BERLIN WATER WORKS

Annual Financial Statements

For the Year Ended June 30, 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Water Commissioners
Berlin Water Works
Berlin, New Hampshire

Report on the Financial Statements

We have audited the accompanying financial statements of Berlin Water Works (the Department), a component unit of the City of Berlin, New Hampshire, as of and for the year ended June 30, 2015 which collectively comprises the Department's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Berlin Water Works, as of June 30, 2015, and the respective changes in financial position and cash flows thereof in accordance with accounting principles generally accepted in the United States of America.

Compliance and Other Matters

The financial statements of Berlin Water Works are intended to represent the financial position, and the changes in financial position and cash flows, of only that portion of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Berlin, New Hampshire that is attributable to the transactions of Berlin Water Works. They do not purport to, and do not, present fairly the financial position of the City of Berlin, New Hampshire as of June 30, 2015, and the changes in its financial position and its cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and Schedule of Funding Progress, the Schedule of Proportionate Share of Net Pension Liability, the Schedule of Contributions, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2015 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department’s internal control over financial reporting and compliance.

Melanson Heath

December 21, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Berlin Water Works, we offer readers this narrative overview and analysis of the financial activities of the Department for the fiscal year ended June 30, 2015.

A. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements include: (1) the Statement of Net Positions, (2) the Statement of Revenues, Expenses, and Changes in Net Position, and (3) the Statement of Cash Flows. This report also contains other supplementary information in addition to the basic financial statements themselves.

The Statement of Net Position presents information on all assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating. As of the close of the current fiscal year, the total assets exceeded liabilities by $29,992,782 (i.e., net position).

The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the Department's net position changed during the most recent fiscal year. All changes in net position 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 only result in cash flows in future fiscal periods. Activities for the year resulted in a change in net position of $800,301.

The Statement of Cash Flows provides information about cash receipts and cash payments during the accounting period. This statement provides the cash effects of the Department's operations, its noncapital financing transactions, its capital and related financing transactions, and its investing transactions. A reconciliation of operating income to net cash flow from operating activities is also provided.

Summary of Net Position

	2015	2014
Current and other assets	$ 1,835,702	$ 1,283,133
Capital assets	41,162,180	41,166,088
Deferred outflows of resources	100,960	-
Total assets and deferred outflows	43,098,842	42,449,221
Long-term liabilities	7,445,556	7,779,164
Other liabilities	5,451,869	4,375,542
Deferred inflows of resources	208,635	-
Total liabilities and deferred inflows	13,106,060	12,154,706
Net position:		
Net investment in capital assets	29,593,776	29,405,501
Unrestricted	399,006	889,014
Total net position	$ 29,992,782	$ 30,294,515

Summary of Changes in Net Position

	2015	2014
Operating revenues	$ 2,719,447	$ 2,316,876
Operating expenses	(2,944,692)	(2,897,063)
Operating loss	(225,245)	(580,187)
Nonoperating revenues(expenses)	(141,585)	(191,064)
(Loss) before contributions	(366,830)	(771,251)
Capital Contributions	1,167,131	1,158,173
Change in net position	800,301	386,922
*Net position - beginning of year, as restated	29,192,481	29,907,593
Net position - end of year	$ 29,992,782	$ 30,294,515

* Restated as described in Note 18.

As noted earlier, net position may serve over time as a useful indicator of financial position. At the close of the most recent fiscal year, total net position was $29,992,482, a change of $800,301 from the prior year.

The largest portion of net position $29,593,776 reflects our investment in capital assets (e.g., land, buildings and improvements, machinery and equipment, vehicles, and infrastructure); less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to water rate payers; consequently, these assets are not available for future spending.

Although the investment in 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 cannot be used to liquidate these liabilities.

The remaining balance of unrestricted net position $399,006 may be used to meet the Department's ongoing obligations to citizens and creditors.

B. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Total investment in capital assets for the Department at year-end amounted to $41,162,180 (net of accumulated depreciation), a change of $(3,908) from the prior year. This investment in capital assets includes land, buildings and improvements, machinery and equipment, vehicles, and infrastructure.

Additional information on capital assets can be found in the Notes to Financial Statements.

Long-term debt. At the end of the current fiscal year, total bonded debt outstanding was $6,226,111, a change of $(1,232,877) in comparison to the prior year. The Department also had $5,320,842 in notes payable outstanding at year-end.

Additional information on long-term debt can be found in the Notes to Financial Statements.

