of compensated absences.

Management's estimate of the allowance for uncollectible accounts is based on historical collection percentages and an analysis of the age and collectability of individual accounts. We evaluated the key factors and assumptions used to develop the allowance for uncollectible accounts and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Management's estimate of the useful life of capital assets is based on historical information concerning the life of similar assets. We evaluated the key factors and assumptions used to develop the useful lives and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Management's estimate of the short-term portion of accrued compensated absences is based on historical data and Town policies regarding the use of accrued vacation. We evaluated the key factors and assumptions used to determine the long term portion of accrued compensated absences and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

The financial statement disclosures are neutral, consistent, and clear.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements – Basic financial statements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The following material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by management:

- Record entries to adjust accounts payable, deferred taxes, accrued payroll, accrued interest, and accrued compensated absences.
- Adjust depreciation expense, update construction in progress, and record asset disposals and transfers.
- Record net pension liability and deferred inflows and outflows.
- Adjust general long-term debt accounts for principal and interest payments on existing debt.
- Reclassify real estate tax and related revenues and discounts to agree with amounts provided by Worcester County.
- Adjust pooled cash between funds and amounts due between funds.
- Write off uncollectible property taxes and adjust allowance for uncollectible accounts.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Town of Berlin, Maryland financial statements or the auditor's report. No such disagreements arose during the course of our audit.

Management Representations

We have requested certain written representations from management, which are included a letter dated October 30, 2019.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with Town of Berlin, Maryland, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Town of Berlin, Maryland's auditors.

Supplementary Information in Documents Containing Audit Financial Statements

We applied certain limited procedures to management's discussion and analysis, budgetary comparative information, and the Maryland State Retirement schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on schedules of revenues and expenditures for each fund on pages 49 through 54 of the financial statements, which accompany the financial statements but are not RSI. Pursuant to professional standards, our responsibility as auditors for other information in documents containing Town of Berlin, Maryland's audited financial statement does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, with respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This information is intended solely for the information and use of the Mayor and Council and management of the Town of Berlin, Maryland and is not intended to be and should not be used by anyone other than these specified parties.

CERTIFIED PUBLIC ACCOUNTANTS



ORDINANCE NO. 2019-05

AN ORDINANCE OF THE MAYOR AND COUNCIL OF THE TOWN OF BERLIN, MARYLAND, A MARYLAND MUNICIPAL CORPORATION, AMENDING CHAPTER 24 "SOLID WASTE".

BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE TOWN OF BERLIN THAT CHAPTER 24 "SOLID WASTE" SHALL BE AMENDED AS FOLLOWS:

Chapter 24 - SOLID WASTE^[1]

ARTICLE I. - IN GENERAL

Sec. 24-1. - Word usage; definitions.

(a) For the purpose of this article, the following terms, phrases, words and their derivatives shall have the meanings given herein. When not inconsistent with the context, words used in the present tense include the future tense, words used in the plural include the singular and words in the singular include the plural. The word "shall" is always mandatory and not merely discretionary. The use of a masculine pronoun shall be assumed to include the feminine.

(b) The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Automated collection containers means any containers for refuse having a capacity of 95 gallons and purchased, owned and provided by the town, equipped with wheels and a lifting bar for use in a semiautomated or totally automated collection process.

Building or Construction materials means any material such as lumber, brick, block, stone, plaster, concrete, asphalt, roofing shingles, gutters and other substances accumulated as the result of repairs or additions to existing buildings or structures, construction of new buildings or structures, or the demolition of existing buildings or structures. The list contained in this definition may not be considered to be all inclusive.

~~*Bulk waste* means any waste items not considered to be normal household trash/refuse to include, but not necessarily limited to, appliances, building materials, electronics, such as computers, household furnishings, and items associated with automotive repair and the like.~~ *Bulk waste* means any waste items not considered to be normal household trash/refuse including recyclables or yard waste. Bulk waste includes, but is not necessarily limited to, appliances, electronics, such as computers and household furnishings and any such other items that by their nature or size are not reasonably considered to be general refuse, recyclable material or yard waste, or as shall be designated by the Mayor and Council or their designated representative from time to time.

