City of Berlin New Hampshire



Annual Report

July 1, 2009 - June 30, 2010



Berlin City Council



Inauguration January 18, 2010

<u>Mayor</u> Paul Grenier

Ward I

Ryan Landry Lucie Remillard

Ward II

Robert Danderson Thomas McCue Ward III

Mark Evans Michael Rozek

Ward IV

Timothy Cayer David Poulin

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

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COVER PHOTO TAKEN AT JERICHO MOUNTAIN STATE PARK BY ERIC B	KAMINSKY



http://beyondbrownpaper.plymouth.edu/item/205

ASSESSING

The Board of Assessors is comprised of three members. They serve for a three year term and are appointed by the Mayor with City Council approval. This year Robert E Pelchat was reappointed to serve until March 2013. Mr. Pelchat has been a hard working Board member since April 2001 and served as Chair for many years. He is a valuable asset on the Board.

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 properties are being accurately reported and properly assessed, reviewing applications for current use, yield tax, elderly and blind exemptions and veteran tax credit, as well as reviewing 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 will perform the general assessing duties and data verification over the next four years, as well as a full update in 2015. At this time Avitar is starting to do a full update which will be completed sometime in September 2010 but is based on April 1, 2010. Avitar has been reviewing approximately 800 to 900 parcels, which are randomly selected by the computer.

All corrections that Avitar employees noted on the cards are done in-house and the process was completed in March 2010. Avitar is conducting a full sales study, reestablishing base rates for the different types of properties and updating all records. It is anticipated that most assessments will decrease. The 2009-2010 equalized ratio is 121.5%.

Every five years municipalities undergo an assessment review by the State of New Department Hampshire. of Revenue Administration. The City of Berlin is scheduled for their next review in 2010. The municipality must meet criteria set by the Equalization Board and Assessing Standards Board regarding the annual sales study, as well as the practices of the City of Berlin Board of Assessors in dealing with exemptions, tax credits, current use and yield tax, to name but a few of the duties the Equalization Board & Assessing Standards Board review.

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, 2010. This is the second 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. The maps may also be found on the City web site at www.berlinnh.gov.

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 PAUL CROTEAU, MEMBER ROBERT PELCHAT, MEMBER

SUMMARY INVENTORY OF TAXABLE PROPERTY - APRIL 1, 2009 & APRIL 1, 2010

	APRIL 1, 2009	APRIL 1, 2010
Land	54,581,058.	52,468,824.
Buildings	316,972,465.	458,397,307.
Public Utilities	115,982,400.*	114,391,800.*
GROSS VALUATION	487,535,923.	452,930,117.
Blind Exemptions	150,000.	120,000.
Elderly Exemptions	3,123,400.	3,049,800.
Imp. To Assist Persons w/Disabilities	48,936.	40,260.
Water/Air Poll. Cont. Exem.	3,458,600.	3,458,600.
TOTAL EXEMPTIONS	6,780,936.	6,668,660.
NET VALUATION W/UTILITIES	480,754,987.	446,261,457.

EXEMPTIONS GRANTED

	APRIL 1, 2009		APRIL 1, 2010	
TYPE	#	Tax Amount	#	Tax Amount
Elderly	102	93,140.	101	96,679.
Blind	10	4,473.	8	3,804.
Physically Handicap	5	1,459.	4	1,276.
Water/Air Poll. Cont.	1	103,135.	1	109,638.
Veterans	617	100,650.	600	98,100.

OTHER ACTIVITIES

0 11121110 11 (11120					
TYPE	2008			2009	
Yield Tax	11	24,573.97	7		21,875.18
Excavation Tax	4	2,155.72	5		901.12
Property Transfers Processed		319		344	

The State Education Tax rate for tax year 2010 per thousand is $$\underline{2.47}$ the town rate is $$\underline{19.59}$, the school rate is $$\underline{6.71}$, and the county rate is $$\underline{9.93}$ for a total tax rate of $$\underline{31.70}$ per thousand. *Utilities valuations are **not** taxed locally for the State Education portion.

BUILDING INSPECTOR'S REPORT

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

Permit Type	2008	2009	2010	NRP/TKB*
Building	129	144	176	25
Electrical	52	77	71	8
Plumbing	6	4	20	8
Sign	10	9	12	
Demo	6	38	40	17
Mechanical	2	2	11	

^{*2010} did show an increase from the previous years. The last column shows the permits issued in connection with the Neighborhood Revitalization Program/City of Berlin

Ronald Devoid Building Inspector

CITY CLERK'S OFFICE

ELECTIONS

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

Berlin Municipal Election:

November 3, 2009 - 40% Total City Voter Participation

VITAL RECORDS

The following vital statistics were recorded:

YEARS	2007/08	2008/09	2009/10
Marriage	54	54	48
Civil Union	1	3	N/A*
Birth	86	73	85
Death	118	144	125

^{*}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:

2009

2009.06: Renumerating Chapter 17 - Zoning

2009.07: Roadside Mementos – Sec 13-4a/Chapt.13

2009.08R1: No Parking Main St north of 8th St Chapt 15

2009.09: Handicap Parking Unity St. - No action

2009.10: No Parking Unity St – No action

2009.11R2: OHRV use Div 2/Chapter 13

2009.12: Mt.Forist/Mt.Jasper overlay area Chapt17-154

2009.13: Crosswalks - Chapter 15

2009.14R: Intersections w/ traffic control systems Ch.15

2009.15: Speed Limit 40-92 Jericho Road Ch. 15

2010

2010.01: No Right Turn Hillside/Willow Ch. 15-35

2010.02: Tax Exempt Ind/Comm Construction Ch.19

2010.03R2: Fire Inspection Fees/Charges Ch. 6

2010.04: No Overnight Parking 220 Main St. Ch.15-78

2010.05R1: Sewer system connection fees Ch. 16

2010.06: Crosswalk 650 Main St. Chapter 15-40

2010.07: Building Codes Fee Changes Ch. 4

RESOLUTIONS

2009

2009.25: PD Justice Award Grant \$42,032

2009.26: CDBG Neighborhood Revital. Grant \$500,000

2009:27: AV Chamber Comm. Tillotson Grant \$13,200

2009.28:Economic Devel.CDBG \$500,000 NDHS/CEDC

2009.29: BIDPA donates 145 Main St to COB

2009.30: BWW-USDA \$1,025,000bond \$2,975,000 grant

2009.31: Adopting Project 21/21 Economic Dev.

