City Of Berlin, NH
Annual Report

Fiscal Year
July 1, 2010 to
June 30, 2011

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Berlin City Council

Fiscal Year July 1, 2010 to June 30, 2011

Mayor
Paul Grenier

Ward I
Ryan Landry
Russell Otis*
Lucie Remillard

Ward II
Robert Danderson
Dori Ducharme*
Thomas McCue

Ward III
Mark Evans
Michael Rozek

Ward IV
Timothy Cayer
Diana Nelson*
David Poulin
Roland Théberge*

*Fiscal Year 2011 saw many changes in the elected City Council due to resignations. In Ward IV Diana Nelson filled the unexpired term of Timothy Cayer; Roland Théberge filled the unexpired term of David Poulin; In Ward I, Russell Otis filled the unexpired term of Ryan Landry and in Ward II Dori Ducharme (pictured with Debra Patrick, City Clerk) filled the unexpired term of Robert Danderson.

City Manager's Report

The City of Berlin received notice that the Fraser Paper mill in Gorham was closing October 13, 2010 due to bankruptcy resulting in the layoff of 130 employees. On May 13, 2011 Patriarch Partners, a global investment firm, purchased the mill from the bankruptcy court. Patriarch has been successful in purchasing failing mills, reopening them, and putting people back to work. The mill reopened with a reduced workforce in June of 2011. They have a plan to convert fuel usage from oil to natural gas and add tissue machines to increase the workforce.

The City is undergoing a major waste water treatment plant upgrade at a cost of $12 to $15 million, primarily to upgrade the treatment facility to take on the waste of the new Federal prison that is built but not yet open. The money will be coming from a Rural Development Loan for $12.8 million and $1.342,000. of grant money as well as State Revolving Loan funds and State Aid Grant funding.

Work is ongoing to remove I & I from the sanitary sewer system. The City's waste water treatment plant inadvertently treats water that comes to it from inflow and infiltration of the sanitary sewer system. This occurs mainly because of broken pipes that allow ground water to seep into the system and because of household roof and cellar drainage that flows into the sanitary system. Every gallon that goes into the sanitary system is treated at the waste water treatment plant. The I & I removal attempts to remove several million gallons of clean drainage water from the system thereby making room for actual sewage (from the new Federal prison) that needs to be treated.

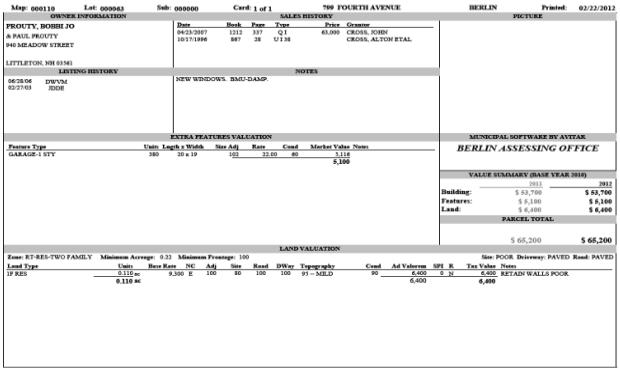
The City was granted Neighborhood Stabilization Program (NSP) funds to revitalize specific neighborhoods in the City. Working in collaboration with New England Family Housing, several buildings on the lower east side, the Granite Street neighborhood and in the area of the old Notre Dame School are in the process of being rehabilitated. In addition to completing the rehab work, New England Family Housing is committed to owning and maintaining the properties acquired through the grant for twenty years. The grant also provided money for the demolition of: 390 School Street, 520 School Street, 575 Champlain Street, 288 Burgess Street and 102 Granite Street thereby reducing blight in the targeted neighborhoods.

The Grand Opening of the WREN Local Farmers Market was held in July of 2011 and throughout the year; the market has had great success. The market gives local farmers, craftspeople and artisans a place

to sell and our citizens are given the opportunity to buy locally grown and crafted goods. The market is under the leadership of Laura Jamison.

Respectfully Submitted,
Patrick MacQueen, City Manager

Assessing



Map: 000110 Lot: 000063 Sub: 000000 Card: 1 of 1 799 FOURTH AVENUE BERLIN Printed: 02/22/2012

OWNER INFORMATION

PROUTY, BOBBI JO
& PAUL PROUTY
940 MEADOW STREET

LITTLETON, NH 03561

SALES HISTORY

Date	Book	Page	Type	Price	Grantor
04/23/2007	1212	337	Q 1	63,000	CROSS, JOHN
10/17/1996	887	28	U 2 38		CROSS, ALTON ETAL

PICTURE

LISTING HISTORY

06/28/06	DW/VM
02/27/03	JDDE

NOTES

NEW WINDOWS. BMU-DAMP.

EXTRA FEATURES VALUATION

Feature Type	Units	Length x Width	Size Adj	Rate	Cond	Market Value	Notes
GARAGE-1 STY	380	20 x 19	102	22.00	60	1,110	
						1,100	

MUNICIPAL SOFTWARE BY AVITAR

BERLIN ASSESSING OFFICE

VALUE SUMMARY (BASE YEAR 2010)

	2011	2012
Building:	$ 53,700	$ 53,700
Features:	$ 1,100	$ 1,100
Land:	$ 6,400	$ 6,400
	$ 68,200	$ 68,200

PARCEL TOTAL

LAND VALUATION

Zone: RT-RES-TWO FAMILY Minimum Acreage: 0.22 Minimum Frontage: 100 Site: POOR Driveway: PAVED Road: PAVED

Land Type	Units	Base Rate	NC	Adj	Site	Road	DWay	Topography	Cond	Ad Valorem	SPI	K	Tax Value	Notes
1F RES	0.110 ac	9,300	E	100	80	100	100	93 – MILD	90	6,400	0	N	6,400	RETAIN WALLS POOR.
	0.110 ac									6,400			6,400	

The Board of Assessors is comprised of three members. Each serves for a three year term and is appointed by the Mayor with City Council approval. This year Paul Croteau resigned. He has served as a faithful Board member since 1999. His willingness to serve, knowledge and understanding of assessing and taxpayer issues will be missed. The Mayor appointed Mrs. Kem Rozek to replace Mr. Croteau. Her term commenced in April 2011.

The Board of Assessors holds meetings on an as needed basis. All meetings are posted and the public is welcome to attend the open sessions. Some of the Board of Assessors duties include maintaining property records, assuring that all taxable property is being accurately reported and properly assessed, issuing warrants for the collection of taxes and abatements for adjustment to value that the Board determines needs to be made, reviewing applications for current use, yield tax, elderly and blind exemptions and veteran tax credit, reviewing and approving the sales study. The Board makes every attempt to stay informed of changes to the RSA laws that govern this office. We, the Berlin Board of Assessors, will continue to maintain our open door policy for taxpayers with questions or problems regarding assessments and assessment procedures.

Avitar's contract was renewed until June 30, 2015. They carry out the general assessing duties. Over the next four years, they are conducting the data verification process, as well as a full update in 2015. Avitar reviewed approximately 800 to 900 parcels this year. All corrections that Avitar employees noted on the cards are done in-house. The 2010-2011 equalized ratio is 101.8%.

Every five years municipalities undergo an assessment review by the State of New Hampshire, Department of Revenue Administration. The City of Berlin, which was scheduled for our review in 2010, received notification that they passed all criteria set by the State of New Hampshire Equalization Board and Assessing Standard Board. The next review will take place in 2015.

All deeds received from the Registry of Deeds in Lancaster, as well as subdivisions and lot mergers approved by the Planning Board, notices of demolitions and new construction, were sent to CGIS Mapping of Marion, MA, for updating of the City tax maps for changes that occurred prior to April 1, 2011. This is the third year CGIS has served the City in this capacity. Final maps will be printed and sent to us. These maps are used by this office, with copies given to various Departments. The maps are also available for public use and for all City Departments. These maps and assessment information can be found on the City web site at www.berlinnh.gov and are, at this time, updated on an annual basis.

The Board of Assessors is committed to quality and excellence in government and will continue to respond to requests for changes that occur due to budgetary constraints, public need, and new legislation.

Sincerely,
BOARD OF ASSESSORS
JONATHAN EDWARDS, CHAIRPERSON
KEM ROZEK, MEMBER
ROBERT PELCHAT, MEMBER

SUMMARY INVENTORY OF VALUATION - APRIL 1, 2010 & APRIL 1, 2011

	APRIL 1, 2010	APRIL 1, 2011
Land	52,468,824.	51,077,927.
Building	286,069,493.	280,652,893.
Public Utilities	* 114,391,800.	* 111,080,000.
GROSS VALUATION	**452,930,117.**	**442,810,820.**
Blind Exemptions	120,000.	120,000.
Elderly Exemptions	3,049,800.	2,966,000.
Imp. To Assist Persons w/Disabilities	40,260.	40,680.
Water/Air Poll. Cont. Exem.	3,458,600.	3,458,600.
TOTAL EXEMPTIONS	**6,668,660.**	**6,585,280.**
NET VALUATION W/UTILITIES	**446,261,457.**	**436,225,540.**

EXEMPTIONS GRANTED

	APRIL 1, 2010		APRIL 1, 2011	
TYPE	**#**	**Tax Amount**	**#**	**Tax Amount**
Elderly	101	96,679.	97	94,022.
Blind	8	3,804.	8	3,804.
Physically Handicap	4	1,276.	4	1,290.
Water/Air Poll. Cont.	1	109,638.	1	109,638.
Veterans	600	98,100	581	95,325.

OTHER ACTIVITIES

TYPE	**4-1-2009 to 3-31-2010**		**4-1-2010 to 3-31-2011**	
Yield Tax	7	21,875.18	6	7,470.69
Excavation Tax	5	901.12	4	** 135.36
Property Transfers Processed	344		295	

TAX RATE COMPUTATION

*The State Education Tax rate for tax year 2011 per thousand is $ 2.20 the town rate is $17.22, the school rate is $8.50, and the county rate is $3.78 for a total tax rate of $ 31.70 per thousand. Utilities valuations are **not** taxed locally for the State Education portion.

** There is presently one Excavation Report outstanding. The monies to be collected from that work area are not yet determined.

NOTICE REGARDING INVOLUNTARILY MERGED LOTS IN THE CITY OF BERLIN, NH

To any property owner in the City of Berlin who feels their property has been merged as the result of an involuntary merger which mean lots being merged by municipal action for zoning, assessing, or taxation purposes without the consent of the owner.

If your lots or parcels were involuntarily merged prior to September 18, 2010 by the City of Berlin, the City shall at the request of the owner, restore your lots to their premerger status and all zoning and tax maps shall be updated to identify the premerger boundaries of said lots or parcels as recorded at the Coos County Registry of Deeds, provided that your request is submitted to the governing body prior to December 31, 2016. Also no owner in the chain of title can have voluntarily merged his or her lots. If any owner in the chain of title voluntarily merged his or her lots, then all subsequent owners shall be prevented from requesting restoration. The municipality shall have the burden of proof to show that any previous owner voluntarily merged his or her lots. All decisions of the governing body may be appealed in accordance with the provisions of NH RSA 676. The restoration of the lots to their premerger status shall not be deemed to cure any non-conformity with existing local land use ordinances.

If you have questions about the status of your property and whether it has been merged involuntarily please call Susan Warren, Assessing Supervisor at 752-5245 or Pamela Laflamme, City Planner at 752-8587. RSA 674:39 aa Regulation of Subdivision of Land

City Clerk's Office

ELECTIONS
The City Clerk is responsible for the general conduct of elections. The following election statistics were recorded this year:

State Primary Election:
September 14, 2010 - 25% Total City Votes

State General Election:
November 2, 2010 - 50% Total City Votes

VITAL RECORDS
The following vital statistics were recorded:

YEARS	2008/09	2009/10	2010/11
Marriage	54	48	47
Civil Union	3	N/A*	N/A*
Birth	73	85	92
Death	144	125	147

*Effective 1/01/2010, HB436 allows same gender couples to get married. Civil Unions are no longer issued.

ORDINANCES

The following Ordinances and Resolutions which govern city policy were passed:

2010
2010.08: Ch. 9: Taxicab Insurance Amendment
2010.09: Ch. 17: Zoning, Nonconform Lots
2010.10: Ch. 17: Zoning, Nonconform Lots Amend
2010.11: Ch15 No Parking Hutchins, Mason, Community Streets
2010.12: Ch 13 Amend 13-112 ATV Operation
2010.13: Ch. 17: Zoning, Nonconform Lots Amend
2010.14: Ch 15 Speed Limits
2010.15: Ch. 4: Buildings & Building Regulations
2010.16: Ch. 8: Housing Disorderly Actions, non-owner
2011
2011.01: Ch. 15 No Parking - 124 Wight Street
2011.02: Ch. 16 Special Wastewater Rate high users
2011.03: Ch13 Ban Exotic Pets city public areas/events

RESOLUTIONS

2010
2010.28: $26,965 from Tri-Cap to Recreation Dept
2010.29: North Woods Mobile Home Pk land buy
2010.30: PD $625 for Hand-held Radar Unit
2010.31: PD $5,160 DWI Checkpoint Patrol
2010.32: City purchased 508 Champlain St $15,000
2010.33: City purchased 241 High St $25,000
2010.34: City sold 174 Jericho Rd for $18,000
2010.35: Hazard Mitigation Plan Approved
2010.36: BWWTF Improvement Grant
2010.37: BHS Field named "Mike Gaydo" Field
2010.38: Capital Appropriations $4,502,256.96
2010.39: Carry over $1,888,137.15 Grant Monies
2010.40: EPA Brownfields $200,000 Grant
2010.41: PD $22,500 from Milan for PD Milan Coverage
2010.42: $21,755 JRHigh-Brown School window replace
2010.43: $1,000 for PD Training
2010.44: PD $8,775 Jag Grant for Bulletproof Vests
2010.45: Bartlett School sold to Wht Mtn Suites $30,000
2010.46: Amend Res 2010-07 411 School St Grant
2010.47: PD $80,000 Homeland Sec. Emergency Gen.
2011
2011.01: Sale of 411 School Street for $1.00
2011.02:PD Outside OT Budget Increase $2,963
2011.03: PD Primex Safety Equip Grant $2,063
2011.04: Conway Bypass Restoration Support
2011.05: NH CDFA $3.5M Stabilization Grant
2011.06: Amend Speed Limit Map Sullivan St 15 mph
2011.07: BHS Biomass Heating $250,000 USDA Grant
2011.08: AV Public TV Access Committee Support
2011.09: PD Highway Safety Grants
2011.10: BHS Biomass Heating $1M PUC Grant
2011.11:$750K Pipe GodfreyDam-Ammonoosuc Plant
2011.12: No Action – removed from agenda
2011.13R1: MSP $55,000 Tillotson Grant
2011.14: Downtown Master Plan $9,514.39
2011.15R1:Road Toll, Parade, Raffle Request Form
2011.16: PD $2,025 DWI Hunter Patrols
2011.17: PD $1,687.50 NH Highway Safety Program
2011.18: $465.41 Donated to Recreation Dept/ Easter
2011.19: $6,413 donated to BIDPA for Bickford Place
2011.20R1: 2011-2012 Budget
2011.21R1: CDBG $500K Redevelop Brookside Park

Respectfully Submitted,
Debra A. Patrick CMC
Berlin City Clerk

Housing Coordinator

Another banner year on the City's housing front. Residents can now see the program impact of $5,000,000+ in grants the City received over the last few years. Neighborhoods have been rebuilt, abandoned, dilapidated and tax deeded houses have been removed from sight leaving the City a cleaner, more visually attractive and a better place to live. The programs involved to make this turn-around are:

Neighborhood Stabilization Program. For all intensive purposes, Neighborhood Stabilization Program 1 is now completed. The largest and most visual impact took place in the lower region of Champlain Street where 9 buildings were addressed within a short period of time. While 2 of the buildings were demolished to make room for parking and dedensify the area, 7 were completely renovated and made model examples of what new rehabilitation and insulating techniques can do for a building. Two other areas of the city were also visibly improved; School Street at the corner of Cambridge Street where there once were 2 buildings on a single lot, one was demolished and the other rehabilitated and on Mason Street where 95 Mason was transformed from an ugly abandoned building to a new and refreshing look and within easy walking distance to our downtown services.

Such dignitaries as Senator Jeanne Shaheen, Governor Lynch, State Representatives and the City Mayor and Council have viewed first hand the impact of what a well planned and executed program can do to a neighborhood. Not to be forgotten and probably the most important factor in this success was our public/private partnership with TKB Properties LLC (owned by Kevin Lacasse and Tim Coulombe) who acquired these 14 properties in some of the most depressed areas in the city and rehabilitated them to such a high standard. The program generated a lot of work for our local craftsmen and introduced new methods of energy conservation and created good affordable housing in some of the most depressed areas of the city.

52 Cambridge Street (Before and after revitalization)

Demolitions. In the end, the Neighborhood Stabilization Program's demolition funds have demolished a total of 14 buildings to

date. These funds not only demolished buildings but tested for and abated some very serious hazardous materials such as those found in the Norge Village building (formerly the McCready Dairy location) and turned an old industrial site into a future pocket park to be finished in spring of 2012.

94-10 Granite Street converting use from a commercial building to a new pocket park to open in 2012

Community Development Block Grant. While no activity took place in Fiscal Year (FY) 2011, the City will repeat its very successful Neighborhood Revitalization Program aimed at helping low income homeowners with maintenance and safety issues in FY 2012. The $500,000 Community Development Block Grant will assist helping upgrade another projected 35 living units in FY2012.

Environmental Issues. In FY 2011 many of our citizens witnessed the impact of some of Berlin's environmental cleanup efforts. In addition to the old Norge Village site, the cleanup of the old Notre Dame High School site continued with the City competing for and being able to obtain an additional $400,000 in funding through a NHDES/USEPA ARRA Grant that helped clean the inside of the school and remove lead and PCB contaminated paints making the school ready for development. This now paves the way and makes the building ready for redevelopment without having to be concerned about environmental issues.

The accomplishments achieved in Fiscal Year 2011 has had a major visual impact on the city's neighborhoods as well as a very needed fiscal impact on the local work force that carried out these renovations and demolitions making our neighborhoods cleaner, safer and a better place to live.

Respectfully,
Andre Caron
Housing Coordinator

Public Health and Home Health Nursing Services

The city experienced a change at the end of Fiscal year 2011 with the retirement of the Community Services Director Laura Viger who was the Health Officer, Emergency Management Director and Director of the Home Health Nurses. Many thanks are sent out to those who work for the city who helped fill roles during this time of transition. This allowed for seamless services that were provided to the citizens and businesses of our community.

The city continued to provide inspections and enforce public health laws as well as to reach out the community to prevent public health problems. The city's home health nurses continued to provide individuals with skilled nursing services, occupational, physical and speech therapy services and home health aide assistance in their homes. Services are provided to private pay individuals, patients with private insurance as well as to those with Medicare or Medicaid. The idea behind home health is to provide comfort and care to individuals in their home so that they can remain with their families and in their homes for as long as possible. Our home health services are provided to residents of Berlin, Dummer, Errol, Gorham, Milan, Randolph, and Shelburne. Our in office public health services include cholesterol checks, diabetics screenings, flu vaccinations, head checks, blood pressure screenings, Hepatitis B checks, Mantoux testings and foot care clinics.

The department also participates in community events and holds blood pressure clinics and foot care clinics at specific locations in the community. 2,750 patients were seen by the public health nursing staff. The department maintains a small resource library that members of the public are free to peruse and take information from to keep informed of area resources as well as various health concerns.

Public Health Nursing Services

Clinic Type	People Served
In office Cholesterol Clinics	195
In office Diabetic Screening	195
In office Flu Vaccines	430
In office Head Checks (lice)	61
In office Hepatitis B testing	4
In office Mantoux Test	252
In office Foot Care Clinic	201
Northern Lights Foot Care Clinic	10
St. Regis Foot Care Clinic	6
Cornerstone Foot Care Clinic	39
Family Resource Center Blood Pressure	66
Northern Lights Blood Pressure	42
St. Regis Blood Pressure	140
Walmart Blood Pressure	219
Holiday Center Blood Pressure	198
Other in office visits	689

Respectfully Submitted,
Angela Martin-Giroux
Health Officer

LIBRARY

The Berlin Public Library continues to maintain an organized collection of books and related materials for both educational and recreational use by the community. Computers with internet access, local newspapers on microfilm, audio books, and a movie collection, are all available to the community. We now also provide access to downloadable audio books through the New Hampshire State Library and Overdrive. Patrons can access these books by downloading them to their home computers to read, and can also transfer them to portable devices. Patrons, having library cards in good standing, have access to interlibrary materials from NH libraries belonging to the NHAIS network which is maintained by the New Hampshire State Library. Fax and copier services are available for a small fee. The library continues to offer a Children's Summer Reading Program and Book Discussion Series in conjunction with The White Mountains Community College.

Kathy Godin, the Children's Librarian, conducted a total of 38 weekly Story Hours for young children from September to June, serving 208 children and 207 adults. A total of 9 School Tours brought in a total of 200 children and 24 adults to visit the Children's Department. Two After School programs brought in 54 children and 10 adults.

The Children's 2010 Summer Reading Program theme was "Make a Splash - Read". The program was made possible by a Kids, Books and Arts grant from The NH State Library, the Byrne Foundation, CHILIS, and the Cogswell Benevolent Trust. The kick-off program was the Mickey Spain Musical Jamboree. It was held at the Recreation Dept., attracting 96 children and 65 adults. The Summer Reading Program consisted of 17 programs, with 551 children and 268 adults in attendance. As part of the weekly programs held at the library, the children also enjoyed the ever popular two special outings to the Fire Dept. Two free programs were presented to the children by the National Forest Service. Ranger Becky Peterson did a presentation on animals and Rangers Heidi Wight and Elaine Swett did a presentation on rocks and minerals in New Hampshire. These were well attended and enjoyed by all. A closing party for the summer reading

program included Cliff Storyteller Duncan McDougall at the Community Field Park. In total, 1072 books were read. Some children counted chapters (205 total) and others counted how many minutes they read (15,330 minutes total) and other children, the number of hours read (44.5 hours). The library appreciates a donation of tickets made by Storyland for use with the Summer Reading Program. Donations like this help to make more successful children's programs.

A grant from the New Hampshire Humanities Council made it possible for the Berlin Public Library in conjunction with the White Mountains Community College to hold two series of lectures and book discussions at the Fortier Library. The Fall 2010 Book Discussion series was called "Tough Guys", discussing the hardboiled detective genre. Scholars for the programs were Craig Doherty and Suzanne Brown. The Spring 2011 series was entitled "The Northern Forest". Books included: The Maine Woods by Henry David Thoreau,

Where the River Flows by Howard Frank Mosher and The Northern Forest by David Dobbs and Richard Ober. Discussion scholars were Craig Doherty and Michael Wilson. A fourth program was a lecture called "Cross Cut" presented by Rebecca Rule. Ongoing at the White Mountains Community College was the exhibit of Ways of the Woods and Beyond Brown Paper Photograph Exhibit. Books for these discussions were available at both libraries during the program periods and open to the public at no charge.

In August 2010, the Berlin Public Library joined the New Hampshire Downloadable Books Consortium to provide access to downloadable books to patrons with library cards in good standing. Books can be downloaded to computers and/or portable devices for a specified loan period. This service is available to NH libraries for a yearly fee through the New Hampshire State Library.

In October 2010, the library received a large donation of gardening books from the Coos County Botanicals Garden Club. The books have been put on a separate shelf provided by the Berlin and Coos County Historical Society. The books are available for patrons to check out of the library.

In March 2011, a new phone system was installed in the Library. Also 4 new computers and a new server were installed at the library through the work of Andre Caron and the IT budget. This upgrade in computers and server made it possible to also order a new automation system, Atrium, for cataloging of books and patrons as the Athena program was over 10 years old and very outdated. We are working on the transition of records and barcoding with the new system.

TOPICS	ADULT	JUVENILE	TOTAL
000 - Generalities	85	24	109
100 - Philosophy	149	32	181
200 - Religion	88	19	107
300 - Social Science	315	193	508
400 - Language	26	39	65
500 - Pure Science	120	436	556
600 - Technology	491	297	788
700 - The Arts	221	504	725
800 - Literature	91	83	174
900 - Geography & History	244	156	400
910 - Travel	111	17	128
BIO - Biography	160	105	265
FIC - Fiction	7,668	4,937	12,605
MAG - Periodical	584	48	632
DVD - Movies	7,202	0	7,202
VHS - Movies	1,663	0	1,663
AC - Audio Books	4,024	1	4,025
CD - Compact Disk Music	45	0	45
TOTALS	23,287	6,891	30,178
PKB - Paperbacks	112	0	112
Walk in Patrons	17527	10477	28,004
Phone Inquiries	2107	238	2,345
Computer Users	4060	960	5,020
Copier Patrons	990	2	992
Fax Patrons	212	0	212
Microfilm Patrons	229	0	229
Interlibrary Loaned	980	0	980
Interlibrary Borrowed	220	0	220

During the FY 2011 there were no changes in Library Trustee positions. Holding current positions are Trustee Ms. Yvonne Thomas as Chair, Trustee Ms. Linda LaFleur as Treasurer and Trustee Paul "Poof" Tardiff. There were no changes in staffing for this year, although the reduction of funds for Per Diem staff,(Per Diem staff fill in to provide service to the public when regular staff is out due to illness, vacation, special projects, etc.) has made it difficult to keep up with demands on the staff.

In June 2011, Public Works replaced all the boards on the front bench at the library. The old boards were in danger of falling through and were a public safety issue.

The Staff at the Berlin Public Library appreciate and thank the community for their continued support and invite all the come in and make use of the valuable resources available at the library.

Respectfully Submitted,
Denise Jensen
Library Director

Berlin Fire Department

The mission of the Berlin Fire Department is to provide the highest level of service to protect life, property, and the environment through the delivery of service 24 hours a day by trained professionals who serve with excellence, dedication and pride. It is with great pride and an honor to present to the Citizens of Berlin the City of Berlin Fire Departments Annual Report for fiscal year 2011.

During the Fiscal Year 2011, the City of Berlin Fire Department responded to 429 calls for service from our citizens, which is an increase of 14 calls over last year. In 2011 the Fire Department responded to nineteen structure fires, one less structure fire than in 2010 which includes responding to fifteen private dwellings, one apartment building, store or office, one utility complex, and storage facility or building being used for storage.

Nature of Response	FY 2011
Building Fires	19
Cooking Fires	0
Chimney	8
Trash Fires	4
Vehicle Fires	5
Outside Fires	24
Hazardous Conditions	42
Rescue / Emergency Medical Service Incident	22
Vehicle Accident	22
Leak Spill / Hazardous Materials	43
Carbon Monoxide Emergencies	16
Building Collapse emergencies	1
Service Call	29
Good Intent	21
False Alarm System Malfunction	110
False Alarm Malicious	6
Electrical Issues	9
Water Problem	10
DHART	29
Sprinkler	3
Police Assist	0
Bomb	1
Reported as Other	5
Total Fiscal Year 2011 Responses	429

In fiscal year 2011, it is with great honor to announce the promotions of Steve Vien from Lieutenant to the rank of Captain and Firefighter Raymond Dube from the rank of firefighter to the rank of Lieutenant.