Business/commercial establishment means any retail, wholesale, motel, hotel, and institutional, religious, governmental or nonresidential establishment.

Business/commercial trash means any waste/refuse associated with the operation of a business establishment. Home-occupied businesses may be subject to this definition. A determination of whether a home-occupied business is to be considered to generate waste/refuse under this definition shall be made by the ~~director of public works~~ Director of Public Works.

Curb/curbside means the sidewalk or lawn or other area of a property or building fronting on a public street or road.

Garbage (also *refuse* and *trash*) means the waste materials from normal household living conditions, including waste foodstuffs of vegetable or animal origin, paper products, fabrics, plastic and metal containers, bottles, crockery and other similar materials, free of hazard of explosion, conflagration or

hazard to collection personnel. Items designated as "recyclables" under article III of this chapter shall be excluded from this definition as are items designated by the ~~director of public works~~Director of Public Works as "bulk waste" or "yard waste."

Garbage container means any container for refuse with a tightfitting lid and intended for the placement of trash/waste/refuse.

Hazardous refuse means materials such as poisons, acids, caustics, harmful or dangerous chemicals, infected materials, offal, fecal matter, explosives, highly flammable material and parts of the human anatomy, including pathological specimens and includes, but is not necessarily limited to, household chemicals such as paint, yard or garden chemicals, insecticides and other pest controls, automotive fluids, cleaning chemicals and the like.

Household garbage/trash/refuse. See *Garbage*.

Industrial waste means all waste, including solids, semisolids, sludges and liquids, created or generated by factories, plants or other manufacturing enterprises.

~~*Multiple dwelling unit* means a building or portion thereof used or designed as a residence for three or more families living independently of each other and doing their own cooking therein, including apartment houses.~~

Person means any individual, firm, company, corporation or association.

Public containers means any container owned by the town, located on public property or on property publicly controlled, to be used for the deposit of public trash by the general public. The term "general public" is not taken to mean a local resident and/or business owner/operator or employee of same and shall not be interpreted to permit regular depositing of household and/or business trash.

~~*Public works department*~~ *Public Works Department* means the ~~*Public works department*~~ *Public Works Department* of the town; the term "sanitation department" (a division of ~~*public works*~~*Public Works*) may also be used.

Recyclable materials means those materials and items which shall be designated as such by regulations adopted from time to time by the Mayor and Council or their designated representative ~~and further defined in article III of this chapter.~~

Sanitation department means the division of the town ~~*Public works department*~~ *Public Works Department* responsible for trash and recycling collection.

~~*Single residential unit* means any dwelling place occupied by one family.~~

Town means the Town of Berlin, Maryland.

Yard waste means tree and shrubbery trimmings, grass or weed trimmings and other waste associated with the cleanup and/or maintenance of lawns and yards. Parts of trees including stumps, provided that such parts of trees, or stumps do not weigh more than 50 pounds, shall be included in this definition. Separate collection days for this type of refuse shall be scheduled by the ~~*Public works department*~~ *Public Works Department* and announced via local media, the town website and other applicable public announcement venues.

(Code 1977, § 55-1; Ord. No. 1976-1, 4-5-1976; Ord. No. 2009-05, 3-23-2009)

Sec. 24-2. - Scavenging.

It is unlawful for anyone to disturb any refuse containers or to remove their covers or any contents thereof, except the occupants of the premises on which the containers are placed or their duly authorized agents or the duly authorized employees or agents of the town.

(Code 1977, § 55-7; Ord. No. 2009-05, 3-23-2009)

Sec. 24-3. - Administration.

The administration of the provisions of this article shall be the duty and responsibility of the ~~director of public works~~Director of Public Works.