2009.32: Capital Appropriations \$607,567.03

2009.33: Sgt. Randy Rosenberg Highway

2009.34: Renaming part Unity/Coos St. to Hutchins St.

2009.35: Carry over \$100,212 Grant Funds Y'E 6/30/09

2009.36: Rescind BWW Resolution 2009/30 and rewrite

2009.37: Hutchins Street \$320,160 enhancement (TEP)

2009.38: WWTF upgrade Rural Dev. Grant/loan App.

2009.39: Standardize ITT Flight Pumps

2009.40: PD Dept of Justice Grant (\$10,019)

2009.41: PD to accept \$4,931 in drug forfeiture funds

<u>2009.42</u>: Authorize appropriation of drug forfeit. funds

2009.43: Capital Improvement \$5,000,000 Bond

2009.44: PD \$1,000 1st Line Supervisor Training Grant

2009.45: Borrow not restricted to NH Mun. Bond Bank

2009.46: Fed. BOP \$8,500,000 to Sewer Fund Budget

2009.47: Bartlett School Sold to Binettes for \$100,000

2009.48: WWTP land deeded to Clean Power Dev.

2010

2010.01: CDBG \$500,000 Rehab 411 School Street

2010.02: BAA sell land to MacKinnons \$20,000

2010.03R: Energy Efficiency Conserv. Grant \$400,000

2010.04: Primex 1% Health Discount until 6/30/2011

2010.05: Amend School Budget Fund 10 \$257,830

2010.06: Withdrawn (not read)

2010.07: NHDES \$195,400 Grant for 411 School Street

2010.08: Welfare Guidelines Update

2010.09: Bartlett School Resolution 2009/47 Amended

2010.10: PD Cates Hill Wireless \$15,000

2010.11: FD Fire Alarm Console Replacement \$50,000

2010.12: BAA/FAA \$400,000 Snow Removal Grant

2010.13: Tax Relief Incentive \$50,000 - 200 Pleasant St.

2010.14: BHD Visit Nurse Prog. \$39,438 Tillotson Grant

2010.15: PD OHRV Patrol Grant from NH Fish & Game

2010.16: PD Highway Safety Grant

2010.17: PD Dept of Justice Underage Drinking Grant

2010.18: Rem. Capital Proj. funded 2009/43 Bond Res.

2010.19: CDBG \$500,000 to AVRRDD

2010.20: Purchase 169 Green Street \$13,500 for parking

2010.21: Library Receives \$250 WalMart Grant

2010.22: Energy Eff/CBG \$465,000 Contract w/CDFA

2010.23: Downtown Design/Ec. Act. Plan \$50,000 Grant

2010.24: IRS Audit \$8,489 paid

2010.25R: FY 2011 Budget \$37,669.774.00

2010.26: PD transfer \$29,825 to Cates Hill Wireless

2010.27R: Change purpose/name of 2009.43 Bond Res.

Respectfully submitted,

Debra A. Patrick, CMC Berlin City Clerk

HOUSING

For the City of Berlin, 2010 in regards to housing was a banner year. Having competed and successfully received over \$5,000,000 in grants, 2010 proved to be a year of action and of many tangible results. In past years, our greatest accomplishments



in housing centered on demolitions, 2010 was a year of additional demolitions but also of rebuilding neighborhoods. The programs involved are:

Neighborhood Stabilization Program-The largest and most notable of the grants was the Neighborhood Stabilization Program (NSP), a \$4,300,000 grant that allowed the City, in conjunction with TKB Properties LLC (owned by Kevin Lacasse and Tim Coulombe), to acquire 14 properties in some of the most depressed areas in the city and rehabilitate them to 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.

Demolitions-The NSP program also had a demolition component to it and with these funds (\$714,000), the City was able to or will demolish an additional 11 buildings. These funds allowed the City to tackle some of the most costly demolitions to date either due to size or environmental issues.



590 Champlain Street (Before and after revitalization)

In addition to all of these accomplishments, as part of the NSP program, the City provided and infill house on the corner East Mason and Rockingham Streets. The idea for this part of the program is not to leave large empty lots after demolition but to stimulate the area by building new housing and regenerate the open piece of land.

Community Development Block Grant-During Fiscal Year (FY) 2010, the City completed its first Neighborhood Revitalization Program aimed at helping low income homeowners with maintenance and safety issues associated with their homes. The \$350,000 program helped us revitalize 25 buildings within Berlin. The program was very successful and Berlin was able to compete and garner an additional \$500,000 in funds to do another projected 35 buildings during FY 2011 and FY2012.