C. SIGNIFICANT ACCOMPLISHMENTS FOR FISCAL YEAR 2015

- A $3,000,000 NHSRL #8 with 45% forgiveness was awarded to BWW in FY2011.
- NHSRL - BWW 11-2 spending (construction) started in June 2011. This project was a continuation of NHSRL #7. Provan & Lorber was awarded a contract to support BWW design and construction management activities. Three years of water main work on Riverside Drive were completed from Eighth Street to Cates Hill. This project was completed in FY2014 and a new 16-inch Androscoggin River crossing was connected to the distribution system in FY2014. Portions of the Riverside Drive and River Crossing work were funded by NHSRL #10.
- In FY2015 900' of 8" HDPE High Pressure Main and 900' of 12"HDPE Low Pressure Main was installed on Grafton Street. Portions of Grafton Street were funded by USDA Rural development Loan #3 .Work was done on Hinchey Street in conjunction with NHDOT Route 110 Rebuild Project also road work was done on the Godfrey Transmission line. All of this

work was performed under Davis Bacon. The balance of this loan was expended in 2015.

- A $1,000,000 NHSRL #9 for Energy Improvement Project was awarded in 2011.
- In previous years, the BWW Office and Garage Upgrade project used this funding for major energy conservation items incorporated in the design and construction. In FY 2013, a 22.5kw - 90 panel solar systems was installed at the 55 Willow Street Office Complex. In FY2014, the design was completed on a new 21kw hydro generator project for the Ammonoosuc Facility. FY 2015 the addition to the Ammonoosuc Facility for the Turbine Generator was constructed. The Turbine Generator was delivered and installed. The activation of the Turbine will be completed in FY2016. All of this work was performed under Davis Bacon. The balance of this loan was expended in FY2015.
- A $2,000,000 NHSRL #10 was awarded in July 2012. These funds will continue water main replacement work. Completed in FY2013 were 11^{th} Street, Alpine Street, and Pine Island. Sections of Riverside Drive from Noury to 12th Street and the River Crossing were completed with this funding in conjunction with funding from NHSRL #8. FY 2015 completed the punch list for Alpine Street and Pine Island. All of this work was performed under Davis Bacon. The balance of this loan will be expended in 2015. The loan is due to be expanded in 2015. BWW was not able to meet the deadline and the NHDES granted an extension until 2016.
- A $1,000,000 loan was awarded to BWW by USDA Rural Development for Improvements to Godfrey Transmission Pipeline. BWW no longer qualifies for USDA Rural Development Grant funding due to forecasted increases in revenue from the Federal prison and Burgess Bio-Mass. To-date, these forecast revenues have not developed and may not meeting expectations. Provan & Lorber were awarded an engineering contract. Engineering, permitting, pipe evaluation were completed. The access road was repaired and several sections of pipeline were replaced in FY2014. Due to cash flow issues this loan was closed by the Board in FY2014 at $450,000. The remaining future work will be funded by NHSRL #8 and NHSRL #10. The balance of the loan was paid in 2015.
- A $4,000,000 loan and grant package was awarded to BWW by USDA Rural Development for Water Main Improvements. Provan & Lorber was awarded a contract to support BWW design and construction management activities.
- Sections of State Street and High Street were completed in 2010. In 2011, Main Street from Abenaki Lane to 8th Street was completed. In 2012, Balsam Street, a section of Sweden Street, Eighth Street and a large section of Norway water mains were replaced. In 2013, sections of Mason Street and Sullivan Street were completed. In 2014, sections of 3rd Avenue, Wight Street, and Grafton Street water mains were replaced. The loan was closed in 2014.

- The BWW signed a contract with NHDOT to perform all of the water system work related to the Route 110 Road Upgrade Project. This contract is currently at $583,449. The expanded amount of the contract at the end of FY15 was $ 487,709.81. This work started in 2103 and will continue through 2016 and will provide additional "force account" work for BWW.
- The Berlin Water Works permanent staffing was maintained at 14 full time positions. The temporary employees were increased to 9 temps plus 4 summer employees to support "force account" construction. Starting in 2013, the total temporary labor was reduced by plan as funding availability decreased. The manning level will decrease for the next two years as NHSRL and USDA Rural Development funded projects are completed.
- Berlin Water Works continued to pass the lead and copper compliance regulations for the 7th consecutive round of testing. The next schedule test is in September 2016.
- The final outstanding lease purchase equipment payments were paid in 2016.

D. ECONOMIC FACTORS, RATES AND 2015 BUDGET

In considering the BWW Projected Revenue and the level of "force account" funded work available for FY2016, the Board of Water Commissioners and BWW staff determined no need to increase the water rates imposed on customers for the year 2016. The decision to maintain existing water rates would not have been possible without the NHSRLs and the outstanding funding from the RUD Grant.