(Code 1977, § 55-3; Ord. No. 2009-05, 3-23-2009)

~~Sec. 24-4. Notice of violation; correction.~~

~~Any person violating the provisions of this article shall be notified in writing by registered mail, return receipt requested, of said violation. Said notice shall describe the violation and notify the violator to correct same within five days or, for cause shown, a greater length of time. In the event that the violation is not corrected, the Mayor and Council may, at their option and on the recommendation of the director of public works, refuse to make collection of the refuse, trash, garbage, etc., of said violator.~~

~~(Code 1977, § 55-8; Ord. No. 2009-05, 3-23-2009)~~

~~Sec. 24-5. Violations and penalties.~~

~~Any person who shall violate any provisions of this article shall be guilty of a municipal infraction and shall be fined the sum of \$50.00 for any single initial violation and the sum of \$100.00 for each repeat or continuing violation.~~

~~(Code 1977, § 55-9; Ord. No. 2009-05, 3-23-2009)~~

Secs. 24-~~64~~—24-28. - Reserved.

ARTICLE II. - GARBAGE, RUBBISH AND REFUSE COLLECTION^[2]

Sec. 24-29. - General regulations for storage and collection.

- (a) It shall be unlawful for any person to cause or allow unsightly litter, foul or offensive odors or potentially dangerous materials to remain on or emanate from any property under his control or to discard, abandon or cause the same on any public or private property within the corporate limits of the town.
- (b) Every residence and commercial establishment in the town will, at all times, furnish or have available garbage containers, with secure lids, as directed by this article and/or as directed by the ~~director of public works~~Director of Public Works. No residence or commercial establishment will be occupied without the presence of the correct container(s).
- (c) It shall be the responsibility of the ~~department of public works~~Public Works Department to protect the property of residents and businesses from unnecessary damage or abuse resulting from any refuse collection activity performed by the Town of Berlin. Claims for damage to premises or containers must be supported by reasonable evidence to receive consideration for replacement or reimbursement.
- (d) The town may, at its option, provide refuse service where residences and/or businesses are concentrated in high-density situations, such as apartment complexes with more than three dwelling units. In these cases, the management, community association, homeowners' or condominium association or the like shall be officially notified of the details of the service to be rendered. It shall be the responsibility of the ~~Public works department~~ Public Works Department to determine if reasonable arrangements can be made for the placement and collection of acceptably sized collection containers on public, private, or common ownership property. The standard of service shall be sanitary, and containers shall be maintained in a nonoffensive manner.
- (e) Nothing in this article shall prevent a property owner or tenant of a property from entering into an agreement with a private collection service at the expense of the property owner or tenant as opposed to collection by town employees and equipment. Private individuals or firms engaged in the business of refuse collection in the town shall be subject to all federal, state or local laws,

ordinances, codes or regulations applicable to the operation and maintenance of motor vehicles, including air and noise pollution.

- (f) Streets, roads, lanes or other vehicle-accessible travelways not dedicated as public for the purposes of maintenance and other considerations by the town shall not be included in the trash/recycling collection schedule unless the owner of said travelways enters into a written agreement acceptable to the town providing for said services.
- (g) Properties which do not receive municipal collection of waste shall adhere to those portions of this article intended to preserve the aesthetic, safe, and healthy maintenance of properties as relates to trash/waste/refuse.

(h) The Director of Public Works shall have the authority to determine if items placed for collection at any time are of a nature or volume to incur additional considerations, such as classification as commercial, bulk or yard waste, and to assess fees for that collection, or refuse collection by the Town.

(i) It shall be unlawful for any person to place household or commercial refuse beyond ordinary litter in any waste receptacle intended for the general use of the public for the disposal of litter and which are provided in public areas such as, but not necessarily limited to, parks or the downtown commercial district.

(Code 1977, § 55-2; Ord. No. 2009-05, 3-23-2009)

Sec. 24-30. - Collection days.