Environmental Issues-May of our citizens witnessed the impact of some of Berlin's environmental cleanup efforts. The cleanup of the old Notre Dame High School gymnasium and the asbestos within the school is a prime example. Berlin, in partnership with NH Department Environmental Services and the North Country Council was also able to compete for a \$1,000,000 Assessment Grant in which Berlin received \$200,000 of that grant to environmental studies complete challenged properties. This allows City to properly assess a property and make educated decisions on should a property be rehabilitated or demolished or a combination of the two. With so many industrial sites in and around the city, we need to be aware of the potential hazards a property may pose to the citizens of Berlin and take the proper steps to protect our citizens and the environment. These environmental studies then become the basis for which Berlin can compete for cleanup funds as it did with the old Notre Dame High School.

• Monies will be very evident as you read this report in FY 2011.

With all that has happened in FY 2010 and the monies obtained to date, the real physical and visual impact of these



Main Street (before)



Main Street (after)

Respectfully Submitted, Andre Caron, Housing Coordinator

BERLIN COMMUNITY SERVICES DIVISION

BERLIN RECREATION & PARKS DEPARTMENT

The Recreation and Parks Department continues to offer recreational programs to the community. A four season recreation program is offered to the community. Funding for these Recreation and Parks services are provided by a combination of municipal dollars, grants and community contributions, and user fees. Programs are offered to children and adults. Costs for our programs are designed to be family friendly.

USDA SUMMER FOOD PROGRAM

The Berlin Recreation & Parks Department continued the USDA Summer Food Program this year. Many children in Berlin receive free or reduced-price meals during the school year, but many of these children do not get enough to eat during the summer months. The USDA Summer Food Service Program (SFSP) ensures that children continue to have nutritious food during the summer. Approximately 1000 meals were served this summer.

Lunch, served at 12:00 noon consisted of a nutritious sandwich or cold lunch item, dessert, and milk. Mid afternoon snacks were fruit or a light snack with beverage and was served at approximately 2:30. All meals highlighted wholesome and nutritious food. This program was open to all children in the community regardless of income level. Meals were served to all school age children and youth up to age of 18. Meals were

provided Monday through Friday at Brown School, Glen Avenue Park, Community Field, and Brookside Park playgrounds. We also provided meals to the Northern Forest Heritage Park Children's Program. Meals were free to all children.

The USDA Summer Free Meal Program is a community program open to all school aged providing children. teens included. nutritional summer meals to children regardless of race, color, nationality, origin, sex, age, or disability. All children receive the same meal benefit and there is no discrimination in operation of the food service. Children with food allergies should tell meal attendants prior to receiving a meal. Summer Food Service Program, sponsored by the U.S. Department of Agriculture, is the largest federal resource available for local programs that combine meal time with recreational and educational The Summer Food Service Program for Children is a federally funded program operated nationally by the U.S. Department of Agriculture (USDA) and administered by a State Agency. Eligible sponsors such as non-profit organizations, governments serve schools and local nutritious meals and snacks free to children during the summer months. Summer programs are located at approved sites.

The Summer Food Program was sponsored by the Berlin Recreation & Parks Department in partnership with Tri - County CAP Senior Center and the USDA.

Sergeant Randy Scott Rosenberg Memorial Highway Dedication

A warm and friendly group of people joined together on May 31, 2010 to remember the distinguished Sergeant Randy Scott Rosenberg. At the behest of his family, Unity Street from Mason Street to Glen

THE CLiF Program and Berlin Summer Reading Program

The Children's Literary Foundation Summer Readers program visited the Berlin Recreation & Parks Playground program this summer. CLiF's summer program is a program that was created to help keep reading a part of children's activities over the summer months.

The CLiF Program included;

Storytelling Presentation: A CLiF representative traveled to Berlin and presented a fun, interactive storytelling presentation to the children.

Books for Children to Keep: Each child who attended the program was able to select a few new books to keep for their own from a wide selection of brand-new fiction and non-fiction children's books.

Approximately 100 children attended and enjoyed a funny and active storytelling hour and took a special free book home.

The Department also assisted the Berlin Public Library with its summer reading program kick off that was held at the recreation center. Recreation staff assisted library staff with games, prizes and more to encourage children to read during the summer.

Avenue was renamed in honor of this patriot. Music and speakers were coordinated to honor this local hero and remember his bravery. The Recreation and Parks Department, the Planning Department and the Public Works Department all joined together to execute this project.



Dedication of
Sergeant Randy Scott
Rosenberg
Memorial Highway
May 31, 10:00 a.m. Unity
St. Botanical Gardens

While serving in the Middle East, Randy gave his full last measure for our Nation. Please join us in showing our Appreciation at this Community Event.

Memories of this Young
Patriot Will Last Forever with
Those Who Were
Fortunate Enough to Have
Had the Opportunity to
Know Him

DEPARTMENTAL PROGRAMS

Many departmental programs are traditional recreation programs that have sponsored by the department for many Traditional sports are perennial vears. Farm League baseball and favorites. playground programs are always busy This year it is estimated that locations. about 500 visits to playgrounds took place. Little tykes play groups are popular with about 100 children participating.

Tennis Beginner Baseball K-4 Basketball Camp Farm League Baseball Student Craft Program Adult Craft Program After School Craft Program Girls Softball Babe Ruth Baseball Little Tykes Play Program K-1 Soccer 2nd-3rd Field Hockey 2nd-3rd Soccer Craft of the Month Special Events Open Gym Program Indoor Jogging Program Community Yard Sale Easter Egg Hunt Cosmic Bowling Boys Hockey Girls Hockey Glen Ave. Gazebo Rentals Senior Exercise Snowboard/Ski Program Gym Rentals Senior Walking

Approximately 6000 participants enjoyed department programs

MAINTENANCE & PARKS SERVICES

The maintenance division of the department continued to provide year round maintenance and program support to the properties of the department as well as other city and community properties. Parks and playgrounds, athletic fields, and a large variety of municipal land are maintained by the department.