The fire department would like to recognize the dedicated service provided by retiring Captain Richard Nicoletti and Firefighter Mark Dube in fiscal year 2011; congratulation to Richard and Mark on your retirement and thank you for dedicated professional services to the City of Berlin.

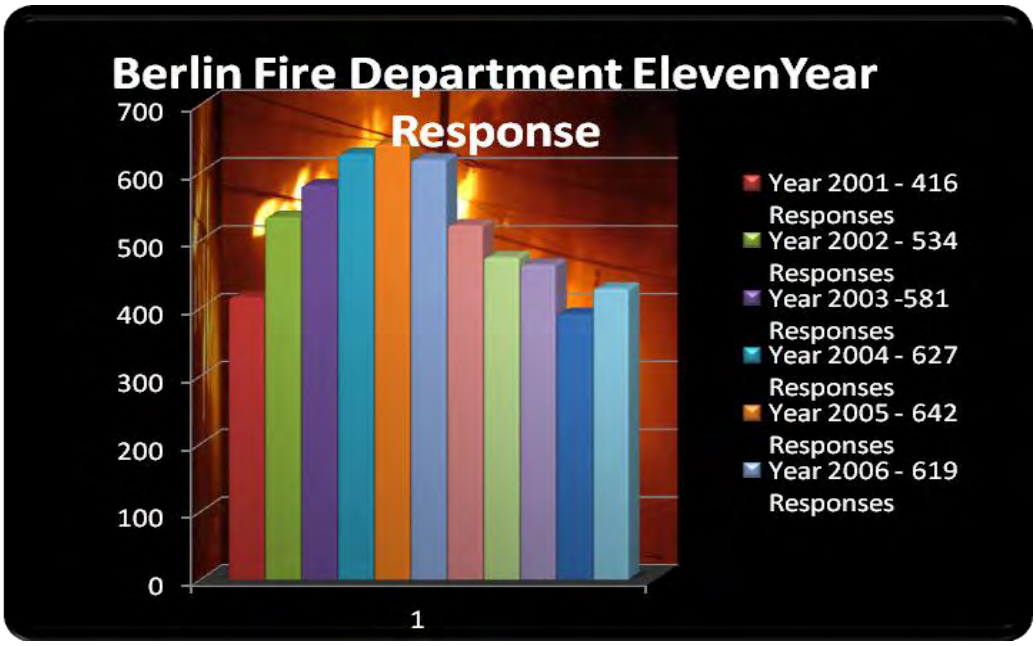
Inspections For Fiscal Year 2011	Inspections
Place of Assembly	22
Oil Burner	63
L.P. Gas	5
New Construction	10
Wood Burner/Pellet/ Chimney	3
Health Care	6
Complaints Investigated	16
Foster Care	7
Day Care	3
Fire Alarm Inspections	3
Miscellaneous	12
Public Education	236 students
Multi Family	5
Total	155 Inspections
	236 Students in Prevention Education

The City of Berlin Fire Department wishes to introduce the newcomers to our team: Assistant Fire Chief, Thaddeus J. Soltys II, Firefighter Noah Hallgren, and Firefighter Justin Jacques a heartfelt welcome to our City Team with the best of luck to your future here in Berlin.

Assistant Chief Thaddeus J. Soltys II

As always, the Fire Prevention Bureau continues to go above the call for duty to improve the quality of life for the citizens of Berlin. The Prevention Bureau year after year has been the focal point of the Berlin Fire Department in the Department's efforts to minimize fire loss in the community. This effort is through the excellent programs that are offered throughout the City in local business, schools, and health care. For any request for a program or information on any programs please feel free to take advantage and contact the Berlin Fire Department at (603) 752-3136.

Respectfully Submitted,
Randall Trull, Berlin Fire Chief



Police Department

The mission of the Berlin Police Department is to protect the lives and property of the citizens of the community, consistent with the Constitution of the United States. We continue to serve the citizens in a way that reflects the morality, beliefs, and customs of the community.

Throughout the year, as past goals are met and new ones are established, we persist in striving to accomplish and maintain our objectives. The department continues to see improvement in achieving its goal of becoming a more pro-active agency. Officers have expanded communications with Berlin's citizens in an on- and off-duty capacity, and through the combined efforts of the officers and the citizens, Berlin has become a safer place to live.

Grants: The department continues to actively pursue state and federal grants to assist in combating issues facing the City. We received grants from the NH Highway Safety Agency to provide extra enforcement in bicycle, speed, red light running, and DWI enforcement patrols. Highway Safety Agency funding also provided the opportunity to increase the number of DWI roadblocks, and a new grant allowed us to focus on OHRVs operating through the city on the connector trail. We were also successful in obtaining grants for Enforcing Underage Drinking Laws, OHRV patrols at the Jericho Mountain State Park, and for a variety of additional training and equipment, including bulletproof vests.

Police Commission Meetings: The commission regularly meets on a monthly basis at 7:30 a.m. or at alterative times upon request to accommodate the public. This year, the commission integrated a 6 p.m. meeting time for each quarterly meeting, to enhance availability and in anticipation of increased public attendance.

Retirements/Promotions: Detective/JO Keith "Lefty" Enman retired after over 20 years of dedicated service to the city. Detective Enman served in the patrol division for eleven years and thereafter in the detective division handling juvenile complaints. His dedication, wisdom, and professionalism are sorely missed. Corporal Nathan Roy has since been promoted to the detective division and is proving to be worthy replacement.

New Hires: The department has been very fortunate in finding well-qualified, skilled individuals. Bill Daisey was a certified officer with the Town of Gorham and came to the department fully trained; he is also a certified instructor in many areas of law enforcement. Joshua White of Milan was enrolled at the White Mountains Community college with a major in Criminal Justice; he successfully completed the Police Academy earlier this year and is currently providing law enforcement services for the City. Joseph Priest came to the department from the Littleton Police Department; he is a certified officer as well who possesses many certifications as an instructor.

Generator: The department applied for and successfully received a grant from the Department of Homeland Security to purchase an emergency generator for the police/recreation department facility. As one building houses both departments and also serves as a shelter as well as the Emergency Operations Center for the city,

it was imperative to have a reliable generator system in place. The cost for the project was approximately $51,000 and was entirely covered by the grant.

Appointments/Elections: Steve Griffin was reappointed Commission Chair in September. His dedicated service in this capacity has been a genuine asset to the department, city, and citizens, and he continues to provide invaluable guidance and foresight. Deputy Chief Brian Valerino was elected to the position of Sergeant at Arms for the NH Police Association. He had previously served on the association's Executive Board, Legislative Board, and as Chairman of the Legislative Committee.

* * *

The officers at the Police Department render their services to the citizens of Berlin with professionalism and dedication. Through hard work, perseverance, and dedication, in conjunction with the support of the public, the department continues its effort to reduce the crime rate. Only through this partnership can we collectively continue to make this community safer.

STATISTICS July 2010-June 2011

CALLS FOR SERVICE	18,272
911 CALLS	620
911 HANG-UP CALLS	219
ASSIST AMBULANCE SERVICE	857
ASSIST OTHER CITY DEPARTMENTS	392
CALLS FOR SERVICE – MILAN	580
ARRESTS	634
ARREST OFFENSES	564
DOMESTIC VIOLENCE ARRESTS	36
JUVENILE ARRESTS	71
JUVENILE PETITIONS	51
INCIDENT REPORTS	619
INCIDENT OFFENSES	1,235
INCIDENTS: PEOPLE INJURED	113
DOMESTIC VIOLENCE INCIDENTS	276
FELONIES	151
MOTOR VEHICLE STOPS	2,082
MOTOR VEHILCE WARNINGS	1,425
MOTOR VEHICLE VIOLATIONS	270
ACCIDENT REPORTS	228
INTERSECTION-RELATED ACCIDENTS	49
DWI ACCIDENTS	6
FATAL ACCIDENTS	1
PARKING TICKETS	463
DOG COMPLAINTS	575
ANIMAL COMPLAINTS (OTHER)	238

Respectfully submitted,
Peter Morency
Chief of Police

Planning Department

After a busy year of finalizing the City's Master Plan, a partnership between the Planning Department and the Berlin Main Street Program has led to a new project focused on downtown. Moving Downtown Forward is an effort to come up with both an economic plan and a design plan for what the Master Plan identified as the next area in the City in need of attention. The City hired HEB Engineers along with sub-consultants Stuart Arnett and John Wacker to develop a new path forward for the City's center. An initial public meeting attracted over fifty people who came out to talk about what is important to them about their downtown. The work plan is scheduled to be completed in early 2012.

Berlin Industrial Development and Park Authority (BIDPA) held a grand opening in June for the new Bickford Place project in downtown. The board along with their contractor, Couture Construction Corp., created a beautiful public park/space for all to enjoy. The work which was started in late 2009 was completed entirely with BIDPA's own funds. The project was helped along by Tim Sappington the architect for the project, HEB Engineers, and Isaacson Structural Steel who supplied all of the steel for the project. BIDPA continues to work on economic

development issues and is mapping out its next project.

The Route 110 Phase II Realignment Project is moving forward. The City worked with NH Department of Transportation to hold a charrette in the spring to discuss how the project will impact the neighborhood and what can be done to keep the residential neighborhood separate from the new roadway. Several people came out to share ideas and offer input which resulted in design guidelines that NHDOT and the City are trying to integrate into the project. The project is scheduled to be underway in 2012.

Any citizen wishing to participate can come forward to volunteer for one of the many boards in the community. The Planning Department is home to the Planning Board, Zoning Board of Adjustment, and the Berlin Industrial Development and Park Authority. All three boards encourage citizen involvement and welcome the community to participate or observe during their meetings. Visit the City's website regularly for information about our meetings, view the Master Plan, Zoning Ordinance or other Planning & Zoning documents.

Respectfully submitted,
Pamela E Laflamme
Pamela E Laflamme, City Planner

Zoning/Code Enforcement Officer: Joseph Martin; Planning Board Chair: Ernest Allain; ZBA Chair: Dana Hoyt; BIDPA Chair: Michael Caron

Berlin Housing Authority

Berlin Housing Authority maintained its course during a year of federal funding uncertainty and increased need. Funding for private landlord subsides did not become fixed until mid spring making service projections difficult. The Authority was able to end its fiscal year fully occupied and with as many vouchers under contract as was feasible.

BHA understands that in these times of reduced subsidies, the Authority is obligated to make its funding go further. In this mindset we turned to the Berlin BetterBuildings Program. Cimbria Badenhausen immediately understood that BHA needed help in creating an energy reduction plan. The program was quick of offer expertise and partial funding. Another program appeared on the horizon called "The Greener Homes Program" through NH Housing Finance Authority. This program funds deep retrofits for subsidized multifamily housing. Some of the requested retrofits are boiler replacements, hot water system replacement, heat pump replacement, crawl space improvements, insulation, programmable thermostats and a fresh air system upgrade. The bid process is well underway and it is hoped that NHHFA will see fit to fund this project in order to reduce utility costs in 97 units.

Tri County Community Action has contributed water reduction expertise through the installation of low flow devices in all sinks and showerheads in the public housing units. BHA has begun a water reduction campaign in order to transition to 100% low flow toilets as well.

Our Housing Voucher Coordinator is new this year due to the unexpected relocation of the last Coordinator. Vickie Plourde is learning the ropes and is a very competent individual who will serve the Authority well and with compassion.

Our Commissioners remain unchanged and their guidance and support is immeasurable and a critical factor in the success of the programs. BHA continues to work with The Neighborhood Stabilization program verifying income for participants. We were asked to participate in a second contract and eagerly accepted.

In summary, the Housing Authority has weathered and unpredictable funding cycle with programs and staffing intact.

A. UTILIZATION OF ASSISTED HOUSING PROGRAMS AT JUNE 30, 2011 (in number of units)

	Units Allocated	Units Under Lease
Public Housing	55	55
St. Regis House	42	42
Vouchers	285	262
TOTAL	382	359

Utilization on June 30, 2011 was 100%. Average voucher utilization for the prior calendar year was 92%

B. Public Housing and St. Regis House turnover in 2011

	Units in 2011	Units in 2010	Units in 2009
Public Housing	14	12	14
St. Regis House	4	4	3

Commissioners:
David Graham Esq. Chair, Margaret McClellan, Charles Dodge, Paul Croteau Matthew Buteau

Mary-Jo Landry, Executive Director

Berlin Housing Authority
Combined Balance Sheet

	As of June 30, 2009	As of June 30, 2010	As of June 30, 2011
ASSETS			
Cash	$ 334,270	$ 292,675	$ 522,734
Security Deposits	16,532	17,345	15,108
Accounts Receivable	5,528	2,273	2,151
Investments	198,469	200,149	28,633
Prepaid Insurance	8,438	8,476	8,298
Accrued Interest Receivable	5,038	68	-
Capital Assets (Net)	716,486	885,110	1,041,345
Other Assets	103,352	107,169	108,235
TOTAL ASSETS	$ 1,388,113	$ 1,513,265	$ 1,726,504
LIABILITIES			
Accounts Payable	24,950	17,545	1,935
Other Liabilities	104,584	88,595	101,038
TOTAL LIABILITIES	129,534	106,140	102,973
EQUITY/NET ASSETS			
Invested in Capital Assets, Net of Related Debt	716,486	885,110	1,041,345
Restricted Net Assets	79,714	96,903	138,025
Unrestricted Net Assets	462,379	425,112	444,161
TOTAL EQUITY/NET ASSETS	1,258,579	1,407,125	1,623,531
TOTAL LIABILITIES AND EQUITY/NET ASSETS	$ 1,388,113	$ 1,513,265	$ 1,726,504
COMPONENTS OF TOTAL EQUITY/NET ASSETS			
Liquid Equity:			
Cash	$ 334,270	$ 292,675	$ 522,734
Investments	198,469	200,149	28,633
Other working capital components	9,354	29,191	30,819
Net Liquid Equity	542,093	522,015	582,186
Non Liquid Equity:			
Land, Structures, and Equipment	716,486	885,110	1,041,345
Other Assets	-	-	-
Total Non Liquid Equity	716,486	885,110	1,041,345
Total Equity/Net Assets	$ 1,258,579	$ 1,407,125	$ 1,623,531
Changes in Equity-Year ended 6/30/11			
Equity, 6/30/410	$ 1,407,125		
Prior year audit adjustments	-		
Net Income (Loss) from Operations:			
Public Housing and Capital Fund Programs	29,663		
All other programs	186,743		
Equity, 6/30/11	$ 1,623,531		
Public Housing Portion of Equity			
Public Housing	$ 1,273,166		
All other programs	350,365		
Total Equity	$ 1,623,531		

NOTE-Public Housing funds can only be used for Public Housing related improvements or expenditures. Public Housing capital expenditures must have HUD approval.

PUBLIC WORKS
AND
WASTEWATER TREATMENT

Wastewater Treatment Facility

Berlin's Pollution Control Facility processed 796.09 million gallons of sanitary sewer flows last fiscal year; in addition, we accepted and treated almost 197,670 gallons of septage waste from outlying communities not on their own sewer systems (i.e., septic tanks) last fiscal year.

In the process, we produced 1325.63 tons of dried municipal sludge which we trucked to the AVRRDD landfill for disposal. The treatment process removed 91.5% of the BOD (Biochemical Oxygen Demand) and 96.9% of the TSS (Total Suspended Solids) which came in with the sanitary sewer flows.

Average monthly power usage at the Main Plant increased to 1797.5 kWH/day and at our main pump station at Watson Street to 1207.9 kWH/day; peak monthly power usage at the Main Plant increased to 121.8 KW/day and at our main pump station at Watson Street to 122.0 KW/day. These amounts reflect higher flows this fall, winter and spring into the plant and the concomitant increase in processing effort to effectively treat these flows.

Maintenance has kept up with our pumping needs, and we emphasize anticipating problems before they strike. We have rebuilt the second of our Centrifuges and have installed a new positive-displacement pump to move our primary sludge. We continue to learn how to use the new Instrumentation we acquired in the Phase I rebuild, and look forward to the Phase II improvements currently in design.

Work on the new Brown Farm pump station tapered off to punch list items and we have spent much time there learning the layout and the equipment in anticipation of Substantial Completion and our taking over operation full time.

Work on Inflow and Infiltration (I&I) must be made a priority to reduce the water load that the sewer system and the treatment plant carry. As a simple way to think about it, the amount of water Berlin Water Works supplies to the City daily should be the amount of water Berlin Pollution Control Facility treats. In the same time period (FY2011) BWW produced 299.1 million gallons of water for City use per day; BPCF on the other hand treated 796.1 million gallons per day, or 266% more than BWW produced! Some sources for this extra water we treat are: roof drains that flow into the sewer system, broken manholes and sewer lines that allow groundwater to infiltrate the sewers, and "combined" sewers that catch surface runoff on paved areas and direct this flow into the sewer pipes.

This year's projects included:

- East Milan Road Sewer Project and Pump Station was Awarded to Sargent Corporation in June 2010 for $5,422,080.
- The Phase I Contract I lining of 3100 feet of the Community College cross country line was awarded to Insituform Technologies for $348,830 August 2010.
- Phase II upgrade to the Waste Water Treatment is in progress with (Wright-Pierce) the Engineering Consultants looking at what will be needed to incorporate the New Federal Prison into the waste water plant. The contract was signed in late June 2009.
-

Solid Waste. The East Milan Road Landfill closure was substantially completed in October of 1996. Closure of the landfill launched the 39 year post-closure monitoring program. Groundwater quality and methane gas production is being monitored in accordance with the program.

The Public Works Department does curbside pickup household garbage. We pick up over 4,000 tons per year to landfill at a cost of $67/ton = $268,000. The Public Works Department collects paper, glass, plastics, tin, aluminum and cardboard for recycling. We replaced a Packer (garbage truck) this year for $161,000.

Public Works Services

The Public Works Department provides a number of services to the citizens of Berlin. They include: the maintenance of over 60 miles of streets and many more miles of sidewalks that need to be swept, patched and pavement overlay. We also provide snow removal, street striping, street marking, and the fabrication and installation of street and traffic signs. We construct retaining walls, install guard rails and guard fence. We provide citizens with weekly garbage removal. We maintain sewer and storm water collection systems. We provide equipment maintenance for all of the Public Works, Fire, Recreation, Health, Police and Engineering Departments as well as the Berlin Municipal Airport. We maintain gas and fuel distribution system for all City Departments. We also provide

and maintain151 sand and salt barrels for winter use.

We periodically seal concrete sidewalks, retaining walls and bridge abutments. Members of the Department also provided utility information and project inspection for water and sewer capital improvement projects.

Street Markings. Center lines, edge lines, railroad crossings and crosswalks were painted as they are every year we did exclude three exempt railroad crossings this year. The cost of this work was approximately $11,000. The work included approximately 216,458 linear feet of striping and 11 railroad crossings. PWD crew paints over 130 crosswalks throughout the City, all the Stop Bars, and Yellow No Parking Zones and Handicap Parking areas.

Projects Completed in the 2010-2011 Season

- Portland Street storm drain expansion
- Spring Street retaining wall repair & railing replacement.
- High Street retaining wall and railing
- Box culvert repair Coos and Gendron Streets
- Replaced over 100' of 12" RCP on storm system by Enman Hill and Grafton Street.
- Work with NH Trails Bureau and ATV clubs on ATV trails cross town connection on installing signs, road markings.
- Paved a 900 foot path through Dead River Park for dust and erosion control.
- Purchased new road sweeper- $129,711.
- Repaired collapsed retaining wall on Guilmette Street
- Finished retaining wall on Sweden Street.
- Repaired retaining on Second Avenue.
- Community Field parking lot-joint project with Recreation and Parks.
- Repaired sidewalk at Twelfth Street
- Pine Island Ave Curb repairs
- Joint project with Berlin Water Works on High & State Streets.

Respectfully Submitted by,
Michael P. Perreault
Public Works Director

Mayor Grenier presents Paul Croteau with a plaque of appreciation for his service to the Board of Assessors; Shirley Croteau looks on.

Recreation and Parks Department

The Berlin Recreation and Parks went through a transitional period with the retirement of long-time Community Service Director Laura Lee Viger. With her many hats, Laura's Recreation duties were divided between Michael Perreault, Public Works Director, now overseeing the maintenance division (Parks) and Terry Letarte handling the programming activities (Recreation).

Cheerleaders practicing their routines.

The recreational aspect of the department was fortunate to have the support of outside agencies to help us weather our four percent budget reduction. Tri-County CAP came through for the second year in a row with financial support enabling us to maintain three summer playground sites. We saw a marked increase in playground participation and the economy was probably one major reason we served over 1,700 lunches and 1,500 snacks free to area children. These free, nutritious lunches and snacks were part of the U.S.D.A. Summer lunch program. For the first time, another agency, Jobs for American Graduates, (JAG) provided staff for additional programming oversight. These young workers assisted on a playground, helped with coaching our Farm League Baseball teams and provided maintenance assistance to our Parks' crew. This allowed us to have ample staffing without straining our already tight budget. We hope to continue working with these agencies in the future to offer quality programs at no or low cost to the citizens of Berlin.

Departmental cooperation was the name of the game this summer as the North Country Men's Basketball league had access to the Berlin Junior High gymnasium. Many summer nights the Junior High was host to a gym full of spectators watching some exciting basketball games. The Men's League also gave back to the community with their fund raising event, a Free Throw and Dunking Contest, raising funds for area military families. Use of the Berlin Junior High allowed for greater attendance and we appreciate the school's support in this activity.

Children enjoying lunch from the USDA sponsored Lunch Program

After a year's break, Field Hockey and Tennis Lessons returned this summer and a new program, Cheerleading, was offered to 13 enthusiastic first through fourth grade girls. This is a reminder to anyone wishing to see a certain program or activity offered; do not hesitate to contact the Berlin Recreation Department at 752-2010. We will do our best to bring a new and enjoyable recreation experience to area residents.

Respectfully Submitted,
Theresa (Terry) Letarte
Recreation Programmer

BERLIN PUBLIC SCHOOLS

Demographics. Berlin Public Schools opened the 2010-2011 school year with an enrollment of 1324 students K-12 and closed the school year with an enrollment of 1316. Kindergarten was offered in six half-day sessions. Most class sizes ranged from 12-27. The district hired 264 employees.

Grade levels K-2 are at Brown School, gr. 3-6 at Hillside School, gr. 7-8 at Berlin Jr. High School, and gr. 9-12 at Berlin High School. Special education offices and Title I (federal project for disadvantaged students in reading) offices are based at the Marston School building. The district's central office is in the Hillside School building. The district's bus fleet of10 is housed in rented space on Third Ave.

SAU#3 reorganized district staff by eliminating an Assistant Superintendent of Finance and adding a Business Administrator, eliminating a custodial foreman position and adding a Building and Grounds Director. The district also has a full time Information Technology Coordinator to oversee all district technology including student and classroom uses.

Instruction & Assessment. The District Improvement Team has embraced three instruction and assessment goals that are designed for implementation in all grades K-12 to improve student achievement in Reading and Math. Those are:

- Response-To-Intervention model (RTI) 3-Tier Model: TIER I (instruction to all students), TIER II (supplemental instruction to some students, about 20-30%), TIER III (intensive instruction for about 5-10%)
- Data Teams to develop instruction based on student assessments
- Parent and Community Engagement, increase participation and access

Brown School is in full implementation of RTI for Reading and Math. Teachers and specialists meet every week to pace and plan instruction by grade levels and data teams meet every six weeks to review student progress. From the data team meetings, teachers discuss and plan immediate interventions in reading or math so students will have the opportunity to catch-up and work towards being proficient. Interventions are provided by classroom teachers, special education staff, reading specialists and Title I tutors and teachers. Universal benchmark screenings are administered three times during the year and progress monitoring assessments are administered every two-three weeks to students in interventions to ensure adequate progress is being made.

Hillside School has implemented RTI in Reading with a 90-min. uninterrupted instruction time and an additional 30-minutes for interventions. Data teams by grade level review Benchmark assessments three times during the school year. Macmillan Treasures program is now consistently used in grades 3-6. Interventions are provided by special education staff, reading specialist and Title I reading tutors.

Berlin Jr. High School teachers in grades 7-8 were faced with difficult challenges with the elimination of a team of 4 teachers. This resulted in a 3-6 minute

loss of daily instructional time. Teaming will be reorganized for the 2011-12 school year to regain the loss of time by increasing class sizes. Teachers at these grade levels continued to put a strong effort operating in teams as promoted by the New England League of Middle Schools. RTI is implemented by weekly data teams who review assessment data from a variety of sources: state NECAP testing, NWEA Map testing, Accelerated Reader/Star Reading, disciplinary data and other pertinent anecdotal records. An intervention plan is developed for students not proficient or not achieving at benchmark. The staff has been creative in providing Reading and Math interventions during an Encore period. The Berlin Jr. High School replaced its wood shop program with a pre-engineering program called STEM (Science, Technology, Engineering, Math). All students in grade 6, 7, and 8 will take this program for three years. The teacher is implementing the curriculum known as Engineering By Design. This class is designed for exploratory activities and hands-on practice on a variety of topics about how things are made and how they function in the real world.

Berlin High School (Gr.9-12) has implemented a student advisory program to provide an ongoing personal connection with students. Each staff member is responsible for 10-12 students during the school year. The advisories are the forum for parent communication, and supplemental instruction in areas such as pupil violence and safety prevention. Student portfolios were developed to improve parent communications at a December student-led parent conference, with 94.5% parent participation. B.H.S. is a PBIS (Positive Behavioral Interventions and Supports) school with trained staff in using a behavioral analysis process for early interventions, both academically and behaviorally. A student support team meets weekly to review and discuss academic progress of students experiencing some form of difficulty, be it academic, emotional or behavioral. Data from classroom teachers, discipline referrals and Functional Behavioral Analysis are included in developing an intervention plan for students in need of support. Some student interventions include: "Check and Connect, APEX Learning credit recovery, counseling, Education and Work Program (RENEW) and peer tutorials.

All students in grades 3-8 and grade 11 were administered the NECAP (New England Common Assessment Program), the statewide testing, in October, in Reading and Math. Grade 5, Grade 8, and Grade 11 were also assessed in Writing. In May, grade 4, 8 and 11 were tested in Science. Grade 5 demonstrated an increase in the number of students who are proficient or above, 70% in reading and 62% in math. Grade 4 showed an increase in reading and grade 11 showed an increase in math.

Under the guidelines of No Child Left Behind (NCLB) Districts and Schools are given a designation of "districts in need of improvement" and "schools in need of improvement" if state testing results aren't indicative of Adequate Yearly Progress (AYP) in each student subgroup: race, disabilities, low socio-economic and gender.

Berlin is designated as a District In Need of Improvement (DINI) in reading and

math, Berlin High School is designated as a School In Need of Improvement (SINI) in reading and math, Berlin Jr.High School is designated as a School In Need of Improvement (SINI) in reading, Hillside School is designated as a SINI in reading and math, Brown School is a SINI in reading and math. These designations will continue until public schools reach the benchmark of 100% by 2014 as set by the U.S. Dept. of Education.