- (a) Garbage, trash and refuse for residential and commercial properties shall be collected by the town according to a schedule set by the ~~director of public works~~ Director of Public Works and approved by the Mayor and Council. Said schedule may be changed from time to time as deemed necessary and as necessitated by office closures due to holidays or other events.
- (b) Garbage, trash and refuse shall be collected at least weekly by the town.
- (c) Recyclables shall generally be collected at least weekly; however, in the event that a holiday or other office closure shall prohibit the regular collection of recyclables, no more than two weeks between collections shall occur.

(d) The Town may elect to offer one or more special collection schedules per year for bulk or yard waste or other items. Scheduling, regulations and requirements, including fees to be assessed for such service for such collections may be established by the Director of Public Works with the approval of the Mayor and Council.

(Code 1977, § 55-4; Ord. No. 2009-05, 3-23-2009)

Sec. 24-31. - Responsibilities of ~~account holders~~ collection customers.

(a) ~~Residential accounts~~ Residential collection.

- (1) It shall be unlawful and a violation of this article for any person to place waste, including but not limited to garbage, recyclables, yard waste or bulk items, on the property of another without the consent of the owner of the property.
- (2) Properties that have been supplied automated collection containers must use those containers for all refuse except as specified below. Containers must be placed at the curb or roadside or as otherwise directed, with the handle away from and parallel to traffic. Printed instructions on the container shall be followed.
- (3) Properties not provided with automated collection containers, but which will receive collection by municipal employees and equipment shall provide containers no larger than 30 gallons which

shall be equipped with tightfitting lids, which shall be closed at all times, except when refuse is being deposited in said containers. Properties not provided with automated collection containers shall comply with all other standards as set forth in this article.

- (4) Plastic trash bags may be used in all town-provided or privately-owned containers.
 - (5) Refuse containers, whether provided by the town or privately owned, must be maintained in a clean and sanitary condition. They shall not be set out for collection containing free liquids or rainwater. They shall be kept free of dead animals, vermin, lice, maggots or the like and unreasonably offensive odors resulting from the lack of cleanliness, animal feces or items which may be infectious or disease-bearing. Receptacles which have become excessively worn or corroded shall be promptly replaced.
 - (6) Town-supplied collection containers, supplied at no initial cost to the property owner, shall not exceed one per dwelling unit for residential properties. If town-supplied collection containers are available to a residential property, additional private receptacles will not be picked up. Should a property owner request additional town-supplied collection containers, such shall be provided at a one-time, non-refundable, cost of \$100.00 per container to be paid prior to delivery of the container. All provisions of subsection (a)(12) of this section shall apply to all containers provided to a given property.
 - (7) Containers shall be placed for collection by 6:00 a.m. on the day of collection and must be removed to the premises by no later than 11:00 p.m. on the day of collection. Containers shall not be kept at the curb or roadside between scheduled collections.
 - (8) Items too bulky for placement in an approved container, or as further defined, may not be placed for collection except at those times scheduled for special bulk waste or yard waste collection. Special bulk waste or yard waste collections are only available to regular residential ~~and commercial~~ collection ~~account holders~~customers. All recyclable materials shall be separated from all other refuse as more particularly set forth in article III of this chapter.
 - (9) All properties shall provide a location or locations readily accessible to the town sanitation department. Typically, such location shall be at the curb or roadside at the front of the residence. Sanitation department employees shall not enter private property to collect refuse. Should other arrangements for placement be required, such deviation shall be agreed upon by said resident and the ~~director of public works~~Director of Public Works or other proper agent of the town.
 - (10) It shall be the responsibility of the resident to transport the containers to and from the designated area or, as applicable, to transport refuse to the containers.
 - (11) The town sanitation department shall not be responsible for picking up any garbage, rubbish or refuse from the ground that is not contained in a proper garbage container, plastic trash bag or paper bundle unless the town sanitation department causes a spillage.
 - (12) Should the automated collection container provided to a given property require replacement due to damage or breakage or loss or theft, it shall be the responsibility of the owner of the property to reimburse the town for the cost of the replacement of the container if it is determined by the ~~director of public works~~Director of Public Works that such damage or breakage is not in the normal course of use. Such replacement cost shall be determined based on the current retail price paid by the town at the time of replacement and may include an administrative charge not to exceed ten percent of that price.
 - (13) Town-supplied collection containers shall remain the property of the town. Should ownership or tenancy of a property or unit change, the container assigned to that property or unit shall remain on the property for use by the next owner or tenant. The town reserves the right to remove containers from vacant properties until such time as the property or unit becomes occupied by a new owner/tenant.
- (b) *Commercial ~~accounts~~collection.*
- (1) All conditions as set forth in section 24-29 shall apply.