INTER-DEPARTMENTAL SERVICES

City Hall – Plowing and Shoveling
Library – Plowing and Shoveling, Mowing
Police Department – Plowing
District Court Building – Plowing,
Maintenance
Bartlett School Playground – Mowing

School Playground Equipment - Maintenance/Replacement School Athletic Field Maintenance & Game Preparation

OUTSIDE AGENCY SUPPORT

Main Street Support Each year the Main Street program receives maintenance support from the recreation department.

Northern Forest Heritage Park / Rotary Park
The recreation maintenance crew mows
Rotary Park annually. The crew also plows
and shovels at the Heritage Park / Brown
House property annually.

Relay for Life The maintenance staff assist in the setup of the Relay for Life. We provide manpower and various site amenities like staging, tables, etc.

BERLIN PUBLIC HEALTH AND HOME HEALTH NURSING SERVICES EMERGENCY MANAGEMENT

PUBLIC HEALTH SERVICES

In an effort to keep our department current and up to date with public health trends and needs, the Public Health services offered through the department were in keeping with the ten primary public health goals:

TOP TEN GOALS

- 1. **Prevent** public health problems
- 2. **Protect** the public from health problems
- 3. **Promote** healthy behaviors
- 4. **Monitor** health status
- 5. Mobilize community action when needed
- 6. **Respond** to disasters
- 7. **Assure** quality medical care
- 8. **Reach Out** to the community
- 9. Research new ideas and insights
- 10. **Lead** in the development of sound health practices

HEALTH OFFICER

The health officer's responsibility is to enforce public health laws, perform inspections and respond to emergency situations in the community. Restaurant inspections, foster care inspections, school inspections, and day care inspections are just some of the work of the health officer.

Many inspections are required by law, while some are prompted by citizen complaints. Inspections are provided to protect citizens, business owners, building tenant and others of the danger of not providing sanitary, healthy services and conditions.

BERLIN HOME HEALTH NURSING

The City of Berlin Home Health Nurses provide individuals with skilled nursing services, occupational, physical and speech therapy services, and home health aide assistance in their homes. The Home Health program provides services to private pay patients, Medicare, Medicaid and private insurance patients. The goal of Home Health services is to allow patients to stay in their homes with dignity and family support while receiving quality medical support. The Berlin Home Health Nurse Program services are provided to residents of Berlin, Dummer, Milan, Errol, Gorham, Shelburne, and Randolph

Respectfully Submitted,

Laura Lee Viger

Community Services Director

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PUBLIC HEALTH CLINIC CLINICAL STATISTICS

Our local Public Health Clinic provides Preventative clinics and promotion of healthy behaviors all year long. On a daily basis citizens can come to our Main Street offices for assistance from a nurse. This service provides basic health information and testing services on a walk in basis to the public. Citizens can monitor health conditions at a reasonable cost to compliment their doctor visits. Our nurses also do onsite business to Isaacson Steel, Walmart, the Berlin and Gorham Senior Centers, the Holiday Center and Northern Lights Housing to name a few locations.

PUBLIC HEALTH NURSING SERVICES

Clinic	People
	Served
Walmart Blood Pressure Clinics	295
Flu Vaccination	758
Public Cholesterol Clinics	294
ISSI Flu Clinic	75
Head Checks	149
Pneumonia Vaccination	2
Hepatitis B	2
Mantoux (TB) Testing	194
In – Office Foot Clinic	196
Northern Light Foot Clinic	15
Cornerstones Foot Clinic	15
Northern Lights Blood	89
Pressures	
Diabetic Screening	269
Holiday Center Blood Pressures	128
Gorham Resource Blood	216
Pressures	

Typical clinics include blood pressure monitoring, blood sugar monitoring, foot

clinics, flu vaccination clinics and other preventative services. These clinics are done in our office as well as at community settings such as Issacson Structural Steel, Northern Lights Housing and Walmart.

As a public department supported by tax dollars we work to promote public health activities in all our citizens. During the past year we participated in the Community Services Wellness Fair, the Woman's Wellness Day and the AVH Health Fair. At these events we distribute information, do on site blood pressure / blood sugar testing and provide a general display of the services of the department to inform the public of our services and how to access them.

EMERGENCY MANAGEMENT The H1N1 Pandemic

The Health Officer, in her role as **Emergency Management Director continued** to work with the City, region and State to prepare for emergencies that could affect our citizens. This year we saw the rise of H1N1 flu across the country and the world. Based on our well trained staff and significant planning the Department was instrumental in providing information, support, and medication to residents in the area. staff coordinated materials and supplies, ad campaigns about hand washing, cough etiquette, cleanliness and medication clinics and recruited and coordinated clinics and volunteers to insure public safety was upheld during this true public health emergency. Close coordination between the City Health Department, NH Public Health Network and Department, Coos County Family Health, and the Androscoggin Valley Hospital resulted in a safe and effective response to H1N1 in our area.

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.

The Children's 2009 Summer Reading Program theme was "Summertime and the Reading is Easy". The program was made possible by a Kids, Books and Arts grant from The NH State Library, and the Saul O. Sidore Memorial Foundation in memory of Rebecca Lee Spitz. Artist Andrew Pinard and his Alehandro's Olde Tyme Magik Showe, held at the Recreation Dept. was the kick-off program, attracting 94 children and 56 adults.