Data teams were established in each building. In addition, district and content level (reading & math) data teams were formed K-8. Our district goal is to actively review and discuss student data to drive instruction. Both formative and summative assessments are viewed to assist in the decision making process if a student needs an intervention to reach the benchmarks.

Staff Accomplishments. The District In Need of Improvement Team (DINI Team) developed the district improvement plan that included specific K-12 goals. The action plans that were completed to meet our goals include:

- Professional development in math instruction for differentiated abilities
- Consultation and facilitation with school teams to implement RTI, data teams, and increase parent and community engagement
- Parent/teacher/student conferences were held Dec. 2010
- Increase in parent communication requiring a minimum of 2 phone contacts per student, K-8
- Developed a new district website with more options and accessibility to all school information

District-wide committees met to address: "Wellness for staff and students", "Professional Development" to coordinate all staff activities and individual professional development plans, "Bullying Law implementation", "K-11 NECAP administration" for consistent interpretation of NECAP proctoring.

The Wellness Committee group took an inventory of all district activities that comply with the required N.H. Minimum State Standards for Approval. The inventory included both student and staff daily physical activities that promote healthy lifestyles, review of our food service offerings and competitive food sales during the school day. The content and accessibility of vending machines was changed. Soda is omitted from vending machines and food sales are prohibited when the hot lunch program is open. A culminating task of this committee was to complete a state requested survey about the school district's nutrition and physical activity policies and implementations.

The Professional Development committee revised the district's master plan for professional development by integrating the district goals: differentiated instruction, response-to-intervention model, data team development and parent involvement. The plan has been approved by the N.H. Department of Education for 5 years. The plan will guide staff with professional development activities and with the writing of individual 3-year professional growth plans. This committee met 8 times during the school year to collate and align

district-wide professional development activities with school and district improvement goals

Effective July 1, 2010, N.H. RSA 193-F Pupil Safety & Violence Protection was revised to define and address compliance requirements for incidents of bullying and cyberbullying. A school team was established to implement the changes. The group met 7 times during the school year and was charged with setting up required training for staff, students, parents and community. The team set an aggressive timeline for full implementation and compliance with the law.

- January, 2011: all professional staff, coaches, volunteers received school district policy and training
- February, 2011: all support staff, custodians, bus drivers; cafeteria staff received training on district policy on Bullying, distributed to all students and staff, training by Sue Buteau of UNH Cooperative Extension Service, "Understanding Bullying". Booklets for parents were also distributed.
- March, 2011: all parents received school policy and training offered in "Understanding Bullying" at Brown, Hillside and Jr. High School. Public and community presentation on 'Internet Safety and Cyberbullying' by Investigator Jennifer Frank. Investigator Frank is a member of the Plymouth State University Police Dept. Booklets were distributed about internet safety.
- April, 2011: Berlin High School held an open house where students reviewed the bullying policy with their parents.

The district's Mentor Program is instrumental in providing support to beginning teachers, teachers with new assignments, and teachers new to the district. Monthly meetings and classroom observations were part of the mentor's responsibilities.

Cafeteria workers have continued the process of becoming certified with two professional development activities: Safe Serve and Healthy Edge. The Food Service Director and a Kitchen Manager are also certified by the School Nutrition Association. Three custodians participated in training with Honeywell to learn how to manage our heating system. Ten out of sixteen educational assistants, who are not Highly Qualified, participated in summer training and completed a portfolio of job related experiences that was scored and reviewed by an outside consultant. This will bring us to 75% who have met the criteria to be Highly Qualified Assistants; a district goal is to employ 100% HQ Assistants.

The Berlin School Department was the site of several review committees from various agencies and state departments.

In Oct./Nov., 2010, Berlin High School was host to a visiting team from the New England Association of Schools and Colleges. This was the culmination of a 2-year process to acquire continued school accreditation for five years. Berlin High School staff prepared several documents identifying instructional practices, competencies, culture and climate. The Commission on Public Secondary Schools voted to award the school's continued

accreditation in the New England Association of Schools and Colleges.

On April 27, 2011, Hillside/Jr. High School was the site for a compliance review of the National School Lunch program. Extensive preparation by the Food Service Director and Kitchen staff, with adequate program reporting, recordkeeping, menu requirements and civil rights compliance, all supported a successful review. Recommendations for full compliance of the Child Nutrition Program were provided and corrections for inadequate findings were rectified. The USDA National School Lunch Program in Berlin Schools is a federally funded hot lunch, breakfast and snack program that is entirely self-sufficient.

On May 5 & 6, 2011, Berlin High School, Berlin Jr. High School and Hillside School were selected by the N.H. Department of Education for a compliance review of meeting the requirement of providing an adequate education based on N.H. Law. A visiting team of 12 members from the NH Dept. of Education and public school administrators from other districts, reviewed curriculum documents, interviewed staff and students, and toured facilities. The state visiting team made recommendations for expansion of programs as well as support to ensure full compliance of all programs.

On June 1, 2011, Berlin High School and the Career and Technical Center were selected for a civil rights on-site review. Principal Gary Bisson, CTE Director Roland Pinette, and Director of Special Education/Title IX/504 compliance coordinator Georgia Caron were well prepared for the state visit and provided many of the required documents to the evaluator. Findings were reported regarding materials provided to persons of limited English proficiency and distributed to that community in its language. School policies were amended to include a specific staff coordinator's name rather than just a work title.

Facilities Report. A new entrance was installed at Brown School. Tile flooring on the second floor hallway was replaced at Berlin High School. The patio area at Berlin High School was enclosed to create a more energy efficient entrance to the school cafeteria. The first floor of the Jr. High Auditorium was painted. The department dump truck was replaced with a newer model, purchased by the city from the Berlin Airport Authority.

Training for custodial staff on maintenance of electrical, mechanical and heating problems at the schools, and winter plowing is ongoing.

Parent/Community/Board Involvement

Student contact information was made more readily available to teachers for parent communications. A district-wide phone log was developed for fall implementation. After surveying parents about their preferred method of contact, a telephone log was used by teachers to document a minimum of 2 personal phone calls per student. The phone logs, K-8, were submitted to the building principals at the end of the school year.

A parent/teacher/student conference day was scheduled for Dec. 10, 2010 for all grades K-12. In grades K-6, teachers reviewed student progress with individual parents, in grades 7-12, students reviewed their portfolios with parents. Parent participation rates were

strong: Brown School 91%, Hillside School 92%, Berlin Jr. High School 88%, and Berlin High School 94.5%.

School District brochures were developed and distributed to local establishments and departments, including all realtors. The brochures are an overview of our school profiles.

Parent and community forums were held at Brown and Hillside/Jr. High Schools on Bullying Prevention and Internet Safety. Berlin High School students met with parents on the same topic.

Family nights were held at Brown and Hillside Schools based on a literacy theme. 63% attendees at Brown School participated in literacy events centered on a theme, "How I Became a Pirate". and 57% attendees at Hillside School with a theme "Are You Smarter than A Fifth Grader?". These events were sponsored by the local Title I Program.

Students at all grade levels visited local establishments for community service, learning about safety on the job, science education, fine arts performances, job shadows and internships.

Brown School instituted a "Walking Wednesday School Bus". A grant was awarded to develop a walking program to encourage more students to walk to school. This was sponsored by the N.H. Department of Transportation. The school committed to four areas of focus: Evaluation, Education, Encouragement and Enforcement. Assistance is provided by Berlin Police Dept. and Berlin Public Works.

Berlin High School Building Trades students, under the direction of teacher Matthew Lambert, built a visitor welcome center at Jericho Mt. Park for the N.H. Recreation and Parks Bureau. The center held a grand opening in June with N.H. Commissioner George Bald commending the students for a great job.

Berlin Board of Education members are: Nicole Plourde, Chair, Linda Pivin, Vice-Chair, Martha Laflamme, Secretary, Karin Dorval and Nathan Morin. In the fall of 2010, the Berlin Board of Education regretfully accepted the resignation of school board chair Michael Couture. Nathan Morin was appointed by the Mayor and City Council to fill the vacancy.

The Berlin Board of Education continued the process of district policy revisions. The following sections were updated during the 2010-11 school year:

Section E	Support Services
Section H	Negotiations
Section K	School/Community Rel
Section L	Education Agency Relations

Three more sections remain for revision from the 1991 District Policy Manual: G Personnel, I Instruction, J Students.

The following individual policies were either added as new or revised: ECAF Audio and Video Surveillance on Buses, EEAA Audio and Video Surveillance on School Property, GBEBB Employee-Student Relations, GBEBD Employee Use of Social Networking Websites, GBEBA Staff Dress Code, JHB Truancy, JHB-R Truancy Policy Implementation Procedures, JICK Pupil Safety and Violence Prevention-Bullying, JLCC Communicable Diseases, JLCG Exclusion of Students, JLCG-R Exclusion of Students from School for Illness.

The Berlin Board members engaged in contract negotiations with the Berlin Education Association to develop a new collective bargaining agreement for two years. The Board members continue to participate in contract negotiations with ASFCME Local #1444 bus drivers and custodians.

The school budget was level-funded at $15,797,124. The School Board members and district administrators carefully examined all its programs and operational expenses in the year-long process of developing the FY12 school department budget. The goal continues to be to maintain N.H. Approved Schools that will ensure state and federal funding to supplement the city's school budget appropriation.

Respectfully Submitted,
Corinne E. Cascadden
Superintendent of Schools

Berlin board of Education
Goals 2011-2013

ACADEMIC

Improve achievement for all students.

Provide alternative learning strategies for our students including distance learning, after-school programming, virtual learning.

FACILITIES

Develop a facilities improvement plan and report to City Council by March 1.

SAFETY

Maintain a safe, supportive and nurturing environment in schools, allowing student and staff to focus on education without distraction.

COMMUNICATION

Promote parental and community involvement

COLLABORATION

Promote the collaboration between SAU#3 and SAU#20 to enhance educational opportunities that benefit students from both districts.

Berlin Water Works

Water Commissioners for this report period were Paul W. Poulin, Lucien F. Langlois, Stephen J. Tardiff and Terry Block; Ex-officio member was Mayor Paul R. Grenier. As of June 15, 2011 Commissioner Stephen J. Tardiff resigned from the Board of Water Commissioners representing Ward IV.

The BWW has not increased water rates in thirteen years. Berlin Water Works has been able to maintain water rates because of cross-training employees and elimination of work through planned improvements and the implementation of "force account" construction project. The results of these efforts have been reduced cost through reduced staffing. There have also been continuous improvement efforts in reducing other operating cost. And finally, we have continued "force account" work in order to offset operating cost by performing capital improvement projects with Berlin Water Works resources. Berlin Water Works hired Albert Guay as a "temporary" employee to maintain all of our construction equipment. His mechanical maintenance efforts have significantly reduced our outside costs for vehicle and equipment repairs. The Northern New Hampshire Correctional Facility provided prisoners to hand shovel hydrants this past winter, helping to keep our maintenance costs down.

Berlin Water Works proposes to improve the layout of the office to be in compliance with Americans with Disabilities Act (ADA). The Board authorized a contract with H. E. Bergeron Engineers for review of the layout. Final design and a bid package were developed to bid and construction in FY2012.

Berlin Water Works is now offering on line bill paying for customers as of the February 2011 Billing Quarter. Customers can pay their bills by going to the City of Berlin Website berlin.nh.gov. Invoice Cloud and Northern Data Systems are providing electronic bill presentment and online payment service. The system allows the office clerks to enter credit card payments for customers here at the office or over the phone. The system also allows customers to choose paperless billing. Approximately 5% of our customers are using the online billing service.

Berlin Water Works is now using "skype" for Board Meetings to allow out of town Commissioners to participate in meetings and it is also used for on going projects with Engineers, State and Federal officials.

Berlin Water Works has continued to install backflow devices at customer's homes, and have changed to new UFR/dual check valve that will improve meter performance at very low flows. Berlin Water Works also purchased 200 radio read units at $125.00 each with a new hand held unit at no charge.

During the winter of 2010/2011, we had 85 people running water to prevent service line freeze-up. These customers started running the water from January 25, 2011 until shut-off on April 14, 2011. The balance of the 375 running water customers did not have to run the water in winter 2010/2011. We had 10 freeze-ups that required thawing and 16 freeze-ups inside thawed by property owner. Efforts continue to reduce the number of

running water customers, of which there were 1003 of 3500 customers in the winter of 2000-2001.

Our lead and copper water sampling program passed the last five rounds of testing in June of 2006, December of 2006, September 2007, September 2008 and September 2009. The testing results from September 2009 showed all passed for copper and two failed for lead the State of NH Department of Environmental Services has dropped our sample test numbers down to thirty test sites rather than the original 60 sample sites. The overall average lead and copper sample levels have dropped to new low levels. Please note that the water leaving the Water Treatment Plant is free of lead and copper and that the results are attributed to possibly old portions of the distribution system or customer pipe systems and dead end lines. Water sampling will continue to monitor lead and copper levels. The next round of testing is scheduled for 2012. Water Quality Report for calendar year 2010 was distributed to all water customers as a bill stuffer in the May 2011 billing.

As of April 2011 BWW Compliance Testing is being done by Eastern Analytical, Inc. in Concord, NH who then sends the test results to the State Lab in Concord, NH. The test samples sent to Eastern Analytical, Inc. have delivery costs built into the lab fees; there is no separate charge for delivery.

Melanson, Heath & Co PC was accepted by the Board to perform the Water Works financial report for period ending June 30, 2011 as well as FY 2012, FY 2013 and FY 2014. Our FY 2012 budget of $4,411,027 as presented at the Commissioners May 25, 2011 budget hearing providing $3,055,076 for operations and $1,355,951 for water bond and loan debt, was approved June 15, 2011. The increase in the FY2012 budget is due to the BWW Office and Garage Improvement Project and the continued high level of "force account" work requiring additional equipment, and "temporary staffing" in order to completed the funded work by the agreed to "completion dates".

Berlin Water Works purchased two used Mack Dump Trucks, a used Mack Water Truck, a used Ford L9000 Dump Truck, a new CAT 420 backhoe, a traffic safety solar messaging board, and a used Bobcat

	FISCAL 2010	**FISCAL 2011**
Total Flow	316,335,791	272,796,506*
Difference from previous year	2.7% decrease	13.76% decrease
Gallons per Day	.867 million gallons*	.747 million gallons*
Running Water Customers	110	85
Running Water Start - early	February 4, 2010	January 25, 2011
Running Water Start - regular	--	--
Running Water Finish	March 22, 2010	April 14, 2011
Frozen Water Calls - outside	5	9
Frozen Water Calls - inside	0	1
Hydrant Flushing	8/19/09 to 10/23/09	8/19/10 to 9/16/10 10/22/10 to 10/23/10
Number of main line breaks	3	5
Number of service line breaks	4	4

220 Wheeled Skid Steer with a grinding attachment. This equipment is used for "force account" water main installation. Another cost saving item is that all employees have been trained in Traffic Control.

IMPROVEMENT PROJECTS:

BWW 11-1 EPA grant #10 for $436,000 was submitted February 9, 2011. Scope of work for this project is Pleasant Street from Mechanic Street to High Street, Main Street from Eighth Street to Twelfth Street, Twitchell Lane from Riverside Dr to end and Alpine Street from Twelfth Street to Pine Island Avenue. Also included will be Phase II of Brown Farm Well Improvements.

BWW 10-1 EPA FY 2010 Grant #9 in the amount of $400,000 was approved and Provan & Lorber signed a contract with Berlin Water Works to develop an improvement plan for the Brown Farm Well.

Water Main Project BWW 06-1 with $599,067 of EPA Grant #7 Funding is nearly fully expended and will be closed before December 2011. The scope of Water Main Project BWW #06-1 included Water main improvement work on Abenaki Lane, Jolbert Street, Hinchey Street, Twelfth Street, School Street, Westcott Street and Main Street.

Water Main Project BWW 07-1 with $492,900 of EPA Grant #8 Funding has had no spending to-date. The scope of this project includes the elimination of a 6" cast iron main on Riverside Drive from Eleventh St to Morning Lane; it also includes the replacement of 6" cast iron mains with 8" mains on Hillside, Cedar, Willard, State and High Streets.

Provan & Lorber has the engineering service contract for the RUD Project BWW 09-1. To date, State Street from High Street to Willard Street has been completed. Work is progressing on High Street from Main Street to Hillside Avenue and Main Street from Viking Street to Eighth Street. Other streets in the project include Main Street from Peavey Lane to Viking Street, and several other streets on the East Side as well as the West Side.

Water Main Project BWW 09-2 Berlin Water Works completed Champlain Street, Willard Street, High Street, Guilmette Street, Spring Street, Summer Street work was completed with Berlin Water Works Staff and part time employees through "force account" work. Streets around the schools were completed and paved in time for School opening in September. Work in this project will be continued through BWW 11-2 another New Hampshire State Revolving Loan in the amount of $3,000,000. Provan & Lorber will move the remaining dollars for Engineering and supervision from the BWW 09-2 project to this project.

Berlin Water Works Project BWW 09-3 Godfrey Dam is nearing completion. We received an extension permit from US Dept. of Agriculture for improvements and repairs to be completed on or before 12/31/10. AR Couture Construction was the successful bidder for the project in the amount $459,700. Construction work finished in December with punch list items to be taken care of in the summer of 2011.

Berlin Water Works applied and was approved by the New Hampshire Department of Environmental Services

for a New Hampshire State Revolving Fund in the amount of $1,000,000 for project BWW 11-3 for "Green" Energy Project. The Project will include energy improvements for the office and garage facility at 55 Willow Street. It will also include installing wind and solar systems at several of the Berlin Water Works facilities.

Laidlaw representative Carl Belanger contacted the Berlin Water Works in reference to a water connection to supply the proposed bio mass boiler on August 30, 2010. The Board agreed to meet with the Laidlaw representatives to discuss options regarding water rates for high usage. Laidlaw was proposing a 20 year agreement for water supply to the bio mass boiler at a cost of approximately $750,000.00 annual as mentioned in a work session meeting with George Sansoucy. The Board authorized review by the Berlin Water Works Attorney Paul Desjardins. Several discussions are being held with the Board of Water Commissioners and representatives from Laidlaw to discuss future water supply at the proposed Bio Mass facility at the former Fraser Paper Company boiler.

As of July 2, 2010 the water account at the Federal Bureau of Prisons has transferred from the contractor to the Bureau. A contract amendment with the Federal Bureau of Prisons was signed July 12, 2010 to install SCADA system in the amount of $38,000. The installation of the SCADA system was completed and the Federal Bureau of Prisons was invoiced in December 2010 for the completion of the work. The Board of Water Commissioners voted to bill the Federal Bureau of Prisons on a monthly basis starting with August 30, 2010; it was later voted by the Board of Water Commissioners to make an adjustment at the end of each quarter to allow for the water rates that are structured for quarterly billing. The sewer line was connected in August 26, 2010.

Berlin Water Works helped the White Mountain Ridge Runners club with work in connection to the water main project crossing the Dead River. A thank you note was received from the club.

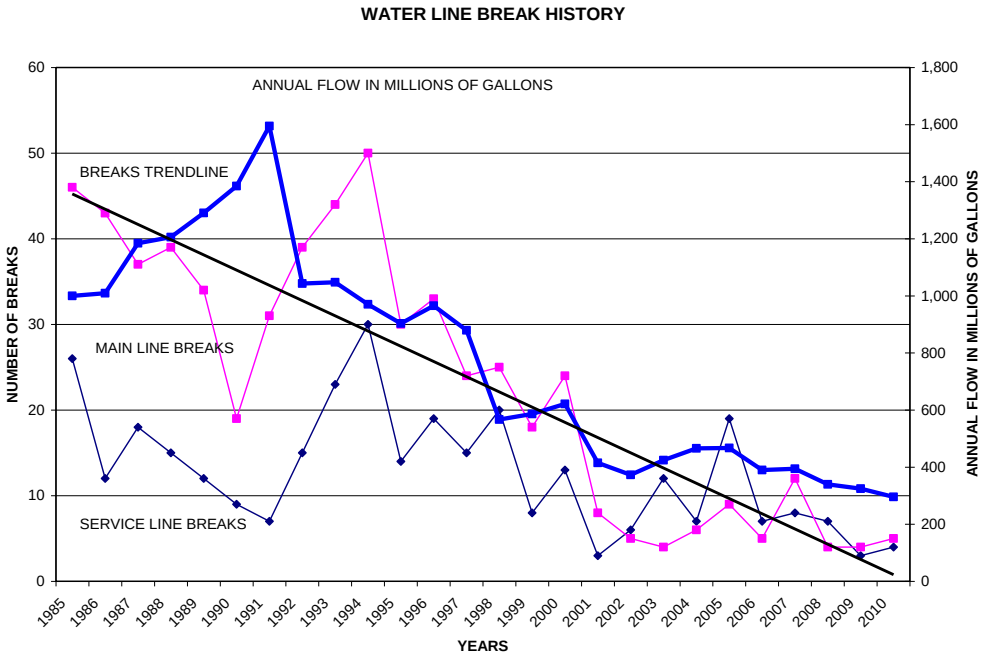
Berlin Water Works extended the 6" water main on Grandview Drive at the request of a water customer on Grandview Drive. The customer was responsible for payment of the work in the amount of $5,000.

	Total to Fiscal 2011	**FY 2010**	**FY 2011**
Curb-to-curb street paving (includes overlay)	10.28	.04	0
Number of New Meters	3584 total in system	37	23
Number of New hydrants	409 total in system	0	1
Number of Replaced services	3500 total in system	67	91
New water main installed – since 1990	22.74 miles	1.31	1.61

Improvements to the water distribution in the City of Berlin continue with planned replacement of small diameter galvanized mains (980 feet remaining as of June 2011) and 1890 thru 1930's vintage unlined cast iron mains (35,964 feet remaining as of June 2011) with the highest frequency problems corrected first. Also the replacement of water mains are selected and then designed to improve fire protection flow capabilities. The Berlin Water Works purchased a significant number of pieces of construction equipment in FY2011 to supported Berlin Water Works increase level of "force account" construction work. The temporary staff was also increased to support increased work levels. The results of these increased efforts will be a much improved distribution system.

Thanks to all Berlin Water Works employees, Water Works Commissioners, the Honorable Mayor Paul Grenier, and the City of Berlin for their continued support for the past year. The Berlin Water Works has completed and is continuing work on significant improvements that will improve our water system and reduce our operating cost for many years into the future.

Respectfully Submitted,
Roland Viens
Water Works Superintendent



Welfare Department

The City of Berlin Welfare Department is charged with the task of assisting those who are poor and unable to support themselves under RSA 165 and with responsibly using the funds of the tax payers of the city. In order to accomplish this task, the office looks at only the basic needs of those individuals or families who apply and compares those basic needs with income and assets. Assistance is rendered if basic needs add up to more than income and assets. Basic needs are rent (based on market rates), electric, medication, food, clothing, and personal/household needs (all based on household size); heat if not included in rent, etc. Each town and city in the state should have its own set of written guidelines that explain what they assist with and how the determination of type and amount of assistance is needed. There are things that are not considered basic needs by the city such as car payments, credit card bills, and cable. Items such as these are not counted in the formula to determine how much assistance can be given.

The assistance is issued in the form of vouchers. No cash or checks are issued to the recipient. Instead monies are issued to the vendor. The city of Berlin assisted sixty-eight unduplicated cases and interviewed but did not assist another one hundred and sixteen unduplicated cases. If the recipient owns any property in the state of New Hampshire a lien is placed against the property until such time as the assistance is repaid, or until the property is sold or the death of the individual. After a year the lien begins to accrue interest at the rate of 6%.

The City has a work program where individuals who are physically and psychologically able to work are assigned to work off the assistance issued either for a city department or for a non-profit in our community. Currently the non-profits we work with are Salvation Army, Heritage Park, the Chamber of Commerce and the Brown House, the Holiday Center, and United Way. We express thanks to those departments and non-profits that help with our work program. Thirty-nine individuals worked on the work program for a total of 2,300.17 hours to reimburse the city $16,676.24 in assistance.

Thirty-three single men, fifteen single females and twenty families were assisted. The total amount of general assistance issued for the fiscal year equaled $31,812.61. There were over 1,150 office contacts during the fiscal year. Assistance was issued as follows:

Type of Assistance	Amount of Assistance
Burials, Furnishings and Incidentals	$ 5,257.50
Electricity	$ 1,947.27
Board & Care	$ 274.95
Rent	$19,920.99
Medical	$ 2,225.91
Groceries	$ 1,431.73
Fuel	$ 745.26
Total	$31,812.61

The City Welfare Office works closely with other agencies in the community to try to address the lack of basic needs that some families experience. If a recipient has income the city welfare office tells them which basic needs they will be responsible for providing for themselves and asks for receipts. If this is done, along with the work program hours and job

search, assistance can continue until either the basic needs go down or their income goes up. The City Welfare office has each person who comes in apply for long term programs to help meet the needs such as HUD, food stamps, Medicaid, electric discount program, etc. This is done in hopes that families will be able to return to an income status that will allow them not to need to continue to need assistance from City Welfare.

Some other community resources are:
CAP Outreach Programs 752-4238; providing Fuel Assistance, electric discount program, food pantry
Salvation Army 752-1644; providing Friendly Kitchen on Monday evening, food pantry, thrift store, Christmas program and outreach services
Ecumenical Food Pantry providing food pantry services on Wednesday and Friday from 2:30-4:30p.m.
Division of Family Assistance, DHHS 752-7800; providing Medicaid, Food Stamps, TANF, APTD, etc.

Respectfully Submitted,
Angela Martin-Giroux
Administrator of Welfare

BUILDING INSPECTOR'S REPORT

Below is a list of permit activity for the past four years.

Permits	2008	2009	2010	2011	NRP/ TKB
Building	129	144	176	133	25
Electrical	52	77	71	89	8
Plumbing	6	4	20	13	8
Sign		10	9	6	12
Demolition	6	38	40	43	7
Mechanical	2	2	1	2	

The last column shows the permits issued in connection with the Neighborhood Revitalization Program/City of Berlin and The State of NH Department of Transportation.

43 Demolition permits were issued for demolition of various structures. A total of 24 complete demolitions of housing, single and multi, plus commercial buildings occurred in 2011.

Respectfully Submitted,
Ronald Devoid
Building Inspector

Berlin Regional Airport

During the fall of 2011 and spring of 2011 we were able to complete the Capital Improvement Project we started last year which included the purchase of a snow blower attachment for the Volvo loader, the purchase of a Freightliner plow truck the paving and drainage work around the new Snow Removal Building was finished.

The new snow blower for the Volvo replaces the 1982 Osh Kosh which will be offered for sale later this year. The Freightliner replaces the 1999 truck that was sold to the Berlin School Department.