Key assumptions in our revenue forecast were:

- That the BWW revenues have begun to increase and is now similar to before FY 2006 when the permanent shutdown and demolition of the Fraser pulp mill began. Other small revenue reduction changes due to customer base erosion continue to be expected in 2016. The Federal Prison operation continues to not achieve forecasted operating levels in FY2014 and water sales revenue was lower than anticipated. On the positive side, Prison population and employee levels continue to increase so the Federal Prison has and will continue to increase at some unknown rate. A significant increase in revenue was experienced by mid-FY2014 from the Bio-Mass Project "on and off line" Start-up. BWW anticipates that cash flow will continue to improve as annual debt payments decrease and revenue strengthens.
- The proposed FY2016 budget had a short fall of revenue versus operating income as did the FY2015. budget. The deficiency between water revenue and debt and operating cost is beginning to lessen as debt decreases and revenue increases. The Board decided to continue at the moderate level of "force account" work with additional "temporary crewing" (up to 9) and using BWW construction to increase cash flow. The total balance of grant

and loan funding and the NHDOT project will support "force account" projects for about 1 additional year with the addition of an additional NHSRL #11.

- The Upgrade of the Business Office and Maintenance Garage at 55 Willow Street was included in the FY2014 and the FY2015 budget. The buildings are completed and the outside site improvement work is 90% complete. These final improvements are included in the FY2016 budget.
- The high annual debt payments have been reduced significantly by the full payment of the 1993 Bond (FY 2014), and the 1994 Bond (FY2015). In FY2016 the 1995 Bond will be paid in full. The debt payment from FY2014 to FY2015 was reduced by $317,175. This FY 2016 Budget will cover the final payment to the 1995 Bond.
- Because of the Berlin Water Works' aggressive progress on capital improvement work, the Board expects to continue reducing unplanned maintenance work such as water main breaks, service line breaks and frozen water lines that requiring thawing. This will support resource availability to continue "force account" work providing funding is available. Berlin Water Works continued "force account" work at a high level as established in 2010 thru 2013. This level reduced slightly for FY2015 and be reduced more in FY 2016.

ASSUMPTIONS

- The Berlin Water Works debt repayment schedule was at $1,187,979 (adjusted for re-financing) for year ending June 30, 2015; and $1,014,799 for year ending June 30, 2016. In FY2016 when the three bonds (93, 94, and 95) are paid in full in annual debt payment will drop to $702,651 plus three additional NHSRL commitments.
- In calendar years 2010 thru 2015, significant efforts were applied to the installation of backflow preventers (1831) and additional radio read devices. A total of 1164 radio read units were authorized to be purchased and installed. The radio read units will reduce hazard exposures and reduce meter read time.
- In 2005, Board revised regulations pertaining to backflow preventers that will result in additional costs to the Berlin Water Works over the future. In 2015, approximately 1994 backflow preventers remain to be purchased and installed over the next 5 to 10 years.
- In 2005, Board revised regulation pertaining to maintenance responsibilities of water service lines in the public right-of-way. This has resulted in additional cost to the Berlin Water Works.
- All project resident services will continue to be performed by Berlin Water Works permanent employees rather than through engineering contracts in order to reduce project costs. This process continues the reduced resident inspection cost by more than 50%.

- The BWW Superintendent retired in January 2015. The replacement superintendent has been selected and is an internal qualified employee. The total staff was reduced by one.

FY 2016 BUDGET

The new items specifically addressed in the FY 2016 budget were:

- The Berlin Water Works continued to replace water mains with BWW staff performing the design and record drawings on AutoCAD in house. BWW also purchased GIS equipment to upgrade current system mapping. This reduces the cost of project design and project management through outside contracts with engineering firms. BWW continues to use Provan & Lorber to support the BWW project engineering and construction efforts. BWW's cost to install water mains continues to be significantly less costly than by outside contractors.
- BWW Board of Water Commissioners and staff procured an additional $2,000,000 NHSRL Loan to continue system improvement plans. At this time, BWW does not want to incur any additional debt, but anticipates the need for additional funding to complete required system improvement via "force account" work. The annual debt payments will be reduced significantly by FY2017. The balance of outstanding "force account" funding is three NHSRL's - (#8 for $3,000,000, #9 for $1,000,000, #10 for $2,000,000) (balance = $378,558), and one USDA RUD Loans & Grants ($4,000,000) and $583,449 NHDOT (balance = $25,422) water contract commitments.
- BWW will complete the 55 Willow Street Office Building & Maintenance Garage Improvement
- Projects outside site improvement work were postponed to FY2016 if funding is available.
- Berlin Water Works three year labor contract was negotiated and ratified by both parties for August 1, 2013. This contract expires in August 1, 2016. A cost-saving health Insurance policy change from HMO with low co-pays to HMO with $20 co-pays saved a significant amount for both the employees and the BWW. The health insurance policy change was implemented at the start of FY2014. Negotiations are in the progress for the August 1, 2016 contract.
- FY 16 budget includes $200,000 for current and future outstanding debt and lease purchase agreement for a Skid Steer $15,000 and a bush mower $15,000.
- The Board of Water Commissioners reviewed BWW staffing levels in FY2016 and decided to reduce through retirements, possibly hourly staffing by 2 within the next few years.
- The Federal Bureau of Prisons Facility has hired staffing for the facility in FY 2014 (260 of planned 342) and has 1090 of 1280+ inmates to date.