In addition to the weekly programs held at the library, there were two special outings to the Fire Dept. as well as National Forest Service Rangers who presented an animal program. A closing party for the summer reading program included a Clif Storyteller at the Community Field Park. In total, 421 books were read. Other children counted chapters (575 total) and others counted how many minutes they read (6,695 minutes total). There were 11 programs, with 431 children and 251 adults in attendance. A total of 32 weekly Story Hour for young children returned in September until June, serving 190 children and 123 adults. Fall 2009 School Tours came to a total of 128 children and 19 adults visiting the Children's Department.



Children who participated in the Summer Reading Program enjoy a Fire Dept outing

Kathy Godin, Children's Librarian, also received a grant from Walmart in the amount of \$250 to use for Children's Programming. Kathy also received a donation of a number of tickets from Storyland for use with the Summer Reading Program. The library appreciates these donations and thanks Walmart and Storyland for their donations to help with the success of the 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 2009 series included three lectures. The first was "Baked Beans and Fried Clams" with

speaker Edie Clark, second was "American Quilt Traditions" with speaker Cheryl Savageau and the last was "That Reminds me of a Story" with speaker Rebecca Rule. The Spring 2010 series was entitled "Against All Odds: Survival of the Human Spirit. Books included: The Odyssey by Robert Fagles, Adventures in the Unknown Interior of America by Cabeza de Vaca, The Endurance: Shackleton's Incredible Voyage by Alfred Lansing and Life of Pi by Yann Martel. Discussion scholars were Marion Schafer, Craig Doherty and Frumie Selchen. Books for these discussions were available at both libraries during the program periods and open to the public at no charge.

During FY2010, maintenance and repair work at the library included pouring cement to fill area, and installing the fence enclosure finishing the work to complete the Library Courtyard for use by the Children's Department for children's programs. Other maintenance items were having all rugs cleaned, fixing light fixtures in both departments, fire and smoke alarm inspection, replacement of DSL router as well as other computer repairs, replacement of an electronic panel in the Microfilm machine, and replacement of copier and fax machine.

The project on automation using the Athena program continues as we keep working on the barcoding all library materials. Librarians work on this project as time allows. We have entered all adult patrons into the system.

November 2009 saw the election of Mr. Paul Tardiff as Library Trustee, taking the place vacated by Mr. Paul Cusson. We thank Mr. Cusson for his service in finishing the term left vacant when former Trustee Mr. Harold Nelson relocated. Trustee Ms. Yvonne

Thomas continues as Chair and Trustee Ms. Linda LaFleur as Treasurer.

Staff changes at the library include the departure of Elizabeth Domino, who left to take a position in the Finance Dept. at City Hall. We appreciate all the work Betty did for the library. Pam Luckern filled the full time position vacated by Betty. Maria Neal filled the part time position vacated by Pam Luckern. Two new Per Diem/On Call people were hired, Lucille Weimer and Suzanne Colburn, who work on an as needed basis.

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

BERLIN PUBLIC LIBRARY					
JULY 1, 2009 THROUGH JUNE 30, 2010					
,		, , , , , , ,			
TOPICS	ADULT	JUVENILE	TOTAL		
000 - Generalities	73	19	92		
100 - Philosophy	123	47	170		
200 - Religion	99	18	117		
300 - Social Science	325	144	469		
400 - Language	19	42	61		
500 - Pure Science	110	438	548		
600 - Technology	491	217	708		
700 - The Arts	241	453	694		
800 - Literature	98	79	177		
900 - Geography & History	251	77	328		
910 - Travel	81	6	87		
BIO - Biography	187	74	261		
FIC - Fiction	7,396	4,954	12,350		
MAG - Periodical	667	32	699		
DVD - Movies	7,692	0	7,692		
VHS - Movies	1,870	0	1,870		
AC - Audio Books	4,269	17	4,286		
CD - Compact Disk Music	60	1	61		
PKB - Paperbacks	316	0	316		
TOTALS	24,052	6,618	30,670		
		Í	,		
Walk in Patrons	18566	11023	29,589		
Phone Inquiries	2371	390	2,761		
Computer Users	5216	1349	6,565		
Copier Patrons	881	5	886		
Fax Patrons	253	0	253		
Microfilm Patrons	47		47		
Interlibrary Loaned	941		941		
Interlibrary Borrowed	259		259		

Respectfully Submitted, Denise Jensen Library Director

CITY WELFARE

The state of New Hampshire RSA 165:1-b requires all cities and towns to assist those who are poor and unable to support themselves. Each individual town and city determines what that means by having written guidelines that define what basic needs are considered and what the need is when income and assets are deducted from those basic needs. These guidelines explain what are basic needs, what things are not considered basic needs, what the city needs in order to make a determination, what is expected of a recipient in return for receiving said assistance and what can happen if those expectations are not met. All assistance is issued in the form of a voucher with payments going directly to the vendor. If the vendor is a landlord who owes back taxes, water or sewer bills to the city the money is paid to these bills instead of to the landlord. In this fiscal year of the \$20,326.64 paid to rent \$2,780 was paid to the city because a landlord owed back taxes. If the recipient owns property anywhere in the state a lien is placed on the property until such time the amount the city assisted the person with has been repaid. After one year the lien starts to accrue interest at a rate of six percent per year. In this fiscal year a total of \$6,804.81 was reimbursed to the city from various sources including \$2,642.86 paid by recipients who returned to a position where they could support themselves, \$2,358.48 from reimbursement from the state of New Hampshire, \$1,413.23 from a release of a lien and \$390.00 from other sources.