Future projects include the rehabilitation of the segmented circle area and rotating beacon light. We also will seek grant monies for ramp expansion and pavement overlay for Hanger Alley. The ramp expansion will tie in the existing hangars with the new SRE building and additional area for the construction of new hangars, located on the east side of Hanger Alley.

The new equipment was well tested during the winter of 2010-11. Considerable time and effort was needed to keep the runways and airport open. Cate Street Capital (Burgess Biomass) flew into the Berlin Regional Airport many times during the winter months. It was critical to the business at hand that they were able to fly into Berlin as needed. As this business process moves forward it is a clear reminder of the important part the airport plays in not only the economic development in the City of Berlin but the North Country as a whole.

We are still plagued by sluggish fuel sales which make it very difficult to balance our books for year end. I did see an increase in sales for the last quarter of our facial year. This put us about 1500 gallons higher than last year which gives me guarded optimism for the 2011-12 season.

The Berlin Regional Airport continues to serve the Citizens of Berlin, New Hampshire's North Country and the larger aviation community. Many thanks to the Berlin Airport Authority, airport staff and everyone involved with the airport for your continued support.

Respectfully Submitted,
Eric Kaminsky
Airport Manager

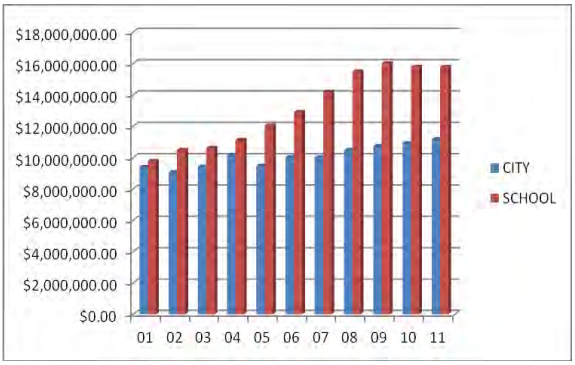
Congressman Charlie Bass and Eric Kaminsky review plans

Finance/Collections Department

The Tax Collection Department continues to offer property taxpayers the ability to have tax and sewer payments withdrawn from their checking or savings accounts. Payments are withdrawn on the bill due date. For taxpayers who prefer to budget their tax and sewer payments, the City will withdraw funds on a monthly basis.

Vachon, Clukay & Co., P. C., of Manchester, NH, conducted the annual fiscal year end audit again this year. A copy of the audited financial statements is included with this annual report.

In fiscal year 2011, the Finance Department issued 4,376 semi-annual real estate tax bills totaling $13,489,436. The Department also issued 3,472 sewer bills which totaled $1,461,761. The number of motor vehicle registrations issued by the City dropped again this year by 166 registrations to 9,763 registrations. The City collected $1,019,286 which is $46,589 less than the amount collected last fiscal year.



City Budgets from FY 01 to FY 11

The Finance Department also provides Human Resource Benefits for the City's 150 regular full and part time employees. The City is fortunate to employ a group of dedicated and conscientious employees. I want to thank each one of them for their commitment and hard work.

Senior Collections Clerk: Elaine Tremblay
Junior Collections Clerk: Jan Gagnon
Accounts Payable Clerk: Lucille Lavoie
Payroll Clerk: Florence Fitzmorris

Respectfully submitted,

Patricia A. Chase
Comptroller/Tax Collector

As of February 7, 2011 (Subject to Revision)

2011 BUDGET SCHEDULE

For The FY 2011/2012 Budget

MONDAY MARCH 7	CITY MANAGER PRESENTS BUDGET TO COUNCIL				
MONDAY MARCH 14	BOARD OF EDUCATION				6:30 PM
WEDNESDAY MARCH 16	ADMINISTRATION/GENERAL GOV"T/DEBT				6:30 PM
	AIRPORT				
	BIDPA				
	OUTSIDE AGENCIES	412			
WEDNESDAY MARCH 23	SAFETY DIVISION:				6:30 PM
	POLICE	420			
	AMBULANCE	423			
MONDAY MARCH 28	FIRE	421,424			6:30 PM
	HOUSING	425			
WEDNESDAY MARCH 30	PUBLIC WORKS DIVISION:				6:30 PM
	STREET LIGHTING	422	SOLID WASTE	436	
	PUBLIC WORKS	430	SEWER USER	432	
	ENGINEERING	431			
WEDNESDAYAPRIL 6	COMMUNITY SERVICES DIVISION				6:30 PM
	HEALTH	440	WELFARE	441	
	LIBRARY	451	RECREATION	450	
MONDAY APRIL 11	COUNCIL WORKS ON PROPOSED BUDGET *School Dept Pink Slips April 15, 2011*				6:30 PM
MONDAY MAY 9	COUNCIL DECISION FOR PUBLISHING THE BUDGET				
TUESDAY MAY 10	NOTICE OF PUBLIC HEARING AND PROPOSED BUDGET IS ADVERTISED. *At least 7 days (one week) before the public hearing; 5/18 last possible*				
WEDNESDAY MAY 25	PUBLIC HEARING ON PROPOSED BUDGET				6:30 PM
MONDAY JUNE 6	THE FIRST READING OF THE RESOLUTION FOR THE PROPOSED BUDGET.				
MONDAY, JUNE 13	SPECIAL MEETING, THE BUDGET RESOLUTION IS ADOPTED				

--ALL COMMITTEE MEETINGS WILL BE HELD AT CITY HALL .--

ACTION MUST TAKE PLACE NO LATER THAN MIDNIGHT, JUNE 20, 2011 (10 days before the beginning of the fiscal year) TO ACCEPT BUDGET. OTHERWISE, THE PUBLISHED PUBLIC HEARING BUDGET BECOMES THE APPROVED BUDGET PER THE CITY CHARTER.

Tax Collector's Report

	2011	2010
Debits:	**Levy**	**Levy**
Uncollected Taxes - Beginning of Year:		
Property Taxes		1,615,027
Land Use Change Tax		-
Yield Taxes		-
Utility Charges		-
Uncomitted Utility Charges		-
Uncomitted Taxes		-
Taxes Committed:		
Property Taxes	6,859,183	6,800,600
Uncommitted Taxes	-	-
Land Use Change Penalties	-	4,890
Yield Taxes	-	20,221
Excavation Activity Tax		135
Utility Charges		1,461,745
Uncommitted Utility Charges		
Overpayment:		
Property Taxes		
Interest - Late Tax		92,345
Interest - Late Sewer		178
Total Debits	6,859,183	9,995,141

	2011	2010
Credits:	**Levy**	**Levy**
Remitted to the Treasurer:		
Property Taxes	3,005,085	7,650,143
Land Use Change Penalties		2,450
Yield Taxes	-	4,678
Excavation Activity Tax		135
Interest		92,523
Utility Charges		1,115,799
Conversion to Liens		684,090
Uncommitted Taxes		
Uncommitted Utility Charges		
Abatements made:		
Property Taxes	-	68,136
RSA Tax Deferrals		13,257
Land Use Change		1,300
Yield Taxes		12,750
Utility Charges		2,024
Uncommitted Taxes		-
Current Levy Deeded		-
Uncollected Taxes - End of Year:		
Property Taxes	3,854,098	-
Yield Taxes		2,793
Utility Charges		343,922
Uncommitted Utility Charges	-	-
Uncommitted Property Taxes	-	
Land Use Change Tax		1,140
Total Credits	6,859,183	9,995,141

	2010	2009	2008	2007
Debits:	**Levy**	**Levy**	**Levy**	**Levy**
Unredeemed Liens Balance at Beg. of Fiscal Year:		573,890	288,073	5,820
Liens Executed during Fiscal Year	850,062		-	
Interest & Costs Collected after Lien	6,886	34,806	73,493	196
Total Debits	856,948	608,697	361,566	6,016

	2010	2009	2008	2007
Credits:	**Levy**	**Levy**	**Levy**	**Levy**
Remitted to Treasurer:				
Redemptions	153,915	204,668	201,523	5,820

VACHON CLUKAY
& COMPANY PC

CERTIFIED PUBLIC ACCOUNTANTS
608 Chestnut Street • Manchester, New Hampshire 03104
(603) 622-7070 • Fax: (603) 622-1452 • www.vachonclukay.com

June 6, 2012

To the Honorable Mayor, City Council and Manager
City of Berlin, New Hampshire

In planning and performing our audit of the basic financial statements of the City of Berlin, New Hampshire for the year ended June 30, 2011, we considered the City's internal control structure to determine our auditing procedures for the purpose of expressing our opinions on the basic financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. We previously reported on the City's internal control structure in our report dated June 6, 2012. This letter does not affect that report or our report on the basic financial statements dated June 6, 2012.

We have already discussed these comments and suggestions with various City personnel, and we will be pleased to discuss them in further detail at your convenience, to perform an additional study of these matter, or to assist you in implementing the recommendations.

The purpose of this letter is to provide constructive and meaningful recommendations to you.

Sincerely,

Vachon Clukay & Company PC

Vachon Clukay & Company PC

TAX COLLECTION FUNCTION

TAX COLLECTOR RECORDS

Observation

The tax collector's report (Form MS-61) that was presented at the time of audit fieldwork was incomplete and did not properly reflect all activity that occurred during the fiscal year.

Implications

State laws and regulations provide strong internal controls over the tax collection function. Compliance with these controls is demonstrated by the reporting function. Failure to complete or accurately reflect all activity in the reporting process increases the risk that errors or irregularities may occur and not be detected.

Recommendation

We recommend that the tax collector's report be updated and reconciled to the general ledger on a monthly basis. An accurate and complete tax collector report should be finished and available shortly after fiscal year end.

TAX LIEN REDEMPTION NOTIFICATION

Observation

As part of our audit procedures, we performed a tax lien compliance walkthrough for an individual tax lien redemption transaction that was recorded by the City during the year. During our walkthrough we noted that the City's tax collector office did not properly notify the register of deeds of the full tax lien redemption within the 30 day time frame, as required by State law.

Implications

The City is not in compliance with State law. Per RSA 80:70, the tax collector shall within 30 days after redemption notify the register of deeds of the act, giving the name of the person redeeming, the date when redemption was made, the date of the execution of the tax lien and a brief description of the real estate in question, together with the name of the person or persons against whom the tax was levied.

Recommendation

We recommend that the tax collector's office promptly forward tax lien redemption notices to the register of deeds in order to comply with State law.

CITY OF BERLIN, NEW HAMPSHIRE
FINANCIAL STATEMENTS
June 30, 2011

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CITY OF BERLIN, NEW HAMPSHIRE
FINANCIAL STATEMENTS
June 30, 2011

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor, City Council and Manager
City of Berlin, New Hampshire

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 City of Berlin, New Hampshire (the City) as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Berlin Water Works, component unit of the City, as of June 30, 2011 and for the year then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Berlin Water Works, component unit of the City, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Berlin, New Hampshire as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2012 on our consideration of the City of Berlin, New Hampshire's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, budgetary comparison information and the schedule of funding progress for other post-employment benefits on pages i-xiii and 36-39, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Berlin, New Hampshire's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Vachon Clukay & Company PC

June 6, 2012

City of Berlin, New Hampshire
Management's Discussion and Analysis

This section of the City's financial statements is prepared to comply with the requirements of GASB Statement 34 which requires the City to provide a discussion and analysis of the City's financial performance. It also provides an overview of the City's financial activities for the fiscal year ended June 30, 2011. As in past years, this narrative should be read in conjunction with the City's financial statements, which begin on page 1.

Financial Highlights – Primary Government

Government-wide Highlights:

- Net Assets: The total assets of the City exceeded total liabilities at fiscal year ending June 30, 2011 by $44.5 million, an increase of $6.5 million from the prior year. This amount is presented as "Net Assets" on the Statement of Net Assets for the Total Primary Government (a condensed statement can be seen in the MD&A section of this report on page v). Total unrestricted net assets decreased by $ 2.2 million to $5.6 million. Restricted net assets of $364,159 were restricted primarily for endowments and $38.5 million was invested in capital assets, net of related debt.

- Changes in Net Assets: The City's total net assets increased from last fiscal year's $38.0 million to $44.5 million in fiscal year 2011. Net assets of governmental activities had a net increase of $2.8 million or 17%, and net assets of the business-type activities showed a net increase of $3.7 million. This is further discussed under the Government-Wide Statement Analysis section of this report.

Fund Highlights:

- Governmental Funds – Fund Balances: As of the close of fiscal year 2011, the City's governmental funds reported a decrease of $893,545 in the combined ending fund balance of $3.2 million, compared to last fiscal year. Included in the combined governmental fund balance is the activity of the City's General Fund and the Non-major Governmental Funds. The General Fund ended the fiscal year with an unassigned fund balance of $2,557,616, which is a decrease of $935,154 from the previous fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

This report also contains supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements provide a broad view of the City's finances. These statements (Statement of Net Assets and the Statement of Activities) provide both short-term and long-term information about the City's overall financial position. They are prepared using the accrual basis of accounting, which recognizes all revenues and expenses connected with the fiscal year even if cash has not been received or paid.

- The **Statement of Net Assets**, found on page 1, presents all of the City's non-fiduciary assets and liabilities. The *difference* between assets and liabilities is reported as "net assets" instead of fund equity as shown on the Fund Statements. Over time, increases or decreases in the net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

- The **Statement of Activities**, found on page 2, presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (such as uncollected taxes and earned but unused vacation and sick leave). This statement also presents a comparison between direct expenses and program revenues for each function of the City.

Both of the government-wide financial statements have separate sections for three types of City activities. These three types of activities are:

- Governmental Activities: The activities in this section represent most of the City's basic services and are generally supported by taxes, grants and intergovernmental revenues. The governmental activities of the City include general government, public safety, airport/aviation center, highways and streets, health and welfare, sanitation, culture and recreation, education, food service, capital outlay and debt service.

- Business-type Activities: These activities are normally intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. These business-type activities of the City include the operations of the:

    - Sewer Fund
    - BIDPA (Berlin Industrial Development and Park Authority Fund)
    - Cates Hill Landfill Fund
    - Courthouse Fund

- Component Unit: A component unit is an entity that is legally separate from the City, but for which the City is financially accountable. The financial data for the Berlin Water Works, the City's only component unit, has been included in the City's financial statements, as required. Complete financial statements for the Berlin Water Works can be obtained by writing to the Board of Commissioners, 55 Willow Street, Berlin, NH 03570.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on the individual parts of the City government and report on the City's operations in more detail than the government-wide statements. The City's funds are divided into 3 categories—governmental, proprietary and fiduciary. For governmental and proprietary funds, only those funds that are considered major funds are reported in individual columns in the Fund Financial Statements. The combining schedules included in the Supplementary Section of the report are to support the non-major activities. Fiduciary Funds are reported by fiduciary type (private-purpose trusts and agency funds).

- Governmental Funds: Most of the basic services provided by the City are financed through governmental funds. Unlike the government-wide financial statements, the governmental fund financial statements report using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted into cash. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The basic governmental fund financial statements can be found on pages 3-4.

  Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented here with similar information presented in the governmental-wide financial statements. Reconciliations are provided between the Governmental Fund Statements and the Government-Wide Statements, which can also be found on pages 3-4.

  The City's only major governmental fund is the General Fund. Individual fund data for each of the City's non-major governmental funds is provided in the combining statements found on pages 51-54. The non-major governmental funds are:

  - School Federal Projects
  - School Food Service Program
  - Berlin Airport Authority
  - Health Department
  - Mount Carberry Landfill
  - Recreation Activity Programs
  - Grants Fund
  - Neighborhood Stabilization Program
  - CDBG Fund
  - Capital Projects Funds
  - Permanent Funds

- Proprietary Funds: The City's proprietary funds provide goods and services to the general public and charge a user fee. These activities are reported in one major fund -

  - Sewer Fund

and three non-major funds -

- Cates Hill Landfill
- Berlin Industrial Park and Development Authority (BIDPA)
- Courthouse Fund

Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. Therefore there is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements. The basic propriety funds financial statements can be found on pages 5-7, with individual data for each of the City's non-major proprietary funds provided in the combining statements found on pages 55-57.

- Fiduciary Funds: These funds are used to account for resources held for the benefit of parties outside the City government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds in that they use the accrual basis of accounting.

  The City's fiduciary funds on pages 8-9 include the:

  - Berlin Trust Fund
  - Home Nursing Trust Fund
  - Miles Scholarship Trust Fund
  - Library Trust Fund
  - Student Activities Agency Funds

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the basic financial statements can be found on pages 10-35.

Required Supplementary Information

The basic financial statements and accompanying notes are followed by a section of required supplementary information. This section includes a budgetary comparison schedule for each of the City's major governmental funds and includes a reconciliation between the reported activity of the revenues, expenditures and transfers for budgetary purposes (Schedule 1, page 36) and the activity as presented in the governmental fund financial statements (Exhibit D, page 4). The City's only major governmental fund for fiscal year 2011 is the General Fund. Also, included in the required supplementary information is the funding progress for other post-employment benefits (Schedule 2, page 37). The notes to the required supplementary information can be found on pages 38-39.

Other Supplementary Information

Other supplementary information includes combining financial statements for non-major governmental and proprietary funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets

The City's combined net assets (governmental and business-type activities) totaled $43.7 million at the end of fiscal year 2011, an increase of $6.5 million compared to the end of the previous fiscal year.

Net assets of the City as of June 30, 2011, 2010 and 2009 are as follows:

Net Assets
(in Millions)

	Governmental Activities			Business-type Activities			Total Primary Government		
	2011	2010	2009	2011	2010	2009	2011	2010	2009
Assets									
Capital Assets	21.2	17.5	17.8	25.3	19.8	20.7	46.5	37.3	38.5
Other Assets	12.0	12.9	11.9	7.3	9.2	5.0	19.3	22.1	17.4
Total Assets	33.2	30.4	29.7	32.6	29.0	26.1	65.8	59.4	55.9
Liabilities									
Long-term liabilities	6.0	5.7	5.2	5.7	5.4	5.4	11.7	11.2	10.6
Other liabilities	7.9	8.2	9.3	1.7	2.0	0.3	9.6	10.2	9.6
Total liabilities	13.9	13.9	14.5	7.4	7.4	5.7	21.3	21.4	20.2
Net Assets									
Invested in capital net of related debt	17.5	14.2	14.0	21.0	15.9	15.2	38.5	30.1	29.2
Restricted	0.4	0.1	0.1	0.0	0.0	0.0	0.4	0.1	0.1
Unrestricted	1.4	2.1	1.1	4.2	5.7	5.2	5.6	7.8	6.3
Total Net Assets	19.3	16.4	15.2	25.2	21.6	20.4	44.5	38.0	35.7
Total Liabilities and Net Assets	33.2	30.4	29.7	32.6	29.0	26.1	65.8	59.4	55.9

The largest portion of the City's net assets consists of its investment in capital assets such as land, buildings, equipment, and infrastructure (roads and bridges), less any related outstanding debt used to acquire those assets. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves generally cannot be used to liquidate these liabilities. An additional portion of the City's net assets represent resources that are subject to external restrictions on how they may be used.

With the gradual pay down of the 1999 Deficit bond (the last payment was made in July 2010) and the East Milan Landfill Closure bond, none of which has any offsetting assets, the City had been increasing its unrestricted net assets. However, this year it suffered a decrease of $2.2 million from the prior fiscal year. The City carries a liability for compensated absences and needs to embark on a program to fund this liability in the future.

Statement of Activities

The City's total net assets increased $6.5 million over the prior fiscal year. Property and other taxes brought in $13.9 million in revenues. Other revenues consisted of charges for services, operating grants and contributions, capital grants and contributions, interest and investment earnings, and miscellaneous revenues. Changes in net assets for the year ending June 30, 2011, 2010 and 2009 are as follows:

Changes in Net Assets
(in Millions)

	Governmental Activities			Business-type Activities			Total Primary Government		
	2011	2010	2009	2011	2010	2009	2011	2010	2009
Revenues									
Program revenues									
Charges for Services	2.5	2.5	2.8	1.5	1.6	1.6	4.0	4.1	4.4
Operating grants and contributions	18.1	17.5	14.7				18.1	17.5	14.7
Capital grants and contributions	3.4	0.7	0.8	5.1	2.1	0.1	8.5	2.8	0.9
General revenues:									
Property and other taxes	13.9	14.1	14.5				13.9	14.1	14.5
Licenses and permits	1.1	1.2	1.2				1.1	1.2	1.2
Grants and contributions	0.5	0.5	1.1				0.5	0.5	1.1
Interest and investment earnings	0	0	0.2	0	0.1	0.1		0.1	0.3
Miscellaneous	0.3	0.4	0.3	0.1	0.2	0.3	0.4	0.6	0.6
Cont. to perm. fund principal	0	0	0				0	0	0
Gain on sale of capital asset						0.1			0.1
Transfers									
Total revenues	39.8	36.9	35.5	6.7	4.0	2.2	46.5	40.9	37.7
Expenses:									
General government	2.3	2.1	2.0				2.3	2.1	2.0
Public Safety	5.0	5.0	5.1				5.0	5.0	5.1
Airport	0.4	0.3	0.4				0.4	0.3	0.4
Highways and streets	2.7	2.4	2.6				2.7	2.4	2.6
Health and Welfare	0.7	0.6	0.7				0.7	0.6	0.7
Sanitation	0.9	0.9	0.9				0.9	0.9	0.9
Culture and recreation	0.7	1.7	0.7				0.7	0.7	0.7
Economic development	2.9	2.1	0.2				2.9	2.1	0.2
Education	18.5	18.5	18.5				18.5	18.5	18.5
Food service	0.6	0.7	0.6				0.6	0.6	0.6
Principal retirement	0.6	0.6	0.6				0.6	0.6	0.6
Interest and fiscal charges	0.3	0.3	0.4				0.3	0.3	0.4

Lease payments	0.1	0.1	0.1				0.1	0.1	0.1
Intergovernmental	1.3	1.5	1.6				1.3	1.5	1.6
Sewer				2.2	2.6	2.0	2.2	2.6	2.0
Non-major proprietary funds				0.8	0.2	0.1	0.8	0.2	0.1
Total Expenses	37.0	35.7	34.3	3.0	2.8	2.1	40.0	38.5	36.4
Increase (decrease) in net assets	2.8	1.2	1.2	3.7	1.2	0.1	6.5	2.4	1.3
Net assets, beginning of year	16.4	15.2	14.1	21.6	20.4	20.3	38.0	35.7	34.4
Net assets, end of year	19.3	16.4	15.2	25.2	21.6	20.4	44.5	38.0	35.7

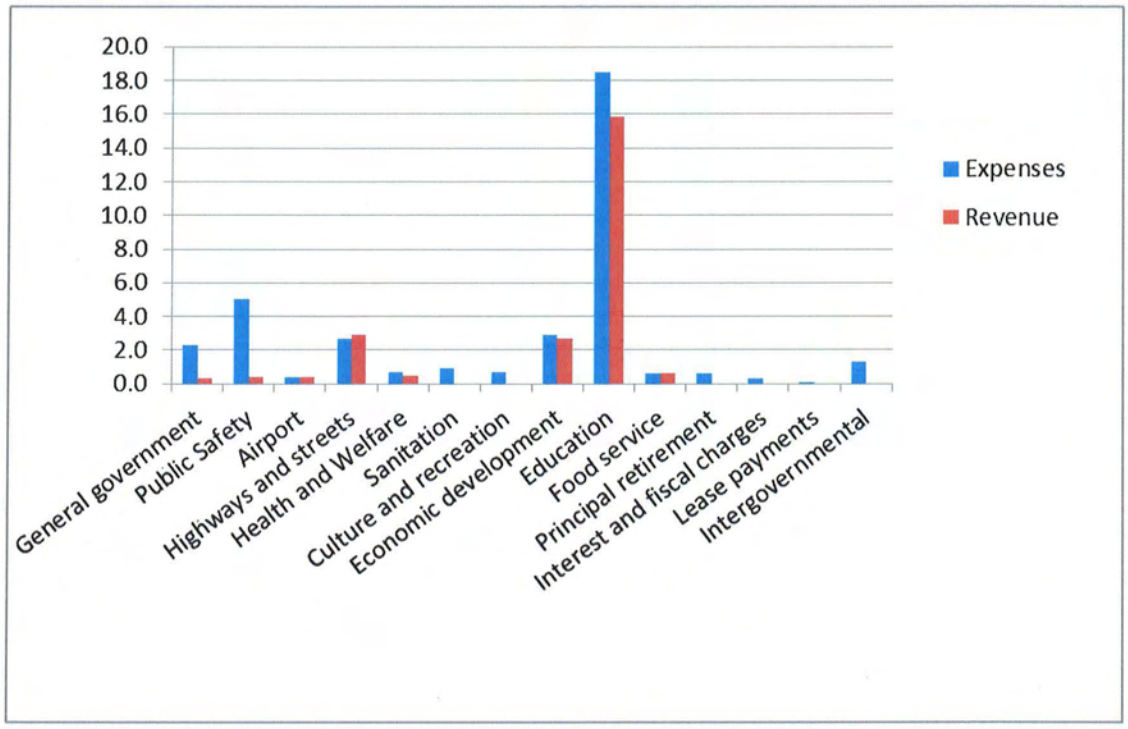
The City's expenses cover a range of services. The largest governmental expenses were for education (50%), public safety (14%), economic development (8%), highways and streets (7%), and general government (6%), which accounted for roughly 90% of total governmental expenditures.

Governmental Activities

Governmental activities revenue totaling $39.8 million exceeded expenses of $37.0 million in fiscal year 2011, thereby increasing the City's governmental net assets by $2.8 million.

A comparison of the cost of services by function for the City's governmental activities with the related program revenues is shown below. Note that the largest expenses for the City (Education, Public Safety, Economic Development, Highways and Streets and General Government) also primarily represent the activities that have the largest gap between expenses and program revenues (Education, Public Safety and General Government). Since program revenues do not offset these expenditures, the difference is made up from real estate taxes.

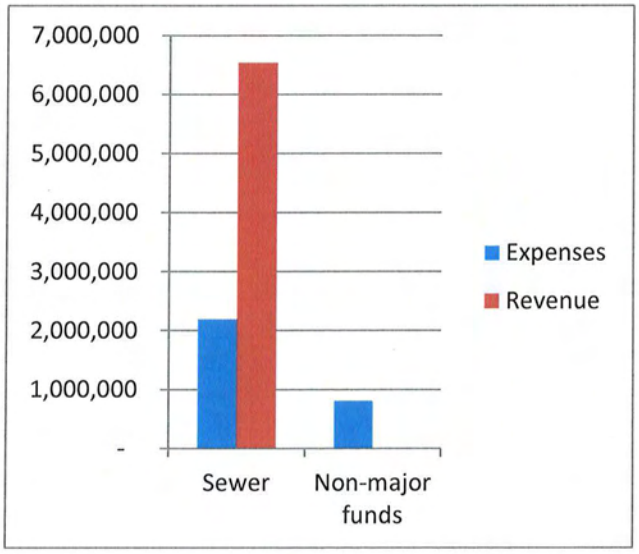
Expenses and Program Revenues – Governmental Activities
Fiscal Year Ending June 30, 2011
(See table below on the next page)



Business-type Activities

The charges for goods and services for the City's business-type activities were inadequate to cover the operating expenses. However, with significant capital contributions in the current fiscal year, revenues, particularly from the Bureau of Prisons for the East Milan Road sewer connection project was far more than sufficient to support the current fiscal year expenses.