The schedule to reach full operation levels is to be determined. Water sales increased in the FY 2015 budget year and will continue in FY 2016. The original forecasted usage and revenue from the FBOP will not be achieved and will be off by 40 to 50%.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Berlin Water Work's finances for all those with an interest in the Department's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Office Manager

Berlin Water Works

55 Willow Street

Berlin, New Hampshire 03570

BERLIN WATER WORKS

PROPRIETARY FUND

STATEMENT OF NET POSITION

JUNE 30, 2015

ASSETS		
Current:		
Cash and short-term equivalents	$	681,447
Investments		345,415
Receivables, net of allowance for uncollectibles		
Accounts		179,265
Intergovernmental		254,708
Inventory		374,867
Total current assets		1,835,702
Noncurrent:		
Capital assets:		
Land and construction in progress		3,927,556
Other capital assets, net of accumulated depreciation		37,234,624
Total noncurrent assets		41,162,180
DEFERRED OUTFLOWS OF RESOURCES		100,960
TOTAL ASSETS AND DEFFERED OUTFLOWS OF RESOURCES		43,098,842
LIABILITIES		
Current:		
Accounts payable		75,941
Accrued liabilities		55,086
Notes payable		5,320,842
Current portion of long-term liabilities:		
Bonds payable		1,098,909
Compensated absences		30,049
Capital leases		21,451
Total current liabilities		6,602,278
Noncurrent:		
Bonds payable, net of current portion		5,127,202
Net OPEB obligation		41,954
Net pension liability		975,555
Compensated absences, net of current portion		150,436
Total noncurrent liabilities		6,295,147
DEFERRED INFLOWS OF RESOURCES		208,635
TOTAL LIABILITIES AND DEFFERED INFLOWS OF RESOURCES		13,106,060
NET POSITION		
Net investment in capital assets		29,593,776
Unrestricted		399,006
TOTAL NET POSITION	$	29,992,782

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

BERLIN WATER WORKS

PROPRIETARY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2015

Operating Revenues:	
Water sales and assessments	$ 2,638,424
Other	81,023
Total Operating Revenues	2,719,447
Operating Expenses:	
Water supply	471,409
Water distribution	194,924
Service departments	197,737
Administration and other expenses	955,767
Depreciation	1,124,855
Total Operating Expenses	2,944,692
Operating (Loss)	(225,245)
Nonoperating Revenues (Expenses):	
Interest income	609
Interest expense	(142,194)
Total Nonoperating Revenues (Expenses), Net	(141,585)
(Loss) Before Contributions	(366,830)
Capital Contributions	1,167,131
Change in Net Position	800,301
Net Position at Beginning of Year, as restated	29,192,481
Net Position at End of Year	$ 29,992,782

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

BERLIN WATER WORKS

PROPRIETARY FUND

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2015

Cash Flows From Operating Activities:	
Receipts from customers and users	$ 2,737,362
Payments to vendors and employees	(1,948,837)
Net Cash Provided By Operating Activities	788,525
Cash Flows From Capital and Related Financing Activities:	
Interest expense	(160,339)
Acquisition and construction of capital assets	(1,120,948)
Proceeds of notes	1,554,117
Payment of note	(450,000)
Payment of bonds	(1,232,875)
Payment of leases	(63,427)
Capital contributions	1,389,128
Net Cash (Used For) Capital and Related Financing Activities	(84,344)
Cash Flows From Investing Activities:	
Purchase of investments	(312,376)
Investment income	609
Net Cash Provided By Investing Activities	(311,767)
Net Change in Cash and Short-Term Equivalents	392,414
Cash and Short-Term Equivalents, Beginning of Year	289,033
Cash and Short-Term Equivalents, End of Year	$ 681,447
Reconciliation of Operating (Loss) to Net Cash Provided By Operating Activities:	
Operating (loss)	$ (225,245)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Depreciation	1,124,855
Changes in assets and liabilities:	
Accounts receivable	17,914
Inventory	(3,878)
Accounts payable	(11,658)
Accrued liabilities	2,014
OPEB liability	7,262
Compensated absences	(20,123)
Net pension liability	(102,616)
Net Cash Provided By Operating Activities	$ 788,525

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

1. Summary of Significant Accounting Policies

The accounting policies of Berlin Water Works (the Department) conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the more significant policies:

A. Reporting Entity

The Department is a component unit of the City of Berlin, New Hampshire and is governed by a Board of Water Commissioners, as appointed by the Mayor of the City of Berlin. As required by generally accepted accounting principles, these financial statements present the Department and applicable component units for which the Department is considered to be financially accountable. In fiscal year 2015, it was determined that no entities met the required GASB 14 (as amended) criteria of component units.