In fiscal year 2009-2010 a total of 67 unduplicated cases were assisted. Many of these cases were assisted multiple times throughout the fiscal year. Assistance can be broken down to 29 single males, 15 single females and 23 families with more than one

individual in the household. Another 130 individuals were interviewed but were not assisted for various reasons. A total of \$33,993 was paid out in direct assistance for the support of these families. If a recipient does not own property in the state and is physically/psychologically able to work they are required to work on the work program in return for the assistance. They are scheduled to work at various city offices and non-profits. In this fiscal year thirty-seven individuals were scheduled to work a total of 2,326.75 hours on the work program which would translate into \$16,868.94 in reimbursement through the work program. A total of 1,135 office contacts were made by people in the community in FY 2009-2010.

The breakdown of assistance was as follows:

Type of	# of	Total of Direct
Assistance	Families	Assistance
Rent./Mortgage	34	\$20,326.25
Electricity	27	\$ 3,206.64
Personal/household	33	\$ 1,001.01
need, diapers, food		
Shelter/Motel	2	\$ 113.95
Bus Ticket	1	\$ 81.00
Cremation or	4	\$ 3,000.00
Burial		
Medical	12	\$ 6,059.07
Oil	1	\$ 204.90
	Total	\$33,992.82

All those who receive assistance are required to apply to any other agency or program that could help alleviate the need either this one time or in the long term. If someone fails to follow through with applying for assistance through other programs; fails to work on the work program when scheduled; fails to complete a job search or to provide material financial data as requested they will be sanctioned from receiving further assistance until such time as they come into compliance. The first sanction is for seven days and until they

come into compliance and if sanctioned again within six months they are sanctioned for fourteen days and until they come into compliance. The City of Berlin Welfare Department works hard to meet the humanitarian aspects of RSA 165 while balancing the responsibility it has to the tax payers to handle all funds in a responsible manner. The Welfare Department works closely with Federal, State and non-profit

organizations to help serve those in need and we heartily thank all those individuals and organizations whose dedication and skills combine with ours to meet the needs of those in our community who cannot for whatever reason meet those needs themselves

Assistance Resources

Agency	Address	Tel.	Hours	Services
CAP Fuel Assistance	55 Maynesboro Street	752-3248	8-12; 1-4	Assistance with fuel, weatherization and electric discount program. Food pantry
				is also available
NH Division of Adult &	231 Main Street	752-7800	8-3:00	For HHS clientele; possible source of one time oil assistance
Elderly Services NH Division of Family Assistance	231 Main Street	752-7800	8-3:00	For FAP or TANF clientele; possible source of emergency assistance with oil, electric, back rent to prevent eviction. Source for food stamp application and Medicaid application.
www.citizensenergy.com	Internet Access is available at the Berlin Public Library			Possible source for 100 gallons of oil if eligibility is met.
City Welfare – Berlin	168 Main Street	752-2120	8-12; 1-4	Assistance with basic needs such as heat, electricity.
WIC	54 Willow Street	752-4678		Help with formula or other nutritious food while pregnant, post partum and until age 5
Coos County Family Health	133 Pleasant Street	752-2040		Medication bridges available for help with free or reduced cost medications for those with no insurance or low income. By appt.
Salvation Army	15 Cole Street	752-1644		Food pantry and Friendly Kitchen; winter coat program; Christmas Program for children, thrift store
Ecumenical Food Pantry	612 Hillsboro Street	752-4844	W&F 2:30-4	Food
Service Link		1-866- 634-9412		Referrals for elderly & disabled clientele to other agencies for possible assistance.

Respectfully Submitted,

Angela Martin-Giroux

Administrator of Welfare

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 continue to strive to accomplish and maintain our objectives. The department continues to see improvement in achieving its goal of becoming a more proactive agency. Officers have made great strides in improving communication with Berlin's citizens both 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 its operations and the City of Berlin. enforcement in bicycle, speed, red light running, and DWI enforcement patrols were again conducted this year with the assistance of NH Highway Safety grants. Grants through the NH Department of Fish & Game are limited but continue to assist with OHRV enforcement, and funding from the Attorney General's Office for underage drinking patrols continues to prove critical to the development and education of youth in our community. Grants received from the NH Police Standards & Training Council allowed for officers to attend Command Training at Roger Williams University, bringing the department up to date with command-level training. The department was also successful in obtaining federal funds for equipment; simmunitions weapons were purchased for training. A metal detector was purchased and installed at the department's entrance, and an emergency restraint chair was purchased as well. Both pieces of equipment provide a safer work environment for the officers and civilian personnel.

Fires: Berlin was plagued with an unprecedented number of fires during the past year. A vast amount of time was spent investigating the arsons with the help of the Berlin Fire Department, NH State Fire Marshal's Office, NH State Police, and the Bureau of Alcohol, Tobacco, & Firearms. As a result of this multi-agency task force, one person was arrested for a majority of the arsons, and a suspect has been identified for the others.

Retirements: Lieutenant Brad Supry retired from the Berlin Police Department after serving the city and citizens for over 20 years. Lieutenant Supry was a role model for the younger officers as well as his peers, and he is sorely missed.

Promotions: A significant number of promotions occurred during the year as a result of Lieutenant Supry's retirement. Corporals Steven Arsenault, Hollie Dube, and Kerry Theriault were promoted to the rank of sergeant. Officers Nathan Roy, Corey Riendeau, Luc Poulin, and Timothy Godin were promoted to the rank of corporal.

Departures/Hires: Corporal Steve Riendeau left the department to embark on a law enforcement career with the NH State Police; he served with the department for over three years. As a result, the department was fortunate to recruit and hire Officer Geoff Bardeen from the Gorham Police Department. Hiring an already-certified officer saves the city the considerable time and expense of sending him to the 14-week basic training program at the NH Police Standards and Training Academy. A certified officer also has the ability to work on his/her own after completing a modified field training program, which can be done in a matter of weeks.