Expenses and Program Revenues – Business Type Activities
Fiscal Year Ending June 30, 2011



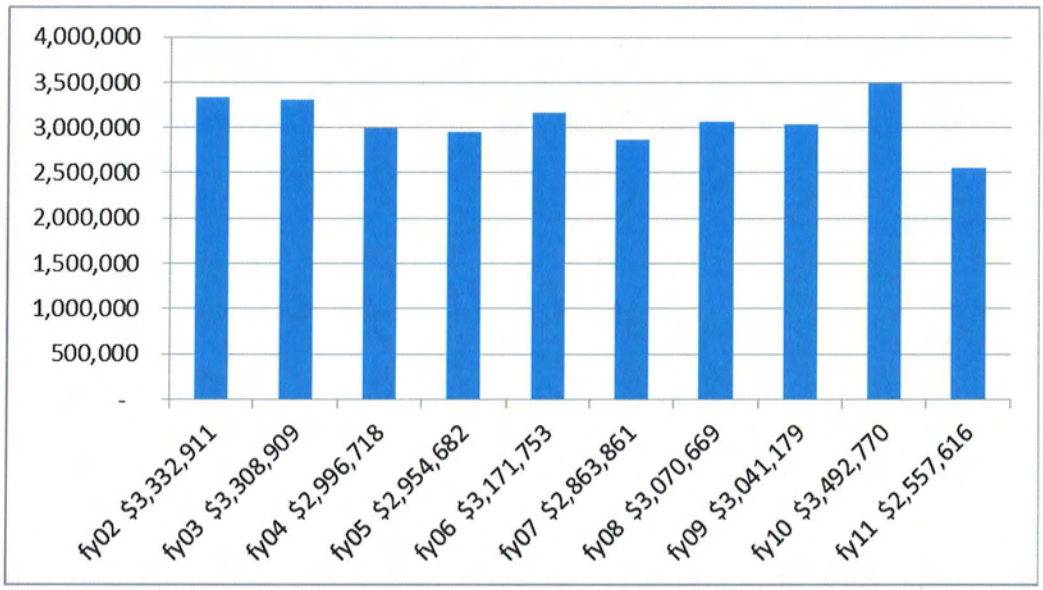
FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's near-term financing requirements. In particular, General Fund unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Unreserved Fund Balances from FY 2002 through FY 2011 are as follows:

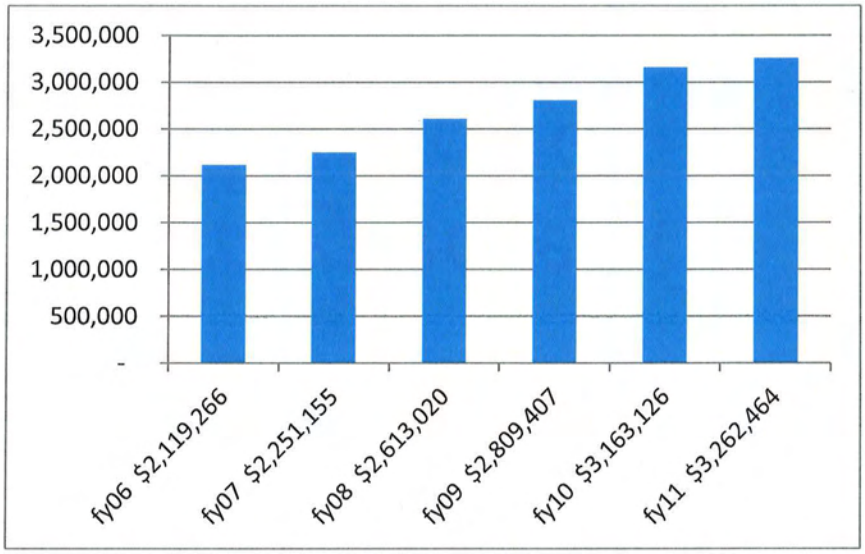


General Fund

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the general fund had an unassigned fund balance of $2,557,616, while total fund equity was $3,755,770. The General Fund total fund balance, decreased by $111,687 from June 30, 2010.

Budgetary Basis

All the analysis done in this review is based on modified accrual accounting based on the audit. This is different than the budgetary basis that the city actually operates in. Accordingly, the chart below provides the General Fund Unassigned Fund Balances for the last six years on a budgetary basis since these are the figures used by the City in budgeting and the figures the City would actually rely on for decision-making.



As indicated in the above chart, the City's effort to increase its Unassigned Fund Balance has been generally successful, although the difficulty in doing so becomes greater every year.

Other Governmental Funds

The non-major governmental funds total fund balance decreased by ($781,858) in fiscal year 2011. This was primarily due to Capital Projects Funds spending in excess of bond proceeds received during the year.

Proprietary Funds

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. Therefore there is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

The total net assets in the proprietary funds increased by $3,693,522 from June 30, 2010. The amount collected from sewer user fees were insufficient to offset operating expenses, however, there were large capital contributions from the Federal Bureau of Prisons which helped result in an increase in net assets of $4,383,978 in the Sewer Fund for the fiscal year. The Non-major Proprietary Funds had a combined net decrease of $690,456 in fiscal year 2011. This was due primarily to BIDPA's losses in the Isaacson bankruptcy.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, the original budget was amended by various supplemental appropriations. A Budget to Actual Schedule for the City's major governmental fund (the General Fund) can be found in the Required Supplementary Information section on page 36.

Actual budgetary revenues were less than the budget for estimated revenues by ($269,735). Actual property taxes received were ($43,412) less than the amount budgeted. Actual budgetary expenditures at year-end were $1,125,214 less than the final budgeted appropriations. Most of the savings were due to budgeted debt service underspent by $837,069. Several City Departments made a concerted effort to control costs resulting in savings on certain budgeted items. Public Works spent $122,645 less than budgeted. Fire and Police spent $167,988 less than budgeted. The School Department spent $190,024 less than budgeted.

This fiscal year, the City's legal expense line closed with an over-expenditure of $236,083 due primarily to the City's involvement with the EFSEC and PUC relating to the Berlin Biomass project which is now underway. The cost of participation in the Androscoggin Valley Regional Refuse District was again lower than projected, saving the City $49,903. The City issued $132,008 in property tax abatements the majority but not all of which was offset by overlay in the tax rate calculation formula.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2011, amounted to $85.9 million. Accumulated depreciation was $39.4 million leaving a net book value of $46.5 million. This investment in capital assets includes equipment, real property, infrastructure, computer software, and construction in progress. Infrastructure assets are items that are normally immovable, of value only to the City, which include roads and bridges. GASB 34 requires assets, including infrastructure, for the City's governmental funds to be reported in the Government-Wide Statements. Additional information on the City's capital assets can be found in Note 7 on pages 21-23 of the Notes to the Basic Financial Statements.

Other Post-Employment Benefits

With the implementation of GASB Statement 45, the City is required to account for other post-employment benefits (OPEB) on an accrual basis rather than a pay-as-you-go basis. The City provides healthcare benefits to its retirees, their spouses and dependents. It also provides life insurance benefits to its retirees. Although the City is not required to fund this contribution, it is recognized as a liability in these financial statements. The net OPEB obligation as of June 30, 2011 is $185,501. Additional information regarding the City's OPEB can be found in Note 9 on pages 23-25 of the Notes to the Basic Financial Statements.

Debt Administration

The City may issue general obligation bonds and notes in anticipation of such bonds authorized by the City Council. At the end of the current fiscal year, the City had total bonded debt outstanding of $7.6 million. This amount does not include bonded debt outstanding by the Berlin Water Works, its component unit. The City is required to issue general obligation debt for the Berlin Water Works (a component unit of the City) and these general obligation bonds are backed by the full faith and credit of the City. Accordingly, this general obligation debt is recognized as a liability of the Berlin Water Works and is not recorded as a long-term obligation of the City. The Berlin Water Works reimburses the City for the annual principal and interest on the debt.

Additional information regarding the City's long-term debt obligations can be found in Note 10 on pages 25-31 of the Notes to the Basic Financial Statements.

ECONOMIC CONDITIONS

Berlin's economic prospects with the final closure of the Fraser Pulp Mill (and the recent closure of the nearby paper plant in Groveton) have nowhere to go but up, although that upward trajectory is taking its time in getting here. The entire closed pulp mill site in Berlin has been cleared except for a few buildings thought to be worthy of preservation by the owner. The black liquor boiler is being groomed to be converted to a biomass boiler. All the approvals for the conversion project have been received from both the EFSEC and the PUC. The second proposed biomass project which was expected to be located next to the City's Wastewater Treatment Facility has been dropped.

The City's dilapidated surplus housing problem has been markedly reduced by the City's efforts at demolishing such structures and enforcing housing codes which set a minimum housing standard. The majority of the City's very worst derelict buildings have been torn or burned down. The City experienced the loss of approximately 22 structures in the last few years to major fires. All of these properties have been cleaned up -- mostly by the City. Unfortunately, most of this cleanup has been at the expense of the City and not at the expense of the responsible property owners. However, for the first time, the City has obtained some federal funding for the demolition of such structures which will be a great help. It has also obtained about $4M in federal Neighborhood Stabilization funds for the rehabilitation of housing to a reasonable standard. This NSP work is nearing completion and has without doubt completely refurbished the worst area on the East Side of the City, as well as one or two other neighborhoods.

The Berlin Industrial Development Park Authority (BIDPA) has conducted a feasibility study into a major expansion of the City's existing industrial park. Except for two empty buildings recently vacated due to the national recession, all of the current industrial park buildings are in full use and all of the lots in the Industrial Park have been sold to private parties, except for the Maynesboro building, which is fully occupied by several tenants, but is still owned by the City. The most recent BIDPA project has been the development of Bickford Place which is a beautiful outdoor park addition in the middle of the downtown area. This will be a focal point for events and for people to meet and relax, thereby adding new life and vitality to Main Street.

The Isaacson bankruptcy came as a surprise and additional shock to the already devastated local economy. This bankruptcy of the one of the area's long-time local employers not only eliminated many more good jobs, but left the BIDPA, which had considerable funds tied up in Isaacson projects, holding the bag for several hundred thousand dollars.

A major fire that destroyed two buildings in the heart of the downtown has now been cleaned up by the City and has added to the attractiveness of the downtown. This is the first major cleanup which has been undertaken with outside federal funding.

The national recession which has led to even more housing foreclosures has certainly worsened the already poor property values in the City. Again, it would not seem possible to go much lower and so we are looking for a rebound in property values in the near future with the elimination of much of the blighted surplus housing and the opening up of the new federal prison. The only question is when it will start.

Phase II of the Rt 110 improvement project, which after years of planning is now about ready to proceed, will further dramatically improve this route, as well as the neighborhood that it now bisects. It seems that the major obstacle to getting this project underway is the unbelievably bureaucratic historical reviews which go into transportation projects of this type.

The City previously zoned the extended portion of Route 110 as a recreation zone. The State of New Hampshire is continuing the development of 7,200 acres in this quadrant of the City for its multi-use trail, Jericho Mountain State Park. The City donated the 300 acres on Jericho Lake Park to the State as a sort of icing-on-the cake, which should be a New England-wide attraction. This park currently has about 50 miles of first-class trail development. This development is having a very significant impact on the City's image and economic base. In addition, the City is in the process of developing a first of its kind in the State ATV connection between this Park and the many trails in Success on the east side of the City.

Finally, the long-awaited Federal Bureau of Prisons project is fully constructed and now is slowly starting up its process for operating the new prison. This process takes a year or more, This is the second or third largest public works project ever undertaken in the State and already has added very significant economic activity to the region during the construction phase. The City is actively involved in extending sewer services to the site.

In spite of all the past plant closures and layoffs, Berlin has weathered everything that has been thrown at it – the national recession being the latest thing to make things more difficult. In spite of this, we believe Berlin has begun to turn the corner and is well on its way to a solid and diversified economic base and is well on its way to a place people will want to move to instead of away from.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all Berlin citizens, taxpayers, customers, investors, and creditors. This financial report seeks to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: City of Berlin, Department of Finance, 168 Main Street, Berlin, NH 03570.

EXHIBIT A
CITY OF BERLIN, NEW HAMPSHIRE
Statement of Net Assets
June 30, 2011

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 8,289,424		$ 8,289,424	$ 452,325
Investments	1,524,804		1,524,804	168,264
Taxes receivable, net	4,642,042		4,642,042	
Accounts receivable, net	13,273	$ 357,706	370,979	175,941
Due from other governments	2,772,323	224,147	2,996,470	424,542
Internal balances	(5,972,294)	5,972,294	-	
Prepaid expenses	22,524	6,629	29,153	
Inventory	12,690	70,019	82,709	539,892
Total Current Assets	11,304,786	6,630,795	17,935,581	1,760,964
Noncurrent Assets:				
Due from other governments		686,973	686,973	
Tax deeded property	687,603		687,603	
Capital assets:				
Non-depreciable capital assets	4,661,841	7,323,190	11,985,031	2,553,807
Depreciable capital assets, net	16,512,226	17,958,600	34,470,826	35,374,522
Total Noncurrent Assets	21,861,670	25,968,763	47,830,433	37,928,329
Total Assets	$ 33,166,456	$ 32,599,558	$ 65,766,014	$ 39,689,293
LIABILITIES				
Current Liabilities:				
Accounts payable	$ 572,047	$ 610,790	$ 1,182,837	$ 200,976
Accrued expenses	351,426	74,183	425,609	185,200
Retainage payable	10,457	302,700	313,157	
Refunds payable				6,509
Deferred revenue	6,984,529	679,240	7,663,769	
Due to other governments	9,520		9,520	
Other liabilities				11,756
Current portion of bonds payable	456,703	133,638	590,341	1,150,681
Current portion of notes payable	563,312	63,426	626,738	1,720,304
Current portion of capital leases payable	273,958		273,958	95,685
Current portion of compensated absences payable	33,648		33,648	33,192
Current portion of estimated liability for landfill postclosure care costs	11,300	12,450	23,750	
Total Current Liabilities	9,266,900	1,876,427	11,143,327	3,404,303
Noncurrent Liabilities:				
Bonds payable	683,516	4,439,443	5,122,959	7,427,925
Notes payable	985,022	287,855	1,272,877	
Other long-term obligations		430,564	430,564	
Capital leases payable	1,043,275		1,043,275	135,206
Compensated absences payable	1,591,263	64,996	1,656,259	162,204
Other post-employment benefits payable	182,977	2,524	185,501	
Estimated liability for landfill postclosure care costs	169,500	286,450	455,950	
Total Noncurrent Liabilities	4,655,553	5,511,832	10,167,385	7,725,335
Total Liabilities	13,922,453	7,388,259	21,310,712	11,129,638
NET ASSETS				
Invested in capital assets, net of related debt	17,508,500	20,985,806	38,494,306	27,398,528
Restricted	364,159		364,159	
Unrestricted	1,371,344	4,225,493	5,596,837	1,161,127
Total Net Assets	19,244,003	25,211,299	44,455,302	28,559,655
Total Liabilities and Net Assets	$ 33,166,456	$ 32,599,558	$ 65,766,014	$ 39,689,293

See accompanying notes to the basic financial statements

EXHIBIT B
CITY OF BERLIN, NEW HAMPSHIRE
Statement of Activities
For the Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit
Governmental Activities:								
General government	$ 2,275,225	$ 261,189	$ 2,074		$ (2,011,962)		$ (2,011,962)	
Public safety	5,042,946	144,080	278,452		(4,620,414)		(4,620,414)	
Airport/Aviation center	362,911	135,531		$ 325,565	98,185		98,185	
Highways and streets	2,702,464	25,299	222,414	2,716,958	262,207		262,207	
Health and welfare	663,931	227,019	262,209		(174,703)		(174,703)	
Sanitation	905,543	2,004			(903,539)		(903,539)	
Culture and recreation	735,248	51,529	997		(682,722)		(682,722)	
Economic development	2,937,366		2,676,388		(260,978)		(260,978)	
Education	18,523,102	1,467,751	13,538,392	327,881	(3,189,078)		(3,189,078)	
Food service	607,517	191,789	381,870		(33,858)		(33,858)	
Principal retirement	605,000		605,000		-		-	
Interest and fiscal charges	250,317		176,117		(74,200)		(74,200)	
Lease payments	67,221				(67,221)		(67,221)	
Intergovernmental	1,305,955				(1,305,955)		(1,305,955)	
Total governmental activities	36,984,746	2,506,191	18,143,913	3,370,404	(12,964,238)	$ -	(12,964,238)	
Business-type activities:								
Sewer	2,196,070	1,466,938		5,070,133		4,341,001	4,341,001	
Nonmajor funds	817,303			8,816		(808,487)	(808,487)	
Total business-type activities	3,013,373	1,466,938	-	5,078,949	-	3,532,514	3,532,514	
Total primary government	$ 39,998,119	$ 3,973,129	$ 18,143,913	$ 8,449,353	(12,964,238)	3,532,514	(9,431,724)	
Component unit:								
Water	$ 3,208,248	$ 1,901,175		$ 1,926,861				$ 619,788
Total component unit	$ 3,208,248	$ 1,901,175	$ -	$ 1,926,861				619,788
General revenues:								
Property and other taxes					13,872,600		13,872,600	
Licenses and permits					1,135,293		1,135,293	
Grants and contributions:								
Rooms and meals tax distribution					452,936		452,936	
State and federal forest land					39,240		39,240	
Interest and investment earnings					19,971	30,460	50,431	3,097
Miscellaneous					248,488	130,548	379,036	98,760
Contributions to permanent fund principal					525		525	
Total general revenues and contributions to permanent fund principal					15,769,053	161,008	15,930,061	101,857
Change in net assets					2,804,815	3,693,522	6,498,337	721,645
Net assets - beginning, as restated					16,439,188	21,517,777	37,956,965	27,838,010
Net assets - ending					$ 19,244,003	$ 25,211,299	$ 44,455,302	$ 28,559,655

See accompanying notes to the basic financial statements

EXHIBIT C
CITY OF BERLIN, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
June 30, 2011

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 8,084,173	$ 205,251	$ 8,289,424
Investments	1,166,225	358,579	1,524,804
Taxes receivable, net	4,642,042		4,642,042
Accounts receivable	8,302	3,572	11,874
Due from other governments	109,167	2,663,156	2,772,323
Due from other funds	3,493,376	79,099	3,572,475
Prepaid expenses	1,689	20,835	22,524
Inventory		12,690	12,690
Tax deeded property	687,603		687,603
Total Assets	$ 18,192,577	$ 3,343,182	$ 21,535,759
LIABILITIES			
Accounts payable	$ 268,578	$ 303,469	$ 572,047
Accrued expenses	268,404	3,428	271,832
Retainage payable		10,457	10,457
Note payable	189,676		189,676
Deferred revenue	7,560,688	128,689	7,689,377
Due to other governments	9,520		9,520
Due to other funds	6,139,941	3,403,429	9,543,370
Total Liabilities	14,436,807	3,849,472	18,286,279
FUND BALANCES			
Nonspendable	689,292	182,003	871,295
Restricted		215,681	215,681
Committed		23,621	23,621
Assigned	508,862	95,983	604,845
Unassigned (deficit)	2,557,616	(1,023,578)	1,534,038
Total Fund Balances (deficit)	3,755,770	(506,290)	3,249,480
Total Liabilities and Fund Balances	$ 18,192,577	$ 3,343,182	

Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	21,174,067
Property taxes are recognized on an accrual basis in the statement of net assets, not the modified accrual basis	704,848
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year end consist of:	
Bonds payable	(1,140,219)
Note payable	(1,358,658)
Capital leases payable	(1,317,233)
Accrued interest on long-term obligations	(79,594)
Compensated absences payable	(1,624,911)
Other post-employment benefits payable	(182,977)
Estimated liability for landfill postclosure care costs	(180,800)
Net assets of governmental activities	$ 19,244,003

See accompanying notes to the basic financial statements

EXHIBIT D
CITY OF BERLIN, NEW HAMPSHIRE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	$ 13,802,824		$ 13,802,824
Licenses and permits	1,135,293		1,135,293
Intergovernmental	13,458,646	$ 5,830,889	19,289,535
Charges for services	2,120,485	369,483	2,489,968
Interest income	12,924	7,047	19,971
Miscellaneous	128,999	136,237	265,236
Total Revenues	30,659,171	6,343,656	37,002,827
Expenditures:			
Current operations:			
General government	2,176,963	2,638	2,179,601
Public safety	4,900,573	104,606	5,005,179
Airport/Aviation center		167,855	167,855
Highways and streets	1,992,902		1,992,902
Health and welfare	663,532	543	664,075
Sanitation	873,696	469	874,165
Culture and recreation	587,066	58,180	645,246
Economic development		2,676,388	2,676,388
Education	15,763,376	2,435,354	18,198,730
Food service		603,399	603,399
Capital outlay	616,188	2,167,435	2,783,623
Debt service:			
Principal retirement	1,303,688		1,303,688
Interest and fiscal charges	265,866		265,866
Lease payments	329,700		329,700
Intergovernmental	1,305,955		1,305,955
Total Expenditures	30,779,505	8,216,867	38,996,372
Excess of revenues over (under) expenditures	(120,334)	(1,873,211)	(1,993,545)
Other financing sources (uses):			
Proceeds from note payable issued		1,100,000	1,100,000
Transfers in	8,647		8,647
Transfers out		(8,647)	(8,647)
Total other financing sources (uses)	8,647	1,091,353	1,100,000
Net change in fund balances	(111,687)	(781,858)	(893,545)
Fund balances at beginning of year	3,867,457	275,568	4,143,025
Fund balances (deficit) at end of year	$ 3,755,770	$ (506,290)	$ 3,249,480

See accompanying notes to the basic financial statements

CITY OF BERLIN, NEW HAMPSHIRE
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2011

Change in Fund Balances - Total Governmental Funds	$ (893,545)
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 as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	965,980
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	2,786,734
Proceeds from bond issues are other financing sources in the funds, but bond issues increase long-term liabilities in the statement of net assets.	(1,100,000)
Repayment of bonds and notes payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	509,012
Notes payable principal retirements included in year end liabilities are expenditures and liabilities in the governmental funds, respectively. However, the retirements do not reduce long-term liabilities in the statement of net assets.	189,676
Repayment of principal on capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	262,479
In the statement of activities, interest is accrued on outstanding bonds and capital leases, whereas in governmental funds, an interest expenditure is reported when due.	15,549
Some expenses reported in the statement of activities, such as compensated absences, other post-employment benefits and the estimated liability for landfill postclosure care costs, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	68,930
Change in Net Assets of Governmental Activities	$ 2,804,815

EXHIBIT E
CITY OF BERLIN, NEW HAMPSHIRE
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Business-type Activities		
	Sewer Fund	Nonmajor Enterprise Funds	Totals
ASSETS			
Current Assets:			
Accounts receivable, net	$ 351,018	$ 6,688	$ 357,706
Due from other governments	89,981	134,166	224,147
Due from other funds	5,471,003	611,729	6,082,732
Prepaid expenses		6,629	6,629
Inventory	70,019		70,019
Total Current Assets	5,982,021	759,212	6,741,233
Noncurrent Assets:			
Due from other governments	686,973		686,973
Non-depreciable capital assets	6,820,000	503,190	7,323,190
Depreciable capital assets, net	17,230,888	727,712	17,958,600
Total Noncurrent Assets	24,737,861	1,230,902	25,968,763
Total Assets	$ 30,719,882	$ 1,990,114	$ 32,709,996
LIABILITIES			
Current Liabilities:			
Accounts payable	$ 608,983	$ 1,807	$ 610,790
Accrued expenses	74,086	97	74,183
Retainage payable	281,500	21,200	302,700
Deferred revenue	675,119	4,121	679,240
Due to other funds		110,438	110,438
Current portion of bonds payable	133,638		133,638
Current portion of notes payable		63,426	63,426
Current portion of estimated liability for landfill postclosure care costs		12,450	12,450
Total Current Liabilities	1,773,326	213,539	1,986,865
Noncurrent Liabilities:			
Bonds payable	4,439,443		4,439,443
Notes payable		287,855	287,855
Other long-term obligations	430,564		430,564
Compensated absences payable	64,996		64,996
Other post-employment benefits payable	2,524		2,524
Estimated liability for landfill postclosure care costs		286,450	286,450
Total Noncurrent Liabilities	4,937,527	574,305	5,511,832
Total Liabilities	6,710,853	787,844	7,498,697
NET ASSETS			
Invested in capital assets, net of related debt	19,754,904	1,230,902	20,985,806
Unrestricted (deficit)	4,254,125	(28,632)	4,225,493
Total Net Assets	24,009,029	1,202,270	25,211,299
Total Liabilities and Net Assets	$ 30,719,882	$ 1,990,114	$ 32,709,996

See accompanying notes to the basic financial statements

EXHIBIT F
CITY OF BERLIN, NEW HAMPSHIRE
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

	Business-type Activities		
	Sewer Fund	Nonmajor Enterprise Funds	Totals
Operating revenues:			
Charges for services	$ 1,466,938		$ 1,466,938
Miscellaneous	13,430	$ 117,118	130,548
Total operating revenues	1,480,368	117,118	1,597,486
Operating expenses:			
Personnel services	552,902	3,976	556,878
Contractual services	33,660	61,691	95,351
Repairs and maintenance	36,788	27,187	63,975
Administrative	114,909		114,909
Materials and supplies	193,301	75	193,376
Utilities	175,308	16,173	191,481
Bad debt expense		641,608	641,608
Depreciation	887,224	47,382	934,606
Total operating expenses	1,994,092	798,092	2,792,184
Operating income (loss)	(513,724)	(680,974)	(1,194,698)
Non-operating revenues (expenses):			
Interest revenue	29,547	913	30,460
Interest expense	(201,978)	(19,211)	(221,189)
Net non-operating revenues (expenses)	(172,431)	(18,298)	(190,729)
Income (loss) before capital contributions	(686,155)	(699,272)	(1,385,427)
Capital contributions	5,070,133	8,816	5,078,949
Change in net assets	4,383,978	(690,456)	3,693,522
Total net assets at beginning of year, as restated	19,625,051	1,892,726	21,517,777
Total net assets at end of year	$ 24,009,029	$ 1,202,270	$ 25,211,299

See accompanying notes to the basic financial statements

EXHIBIT G
CITY OF BERLIN, NEW HAMPSHIRE
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

	Business-type Activities		
	Sewer Fund	Nonmajor Enterprise Funds	Totals
Cash flows from operating activities:			
Cash received from customers	$ 1,446,003	$ 90,433	$ 1,536,436
Cash paid to suppliers	(770,551)	(61,447)	(831,998)
Cash paid to employees	(380,497)	(11,760)	(392,257)
Net cash provided by operating activities	294,955	17,226	312,181
Cash flows from capital and related financing activities:			
Proceeds from note collections		65,971	65,971
Proceeds from other long-term obligations	361,271		361,271
Principal paid on bonds payable	(128,133)		(128,133)
Principal paid on notes payable		(60,338)	(60,338)
Interest paid on long-term debt	(198,566)	(19,211)	(217,777)
Capital contributions	4,342,885	8,816	4,351,701
Purchases of capital assets	(5,467,553)	(432,152)	(5,899,705)
Net cash (used) for capital and related financing activities	(1,090,096)	(436,914)	(1,527,010)
Cash flows from investing activities:			
Interest on investments	29,547	913	30,460
Net cash provided by investing activities	29,547	913	30,460
Net (decrease) in cash and cash equivalents	(765,594)	(418,775)	(1,184,369)
Cash and cash equivalents at beginning of year	6,236,597	920,066	7,156,663
Cash and cash equivalents at end of year	$ 5,471,003	$ 501,291	$ 5,972,294
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	$ (513,724)	$ (680,974)	$ (1,194,698)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Bad debt expense		641,608	641,608
Depreciation expense	887,224	47,382	934,606
Changes in assets and liabilities:			
Accounts receivable, net	(34,365)	(13,022)	(47,387)
Due from other governments		(14,359)	(14,359)
Prepaid expenses		(6,629)	(6,629)
Inventory	(413)		(413)
Accounts payable	(20,164)	(1,807)	(21,971)
Accrued expenses	(1,753)	(989)	(2,742)
Deferred revenue		696	696
Due to other governments	(8,644)		(8,644)
Compensated absences payable	(12,889)	(3,580)	(16,469)
Other post-employment benefits	(317)		(317)
Estimated liability for landfill postclosure care costs		48,900	48,900
Net cash provided by operating activities	$ 294,955	$ 17,226	$ 312,181
Supplemental disclosure of non-cash transactions:			
Capital asset additions included in year end liabilities	$ 881,546	$ 21,200	$ 902,746

See accompanying notes to the basic financial statements

EXHIBIT H
CITY OF BERLIN, NEW HAMPSHIRE
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	Private-Purpose Trusts	Agency Fund
ASSETS		
Cash and cash equivalents	$ 2,037	$ 200,253
Investments	129,999	
Total Assets	$ 132,036	$ 200,253
LIABILITIES		
Due to other funds	$ 1,399	
Due to student groups		$ 200,253
Total Liabilities	1,399	$ 200,253
NET ASSETS		
Held in trust	130,637	
Total Net Assets	130,637	
Total Liabilities and Net Assets	$ 132,036	

See accompanying notes to the basic financial statements

EXHIBIT I
CITY OF BERLIN, NEW HAMPSHIRE
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2011

	Private-Purpose Trusts
ADDITIONS:	
Investment earnings:	
Investment income	$ 1,532
Total Additions	1,532
DEDUCTIONS:	
Benefits	1,000
Total Deductions	1,000
Change in Net Assets	532
Net assets - beginning of year	130,105
Net assets - end of year	$ 130,637

See accompanying notes to the basic financial statements

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Berlin, New Hampshire conform to accounting policies generally accepted in the United States of America for local governmental units, except as indicated hereinafter. The following is a summary of significant accounting policies.