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

Proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting.* Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Water sales and assessments are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

C. Cash and Short-Term Equivalents

Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts.

For purpose of the statement of cash flows, the proprietary funds consider investments with original maturities of three months or less to be short-term equivalents.

D. Investments

State and local statutes place certain limitations on the nature of deposits and investments available. Deposits in any financial institution may not exceed certain levels within the financial institution. Investments can be made in securities issued by or unconditionally guaranteed by the U.S. Government or agencies that have a maturity of one year or less from the date of purchase and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase.

E. Inventories

Inventories are valued at lower of cost or market.

F. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the proprietary fund financial statements. Capital assets are defined by the Department as assets with an initial individual cost of more than $10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Assets	Years
Buildings and improvements	3 - 50
Machinery and equipment	3 - 15
Vehicles	5
Infrastructure	15 - 50

G. Compensated Absences

It is the Department's policy to permit employees to accumulate a limited amount of earned but unused sick pay benefits. Upon retirement, termination, or death, certain employees are compensated for unused sick leave at their then current rates of pay. All vested sick pay is accrued when incurred in the proprietary fund financial statements.

H. Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of the revenues and expenses during the fiscal year. Actual results could vary from estimates that were used.

2. Cash and Short-Term Equivalents

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Department's deposits may not be returned to it. RSA 48:16 limits "deposit in any one bank shall not at any time exceed the sum of its paid-up capital and surplus, exception that a City or Town with a population in excess of 50,000 is authorized to deposit funds in a solvent bank in excess of the paid-up capital surplus of said bank." The Department's deposit policy for custodial credit risk is to fully collateralize all deposits.

As of June 30, 2015, the Department's bank balance of $730,738 was fully insured and collateralized.

3. Investments

A. 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. State law employs the prudent person rule whereby investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Presented below is the actual rating as of year-end for each investment of the Department:

Investment Type	Fair Value
Certificate of Deposit	$ 312,372
State investment pool	33,043
Total investments	$ 345,415

B. Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Department will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Department's Investment Policy limits its exposure to custodial credit risk by limiting the types of investments that it holds to the Public Deposit Investment Pool, certificates of deposits of federally insured banks, and obligations fully guaranteed as to principal and interest by the U.S. Government.

As of June 30, 2015, the Department's investment balance of $345,415 was exposed to custodial credit risk as uninsured.

C. Investment in NHPDIP

The Department 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 Department's exposure to derivatives is indirect through its participation in the NHPDIP. The Department'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.

D. Concentration of Credit Risk

The Department places no limit on the amount the Department may invest in any one issuer. Investments in any one issuer (other than U.S. Treasury securities and mutual funds) that represent 5% or more of total investments are as follows:

Northeast Credit Union CD	$	312,372
State investment pool	$	33,043

E. Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The Department's policy on Foreign Currency Risk is to not allow assets to be invested in foreign securities.

4. Allowance for Doubtful Accounts

The receivables reported in the accompanying financial statements reflect the following estimated allowances for doubtful accounts:

Accounts receivable	$ 10,600

5. Intergovernmental Receivables

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal 2015.

6. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings and improvements	$ 15,129	$ 1	$ -	$ 15,130
Machinery, equipment, and furnishings	1,983	-	-	1,983
Vehicles	403	-	-	403
Infrastructure	34,590	1,432	-	36,022
Total capital assets, being depreciated	52,105	1,433	-	53,538
Less accumulated depreciation for:				
Buildings and improvements	(5,430)	(336)	-	(5,766)
Machinery, equipment, and furnishings	(1,628)	(88)	-	(1,716)
Vehicles	(352)	(26)	-	(378)
Infrastructure	(7,769)	(675)	-	(8,444)
Total accumulated depreciation	(15,179)	(1,125)	-	(16,304)
Total capital assets, being depreciated, net	36,926	308	-	37,234
Capital assets, not being depreciated:				
Land	354	-	-	354
Construction in progress	3,886	1,135	(1,447)	3,574
Total capital assets, not being depreciated	4,240	1,135	(1,447)	3,928
Total capital assets, net	$ 41,166	$ 1,443	$ (1,447)	$ 41,162

7. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net assets by the Department that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets.