- (2) A commercial customer shall be permitted to have up to two town-supplied collection containers at no initial cost. Should a commercial customer request more than two town-supplied collection containers, the provisions of subsection (a)(6) of this section shall apply.
- (3) The rate schedule for garbage collection fees for commercial accounts shall be determined by the Mayor and Council annually. The classification of a commercial account within that schedule shall be determined by the ~~director of public works~~Director of Public Works.
- (4) All fees for commercial accounts shall be due and payable at the time of rendering of the statement by the Mayor and Council, and the Mayor and Council reserve the right to deny collection service when, in their sole judgment, said commercial account is detrimentally in arrears.

(Code 1977, § 55-5; Ord. No. 2009-05, 3-23-2009; Ord. No. 2009-15, 12-28-2009; Ord. No. 2013-02, 3-11-2013)

Sec. 24-32. - Items prohibited for placement for collection.

The following items are prohibited from being placed for collection:

- (1) Motor vehicle tires.
- (2) Building materials.
- (3) Hazardous, radioactive or medical wastes.
- (4) Burning or smoldering materials or any other materials which would create a fire hazard.
- (5) Rocks, dirt, sod, paint or motor oil.
- (6) Dead animals.
- (7) Unbagged animal waste.
- (8) ~~Household appliances to include computer components.~~
- (9) Items defined as recyclable under article III of this chapter.
- (10) ~~Items defined as bulk or yard waste under this chapter, except when a separate and specific collection schedule is established for those items.~~
- (10) Any other item, disposal of which falls under the regulation of a county, state, or federal agency, such as, but not limited to, the county health department, the state department of the environment, or the environmental protection agency.

(Code 1977, § 55-6; Ord. No. 2009-05, 3-23-2009)

Secs. 24-33—24-52. - Reserved.

ARTICLE III. - RECYCLING MANDATORY

Sec. 24-53. - Purpose.

- ~~(a) The Mayor and Council of the town find that the amount of refuse needing landfill disposal can be further reduced by having a recycling program to include the collection of glass bottles and jars, aluminum beverage cans, bimetal cans, newspapers, certain plastics, household appliances and other articles designated by the Mayor and Council or their designated representative.~~
- ~~(b) The Mayor and Council find that it is in the fiscal interest of the town to reduce refuse disposal fees and it is in the interest of sound environmental policy to have a mandatory recycling program within the town.~~

~~(c) The state legislature passed a recycling law in the 1988 General Assembly Session requiring counties in the state to establish recycling programs to reduce their solid waste streams by 15 percent by January, 1994.~~

~~(d) The purpose of this article is to make recycling mandatory.~~

~~(Code 1977, § 81-1; Ord. No. 92-9, 6-22-1992)~~

~~Sec. 24-54. Definitions.~~

~~The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:~~

~~*Bulk or special collection items* means all those large items, including, without limitation, furniture and appliances; yard waste, including, without limitation, stumps, branches, grass clippings and plant trimmings; and any such other items that by their nature or size are not reasonably considered to be general refuse or recyclable material, or as shall be designated by the Mayor and Council or their designated representative from time to time.~~