Financial Reporting Entity

The City of Berlin, New Hampshire (the City) was incorporated in 1829. The City operates under the City Council/City Mayor form of government and performs local governmental functions authorized by State law.

The financial statements include those of the various departments governed by the City Council and other officials with financial responsibility.

Accounting principles generally accepted in the United States of America (Governmental Accounting Standards Board Statement No. 14) require that all component units for which the City maintains financial oversight be included in the financial statements. Oversight responsibility is derived from a number of criteria including financial interdependency, selection of governing authority, designation of management, ability to influence operations and accountability for fiscal matters. The relative importance of each criterion must be evaluated in light of specific circumstances.

Although the decision to include or exclude a component unit is left to the professional judgment of local responsible officials, a positive response to any of the criteria requires that the specific reason for excluding the component unit be disclosed.

Discretely Presented Component Unit

The component unit columns in the government-wide financial statements include the financial data of the City's component unit, the Berlin Water Works. It is reported in a separate column to emphasize that they are separate from the City.

The Berlin Water Works, which was incorporated as a body politic in 1925, is included because the Mayor, with confirmation of the City Council, appoints the Water Commissioners, and debt is issued by the City on behalf of the Berlin Water Works. Debt issued is backed by the full faith and credit of the City.

Separately issued financial statements of the Berlin Water Works may be obtained by writing to their Board of Commissioners at 55 Willow Street, Berlin, New Hampshire 03570-1883.

Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. **Government-Wide Financial Statements:**

The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds, and its component unit.

The statement of net assets presents the financial conditions of the governmental and business-type activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the City.

2. **Fund Financial Statements:**

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

Fund Accounting

The City uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

1. **Governmental Funds:**

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following is the City's major governmental fund:

The *General Fund* is the main operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund.

2. **Proprietary Funds:**

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as enterprise or internal service. The City has no internal service funds. The following is the City's major proprietary fund:

The *Sewer Fund* accounts for all revenues and expenses pertaining to the City's wastewater operations.

The Sewer Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation) of providing goods or services to the residents on a continuing basis are financed or recovered primarily through user charges.

3. **Fiduciary Funds:**

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into two classifications: private purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City maintains four private purpose trust funds which account for monies designated to benefit individuals within the City. The City's agency fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations. The City's agency fund accounts for the Student Activities Funds of the City's schools.

Measurement Focus

1. **Government-Wide Financial Statements:**

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the City and its component unit are included on the Statement of Net Assets.

2. **Fund Financial Statements:**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the proprietary fund type is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of revenues, expenses and changes in net assets present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash

flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

The private purpose trust funds are reported using the economic resources measurement focus.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

In the government-wide financial statements and proprietary fund statements, private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are followed to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The City has elected not to follow the FASB pronouncements issued subsequent to November 30, 1989.

1. **Revenues – Exchange and Non-exchange Transactions:**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days of fiscal year end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 2). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes and interest on investments.

Licenses and permits, charges for services, and miscellaneous revenues (except interest on investments) are recorded as revenues when received in cash because they are generally not measurable until actually received.

2. **Deferred Revenue:**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

3. **Expenses/Expenditures:**

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization are not recognized in governmental funds.

Budgetary Data

The City's budget represents functional appropriations as authorized by City Council. The City Council may transfer funds between operating categories as they deem necessary. The City adopts its budget under State regulations, which differ somewhat from accounting principles generally accepted in the United States of America in that the focus is on the entire governmental unit rather than on the basis of fund types.

State law requires balanced budgets but permits the use of beginning fund balance to reduce the property tax rate. For the fiscal year ended June 30, 2011, the City applied $850,415 of its unappropriated fund balance to reduce taxes.

Encumbrance Accounting

Encumbrance accounting, under which purchase orders and other commitments for expenditure of monies are recorded in order to reserve a portion of the applicable appropriation, is employed as an extension of formal budgetary integration in Governmental Funds. Encumbrances outstanding at year end are reported as a component of fund balance since they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services.

Cash and Cash Equivalents

The City pools its cash resources for the governmental and proprietary funds. Cash applicable to a particular fund is reflected as an interfund balance. For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of the following:

	Due *from* other funds	Due *to* other funds	Totals
Proprietary Funds:			
Sewer fund	$ 5,471,003		$ 5,471,003
Nonmajor funds	611,729	$ (110,438)	501,291
	$ 6,082,732	$ (110,438)	$ 5,972,294

Investments

Investments are stated at their fair value in all funds. Certificates of deposit and repurchase agreements with a maturity of greater than ninety days from the date of issuance are included in investments.

Taxes Receivable

Taxes levied during the current fiscal year and prior and uncollected at June 30, 2011 are recorded as receivables net of reserves for estimated uncollectibles of $413,497.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2011 are recorded as prepaid items.

Inventory

On government-wide and proprietary fund financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as expenditures in the governmental fund types when purchased.

Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net assets, but are not reported in the governmental fund financial statements.

All capital assets including infrastructure are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair values as of the date received. The City maintains a capitalization threshold of $10,000. The City's infrastructure consists of roads, bridges, sidewalks, and similar items. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction phase of capital assets of business-type activities is also capitalized.

All reported capital assets except for land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Description	Years
Infrastructure	15-50
Land improvements	10-30
Buildings and improvements	5-60
Vehicles and equipment	3-30

Compensated Absences

Employees earn vacation and sick leave as they provide services. Provision is made in the annual budget for vacation and sick leave. Pursuant to City personnel policy and collective bargaining agreements, employees may accumulate (subject to certain limitations) unused sick pay earned and, upon retirement, resignation or death will be compensated for such amounts at current rates of pay.

For governmental fund financial statements, compensated absences are reported as liabilities and expenditures as payments come due each period upon the occurrence of employee death or retirement. The entire compensated absence liability is reported on the government-wide financial statements.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current resources, are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as liabilities in the fund financial statements only to the extent that they are due for payment during the current fiscal year. General obligation bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances on any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The City's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Balance Policy

During the year ended June 30, 2011, the City implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions.* Statement 54 establishes new fund balance classifications and changes the definition of governmental fund types. Under Statement 54, the City has segregated fund balance into five classifications: Non-spendable, Restricted, Committed, Assigned, and Unassigned. The components of fund balance are defined as follows:

- Non-spendable Fund Balance: Amounts that are not in a spendable form or are required to be maintained intact.
- Restricted Fund Balance: Amounts constrained to specific purposes by their providers through constitutional provisions or by enabling legislation. Restrictions may be changed or lifted only upon the consent of the external resource provider or enabling legislation.
- Committed Fund Balance: Amounts constrained to specific purposes by a government itself using its highest level of decision-making authority. Commitments may be changed or lifted only upon

the governing body taking the same formal action that imposed the constraint originally. The resolution must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

- Assigned Fund Balance: Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned Fund Balance: Amounts that are available for any purpose; these amounts are reported only in the General Fund, except for any deficit fund balance of another governmental fund.

The fund balance of the City may only be committed for specific purposes pursuant to formal action of the City Manager. The City Council delegates to the City's Finance Director the authority to assign amounts to be used for specific purposes. The City's School Board delegates the authority to assign amounts to the Business Administrator. The City Council has the authority to apply the City's beginning unassigned fund balance in order to balance the budget and to offset the subsequent fiscal year property tax rate.

Spending Prioritizations

The City's policy is to first apply restricted resources when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications may be applied, committed resources are to be applied first, followed by assigned and unassigned.

Deficit Fund Balance

At fiscal year end, if any of the City's governmental special revenue funds has a deficit unassigned fund balance, the City Manager is authorized to transfer funds from the General Fund to offset the deficit; providing the General Fund has the resources to do so.

Minimum Fund Balance

As recommended by the New Hampshire Department of Revenue Administration, the City will strive to maintain an unassigned fund balance in its General Fund equal to 8-15% of total annual appropriations of the City (includes City, School Department and County).

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/ expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the sewer fund and Cates Hill landfill fund, these revenues are charges to customers for sales and services. Operating expenses, which include depreciation on capital assets, are necessary costs incurred to provide the service that is the primary activity of the proprietary fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates. Significant estimates include depreciation expense, the allowance for uncollectible taxes and the liability for other post-employment benefits.

NOTE 2—PROPERTY TAXES

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1 ($446,261,457 as of April 1, 2010) and are due in two installments on July 1, 2010 and December 7, 2010. Taxes paid after the due dates accrue interest at 12% per annum. Property taxes are recognized as revenue when received in cash or if available to finance current period operations (within sixty days of year end) in the governmental fund statements only. Full accrual is reported in the government wide financial statements.

Under State law, the Tax Collector obtains tax liens on properties which have unpaid taxes in the following calendar year after taxes were due for the amount of unpaid taxes, interest and costs. These priority tax liens accrue interest at 18% per annum. If the property is not redeemed within a two year redemption period, the property is tax deeded to the City.

In accordance with State law, the City collects taxes for Coos County, an independent governmental unit, which is remitted to the County as required by law. Taxes appropriated to Coos County for the year ended June 30, 2011 were $1,305,955. The City bears responsibility for uncollected taxes.

NOTE 3—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

At June 30, 2011 the Capital Projects Fund and Airport Authority Fund, both Nonmajor Governmental Funds, had unassigned deficit fund balances of ($885,780) and ($137,798), respectively.

NOTE 4—RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2011, the City was a member of the New Hampshire Public Risk Management Exchange (PRIMEX). The City currently reports all of its risk management activities in its General Fund. The Trust is classified as a "Risk Pool" in accordance with accounting principles generally accepted in the United States of America.

The Trust agreement permits the Trust to make additional assessments to members should there be a deficiency in Trust assets to meet its liabilities. Accounting principles generally accepted in the United States of America require members of pools with a sharing of risk to determine whether or not such assessment is probable and, if so, a reasonable estimate of such assessment. At this time, the Trust foresees no likelihood of an additional assessment for any of the past years. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Based on the best available information there is no liability at June 30, 2011.

Property and Liability Insurance

PRIMEX provides certain property and liability insurance coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. As a member of PRIMEX, the City shares in contributing to the cost of and receiving benefit from a self-insured pooled risk management program. The program includes a Self Insured Retention Fund from which is paid up to $500,000 for each and every covered property, crime and/or liability loss that exceeds $1,000.

Worker's Compensation

PRIMEX provides statutory worker's compensation coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. The Trust is self-sustaining through annual member premiums and provides coverage for the statutorily required workers' compensation benefits and employer's liability coverage up to $2,000,000. The program includes a Loss Fund from which is paid up to $500,000 for each and every covered claim.

NOTE 5—DEPOSITS AND INVESTMENTS

The City has combined the cash resources of its governmental and proprietary fund types. For accounting and reporting purposes, that portion of the pooled cash balance is reported in the specific fund as an interfund balance.

Deposits and investments as of June 30, 2011 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and cash equivalents	$ 8,289,424
Investments	1,524,804
Statement of fiduciary net assets:	
Cash and cash equivalents	202,290
Investments	129,999
Total deposits and investments	$ 10,146,517

Deposits and investments as of June 30, 2011 consist of the following:

Cash on hand	$ 8,950
Deposits with financial institutions	10,134,868
Investments	2,699
Total deposits and investments	$ 10,146,517

The City's investment policy for governmental and proprietary fund types requires that deposits and investments be made in New Hampshire based financial institutions that are participants in one of the federal depository insurance programs. The City limits its investments to money market accounts, certificates of deposit, and repurchase agreements in accordance with New Hampshire State law (RSA 41:29) or the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool. Responsibility for the investments of the Trust Funds is with the Board of Trustees. Investments of the Student Activities Agency Fund are at the discretion of the School Principals.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City does not have an investment policy regarding credit risk. As of June 30, 2011, the City's investment in the NHPDIP, a state investment pool, is unrated.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City has an investment policy for assurance against custodial credit risk by requiring federal depository insurance or collateralization for all City deposits.

Of the City's deposits with financial institutions at year end $10,148,243 was collateralized by securities held by the bank in the bank's name.

Investment in NHPDIP

The City is a voluntary participant in the New Hampshire Public Deposit Investment Pool (NHPDIP). The NHPDIP is not registered with the United States Securities and Exchange Commission as an investment company. The NHPDIP was created by state law and is administered by a public body of state, local and banking officials.

Investments in the NHPDIP are not investment securities and, as such, are not categorized by risk. The City's exposure to derivatives is indirect through its participation in the NHPDIP. The City's proportional share of these derivatives is not available. The fair value of the position in the investment pool is equal to the value of the pool shares.

NOTE 6—DUE FROM OTHER GOVERNMENTS

Receivables from other governments at June 30, 2011 consist of various federal and state fundings, and reimbursements from other local governmental units. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables is as follows:

Governmental activities:	
Medicare Part D subsidy reimbursement	$ 13,504
State and Federal public safety grants	90,183
State of NH Medicaid	4,818
Gorham, New Hampshire School District	12,374
Neighborhood Stabilization Grant	1,053,003
Community Development Block Grant	2,233
Brownfields Assessment and Cleanup Grants	120,760
School lunch program	62,862
Airport improvement program grants	358,325
State and Federal education grants	985,612
Other miscellaneous State of NH	19,513
Berlin Water Works	49,136
Business-type activities:	
Cates Hill Landfill - Various Participating Towns	134,166
State of NH - Sewer State Aid Grant	707,661
State of NH - State Revolving Loan Funds	69,293
	$ 3,683,443

NOTE 7—CAPITAL ASSETS

The following is a summary of changes in capital assets in the governmental funds:

	Balance 07/01/10	Additions	Reductions	Balance 06/30/11
Governmental activities:				
Capital assets not depreciated:				
Land	$ 711,156			$ 711,156
Construction in progress	266,413	$ 3,728,068	$ (43,796)	3,950,685
Total capital assets not being depreciated	977,569	3,728,068	(43,796)	4,661,841
Other capital assets:				
Infrastructure	8,190,700	594,951		8,785,651
Land improvements	5,172,964			5,172,964
Buildings and improvements	10,647,971	21,755		10,669,726
Vehicles and equipment	8,189,851	476,900		8,666,751
Total other capital assets at historical cost	32,201,486	1,093,606	-	33,295,092
Less accumulated depreciation for:				
Infrastructure	(4,130,478)	(260,062)		(4,390,540)
Land improvements	(2,411,372)	(177,202)		(2,588,574)
Buildings and improvements	(4,494,566)	(211,214)		(4,705,780)
Vehicles and equipment	(4,651,510)	(446,462)		(5,097,972)
Total accumulated depreciation	(15,687,926)	(1,094,940)	-	(16,782,866)
Total other capital assets, net	16,513,560	(1,334)	-	16,512,226
Total capital assets, net	$ 17,491,129	$ 3,726,734	$ (43,796)	$ 21,174,067

Depreciation expense was charged to governmental functions as follows:

General government	$ 13,888
Public safety	132,029
Airport/Aviation center	195,624
Highways and streets	394,495
Health and welfare	4,098
Sanitation	23,151
Culture and recreation	59,554
Education	267,983
Food service	4,118
Total governmental activities depreciation expense	$ 1,094,940

The balance of the assets acquired through capital leases as of June 30, 2011 is as follows:

Buildings and improvements	$ 1,652,511
Vehicles and equipment	1,008,238
Less accumulated depreciation for:	
Buildings and improvements	(132,201)
Vehicles and equipment	(472,132)
	$ 2,056,416

During the year ended June 30, 2011, the State of New Hampshire's Department of Transportation administered a road reconstruction project on a City highway. The City will be responsible for 20% of the project's total cost, with the remaining 80% funded by the State of New Hampshire through a federal grant. On the Statement of Net Assets and the Statement of Activities, $2,716,958 has been included as an addition to capital assets and a capital contribution, respectively.

The following is a summary of changes in capital assets in the proprietary funds:

	Restated Balance 07/01/10	Additions	Reductions	Balance 06/30/11
Business-type activities:				
Capital assets not depreciated:				
Land	$ 57,672			$ 57,672
Construction in progress	880,903	$ 6,384,615		7,265,518
Total capital assets not being depreciated	938,575	6,384,615	$ -	7,323,190
Other capital assets:				
Buildings and improvements	39,756,447			39,756,447
Vehicles and equipment	851,143			851,143
Total other capital assets at historical cost	40,607,590	-	-	40,607,590
Less accumulated depreciation for:				
Buildings and improvements	(20,917,420)	(923,123)		(21,840,543)
Vehicles and equipment	(796,964)	(11,483)		(808,447)
Total accumulated depreciation	(21,714,384)	(934,606)	-	(22,648,990)
Total other capital assets, net	18,893,206	(934,606)	-	17,958,600
Total capital assets, net	$ 19,831,781	$ 5,450,009	$ -	$ 25,281,790

Depreciation expense was charged to proprietary funds as follows:

Sewer Fund	$ 887,224
Nonmajor Funds	47,382
Total business-type activities depreciation expense	$ 934,606

NOTE 8—DEFINED BENEFIT PENSION PLAN

Plan Description

The City contributes to the New Hampshire Retirement System (NHRS), a cost-sharing multiple-employer defined benefit pension plan administered by the NHRS Board of Trustees. The plan provides service, disability, death and vested retirement allowances to plan members and beneficiaries. Benefit provisions are established and may be amended by the New Hampshire State legislature. The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System, 54 Regional Drive, Concord, New Hampshire 03301.

Funding Policy

Covered public safety employees are required to contribute 9.3% of their covered salary, whereas teachers and general employees are required to contribute 5.0% of their covered salary. The City is required to contribute at an actuarially determined rate. The City's contribution rates for the covered payroll of police officers, fire employees, teachers, and general employees were 14.63%, 18.52%, 8.02%, and 9.16%, respectively. The City contributes 75% of the employer cost for police officers, fire employees, and teachers, and the State contributes the remaining 25% of the employer cost. The City contributes 100% of the employer cost for general employees of the City. In accordance with accounting principles generally accepted in the United States of America (GASB #24), on-behalf fringe benefits contributed by the State of New Hampshire of $314,739 and $22,272 have been reported as a revenue and expenditure of the General Fund and Federal Projects Fund, respectively, in these financial statements.

Per RSA-100:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the NHRS Board of Trustees based on an actuarial valuation. The City's contributions to the NHRS for the years ending June 30, 2011, 2010, and 2009 were $1,378,805, $1,314,034, and $1,130,821, respectively, equal to the required contributions for each year.

NOTE 9—OTHER POST-EMPLOYMENT BENEFITS

In addition to providing pension benefits, the City provides healthcare and life insurance benefits to its eligible retirees and their spouses and dependents. Most regular active employees who retire directly from the City and meet the eligibility criteria may participate. The amount the City pays for medical and life insurance premiums for retirees and their spouses varies by employee group. All eligible employees are allowed to continue medical coverage under the City plan for the lifetime of the employee; however, for most employee groups this coverage is not paid for by the City. Board of Education employees are eligible at age 55 with 5 years of service and receive life insurance coverage with no cost to the retiree. Employees who are members of OPEIU/Local 345 or the Teamsters and Non-Union Supervisory Employees/Local 633 are eligible at age 62 and 10 years of service. Employees who are members of Local 1444 are eligible at age 62. Police and Fire employees are eligible after 20 years of service and are eligible for the NHRS subsidy at age 45 with 20 years of service. The City pays for 100% of the cost of

life insurance premiums for all groups. The benefits, benefit levels, employee contributions and employer contributions are governed by RSA 100-A:50. As of July 1, 2010, the most recent actuarial valuation date, approximately 71 retirees (excludes 131 retirees with post-65 medical coverage not subsidized by the City) and 248 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

Annual OPEB Costs

The City's fiscal 2011 annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid, on an ongoing basis, is projected to cover the normal cost each year and amortize the unfunded actuarial liability over a period of thirty years. The City's annual OPEB cost for the year ending June 30, 2011 including the amount actually contributed to the plan, and the change in the City's net OPEB obligation based on an actuarial valuation as of July 1, 2010 is as follows:

Annual Required Contribution (ARC)	$ 395,640
Interest on net OPEB obligation	6,750
Amortization of net OPEB obligation	(5,225)
Annual OPEB cost	397,165
Contributions made	(361,664)
Increase in net OPEB obligation	35,501
Net OPEB obligation - beginning of year	150,000
Net OPEB obligation - end of year	$ 185,501

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended June 30, 2011, 2010 and 2009 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	$ 443,000	76.3%	$ 105,000
6/30/2010	$ 465,000	90.3%	$ 150,000
6/30/2011	$ 397,165	91.1%	$ 185,501

The City's total net OPEB obligation as of June 30, 2011 is recognized as a liability in these financial statements.

Funded Status and Funding Progress for OPEB

The funded status of the plan as of July 1, 2010, the date of the most recent actuarial valuation is as follows:

Actuarial Accrued Liability (AAL)	$ 5,335,764
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	$ 5,335,764
Funded ratio (actuarial value of plan assets/AAL)	0%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. The total cost of providing post-employment benefits is projected, taking into account assumptions about current claim cost, turnover, mortality, health care trends, and other actuarial assumptions. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions for OPEB

Projections of benefits for financial reporting purposes are based on the plan as understood by the City and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the City and plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2010 actuarial valuation the Entry Age Normal Cost Method was used. The actuarial value of assets was not determined as the City has not advance funded its obligation. The actuarial assumptions included a 4.5% investment rate of return (discount rate) and an initial annual healthcare cost trend rate of 9.5% which decreases to a 5.0% long-term rate for all medical benefits after ten years. The amortization costs for the initial Unfunded Actuarial Accrued Liability (UAAL) is a level percentage of pay for a period of thirty years on a closed basis. This has been calculated assuming the amortization payment increases at a rate of 4.5% per year.

NOTE 10—LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

The changes in the City's long-term obligations for the year ended June 30, 2011 are as follows:

	Balance 07/01/10	Additions	Reductions	Balance 06/30/11	Due Within One Year
Governmental activities:					
Bonds payable	$ 1,596,922		$ (456,703)	$ 1,140,219	$ 456,703
Note payable	500,643	$ 1,100,000	(52,309)	1,548,334	563,312
Capital leases payable	1,579,712		(262,479)	1,317,233	273,958
Compensated absences payable	1,731,576	39,236	(145,901)	1,624,911	33,648
Estimated liability for landfill postclosure care costs	178,883	5,473	(3,556)	180,800	11,300
Total governmental activities	$ 5,587,736	$ 1,144,709	$ (920,948)	$ 5,811,497	$ 1,338,921

Payments on the general obligation bonds, capital leases and landfill postclosure care costs of the governmental activities are paid out of the General Fund. The compensated absences will be paid from the fund where the employee's salary is paid.

	Balance 07/01/10	Additions	Reductions	Balance 06/30/11	Due Within One Year
Business-type activities:					
Bonds payable	$ 4,701,214		$ (128,133)	$ 4,573,081	$ 133,638
Notes payable	411,619		(60,338)	351,281	63,426
Other long-term obligations	-	$ 430,564		430,564	
Compensated absences payable	81,465	2,221	(18,690)	64,996	
Estimated liability for landfill postclosure care costs	250,000	58,649	(9,749)	298,900	12,450
Total business-type activities	$ 5,444,298	$ 491,434	$ (216,910)	$ 5,718,822	$ 209,514
Component unit:					
Bonds payable	$ 9,484,507	$ 234,000	$(1,139,901)	$ 8,578,606	$ 1,150,681
Total component unit	$ 9,484,507	$ 234,000	$(1,139,901)	$ 8,578,606	$ 1,150,681

Payments on the general obligation bonds, notes payable and landfill postclosure care costs of the business-type activities are paid out of the Sewer, Industrial Development and Park Authority and Cates Hill Landfill Funds, respectively. The compensated absences will be paid from the fund where the employee's salary is paid.

Payments on the general obligation bonds of the component unit are paid by the Berlin Water Works.