The following is a summary of deferred outflow of resources balances as of June 30, 2015:

	Business-type Activities
Changes in proportion and differences between pension contributions and proportionate share of contributions	$ 13,571
Pension contributions subsequent to the measurement date	87,389
Total	$ 100,960

8. Accounts Payable

Accounts payable represent 2015 expenditures paid on or after July 1, 2015.

9. Anticipation Notes Payable

The Department had the following notes outstanding at June 30, 2015:

	Interest Rate	Date of Issue	Date of Maturity	Balance at 6/30/15
Water Distribution System Improvements	Unknown	04/13/11	upon completion	$ 2,755,658
Water System Energy Improvements	Unknown	04/13/11	upon completion	895,998
Water Mains and Service Lines	Unknown	08/08/12	upon completion	1,517,666
Water Infrastructure Improvements	Unknown	01/28/15	upon completion	151,520
Total				$ 5,320,842

All outstanding notes will be permanently funded upon completion of project.

The following summarizes activity in notes payable during fiscal year 2015:

	Balance Beginning of Year	New Issues	Maturities	Balance End-of-Year
Water Distribution System Improvements	$ 2,277,014	$ 478,644	$ -	$ 2,755,658
Water System Energy Improvements	456,231	439,767	-	895,998
Water Mains and Service Lines	1,483,480	34,186	-	1,517,666
Rural Development Loan	-	450,000	(450,000)	-
Water Infrastructure Improvements	-	151,520	-	151,520
Total	$ 4,216,725	$ 1,554,117	$ (450,000)	$ 5,320,842

10. Capital Lease Obligations

The Department is the lessee of certain equipment under capital leases expiring in various years through fiscal year 2016. Future minimum lease payments under the capital and operating leases consisted of the following as of June 30, 2015:

	Fiscal Year	Capital Leases
	2016	$ 22,147
	Total	22,147
Amount that represents interest		(696)
Present Value of Minimum Lease Payments		$ 21,451

11. Long-Term Debt

A. General Obligation Bonds

The Department issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds currently outstanding are as follows:

	Serial Maturities Through	Interest Rate %	Amount Outstanding as of 6/30/15
Water bond	08/15/15	5.50%	$ 305,000
State revolving loan	11/01/17	0.00%	448,387
State revolving loan	12/01/17	0.00%	346,941
State revolving loan	12/01/17	0.00%	203,381
State revolving loan	12/01/18	0.00%	554,365
State revolving loan	05/01/21	0.00%	875,563
State revolving loan	09/01/24	0.00%	950,102
RUS - Godfrey Dam	12/10/40	2.25%	211,056
State revolving loan	10/01/31	1.10%	1,380,846
RUS - Water Facility	10/27/41	2.25%	950,470
			$ 6,226,111

B. *Future Debt Service*

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2015 are as follows:

Proprietary Fund	Principal	Interest	Total
2016	$ 1,098,909	$ 42,756	$ 1,141,665
2017	803,425	34,439	837,864
2018	813,082	33,244	846,326
2019	484,305	32,019	516,324
2020	349,234	30,764	379,998
2021 - 2025	1,225,785	133,914	1,359,699
2026 - 2030	657,360	97,678	755,038
2031 - 2035	430,443	58,955	489,398
2036 - 2040	261,431	29,398	290,829
2041 - 2042	102,137	3,340	105,477
Total	$ 6,226,111	$ 496,507	$ 6,722,618

C. *Changes in General Long-Term Liabilities*

During the year ended June 30, 2015, the following changes occurred in long-term liabilities (in thousands):

	Total Balance 7/1/14	Additions	Reductions	Total Balance 6/30/15	Less Current Portion	Equals Long-Term Portion 6/30/15
Bonds payable	$ 7,459	$ -	$ (1,233)	$ 6,226	$ (1,099)	$ 5,127
Net OPEB obligation	35	20	(13)	42	-	42
Net pension liability	1,102	14	(140)	976	-	976
Other:						
Compensated absences	200	-	(20)	180	(30)	150
Capital leases	85	-	(63)	22	(22)	-
Totals	$ 8,881	$ 34	$ (1,469)	$ 7,446	$ (1,151)	$ 6,295

12. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net assets by the Department that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities.

The following is a summary of deferred inflow of resources balances as of June 30, 2015:

	Business-type Activities
Grant received in advance	$ 83,812
Net difference between projected and actual pension investment earnings	124,823
Total	$ 208,635

13. Line of Credit

The Department has available a revolving line of credit with Bank of New Hampshire in the amount of $1,025,000. As of June 30, 2015, the Department has not borrowed against the line of credit.