Home Invasion: The department was engaged with the severe crime of home invasion this year. Three armed men entered a residence of Third Avenue with the intent of committing a crime; as a result, the occupant

of the residence defended himself and shot one of the assailants, resulting in death. A second assailant was apprehended and is serving his sentence at the NH State Prison. The third suspect is still under investigation for his/her role in the incident. The NH Major Crimes Unit assisted the department with this investigation.

Polygraph: Corporal Luc Poulin attended polygraph school and joins Lieutenant Richard Plourde in administering polygraphs for criminal investigations and employment of prospective police officer candidates.

OHRV Trail & Equipment: The department continues to support the success of the OHRV trail system and works closely with the City Council to improve and enhance OHRV

* * *



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

Respectfully submitted, Peter Morency Chief of Police operations within the city. This year, the department received federal funding for two new Bombardier ATVs to patrol the expanding trail system; unfortunately, statelevel budget constraints resulted in a significant cut to the availability of grant funds for OHRV enforcement patrols.

Appointments & Elections: Chief Peter Morency was appointed President of the New England Association of Chiefs of Police; this is the first time in Berlin's history that its police chief has held that position. Deputy Chief Brian Valerino was elected to the Board of Directors for the NH Police Association; he was elected by law enforcement officers throughout the state and will serve a three-year term.

STATISTICS July 2009-June 2010

CALLS FOR SERVICE	18,575
911 CALLS	503
911 HANG-UP CALLS	208
ASSIST AMBULANCE SERVICE	745
ASSIST OTHER CITY DEPARTMENTS	371
CALLS FOR SERVICE – MILAN	705
ARRESTS	623
ARREST OFFENSES	642
DOMESTIC VIOLENCE ARRESTS	47
JUVENILE ARRESTS	66
JUVENILE PETITIONS	77
INCIDENT REPORTS	581
INCIDENT OFFENSES	1,257
INCIDENTS: PEOPLE INJURED	94
DOMESTIC VIOLENCE INCIDENTS	38
FELONIES	154
MOTOR VEHICLE STOPS	2,288
MOTOR VEHILCE WARNINGS	1,430
MOTOR VEHICLE VIOLATIONS	345
ACCIDENT REPORTS	224
INTERSECTION-RELATED	54
ACCIDENTS	
DWI ACCIDENTS	8
FATAL ACCIDENTS	0
PARKING TICKETS	585
DOG COMPLAINTS	603
ANIMAL COMPLAINTS (OTHER)	260

BERLIN HOUSING AUTHORITY

Berlin Housing Authority has been affected by the ups and downs of the economy like most businesses in the area. Demand for services has been strong and steady. Funding has been variable across programs. A waiting list for the Housing Choice voucher program remains stable with over 200 applicants

The Authority received American an Recovery and Reinvestment Act Grant in 2009 for roofing and siding. In 2010 a second grant was received for \$165,000 to renovate units for mobility, sight and hearing accessibility. The 2010 grant was competitive and BHA was one of 44 Authorities in the country to win the award. Strict requirements for American made products, Davis Bacon Wage Rates and an open and fair bid process applied to every stage of the project. Local contractor Brian Lang LLC guided the work in the field. On 2 occasions upon the offer of the unit, tenants had tears in their eyes as removing barriers made it easier for them to age in place. The City can be very proud of this endeavor.

A new Chair took the helm in 2009. David Graham Esq. has been an enthusiastic supporter of our ventures while lending his expertise and advice. Mr. Matthew Buteau began as a new Commissioner and we were thrilled he was able to make this commitment.

Cedric White of Boston HUD Regional conducted a Davis Bacon Wage Rate Audit and the Authority did very well with no findings!

Andre Caron, City Housing Coordinator approached BHA with the offer of a partnership with the New England Family Housing in the Neighborhood Stabilization Program. BHA's experience in verifying incomes was tapped to work with prospective tenants who would enter the units that were covered by the program and certify that these renters met program income guidelines. It was

refreshing to work with this management company and we continue to upgrade the efficiency of the referral process.

Berlin Housing was approached to become the rental agent for the Notre Dame project. While funding is sought, BHA is happy to assist in the formulative process with the Developer, Tri County Community Action and AVER.

Our home for sale at 74 Maynesboro has not sold yet but we hope with the slight uptick in the real estate market that we will have positive news to present to you next year.

Our Housing Authority continues to seek out ways that we can work within the new economy while striving to create strong, sustainable, inclusive communities for Berlin residents.

A. UTILIZATION OF ASSISTED HOUSING PROGRAMS AT JUNE 30, 2010 (in number of units)

	Units	Units Under	
	Allocated	Lease	
Public Housing	55	54	
St. Regis House	42	42	
Vouchers	285	234	
TOTAL	382	330	

Utilization on June 30, 2010 was 98%. Average voucher utilization for the prior calendar year was 100%

B. Public Housing and St. Regis House turnover in 2010

	Units in 2010	Units in 2009	Units in 2008
Public Housing	12	14	11
St. Regis House	4	3	4