General Obligation Bonds

Governmental Activities:

Bonds payable at June 30, 2011 are comprised of the following individual issues:

$1,134,062 Landfill Closure Bonds due in annual installments of $56,703 through November 2016; interest at 4.48%	$ 340,219
$4,500,000 State Guaranteed School Improvement Bonds due in annual installments of $300,000 through January 2013; interest at 4.15% - 4.9%	600,000
$1,500,000 School Improvement Bonds due in annual installments of $100,000 through January 2013; interest at 4.3% - 4.95%	200,000
	$ 1,140,219

Debt service requirements to retire general obligation bonds for governmental activities at June 30, 2011 are as follows:

Year Ending June 30,	Principal	Interest	Totals
2012	$ 456,703	$ 54,142	$ 510,845
2013	456,703	32,351	489,054
2014	56,703	10,161	66,864
2015	56,703	7,621	64,324
2016	56,703	5,081	61,784
2017	56,704	2,540	59,244
	$ 1,140,219	$ 111,896	$ 1,252,115

The State of New Hampshire annually reimburses the City for its share of landfill related debt service payments. For the year ended June 30, 2011, the landfill closure reimbursement was $11,073.

As included on the Statement of Activities (Exhibit B), interest expense for the year ended June 30, 2011 was $225,377 on general obligation debt for governmental activities.

Business-type Activities:

Bonds payable at June 30, 2011 is comprised of the following individual issue:

$5,000,000 Sewer Fund Wastewater Treatment Facility Bond due in semi-annual installments of $163,350 through September 2032; including interest at 4.25%	$ 4,573,081

Debt service requirements to retire general obligation bonds for business-type activities at June 30, 2011 are as follows:

Year Ending June 30,	Principal	Interest	Totals
2012	$ 133,638	$ 193,062	$ 326,700
2013	139,380	187,320	326,700
2014	145,369	181,331	326,700
2015	151,615	175,085	326,700
2016	158,129	168,571	326,700
2017-2021	898,588	734,912	1,633,500
2022-2026	1,108,949	524,551	1,633,500
2027-2031	1,368,557	264,943	1,633,500
2032-2033	468,856	20,119	488,975
	$ 4,573,081	$ 2,449,894	$ 7,022,975

The State of New Hampshire annually reimburses the City for its share of sewer related debt service payments. For the year ended June 30, 2011, the sewer related reimbursement was $51,770.

As included on the Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Funds (Exhibit F), interest expense for the year ended June 30, 2011 was $201,978 on general obligation debt for business-type activities.

Component Unit:

Bonds payable at June 30, 2011 are comprised of the following individual issues:

Bond payable due in annual installments of $150,000 through August 2013; interest at 5.3% - 5.875%	$ 450,000
Bond payable due in annual installments of $150,000 through August 2014; interest at 6.125% - 7.0%	600,000
Bond payable due in annual installments of $305,000 through August 2015; interest at 5.25% - 5.625%	1,525,000
State revolving loan payable due in variable annual installments of $110,477 to $14,462 through December 2020; interest at 3.8%	731,725
State revolving loan payable due in variable annual installments of $142,470 to $18,479 through November 2020; interest at 3.8%	943,495
State revolving loan payable due in variable annual installments of $56,016 to $6,934 through December 2021; interest at 3.704%	416,263
State revolving loan payable due in variable annual installments of $137,384 to $17,007 through December 2021; interest at 3.704%	1,020,922
State revolving loan payable due in variable annual installments of $103,859 to $53,742 through May 2023; interest at 3.728%	1,327,206
State revolving loan payable due in variable annual installments of $132,242 to $100,537 through September 2024; interest at 3.688%	1,329,995
Bond payable due in variable annual installments through December 2040; interest at 2.25%	234,000
	$ 8,578,606

Debt service requirements to retire general obligation bonds for the component unit at June 30, 2011 are as follows:

Year Ending June 30,	Principal	Interest	Totals
2012	$ 1,150,681	$ 352,647	$ 1,503,328
2013	1,155,085	297,651	1,452,736
2014	1,158,230	242,443	1,400,673
2015	1,009,694	191,284	1,200,978
2016	858,862	147,418	1,006,280
2017-2021	2,477,116	396,938	2,874,054
2022-2026	632,598	60,102	692,700
2027-2031	40,499	13,556	54,055

2032-2036	45,265	8,791	54,056
2037-2041	50,576	3,464	54,040
	$ 8,578,606	$ 1,714,294	$ 10,292,900

Interest expense for the year ended June 30, 2011 was $392,729 on general obligation debt for the Berlin Water Works.

Under state law, the City is required to issue general obligation debt for the Berlin Water Works (a component unit of the City). Accordingly, this general obligation debt is recognized as a liability of the Berlin Water Works and is not recorded as a long-term obligation of the City. The Commissioners of the Berlin Water Works have agreed to reimburse the City for the annual principal and interest payments on this debt. For the year ended June 30, 2011, the reimbursement was $770,044, which consists of $605,000 in principal and $165,044 in interest.

Notes Payable

Governmental Activities:

Notes payable for governmental activities at June 30, 2011 is comprised of the following individual issue:

$1,655,000 Notes payable for various capital projects due in semi-annual installments of $206,068 through December 2014; including interest at 2.990%	$ 1,548,334

Debt service requirements to retire notes payable for governmental activities at June 30, 2011 are as follows:

Year Ending June 30,	Principal	Interest	Totals
2012	$ 563,312	$ 55,798	$ 619,110
2013	385,146	26,990	412,136
2014	396,910	15,225	412,135
2015	202,966	3,102	206,068
	$ 1,548,334	$ 101,115	$ 1,649,449

As included on the Statement of Activities (Exhibit B), interest expense for the year ended June 30, 2011 was $24,940 on notes payable for governmental activities.

Business-type Activities:

Notes payable for business-type activities at June 30, 2011 is comprised of the following individual issue:

$625,000 Note payable to Business Finance Authority, secured by real estate, due in monthly installments of $6,629 through June 2016; interest at 5.0%	$ 351,281

Debt service requirements to retire notes payable for business-type activities at June 30, 2011 are as follows:

Year Ending June 30,	Principal	Interest	Totals
2012	$ 63,426	$ 16,124	$ 79,550
2013	66,671	12,879	79,550
2014	70,081	9,467	79,548
2015	73,667	5,882	79,549
2016	77,436	2,112	79,548
	$ 351,281	$ 46,464	$ 397,745

As included on the Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Funds (Exhibit F), interest expense for the year ended June 30, 2011 was $19,211 on notes payable for business-type activities.

Capital Lease Obligations

Capital lease obligations represent lease agreements entered into for the financing of equipment acquisitions. These contracts are subject to cancellation should funds not be appropriated to meet payment obligations. Amounts are annually budgeted in the applicable function. The following are the individual capital lease obligations of the governmental activities at June 30, 2011:

Equipment, due in annual installments of $69,673, including interest at 4.09%, through April 2013	$ 134,712
Equipment, due in annual installments of $49,515, including interest at 4.65%, through September 2012	92,527
Equipment, due in annual installments of $210,513, including interest at 4.295%, through July 2016	1,089,994
	$ 1,317,233

Debt service requirements to retire capital lease obligations outstanding for governmental activities at June 30, 2011 are as follows:

Year Ending June 30,	Principal	Interest	Totals
2012	$ 273,958	$ 55,742	$ 329,700
2013	285,941	43,800	329,741
2014	177,337	33,176	210,513
2015	185,105	25,407	210,512
2016	193,214	17,298	210,512
2017	201,678	8,835	210,513
	$ 1,317,233	$ 184,258	$ 1,501,491

Other Long-Term Obligations

The City has drawn $430,564 of approximately $15,000,000 in funds under the State of New Hampshire, State Water Pollution Control Revolving Loan Fund Program for improvements to the Wastewater Treatment Facility. Payments are not scheduled to commence until the first anniversary of the scheduled completion date of the project or the date of substantial completion, whichever is earliest. Interest is accrued at 1% during the construction period of the project and is to be paid upon completion of the construction project within the following year. Total funding to date of $430,564 has been reported as 'Other long-term obligations' of the business-type activities.

Authorized and Unissued Debt

The following debt was authorized and unissued as of June 30, 2011:

Governmental Funds:	
Capital Improvements Projects	$ 3,345,000
Business-type Funds:	
Sewer Wastewater Treatment Facility Phase II	15,000,000
Industrial Development Revenue Bonds - Greenova Project	10,000,000
	$ 28,345,000

NOTE 11—LANDFILL POSTCLOSURE CARE COSTS

State and federal laws and regulations require that the City place final covers on its two landfills when closed and perform certain maintenance and monitoring functions at the landfill sites for thirty years after closure. An estimated liability has been recorded based on the future post-closure care costs that will be incurred. The estimated liability for landfill post-closure care costs for the two landfills has a balance of $479,700 as of June 30, 2011. The estimated liability for the post-closure care costs of the East Milan landfill ($180,800) and the Cates Hill landfill ($298,900) have been reported as a liability of the Governmental Activities and the Cates Hill Landfill Proprietary Fund, respectively. The East Milan landfill was capped during fiscal year 1997, and the Cates Hill landfill was capped during fiscal year 2005. The estimated total current cost of the landfill post-closure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor and maintain the landfills were acquired as of June 30, 2011. However, the actual cost of post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The closure costs of the East Milan landfill were financed through the issuance of debt under the State of New Hampshire, State Water Pollution Control Revolving Fund Program. The remaining post-closure care costs for the East Milan landfill are expected to be financed through annual taxation.

The City has entered into an inter-municipal agreement with surrounding communities for the reimbursement of their share of the Cates Hill landfill closure and post-closure care costs. The remaining post-closure care costs for the Cates Hill landfill are expected to be financed from the motor vehicle surcharges previously collected in the Cates Hill Landfill Fund.

The following is a summary of changes in the estimated liability for post-closure care costs for the year ended June 30, 2011:

	Governmental activities	Business-type activities	Totals
Balance - July 1, 2010	$ 178,883	$ 250,000	$ 428,883
Current year expenditures	(3,556)	(9,749)	(13,305)
Net change in estimated liability for postclosure care costs	5,473	58,649	64,122
Balance - June 30, 2011	$ 180,800	$ 298,900	$ 479,700

NOTE 12—INTERFUND BALANCES AND TRANSFERS

The City has combined the cash resources of its governmental and proprietary fund types. For accounting and reporting purposes, that portion of the pooled cash balance is reported in the specific fund as an interfund balance. Interfund balances at June 30, 2011 are as follows:

		Due from			
		General Fund	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Fiduciary Funds	Totals
Due to	General Fund		$ 3,381,539	$ 110,438	$ 1,399	$ 3,493,376
	Nonmajor Governmental Funds	$ 57,209	21,890			79,099
	Sewer Fund	5,471,003				5,471,003
	Nonmajor Enterprise Funds	611,729				611,729
		$ 6,139,941	$ 3,403,429	$ 110,438	$ 1,399	$ 9,655,207

During the year, an interfund transaction occurred between funds. The transfer was made in accordance with budgetary authorization. The Permanent Funds, a Nonmajor Governmental Fund, made a transfer of $8,647 to the General Fund for the reimbursement of lot care expenses.

NOTE 13—PERMANENT FUNDS

Cemetery care funds are accounted for as permanent funds in these financial statements. The principal amounts of all cemetery care funds are restricted in that only income earned may be expended. Principal and income balances at June 30, 2011 are as follows:

	Principal	Income	Total
Cemetery Funds	$ 148,478	$ 214,512	$ 362,990

NOTE 14—RESTRICTED NET ASSETS

Net assets are restricted for specific purposes as follows:

Permanent funds - Endowments	$ 148,478
Permanent funds - Income	214,512
School donation funds	1,169
	$ 364,159

NOTE 15—COMPONENTS OF FUND BALANCE

The components of the City's fund balance for its governmental funds at June 30, 2011 are as follows:

Fund Balances	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:			
Prepaid expenses	$ 1,689	$ 20,835	$ 22,524
Endowments		148,478	148,478
Inventory		12,690	12,690
Tax deeded properties	687,603		687,603
Restricted for:			
Permanent funds		214,512	214,512
School donation funds		1,169	1,169
Committed for:			
Recreation and parks programs		23,621	23,621
Assigned for:			
Continuing appropriations	427,725		427,725
Encumbrances	80,802		80,802
Unity Street Park	335		335
Food service operations		87,829	87,829
Health department		2,333	2,333
Mt. Carberry		5,821	5,821
Unassigned (deficit):			
Unassigned - General operations	2,557,616		2,557,616
Capital projects		(885,780)	(885,780)
Airport Authority		(137,798)	(137,798)
	$ 3,755,770	$ (506,290)	$ 3,249,480

NOTE 16—TOP TAXPAYERS

The following are the five major property owners as they relate to the City's total assessed property valuation of $446,261,457 (as of April 1, 2010):

Taxpayer	Property Valuation	Percentage of Total Valuation
Public Service of New Hampshire	$ 63,677,600	14.27%
Great Lakes Hydro America, LLC	35,400,000	7.93%
Portland Natural Gas	14,794,000	3.32%
PJPD Holdings, LLC	5,161,500	1.16%
Issacson Structural Steel, Inc	2,617,700	0.59%

NOTE 17—COMMITMENTS

Ambulance Contract

During 2007, the City entered into a long-term agreement with an independent company to provide emergency ambulance services. The agreement shall be in effect from July 1, 2007 through June 30, 2010, with an automatic three year renewal until June 30, 2013. Terms of the contract include minimum payments, which are payable in monthly installments of $20,000. For the year ended June 30, 2011, the City expended $234,000 under the terms of the emergency ambulance service agreements.

Federal Bureau of Prisons Contract

During June 2009, the City entered into an agreement with the Federal Bureau of Prisons to provide a connection to the City's sewer line for a fee of $8,500,000. Terms of the contract include installment payments to the City at 25% upon the date of award, 25% at 25% connection completion, 25% at 50% connection completion, 15% at availability of service, and the final 10% at substantial completion. For the year ended June 30, 2011, the City expended and recognized revenue in the amount of $5,038,627 for the sewer line connection.

NOTE 18—CONTINGENT LIABILITIES

Litigation

The City's general counsel estimates that any potential claims against the City, which are not covered by insurance, are immaterial and would not affect the financial position of the City.

Federal Grants

The City participates in a number of federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

NOTE 19—RESTATEMENT OF EQUITY

Proprietary Fund Statements

During the year ended June 30, 2011, it was determined that the balance due from other governments and the capital assets of the Sewer Fund, a Major Proprietary Fund, were understated and overstated, respectively. Also, it was concluded that accounts receivable of the Cates Hill Landfill Fund, a Nonmajor Proprietary Fund, were understated.

The impact of these restatements on the proprietary funds as of July 1, 2010 is as follows:

	Sewer Fund	Nonmajor Enterprise Funds
Net Assets - July 1, 2010 (as previously reported)	$ 19,675,119	$ 1,873,392
Amount of restatement due to:		
Understatement of due from other governments	727,925	
Overstatement of capital assets	(777,993)	
Understatement of accounts receivable		19,334
Net Assets - July 1, 2010, as restated	$ 19,625,051	$ 1,892,726

NOTE 20—SUBSEQUENT EVENTS

During October 2011, the City issued notes payable for various capital projects in the amount of $1,000,000. The notes payable have an interest rate of 2.99% and mature on December 2014.

SCHEDULE 1
CITY OF BERLIN, NEW HAMPSHIRE
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - General Fund
For the Year Ended June 30, 2011

	Budgeted Amounts			Variance with Final Budget - Favorable (Unfavorable)
	Original	Final	Actual Amounts	
Revenues:				
Taxes	$ 13,916,012	$ 13,916,012	$ 13,872,600	$ (43,412)
Licenses and permits	1,130,150	1,130,150	1,135,293	5,143
Intergovernmental	13,183,950	13,183,950	13,143,907	(40,043)
Charges for services	2,228,053	2,246,481	2,120,485	(125,996)
Interest income	65,000	65,000	12,924	(52,076)
Miscellaneous	142,350	142,350	128,999	(13,351)
Total Revenues	30,665,515	30,683,943	30,414,208	(269,735)
Expenditures:				
Current:				
General government	2,116,774	2,116,774	2,227,335	(110,561)
Public safety	4,891,547	4,932,010	4,764,022	167,988
Highways and streets	2,051,015	2,051,015	1,998,445	52,570
Health and welfare	655,941	655,941	663,532	(7,591)
Sanitation	955,287	955,287	885,212	70,075
Culture and recreation	577,288	577,753	587,066	(9,313)
Education	15,775,124	15,775,124	15,585,100	190,024
Capital outlay	946,165	518,440	572,808	(54,368)
Debt service:				
Principal retirement	2,140,757	2,140,757	1,303,688	837,069
Interest and fiscal charges	255,187	255,187	265,866	(10,679)
Lease payments	329,700	329,700	329,700	-
Intergovernmental	1,305,955	1,305,955	1,305,955	-
Total Expenditures	32,000,740	31,613,943	30,488,729	1,125,214
Excess of revenues over (under) expenditures	(1,335,225)	(930,000)	(74,521)	855,479
Other financing sources:				
Transfers in	7,645	7,645	8,647	1,002
Total other financing sources	7,645	7,645	8,647	1,002
Net change in fund balance	(1,327,580)	(922,355)	(65,874)	856,481
Fund balance at beginning of year, as restated - Budgetary Basis	4,445,690	4,445,690	4,445,690	-
Fund balance at end of year - Budgetary Basis	$ 3,118,110	$ 3,523,335	$ 4,379,816	$ 856,481

See accompanying notes to the required supplementary information

SCHEDULE 2
CITY OF BERLIN, NEW HAMPSHIRE
Schedule of Funding Progress for Other Post-Employment Benefits
For the Year Ended June 30, 2011

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2007	$ -	$ 5,686,000	$ 5,686,000	0.0%	$ 13,652,000	42%
7/1/2010	$ -	$ 5,335,764	$ 5,335,764	0.0%	$ 16,757,081	32%

See accompanying notes to the required supplementary information

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2011

NOTE 1—BUDGET TO ACTUAL RECONCILIATION

General Fund

Amounts recorded as budgetary amounts in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund are reported on the basis budgeted by the City. Those amounts differ from those reported in conformity with accounting principles generally accepted in the United States of America in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit D). Property tax budgetary revenues are recognized when levied rather than when susceptible to accrual. Budgetary revenues and expenditures were adjusted for encumbrances and on-behalf payments for fringe benefits, as follows:

	Revenues and Other Financing Sources	Expenditures and Other Financing Uses
Per Exhibit D	$ 30,667,818	$ 30,779,505
Difference in property taxes meeting susceptible to accrual criteria	69,776	
Encumbrances, June 30, 2011		80,802
Encumbrances, June 30, 2010		(56,839)
On-behalf fringe benefits	(314,739)	(314,739)
Per Schedule 1	$ 30,422,855	$ 30,488,729

NOTE 2—BUDGETARY FUND BALANCE

The components of the budgetary fund balance for the General Fund at June 30, 2011 are as follows:

Nonspendable:	
Tax deeded property	$ 687,603
Prepaid expenses	1,689
Assigned for:	
Continuing appropriations	427,725
Unity Street Park	335
Unassigned:	
Unassigned - General operations	3,262,464
	$ 4,379,816

NOTE 3—SCHEDULE OF FUNDING PROGRESS FOR OTHER POST-EMPLOYMENT BENEFITS

In accordance with GASB Statement #45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, the City is required to disclose the schedule of funding progress for each of the three most recent actuarial valuations. The City implemented the provisions of GASB Statement #45 during the year ended June 30, 2009. Accordingly, the funding progress has only been presented for the two most recent actuarial valuation reports. Additional disclosures will be made as the information becomes available.

SCHEDULE I
CITY OF BERLIN, NEW HAMPSHIRE
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Federal Granting Agency/Recipient State Agency/Grant Program/State Grant Number	Federal Catalogue Number	Expenditures
DEPARTMENT OF AGRICULTURE		
Pass Through Payments from New Hampshire Department of Education		
School Breakfast Program	10.553	$ 76,752
National School Lunch Program	10.555	291,533
Special Milk Program for Children	10.556	1,547
Fresh Fruit and Vegetable Program	10.582	36,916
Total Department of Agriculture		406,748
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Pass Through Payments from New Hampshire Community Development Finance Authority		
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	
#06-053-CDHS		3,606
#09-053-NSPH		2,546,254
#10-053-CDED		5,768
Total Department of Housing and Urban Development		2,555,628
DEPARTMENT OF JUSTICE		
Received directly from U.S. Treasury Department		
Public Safety Partnership and Community Policing Grants	16.710	
#20100245		39,771
Enforcing Underage Drinking Laws Program	16.727	
#2010CD25		11,952
Recovery Act - Edward Byrne Memorial Justice Assistance Grant Program/Grants to Units of Local Government	16.804	
#2009-SB-B9-0508		8,338
#2009-DJ-BX-0168		3,654
		11,992
Total Department of Justice		63,715
DEPARTMENT OF TRANSPORTATION		
Pass Through Payments from New Hampshire Department of Transportation		
Airport Improvement Program	20.106	
#SBG-01-03-2010		309,287
State and Community Highway Safety	20.600	
#314-10B-004		4,579
#315-10B-064		2,664
#315-10B-065		625
#315-10B-066		950
#315-10B-088		308
#314-11B-003		273
#315-11B-085		547
#315-11B-089		1,098
		11,044

See notes to schedule of expenditures of federal awards

SCHEDULE I
CITY OF BERLIN, NEW HAMPSHIRE
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2011

Federal Granting Agency/Recipient State Agency/Grant Program/State Grant Number	Federal Catalogue Number	Expenditures
DEPARTMENT OF TRANSPORTATION (CONTINUED)		
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	
#308-10B-048		2,587
#308-10B-171		4,421
#308-11B-079		1,237
		8,245
Safety Belt Performance Grants	20.609	
#304-11B-030		2,721
Total Department of Transportation		331,297
ENVIRONMENTAL PROTECTION AGENCY		
Pass Through Payments from New Hampshire Department of Environmental Services		
Brownfields Assessment and Cleanup Cooperative Agreements, Recovery Program	66.818	
#BF-96112501		7,333
#13928		113,426
Total Environmental Protection Agency		120,759
DEPARTMENT OF ENERGY		
Received Directly from U.S. Treasury Department		
Energy Efficiency and Conservation Block Grant Program (EECBG), Recovery Program	81.128	
#DE-EE0003576		2,074
Total Department of Energy		2,074
DEPARTMENT OF EDUCATION		
Pass Through Payments from New Hampshire Department of Education		
Title I Grants to Local Educational Agencies	84.010	
#00012		34,334
#00173		10,381
#10012		623,197
#10174		3,775
#10175		9,354
		681,041
Special Education - Grants to States	84.027	
#12513		335,599
Career and Technical Education - Basic Grants to States	84.048	
#05011		16,157
Special Education - Preschool Grants	84.173	
#12736		11,299
Safe and Drug-Free Schools and Communities - National Programs	84.184	208,448

See notes to schedule of expenditures of federal awards

SCHEDULE I
CITY OF BERLIN, NEW HAMPSHIRE
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2011

Federal Granting Agency/Recipient State Agency/Grant Program/State Grant Number	Federal Catalogue Number	Expenditures
DEPARTMENT OF EDUCATION (CONTINUED)		
Twenty-First Century Community Learning Centers	84.287	
#16282		173,218
Rural Education	84.358	
#16242		25,028
Improving Teacher Quality State Grants	84.367	
#04643		7,163
#04967		46,739
#14798		175,466
		229,368
Title I Grants to Local Educational Agencies, Recovery Act	84.389	288,095
Special Education - Grants to States, Recovery Act	84.391	204,609
Special Education - Preschool Grants, Recovery Act	84.392	5,020
Education Jobs Fund	84.410	376,493
Total Department of Education		2,554,375
DEPARTMENT OF HOMELAND SECURITY		
Pass Through Payments from New Hampshire Department of Homeland Security		
Homeland Security Grant Program	97.067	
#2008-SHSP-Berlin		51,890
Total Department of Homeland Security		51,890
Total Expenditures of Federal Awards		$ 6,086,486

See notes to schedule of expenditures of federal awards

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2011

NOTE 1—GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the City of Berlin, New Hampshire. The City of Berlin's reporting entity is defined in Note 1 to the City's basic financial statements. All federal funds are included on the schedule.

NOTE 2—BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's basic financial statements.

NOTE 3—NON-CASH TRANSACTIONS

The City participates in the USDA Food Distribution Program which is a non-cash program. On the Schedule of Expenditures of Federal Awards, $34,580 has been reported as part of the National School Lunch Program which represents the value of commodities received by the City.

NOTE 4—RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The recognition of expenditures of federal awards has been reported in the City's basic financial statements as intergovernmental revenues in the governmental funds as follows:

Major Fund:	
General Fund	$ 416,264
Nonmajor Governmental Funds:	
Federal Projects Fund	2,177,882
Food Service Fund	372,168
Airport Authority Fund	309,287
Grants Fund	220,677
CDBG Fund	9,374
Neighborhood Stabilization Grant Fund	2,546,254
	$ 6,051,906

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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 Honorable Mayor, City Council and Manager
City of Berlin, New Hampshire

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Berlin, New Hampshire, as of and for the year ended June 30, 2011, which collectively comprise the City of Berlin, New Hampshire's basic financial statements, and have issued our report thereon dated June 6, 2012. Our report includes a reference to other auditors. 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. Other auditors audited the financial statements of the Berlin Water Works, component unit of the City, as described in our report on the City of Berlin, New Hampshire's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

Management of the City of Berlin, New Hampshire is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Berlin, New Hampshire'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 an opinion on the effectiveness of the City of Berlin, New Hampshire's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Berlin, New Hampshire's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as findings #2011-01 and #2011-02 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Berlin, New Hampshire's financial statements are free of 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*.

We noted certain matters that we reported to management of the City of Berlin, New Hampshire in a separate letter dated June 6, 2012.

The City of Berlin, New Hampshire's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City of Berlin, New Hampshire's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Honorable Mayor, the City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Vachon Clukey & Company PC

June 6, 2012

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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Honorable Mayor, City Council and Manager
City of Berlin, New Hampshire

Compliance

We have audited the City of Berlin, New Hampshire's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Berlin, New Hampshire's major federal programs for the year ended June 30, 2011. The City of Berlin, New Hampshire's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Berlin, New Hampshire's management. Our responsibility is to express an opinion on the City of Berlin, New Hampshire's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Berlin, New Hampshire's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Berlin, New Hampshire's compliance with those requirements.

In our opinion, the City of Berlin, New Hampshire complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the City of Berlin, New Hampshire is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Berlin, New Hampshire's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal

control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Berlin, New Hampshire's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information and use of management, the Honorable Mayor, the City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Vachon Clukay & Company PC

June 6, 2012

City of Berlin, New Hampshire
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

Section I—Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	*unqualified*		
Internal control over financial reporting:			
Material weakness(es) identified?	X yes	_____ no	
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ yes	X	none reported
Noncompliance material to financial statements noted?	_____ yes	X	no

Federal Awards

Internal Control over major programs:			
Material weakness(es) identified?	_____ yes	X	no
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ yes	X	none reported
Type of auditor's report issued on compliance for major programs:	*unqualified*		
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	_____ yes	X	no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.228	Community Development Block Grants/State's Program
66.818	Brownfields Assessment and Cleanup Cooperative Agreements, Recovery Program
84.010 & 84.389	Title I, Part A Cluster
84.027, 84.173, 84.391 & 84.392	Special Education Cluster (IDEA)
84.410	Education Jobs Fund

Dollar threshold used to distinguish between Type A and Type B program: $ 300,000 .