14. Commitments and Contingencies

Grants - Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Department expects such amounts, if any, to be immaterial.

15. Post-Employment Healthcare and Life Insurance Benefits

Other Post-Employment Benefits

GASB Statement 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions,* requires governments to account for other post-employment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially required contribution as an expense on the Statement of Revenues, Expenses, and Changes in Net Position when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefit. To the extent that an entity does not fund their actuarially required contribution, a post-employment benefit liability is recognized on the Statement of Net Position over time.

A. Plan Description

In addition to providing the pension benefits described, the Department provides post-employment healthcare and life insurance benefits for retired employees through the City of Berlin’s plan The benefits, benefit levels, employee contributions and employer contributions are governed by RSA 100-A:50. As of July 1, 2014, the actuarial valuation date, approximately 9 retirees and 13 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

B. *Benefits Provided*

The Department provides medical, prescription drug, mental health/substance abuse, and life insurance to retirees and their covered dependents. These benefits are provided through the City of Berlin's group plans. All active employees who retire from the Department and meet the eligibility criteria will receive these benefits.

C. *Funding Policy*

Retirees contribute 100% of the cost of the health plan, as determined by the City of Berlin. The Department contributes the remainder of the health plan costs on a pay-as-you-go basis.

D. *Annual OPEB Costs and Net OPEB Obligation*

The Department's fiscal 2015 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 No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost per year and amortize the unfunded actuarial liability over a period of thirty years. The following table shows the components of the Department's annual OPEB cost for the year ending June 30, 2015, the amount actually contributed to the plan, and the change in the Department's net OPEB obligation based on an actuarial valuation as of July 1, 2014.

Annual Required Contribution (ARC)	$ 19,328
Interest on net OPEB obligation	1,388
Adjustment to ARC	(1,156)
Annual OPEB cost	19,560
Contributions made	(12,298)
Increase in net OPEB obligation	7,262
Net OPEB obligation - beginning of year	34,692
Net OPEB obligation - end of year	$ 41,954

The Department's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2015	$ 19,560	62.9%	$ 41,954

E. *Funded Status and Funding Progress*

The funded status of the plan as of July 1, 2014, the date of the most recent actuarial valuation was as follows:

Actuarial accrued liability (AAL)	$ 309,334
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	$ -
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	N/A
UAAL as a percentage of covered payroll	N/A

Actuarial valuations of an ongoing plan involve estimates of the value of reported amount and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the Notes to the Financial Statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

F. *Actuarial Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the plan as understood by the Department 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 Department and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2014 actuarial valuation the projected unit credit cost method was used. The actuarial value of assets was not determined as the City had not advance funded its obligation. The actuarial assumptions included a 4% investment rate of return and an initial annual healthcare cost trend rate of 8%, which decreases to a 5% long-term rate for all healthcare benefits after ten years. The amortization costs for the initial UAAL is a level percentage of payroll for a period of 30 years, on a closed basis. This has been calculated assuming the amortization payment increases at a rate of 4%.

16. Retirement System

The Department follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27,* with respect to the State of New Hampshire Retirement System (NHRS).

A. Plan Description

Full-time employees participate in the State of New Hampshire Retirement System (the System), a cost sharing, multiple-employer defined benefit contributory pension plan and trust established in 1967 by RSA 100-A:2 and qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The plan is a contributory, defined benefit plan providing service, disability, death, and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent fire-fighters, and permanent police officers within the State of New Hampshire are eligible and required to participate in the system. Full-time employees of political subdivisions, including counties, municipalities, and school districts, are also eligible to participate as a group if the governing body of the political subdivision has elected participation.

The New Hampshire Retirement System, a Public Employees Retirement System (PERS), is divided into two membership groups. State or local employees and teachers belong to *Group I*. Police officers and firefighters belong to *Group II*. All assets are held in a single trust and are available to each group. Additional information is disclosed in the System’s annual report publicly available from the New Hampshire Retirement System located at 54 Regional Drive, Concord, New Hampshire 03301-8507.

B. Benefits Provided

Group I members at age 60 or 65 (for members who commence service after July 1, 2011) qualify for a normal service retirement allowance based on years of creditable service and average final salary for the highest of either three or five years, depending on when their service commenced.

The yearly pension amount is 1/60 or 1.667% of average final compensation (AFC), multiplied by years of creditable service. At age 65, the yearly pension amount is recalculated at 1/66 or 1.515% of AFC multiplied by years of creditable service.