~~*General refuse* means all trash, debris, garbage and discarded items presented to the town for collection other than those designated as recyclable materials.~~

~~*Recyclable materials* means those materials and items which shall be designated as such by regulations adopted from time to time by the Mayor and Council or their designated representative.~~

~~(Code 1977, § 81-2; Ord. No. 92-9, 6-22-1992)~~

~~Sec. 24-55. Violations and penalties.~~

~~Any person who shall violate any provisions of this article shall be guilty of a municipal infraction and shall be fined the sum of \$50.00 for any single initial violation and the sum of \$100.00 for each repeat or continuing violation.~~

~~(Code 1977, § 81-5; Ord. No. 92-9, 6-22-1992)~~

Sec. 24-~~56~~54. - Collection of recyclable material.

- (a) All recyclable material to be collected by the town shall be separated by the property owner or resident before collection and shall be presented separately from general refuse, as well as separated from each other type of recyclable material, as those types or categories of material shall be designated by the Mayor and Council.
- (b) All recyclable material shall be separated and presented for collection in the manner and at the time or times established by regulations promulgated from time to time by the Mayor and Council.
- (c) ~~Periodically, but in no event less than once a week, the town shall collect recyclable materials, which collection may either be in conjunction with or separate from the collection of general refuse. Generally, recyclables shall be collected once per week on a schedule determined by the Public Works Department and subject to change. In the event that recyclable collection is cancelled due to office closure or other unforeseen circumstances, collection shall occur no less than once every two weeks.~~
- (d) The Mayor and Council may require that recyclable materials and general refuse be presented for collection in separate specially designated containers, and any person desiring collection of recyclable materials by the town may be required to obtain such designated container or containers, which shall be used for no other purpose.
- (e) It shall be unlawful for any person, other than the designated employees of the town or its designated agent, to pick up or collect recyclable materials which are presented for collection by the town pursuant to the provisions of this article and regulations adopted pursuant hereto.

- (f) The town shall not collect refuse or garbage which is not separated from recyclable material nor shall it collect recyclable materials that are not properly separated or contained as provided herein or in any regulations promulgated pursuant hereto.

(Code 1977, § 81-3; Ord. No. 92-9, 6-22-1992)

Sec. 24-~~5755~~. - Bulk and special items.

- (a) The town will not collect bulk or special items as defined in section 24-54 during the course of its general refuse or recyclable materials collections.
- (b) At the recommendation of the Public Works Director the Mayor and Council may establish specific for the collection of bulk waste or other special items.

Sec. 24-56. Yard waste.

- (a) The Town will not collect yard waste as defined in section 24-1 during the course of its general refuse or recyclable materials collections.
- (b) At the recommendation of the Public Works Director the Mayor and Council may establish specific dates for the collection of yard waste.

(Code 1977, § 81-4; Ord. No. 92-9, 6-22-1992)

ARTICLE IV. - VIOLATIONS

Sec. 24-57. - Notice of violation; correction.

Any person violating the provisions of this article shall be notified in writing by registered mail, return receipt requested, of said violation. Said notice shall describe the violation and notify the violator to correct same within five days or, for cause shown, a greater length of time. In the event that the violation is not corrected, the Mayor and Council may, at their option and on the recommendation of the Director of Public Works, refuse to make collection of the refuse, trash, garbage, etc., of said violator.

(Code 1977, § 55-8; Ord. No. 2009-05, 3-23-2009)

Sec. 24-58. - Violations and penalties.

Any person who shall violate any provisions of this article shall be guilty of a municipal infraction and shall be fined the sum of \$50.00 for any single initial violation and the sum of \$100.00 for each repeat or continuing violation.