Auditee qualified as low-risk auditee? _____ yes X no

Section II—Financial Statement Findings

The following finding relating to the internal control structure is required to be reported by GAGAS.

Finding #2011-01 – Override of Payroll Controls

Criteria: Employers must deduct and withhold employee income taxes in accordance with the tables and computational procedures prescribed by the IRS under Section 3402(a) (1).

Condition: A City finance department employee in a management role circumvented the City's normal payroll policies and procedures by directly making entries and adjustments into the City's payroll system to income tax withholdings and deductions which resulted in personal benefit.

Context: A City finance department employee in a management role adjusted their payroll withholdings for personal benefit during two consecutive pay periods before it was reported to City Management by the City's Payroll Clerk.

Effect: Controls over the City's payroll process are weakened as the established payroll policies and procedures are not being properly adhered to. As a result, the City could be subject to penalties and fines for failure to comply with income tax withholding requirements.

Cause: A City finance department employee in a management role was able to override the City's payroll policies and procedures by directly making adjustments to their individual tax withholding calculation in the City's payroll system.

Recommendation: We recommend that the City contact their payroll software vendor regarding the ability to override the payroll system and adjust or change withholding calculations. The payroll software should prohibit such entries into the system, as withholdings should be based on a master file that is based on the most up to date employee W-4's.

Views of Responsible Officials and Planned Corrective Actions: The City accepts and agrees with this recommendation with the following caveat; as suggested by the auditors, the City contacted the payroll software vendor regarding the above issue and was told that the vendor could not prohibit such entries from being made to the system because legitimate adjustments to the system need to be made from time to time. The City has adopted a written policy which requires that no individual employee in the finance department have the authority to perform such an override of the system and that both the Finance Director and Assistant Finance Director must sign-off before such an override could occur.

Finding #2011-02 – General Ledger Accounting

Condition: Numerous accounts in the City's general ledger accounting system were not reconciled by the City's finance personnel within an acceptable time frame.

Context: City finance personnel did not complete/perform numerous general ledger account reconciliations until several months after the City's fiscal year end, which delayed the audit and financial reporting process.

Effect: Controls over the City's general ledger accounting system are weakened as the reconciliation process is not being completed in a timely manner. As a result, errors or mispostings can remain undetected and financial decisions may be made by City Management on incomplete or incorrect data. Additionally, the delay in the audit and reporting process diminishes the usefulness of the financial statements, as management responses to audit recommendations may not be implemented in a timely manner.

Cause: The City's finance personnel did not complete general ledger account reconciliations in a timely manner.

Recommendation: We recommend that the City finance personnel reconcile the general ledger accounts on a monthly basis to detect any errors or omissions and to maintain controls over the recorded account balances. Any discrepancies should be identified and properly adjusted in a timely manner. This will ensure an accurate financial position of the City will be available upon which management and City Council may make important business decisions.

Views of Responsible Officials and Planned Corrective Actions: The City accepts and agrees with this recommendation and will implement the recommendation as described. The City is on its third Finance Director in as many years and is only now beginning to sort out issues and areas where the finance department had fallen behind. All accounts are now reconciled on a monthly basis.

Section III—Federal Award Findings and Questioned Costs

There were no findings and questioned costs as defined under OMB Circular A-133 .510(a).

SCHEDULE A
CITY OF BERLIN, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Funds
June 30, 2011

	Special Revenue Funds	Permanent Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	$ 204,002	$ 1,249		$ 205,251
Investments		358,579		358,579
Accounts receivable	3,572			3,572
Due from other governments	2,663,156			2,663,156
Due from other funds	75,937	3,162		79,099
Prepaid expenses	20,835			20,835
Inventory	12,690			12,690
Total Assets	$ 2,980,192	$ 362,990	$ -	$ 3,343,182
LIABILITIES				
Accounts payable	$ 303,469			$ 303,469
Accrued expenses	3,428			3,428
Retainage payable			$ 10,457	10,457
Deferred revenue	128,689			128,689
Due to other funds	2,528,106		875,323	3,403,429
Total Liabilities	2,963,692	$ -	885,780	3,849,472
FUND BALANCES				
Nonspendable	33,525	148,478		182,003
Restricted	1,169	214,512		215,681
Committed	23,621			23,621
Assigned	95,983			95,983
Unassigned (deficit)	(137,798)		(885,780)	(1,023,578)
Total Fund Balances (deficit)	16,500	362,990	(885,780)	(506,290)
Total Liabilities and Fund Balances	$ 2,980,192	$ 362,990	$ -	$ 3,343,182

SCHEDULE A-1
CITY OF BERLIN, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Special Revenue Funds
June 30, 2011

	Federal Projects Fund	Food Service Fund	Airport Authority Fund	Health Department Fund	Carberry Fund	Grants Fund	CDBG Fund	Neighborhood Stabilization Grant Fund	Recreation and Parks Programs Fund	Combining Totals
ASSETS										
Cash and cash equivalents				$ 3,008				$ 200,994		$ 204,002
Accounts receivable		$ 239			$ 999	$ 2,334				3,572
Due from other governments	$ 985,612	62,862	$ 358,325			201,121	$ 2,233	1,053,003		2,663,156
Due from other funds		25,175			4,950	21,890			$ 23,922	75,937
Prepaid expenses			20,835							20,835
Inventory		12,690								12,690
Total Assets	$ 985,612	$ 100,966	$ 379,160	$ 3,008	$ 5,949	$ 225,345	$ 2,233	$ 1,253,997	$ 23,922	$ 2,980,192
LIABILITIES										
Accounts payable	$ 80,371	$ 447	$ 42,509		$ 128	$ 115,188		$ 64,563	$ 263	$ 303,469
Accrued expenses			1,855			1,222	$ 105	208	38	3,428
Deferred revenue	43,008					85,681				128,689
Due to other funds	861,064		451,759	$ 675		23,254	2,128	1,189,226		2,528,106
Total Liabilities	984,443	447	496,123	675	128	225,345	2,233	1,253,997	301	2,963,692
FUND BALANCES										
Nonspendable		12,690	20,835							33,525
Restricted	1,169									1,169
Committed									23,621	23,621
Assigned		87,829		2,333	5,821					95,983
Unassigned (deficit)			(137,798)							(137,798)
Total Fund Balances (deficit)	1,169	100,519	(116,963)	2,333	5,821	-	-	-	23,621	16,500
Total Liabilities and Fund Balances	$ 985,612	$ 100,966	$ 379,160	$ 3,008	$ 5,949	$ 225,345	$ 2,233	$ 1,253,997	$ 23,922	$ 2,980,192

SCHEDULE B
CITY OF BERLIN, NEW HAMPSHIRE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - All Nonmajor Funds
For the Year Ended June 30, 2011

	Special Revenue Funds	Permanent Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues:				
Intergovernmental	$ 5,830,889			$ 5,830,889
Charges for services	369,483			369,483
Interest income	2	$ 7,045		7,047
Miscellaneous	135,712	525		136,237
Total Revenues	6,336,086	7,570	$ -	6,343,656
Expenditures:				
Current operations:				
General government	2,613	25		2,638
Public safety	104,606			104,606
Airport/Aviation center	167,855			167,855
Health and welfare	543			543
Sanitation	469			469
Culture and recreation	58,180			58,180
Economic development	2,676,388			2,676,388
Education	2,435,354			2,435,354
Food service	603,399			603,399
Capital outlay	325,565		1,841,870	2,167,435
Total Expenditures	6,374,972	25	1,841,870	8,216,867
Excess of revenues over (under) expenditures	(38,886)	7,545	(1,841,870)	(1,873,211)
Other financing sources (uses):				
Proceeds from note payable issued			1,100,000	1,100,000
Transfers out		(8,647)		(8,647)
Total other financing sources (uses)	-	(8,647)	1,100,000	1,091,353
Net change in fund balances	(38,886)	(1,102)	(741,870)	(781,858)
Fund balances (deficit) at beginning of year	55,386	364,092	(143,910)	275,568
Fund balances (deficit) at end of year	$ 16,500	$ 362,990	$ (885,780)	$ (506,290)

SCHEDULE B-1
CITY OF BERLIN, NEW HAMPSHIRE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - All Nonmajor Special Revenue Funds
For the Year Ended June 30, 2011

	Federal Projects Fund	Food Service Fund	Airport Authority Fund	Health Department Fund	Carberry Fund	Grants Fund	CDBG Fund	Neighborhood Stabilization Grant Fund	Recreation and Parks Programs Fund	Combining Totals
Revenues:										
Intergovernmental	$ 2,342,774	$ 381,870	$ 325,565			$ 225,052	$ 9,374	$ 2,546,254		$ 5,830,889
Charges for services		191,789	135,531		$ 2,004				$ 40,159	369,483
Interest income				$ 2						2
Miscellaneous	92,580		22,000	1,182		19,950				135,712
Total Revenues	2,435,354	573,659	483,096	1,184	2,004	245,002	9,374	2,546,254	40,159	6,336,086
Expenditures:										
Current operations:										
General government						2,613				2,613
Public safety						104,606				104,606
Airport/Aviation center			167,855							167,855
Health and welfare				543						543
Sanitation					469					469
Culture and recreation						17,023			41,157	58,180
Economic development						120,760	9,374	2,546,254		2,676,388
Education	2,435,354									2,435,354
Food service		603,399								603,399
Capital outlay			325,565							325,565
Total Expenditures	2,435,354	603,399	493,420	543	469	245,002	9,374	2,546,254	41,157	6,374,972
Net change in fund balances	-	(29,740)	(10,324)	641	1,535	-	-	-	(998)	(38,886)
Fund balances (deficit) at beginning of year	1,169	130,259	(106,639)	1,692	4,286	-	-	-	24,619	55,386
Fund balances (deficit) at end of year	$ 1,169	$ 100,519	$ (116,963)	$ 2,333	$ 5,821	$ -	$ -	$ -	$ 23,621	$ 16,500

SCHEDULE C
CITY OF BERLIN, NEW HAMPSHIRE
Combining Statement of Net Assets
All Nonmajor Proprietary Funds
June 30, 2011

	Industrial Development and Park Authority Fund	Courthouse Fund	Cates Hill Landfill Fund	Combining Totals
ASSETS				
Current Assets:				
Accounts receivable, net	$ 3,867	$ 2,821		$ 6,688
Due from other governments			$ 134,166	134,166
Due from other funds	311,177		300,552	611,729
Prepaid expenses	6,629			6,629
Total Current Assets	321,673	2,821	434,718	759,212
Noncurrent Assets:				
Non-depreciable capital assets	503,190			503,190
Depreciable capital assets, net	605,799	121,913		727,712
Total Noncurrent Assets	1,108,989	121,913	-	1,230,902
Total Assets	$ 1,430,662	$ 124,734	$ 434,718	$ 1,990,114
LIABILITIES				
Current Liabilities:				
Accounts payable		$ 35	$ 1,772	$ 1,807
Accrued expenses		97		97
Retainage payable	$ 21,200			21,200
Deferred revenue	4,121			4,121
Due to other funds		110,438		110,438
Current portion of notes payable	63,426			63,426
Current portion of estimated liability for landfill postclosure care costs			12,450	12,450
Total Current Liabilities	88,747	110,570	14,222	213,539
Noncurrent Liabilities:				
Notes payable	287,855			287,855
Estimated liability for landfill postclosure care costs			286,450	286,450
Total Noncurrent Liabilities	287,855	-	286,450	574,305
Total Liabilities	376,602	110,570	300,672	787,844
NET ASSETS				
Invested in capital assets, net of related debt	1,108,989	121,913		1,230,902
Unrestricted (deficit)	(54,929)	(107,749)	134,046	(28,632)
Total Net Assets	1,054,060	14,164	134,046	1,202,270
Total Liabilities and Net Assets	$ 1,430,662	$ 124,734	$ 434,718	$ 1,990,114

SCHEDULE D
CITY OF BERLIN, NEW HAMPSHIRE
Combining Statement of Revenues, Expenses and Changes in Net Assets
All Nonmajor Proprietary Funds
For the Year Ended June 30, 2011

	Industrial Development and Park Authority Fund	Courthouse Fund	Cates Hill Landfill Fund	Combining Totals
Operating revenues:				
Miscellaneous	$ 93,187	$ 2,821	$ 21,110	$ 117,118
Total operating revenues	93,187	2,821	21,110	117,118
Operating expenses:				
Personnel services		3,976		3,976
Contractual services	3,042		58,649	61,691
Repairs and maintenance	25,824	1,363		27,187
Materials and supplies	75			75
Utilities	3,433	12,740		16,173
Bad debt expense	641,608			641,608
Depreciation	41,061	6,321		47,382
Total operating expenses	715,043	24,400	58,649	798,092
Operating income (loss)	(621,856)	(21,579)	(37,539)	(680,974)
Non-operating revenues (expenses):				
Interest revenue	913			913
Interest expense	(19,211)			(19,211)
Net non-operating revenues (expenses)	(18,298)	-	-	(18,298)
Income (loss) before capital contributions	(640,154)	(21,579)	(37,539)	(699,272)
Capital contributions	8,816			8,816
Change in net assets	(631,338)	(21,579)	(37,539)	(690,456)
Total net assets at beginning of year, as restated	1,685,398	35,743	171,585	1,892,726
Total net assets at end of year	$ 1,054,060	$ 14,164	$ 134,046	$ 1,202,270

SCHEDULE E
CITY OF BERLIN, NEW HAMPSHIRE
Combining Statement of Cash Flows
All Nonmajor Proprietary Funds
For the Year Ended June 30, 2011

	Industrial Development and Park Authority Fund	Courthouse Fund	Cates Hill Landfill Fund	Combining Totals
Cash flows from operating activities:				
Cash received from customers	$ 85,677	$ 5	$ 4,751	$ 90,433
Cash paid to suppliers	(40,256)	(11,236)	(9,955)	(61,447)
Cash paid to employees		(11,760)		(11,760)
Net cash provided (used) by operating activities	45,421	(22,991)	(5,204)	17,226
Cash flows from capital and related financing activities:				
Proceeds from note collections	65,971			65,971
Principal paid on notes payable	(60,338)			(60,338)
Interest paid on long-term debt	(19,211)			(19,211)
Capital contributions	8,816			8,816
Purchases of capital assets	(432,152)			(432,152)
Net cash (used) for capital and related financing activities	(436,914)	-	-	(436,914)
Cash flows from investing activities:				
Interest on investments	913			913
Net cash provided by investing activities	913	-	-	913
Net (decrease) in cash and cash equivalents	(390,580)	(22,991)	(5,204)	(418,775)
Cash and cash equivalents (deficiency) at beginning of year	701,757	(87,447)	305,756	920,066
Cash and cash equivalents (deficiency) at end of year	$ 311,177	$ (110,438)	$ 300,552	$ 501,291
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ (621,856)	$ (21,579)	$ (37,539)	$ (680,974)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Bad debt expense	641,608			641,608
Depreciation expense	41,061	6,321		47,382
Changes in assets and liabilities:				
Accounts receivable, net	(10,206)	(2,816)		(13,022)
Due from other governments	2,000		(16,359)	(14,359)
Prepaid expenses	(6,629)			(6,629)
Accounts payable	(1,253)	(348)	(206)	(1,807)
Accrued expenses		(989)		(989)
Deferred revenue	696			696
Compensated absences payable		(3,580)		(3,580)
Estimated liability for landfill postclosure care costs			48,900	48,900
Net cash provided (used) by operating activities	$ 45,421	$ (22,991)	$ (5,204)	$ 17,226
Supplemental disclosure of non-cash transactions:				
Capital asset additions included in year end liabilities	$ 21,200	$ -	$ -	$ 21,200

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The City of Berlin's Annual Report is available at www.berlinnh.gov

MAYORS OF THE CITY OF BERLIN

The Honorable...

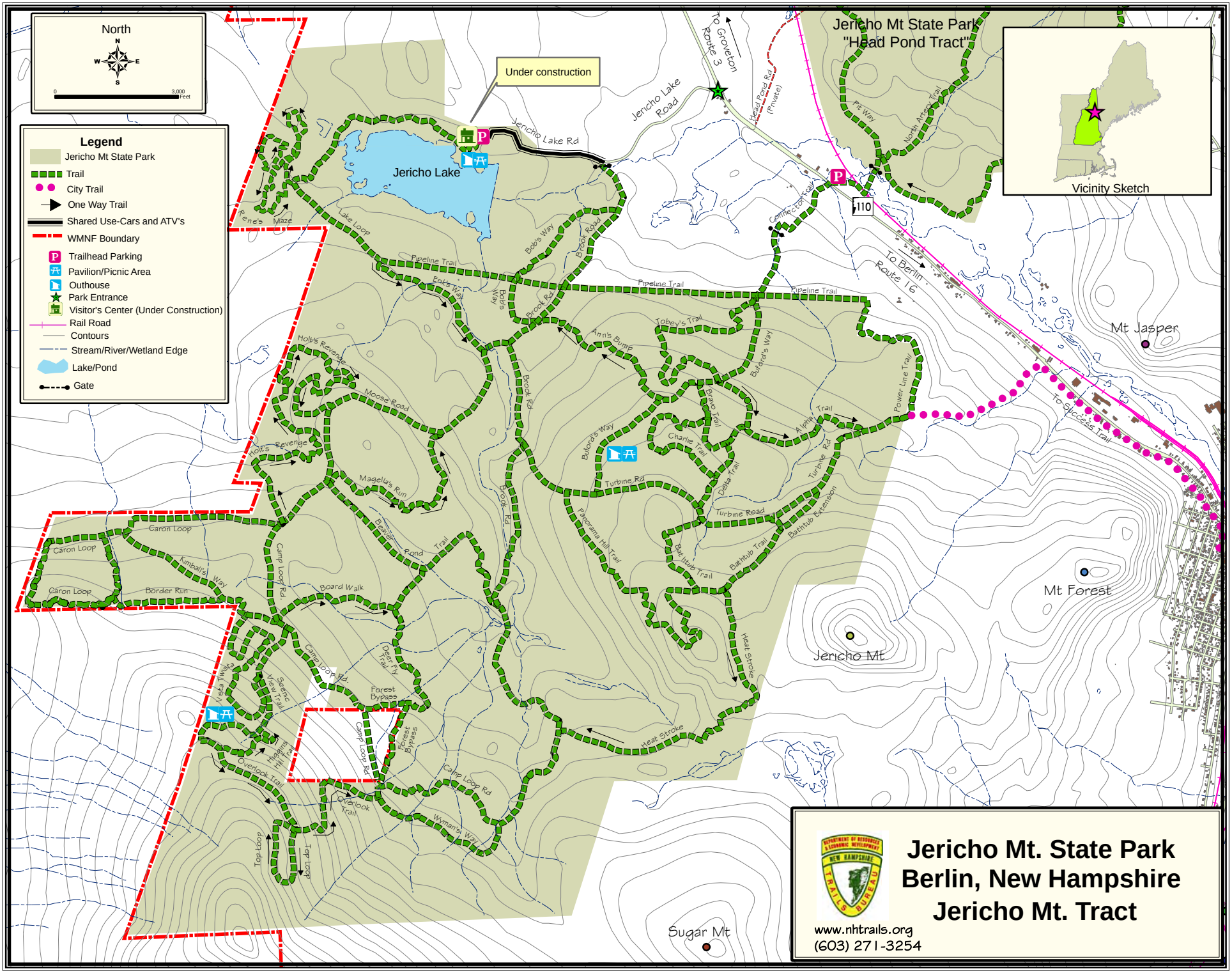
Henry F. Marston	1897-1899	Aime Tondreau	1950-1957
John B. Noyes	1899-1900	Guy Fortier	1957-1958
Frank L. Wilson	1900-1901	Laurier A. Lamontagne	1958-1962
Fred M. Clement	1901-1902	Edward L. Schuette	1962-1965
John B. Gilbert	1902-1905	Dennis Kilbride	1965-1966
George E. Hutchins	1905-1908	Norman J. Tremaine	1966-1968
Fremont D. Bartlett	1908-1910	Earl F. Gage	1968-1970
Daniel J. Daley	1910-1915	Norman J. Tremaine	1970-1972
George F. Rich	1915-1919	Sylvio J. Croteau	1972-1976
Eli J. King	1919-1924	Laurier A. Lamontagne	1976-1978
J.A. Vaillancourt	1924-1926	Leo G. Ouellet	1978-1982
Eli J. King	1926-1928	Joseph J. Ottolini	1982-1986
Edward R. B. McGee	1928-1931	Roland W. Couture	1987-1990*
W.E. Corbin	1931-1932	Willard Dube	1990-1990
O.J. Coulombe	1932-1934	Leo G. Ouellet	1990-1994
Daniel J. Feindel	1934-1935	Yvonne Coulombe	1994-1996
Arthur J. Bergeron	1935-1938	Richard P. Bosa	1996-1998
Matthew J. Ryan	1938-1939	Robert DePlanche	1998-1998
Aime Tondreau	1939-1943	Richard D. Huot	1998-2000
Carl E. Morin	1943-1946	Robert Danderson	2000-2008
George E. Bell	1946-1947	David Bertrand	2008-2010
Paul A. Toussaint	1947-1950	Paul Grenier	2010-

* Change in election year and change in date oath of office is taken, as of October 5, 1987.

CITY MANAGERS OF THE CITY OF BERLIN

Stanley Judkins	1962-1966
Joseph Burke	1970-1973
James C. Smith	1973-1978
Michael L. Donovan	1978-1983
Mitchell A. Berkowitz	1983-1998
George E. McMahon	1998-1998
Robert L. Théberge	1999-2002
Patrick MacQueen	2002-

CITY OFFICES	TEL.NUMBER	CONTACT
AIRPORT 800 E. Side River Rd, Milan, NH 03588	603-449-2168	*Eric Kaminsky, Airport Manager* *airport@ncia.net*
ASSESSOR'S 168 Main Street, Berlin, NH 03570	603-752-5245	*Susan Warren, Assessor Supervisor* *assessor@berlinnh.gov*
CITY CLERK 168 Main Street, Berlin, NH 03570	603-752-2340	*Debra Patrick, City Clerk* *cityclerk@berlinnh.gov*
CITY MANAGER 168 Main Street, Berlin, NH 03570	603-752-7532	*Patrick MacQueen, City Manager* *city_manager@berlinnh.gov*
HEALTH 168 Main Street, Berlin, NH 03570	603-752-1272	*Yvette Leighton RN* *yleighton@berlinnh.gov*
RECREATION 672 First Avenue, Berlin, NH 03570	603-752-2010	*Terry Letarte* *tletarte@berlinnh.gov*
WELFARE 168 Main Street, Berlin, NH 03750	603-752-2120	*Angela Martin Giroux, Welfare Director* *amartin_giroux@berlinnh.gov*
LIBRARY 270 Main Street, Berlin, NH 03570	603-752-5210	*Denise Jensen, Head Librarian* *librarian@berlinnh.gov*
PUBLIC WORKS OFFICE 168 Main Street, Berlin, NH 03570	603-752-4450	*Michael Perreault, PW Director* *mperreault@berlinnh.gov*
PUBLIC WORKS GARAGE 10 Jericho Road, Berlin, NH 03570	603-752-1460	*Dan Belanger, PW Supervisor* *dbelanger@berlinnh.gov*
FINANCE/COLLECTIONS 168 Main Street, Berlin, NH 03570	603-752-1610	*Patricia Chase, Finance Director* *pchase@berlinnh.gov*
FIRE DEPARTMENT 263 Main Street, Berlin, NH 03570	603-752-3135 **EMERGENCY 911**	*Randall Trull, Fire Chief* *fire_chief@berlinnh.gov*
BERLIN HOUSING AUTHORITY Serenity Circle, Berlin, NH 03570	603-752-4240	*Mary Jo Landry, Ex. Director* *executivedirector@berlinha.org*
HOUSING COORDINATOR 260 Main Street, Berlin, NH 03570	603-752-1630	*Linda White, Housing Coordinator* *housing_coordinator@berlinnh.gov*
INSPECTION DIVISION 260 Main Street, Berlin, NH 03570	603-752-1630	*Joseph Martin, Code Enforcement Officer jmartin@berlinnh.gov*
PLANNING 168 Main Street, Berlin, NH 03570	603-752-8587	*Pamela Laflamme, City Planner* *plaflamme@berlinnh.gov*
POLICE DEPT 135 Green Street, Berlin, NH 03570	603-752-3131 **EMERGENCY 911**	*Peter Morency, Police Chief* *bpdchief@berlinpolice.com*
SCHOOL DEPT 183 Hillside Ave., Berlin, NH 03570	603-752-6500	*Corinne Cascadden, Superintendent* *ccascadden@sau3.org*
WASTE WATER TREATMENT 10 Shelby Street, Berlin, NH 03570	603-752-8563	*Henry Noel, Superintendent* *bpcf_supervisor@berlinnh.gov*
WATER WORKS 55 Willow Street, Berlin, NH 03570	603-752-1677	*Roland Viens, Superintendent* *bww@ncia.net*


North
N
W
E
S
0
3,000
Feet
Legend
Jericho Mt State Park
Trail
City Trail
One Way Trail
Shared Use-Cars and ATV's
WMNF Boundary
Trailhead Parking
Pavilion/Picnic Area
Outhouse
Park Entrance
Visitor's Center (Under Construction)
Rail Road
Contours
Stream/River/Wetland Edge
Lake/Pond
Gate
Under construction
Jericho Lake
Jericho Lake Rd
Jericho Lake Road
To Groveton
Route 3
Head Pond Rd
(Private)
Jericho Mt State Park
"Head Pond Tract"
Pit Way
North Area Trail
Connector Trail
110
To Berlin
Route 16
Mt Jasper
To Success Trail
Power Line Trail
Mt Forest
Jericho Mt
Sugar Mt
Rene's Maze
Lake Loop
Pipeline Trail
Bob's Way
Brook Road
Holt's Revenge
Moose Road
Magella's Run
Beaver Pond Trail
Ann's Bump
Tobey's Trail
Buford's Way
Bravo Trail
Charlie Trail
Delta Trail
Alpha Trail
Turbine Rd
Turbine Road
Panorama Hill Trail
Bat Hub Trail
Bathtub Trail
Bathtub Extension
Heat Stroke
Caron Loop
Kimball's Way
Border Run
Board Walk
Camp Loop Rd
Deer Fly Trail
Forest Bypass
Scenic View Trail
Hogback Hill Trail
Overlook Trail
Top Loop
Wyman's Way
Vicinity Sketch
Jericho Mt. State Park
Berlin, New Hampshire
Jericho Mt. Tract
www.nhtrails.org
(603) 271-3254
Revised-June, 2011