Group II members who are age 60, or members who are at least age 45 with at least 20 years of creditable service, can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years. Members commencing service on or after July 1, 2011 or members who have a nonvested status as of January 1, 2012 can receive a retirement allowance at age 52.5 with 25 years of service or age 60. The benefit shall be equal to 2% of AFC times creditable service up to 42.5 years. However, a member who commenced service on or after July 1, 2011 shall not receive a retirement allowance until attaining the age of 52.5, but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service where the allowance shall be reduced, for each month by which the benefit commencement date precedes the month after which the member attains 52.5 years of age by ¼ of 1% or age 60.

Members of both groups may qualify for vested deferred allowances, disability allowances and death benefit allowances subject to meeting various eligibility requirements. Benefits are based on AFC or earned compensation and/or service.

C. Contributions

Plan members are required to contribute a percentage of their gross earnings to the pension plan, which the contribution rates are 7% for employees and teachers 11.55% for police and 11.80% for fire. The Department makes annual contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100-A:16, and range from 10.77% to 27.74% of covered compensation. The Department's contributions to the System for the year ended June 30, 2015 was $90,092, which was equal to its annual required contribution.

D. Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the NHRS and additions to/deductions from NHRS's fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

E. ***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2015, the Department reported a liability of $975,555 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013. The Department's proportion of the net pension liability was based on a projection of the Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, Department's proportion was 0.026%, which was unchanged from the previous year proportion.

For the year ended June 30, 2015, the Department recognized pension expense of $15,227. In addition, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 124,823
Changes in proportion and differences between pension contributions and proportionate share of contributions	13,571	-
Pension contributions subsequent to the measurement date	87,389	-
Total	$ 100,960	$ 124,823

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2016	$ 90,782	$ 31,205
2017	3,393	31,206
2018	3,393	31,206
2019	3,392	31,206
Total	$ 100,960	$ 124,823

Actuarial assumptions: The total pension liability in the June 30, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent per year
Salary increases	3.75 - 5.8 percent average, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 mortality table, projected to 2020 with Scale AA. The table includes a margin of 15% for men and 17% for woman for mortality improvements.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2005 – June 30, 2010.

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

Asset Class	Target Allocation Percentage	Weighted Average Average Long-Term Expected Real Rate of Return
Large Cap Equities	22.50 %	3.25%
Small/Mid Cap Equities	7.50	3.25%
Total domestic equities	30.00	
Int'l Equities (unhedged)	13.00	4.25%
Emerging Int'l Equities	7.00	6.50%
Total international equities	20.00	
Core Bonds	18.00	-0.47%
High-Yield Bonds	1.50	1.50%
Global Bonds (unhedged)	5.00	-1.75%
Emerging Market Debt (external)	0.50	2.00%
Total fixed income	25.00	
Private equity	5.00	5.75%
Private debt	5.00	5.00%
Real estate	10.00	3.25%
Opportunistic	5.00	2.50%
Total alternative investments	25.00	
Total	100.00 %	

Discount Rate: The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the pension plan's actuarial funding policy and as required by RSA 100-A:16. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate: The following presents the Department's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the Department's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.75%) or 1 percentage-point higher (8.75%) than the current rate:

Fiscal Year Ended	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
June 30, 2014	$1,284,965	$ 975,555	$ 714,522

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

17. Risk Management

The Department is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. There were no significant reductions in insurance coverage from the previous year and have been no material settlements in excess of coverage in any of the past three fiscal years.

18. Beginning Net Position Restatement

The beginning (July 1, 2014) net position of the Department has been restated as follows:

	Proprietary Fund Water Works
As previously reported	$ 30,294,515
GASB 68 Implementation	(1,102,034)
As restated	$ 29,192,481

BERLIN WATER WORKS
SCHEDULE OF FUNDING PROGRESS
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015
(Unaudited)

Other Post-Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent-age of Covered Payroll [(b-a)/c]
07/01/12	$ -	$ 260,657	$ 260,657	0.0%	N/A	N/A
07/01/14	$ -	$ 309,334	$ 309,334	0.0%	N/A	N/A

See Independent Auditors' Report.

BERLIN WATER WORKS

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2015
(Unaudited)

New Hampshire Retirement System:		2015
Proportion of the net pension liability for the most recent measurement date		0.026%
Proportionate share of the net pension liability for the most recent measurement date	$	975,555
Covered-employee payroll for the most recent measurement date	$	827,148
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		118%
Plan fiduciary net position as a percentage of the total pension liability		66.32%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available

See Independent Auditors' Report.

BERLIN WATER WORKS

SCHEDULE OF CONTRIBUTIONS

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2015
(Unaudited)

New Hampshire Retirement System:	2015
Contractually required contribution for the current fiscal year	$ 87,389
Contributions in relation to the contractually required contribution	87,389
Contribution deficiency (excess)	$ -
Covered-employee payroll for the current fiscal year	836,505
Contributions as a percentage of covered-employee payroll	10%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available

See Independent Auditors' Report.