(Code 1977, § 55-9; Ord. No. 2009-05, 3-23-2009)

Footnotes:

--- (1) ---

Charter reference— Authority to provide for the removal of solid waste, § C5-1B(27).

State Law reference— Solid waste disposal, Md. Environment Code Ann. § 9-204 et seq.

--- (2) ---

Charter reference— Authority to provide for the removal of solid waste, § C5-1B(27).

THIS ORDINANCE was introduced and read at a meeting of the Town Council held on the _____ day of _____, 20_____, and thereafter a statement of the substance of the Ordinance was published as required by law.

A PUBLIC HEARING was held and this Ordinance was adopted this _____ day of _____, 20_____, by the Mayor and Council of the Town of Berlin, Maryland, by affirmative vote of _____ in favor to _____ opposed, with _____ abstaining, and _____ absent.

Elroy Brittingham, Vice President

This Ordinance was approved this _____ day of _____, 20_____ by the Mayor of the Town of Berlin and was therefore effective twenty (20) calendar days later on the _____ day of _____, 20_____.

Wm. Gee Williams, Mayor

ATTEST:

Jeffrey Fleetwood, Town Administrator



MOTION OF THE MAYOR AND COUNCIL 2019-35

SPECIAL WASTE COLLECTION POLICY

A MOTION OF THE MAYOR AND COUNCIL OF THE TOWN OF BERLIN TO APPROVE THE SPECIAL WASTE COLLECTION POLICY TO BE EFFECTIVE JANUARY 1, 2020.

APPROVED THIS ____ DAY OF _____, 2019 BY THE MAYOR AND COUNCIL OF THE TOWN OF BERLIN, MARYLAND BY AFFIRMATIVE VOTE OF ____ TO ____ OPPOSED, WITH ____ ABSTAINING, AND ____ ABSENT.

Elroy Brittingham, Sr. Vice President

Approved this ____ day of _____, 2019 by the Mayor of the Town of Berlin.

Wm. Gee Williams, III, Mayor

ATTEST: _____
Jeffrey Fleetwood
Town Administrator

Mayor & Council of Berlin

10 William Street
Berlin, MD 21811
410-641-2770
www.berlinmd.gov



SPECIAL WASTE COLLECTION POLICY Effective January 1, 2020

PLEASE NOTE: Effective January 1, 2020 new regulations are in effect. Please read the information below carefully.

The Town schedules three types of special refuse collections every year: Bulk Waste, Yard Waste and Live-Cut Christmas Trees. Regular household garbage is not part of these collections and collection is for improved, occupied, single-family residential properties only; undeveloped parcels, vacant residential units, commercial and industrial properties are not included and multi-unit properties may be included only at the discretion and with the prior approval of the Director of Public Works.

Items must be at the curb no later than 6:00 am on the scheduled collection day; items can be placed at the curb the night before.

The Town of Berlin will generally hold special collections for Bulk and Yard Waste in the spring and fall and in January for Live-Cut Christmas Trees. All dates will be announced in advance and announcements may appear in local newspapers, on the Town website, on the Town Public Access Channel, on social media (Facebook) and others.

Additional provisions of the Code of the Town of Berlin may apply. For complete information on Town of Berlin sanitation, please see the Code of the Town of Berlin, Chapter 24 – Solid Waste.

All collections are subject to the discretion of the Public Works Department.

LIVE-CUT CHRISTMAS TREE COLLECTION

Live-Cut Christmas trees will be collected the first two Wednesdays in January following New Year Day.

<u>DO:</u> Remove all decorations from tree.	<u>DON'T:</u> Trees should not be in disposal bags at the curb. Artificial, potted or "ball" trees intended for replanting will not be collected.
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YARD WASTE COLLECTION

<u>DO:</u> Place leaves, grass clippings, pine needles and cones, and garden waste in a paper or plastic bag. Cut brush into 4 ft. lengths and bundles no larger than 18 inches in diameter.	<u>DON'T:</u> Include animal waste, stones, rocks, metal, other inorganic matter, dirt, sod or other materials.
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BULK WASTE COLLECTION

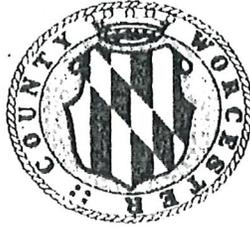
Bulk waste is defined as waste items not considered to be normal household trash/refuse, recyclables, or yard waste.

- **If you have ANY items to place for collection on the designated date, YOU MUST call 410-641-2770 no later than noon on Monday the week of your designated collection date.**
- Free Bulk Waste Collection is limited to three (3) items per household, per collection date.
 - A box or bag containing multiple items and weighing fifty (50) pounds or less shall be considered one (1) item.
 - If you have more than three items for pickup, a BULK WASTE COLLECTION form must be completed and submitted no later than noon on Monday the week of your designated collection date.
 - A fee of \$25.00 plus \$25.00 per item is payable prior to collection. **NO EXCEPTIONS.**
 - Minimum charge over three items will be \$50.00.
 - When paid, a tag to be attached to the item(s) will be issued and must be affixed.
 - Tags will not be required for the first three items.
- **All collection is subject to the discretion of the Public Works Department.**

See below for guidelines.

<p><u>DO:</u></p> <p>Include items such as:</p> <ul style="list-style-type: none">• Furniture*• Carpet/Rugs*• Mattresses*• Tables and Chairs*• Toilets• Sinks• Appliances/Electronics <p>Small items must be placed in a box or bag at the curb and weigh no more than 50 lbs.</p> <p>*Any fabric item, including mattresses, box springs, pillows/cushions, etc. must be wrapped in plastic and sealed with tape. Bags for mattresses/box springs are available at many local retailers and a limited supply will be available to pick up at Town Hall. Please call to request – 410-641-2770.</p>	<p><u>DON'T:</u></p> <p>Include items such as:</p> <ul style="list-style-type: none">• Hazardous Waste• Construction materials which may include:<ul style="list-style-type: none">○ Doors/Windows○ Cabinets/Countertops○ Lumber○ Fencing○ Drywall• Paint• Yard waste/brush• Propane tanks• Chemicals• Insecticides• Automotive Fluids• Tires
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For more information about special collections, please call the Public Works Department at 410-641-4001 or email dwheaton@berlinmd.gov.



BOARD OF LICENSE COMMISSIONERS
FOR WORCESTER COUNTY

ATTN: APRIL PAYNE, LIQUOR LICENSE ADMINISTRATOR
WORCESTER COUNTY GOVERNMENT CENTER
ONE WEST MARKET STREET - ROOM 1201
SNOW HILL, MARYLAND 21863
PHONE: 410-632-1908, EXTENSION 1120
e-mail: apayne@co.worcester.md.us

APPLICATION FOR SPECIAL SUNDAY PERMIT

TO BONA FIDE CONVENTIONS AND SUCH OTHER SPECIAL GROUPS
UNDER THE PROVISIONS OF THE ACTS OF THE GENERAL ASSEMBLY OF
MARYLAND AT ITS 1967 SESSION

Date of Application: 11-15-19

Name of Applicant: Boggs Disharoon American Legion Post 123

Address of Applicant: 10111 Ocean City Blvd. Berlin, Md.

Telephone: 410-641-3760

E-Mail: md74u1632@gmail.com

Class and Number of License now held: G

Location for which Permit is sought: 10111 Ocean City Blvd. Berlin, Md.

Election District No.: 16

Convention or Group for which Permit sought: American Legion Riders Post 123

Date for which Permit sought: ~~12/10~~ 12/8/2019

If within incorporated town, has Mayor & Council approved issuance of Permit? _____

FEE: \$100 per day

APPROVAL MAYOR & CITY COUNCIL

SIGNATURE OF APPLICANT

Vincent J. Holloway Jr.