Respectfully Submitted,

Mary Jo Landry, Executive Director
Berlin Housing Authority

	As	of 6/30/08	As	of 6/30/09	As	of 6/30/10
ASSETS		010100		01 0100103		01 0.00120
Cash	S	314.201	s	334,270	s	292,675
Security Deposits		15,926		16,532		17,345
Accounts Receivable		1.998		5,528		2,273
Investments		195,013		198.469		200,149
Prepaid Insurance		8,909		8,438		8,476
Accrued Interest Receivable		1,562		5,038		68
Capital Assets (Net)		775,196		716,486		885,110
Other Assets		99,275		103,352		107,169
TOTAL ASSETS	S	1,412,080	S	1,388,113	S	1,513,265
LIABILITIES						
Accounts Payable		22,260		24,950		17,545
Other Liabilities		104,206		104,584		88,595
TOTAL LIABILITIES		126,466		129.534		106,140
EQUITY/NET ASSETS		120,100		120,001		100,110
Invested in Capital Assets, Net of Related Debt		775.196		716,486		885.110
Restricted Net Assets		115.629		79,714		96,903
Unrestricted Net Assets		394,789		462,379		425,112
TOTAL EQUITY/NET ASSETS		1.285.614		1,258,579		1,407,125
TOTAL LIABILITIES AND EQUITY/NET ASSETS	S	1,412,080	S	1,388,113	s	1,513,265
TO THE EMBERTHS THAN EQUIT INVESTIGATION		1,412,000	,	1,500,115	,	1,515,203
COMPONENTS OF TOTAL EQUITY/NET ASSETS						
Liquid Equity:						
Cash	S	314,201	s	334,270	s	292,675
Investments		195,013		198,469	_	200,149
Other working capital components		1,204		9,354		29,191
Net Liquid Equity		510,418		542,093		522,015
Non Liquid Equity:		310,110		342,033		522,011
Land, Structures, and Equipment		775,196		716,486		885,110
Other Assets		,,,,,,,,		710,100		005,110
Total Non Liquid Equity		775,196		716,486		885,110
Total Equity/Net Assets	S	1,285,614	S	1,258,579	S	1,407,125
Total Edginy Tvet 1133ets		1,205,014	,	1,230,377	,	1,407,122
Changes in Equity-Year ended 6/30/08						
Equity, 6/30/09	S	1,258,579				
Prior year audit adjustments		1,230,379				
Net Income (Loss) from Operations:		-				
Public Housing and Capital Fund Programs		86,599				
All other programs		61.947				
Equity, 6/30/10	S	1,407,125				
Equity, 0.50.10	3	1,407,123				
Public Housing Portion of Equity						
Public Housing	S	1,095,003				
All other programs	3	312,122				
All viller programs		312,122				
Total Equity	s	1,407,125				

PLANNING DEPARTMENT

This past year saw the completion of the City's newly revised Master Plan. The work was done in concert by the Master Plan subcommittee and guided by Jeffrey H Taylor & Associates finished in March 2010. The Planning Board has already begun reviewing individual chapters to keep the information current. A considerable amount of time was spent by many individuals to shape a relevant economic development chapter and a new vision for the community. This document will help guide not only development in the community but assist in obtaining grants, shaping the City's zoning, and other planning documents. The hard work of the Planning Board and community members on this plan is to be commended as many evenings were spent formulating this plan and the hard work of everyone involved is evident throughout the document.

Berlin Industrial Development and Park Authority (BIDPA) continues to be very active especially in downtown development. After acquiring the former Rite-Aid building through a donation from the property owner last year, the board is on its way to adding a pocket park south of the building for the community and will be doing exterior work to the building to enhance its appearance this fall. The members of the board have been extremely involved in all aspects of the redevelopment and play a role in several different economic initiatives. They are taking time to review the possibilities for their next downtown endeavor.

Several big projects dominated the local planning and zoning landscape one of which was an energy facility project that went through a State siting process instead of the local site plan review process. The Planning Board took the time to follow the project, invite the developer to board meetings, and attend local public hearings. This all led to the Planning Board working to lend input to the conditions that may be placed on the

project. These large projects while challenging have given the Planning Board great insight into a complex review process which does not normally occur in this region of the State.

Both the Zoning & Planning Boards had an active year with several applications and cases that appeared before each board. 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. boards encourage citizen three 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 & Laflamme City Planner

Zoning/Code Enforcement Officer: Joseph Martin

Planning Board Chair: Françoise Cusson

ZBA Chair: Harold Bigelow

BIDPA Chair: Michael Caron

FINANCE/COLLECTIONS

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 weekly or 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 2010, the Finance Department issued 4,405 semi-annual real estate tax bills totaling \$13,969,760. The Department also issued 3,458 sewer bills which totaled \$1,622,753. The number of motor vehicle registrations issued by the City dropped again this year by 265 registrations to 9,929 registrations. The City collected \$1,065,875

which is \$49,506 less than the amount collected last fiscal year. The City also issued 1,052 dog licenses which brought in \$4,502; 336 free dump passes; 252 4-day passes and 53 refrigerator permits which brought in \$5,570.

The Finance Department also provides Human Resource Benefits for the City's 180 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.

Assistant Comptroller/Deputy Tax Collector: Elizabeth Domino Senior Collections Clerk: Elaine Tremblay Junior Collections Clerk: Florence Fitzmorris

Accounts Payable Clerk: Lucille Lavoie Payroll Clerk: Sandra Rosenberg.

Respectfully submitted, Blandine Shallow Comptroller/Tax Collector



Mayor Paul Grenier poses with (left to right) Sandy Rosenberg, Elaine Tremblay, Florence Fitzmorris and Betty Domino who were recognized by the City Council for carrying the Finance Department through a computer malfunction.

	2010	2009		
Debits:	Levy	Levy		
Uncollected Taxes - Beginning of Year:				
Property Taxes		1,608,284		
Land Use Change Tax		-		
Yield Taxes		344		
Utility Charges Uncomitted Utility Charges		339,104 1,075		
Uncomitted Unity Charges Uncomitted Taxes		1,452		
Officonfitted Taxes		1,432		
Taxes Committed:				
Property Taxes	6,977,808	6,359,053		
Uncommitted Taxes	- 1	7,086		
Land Use Change Penalties	-			
Yield Taxes	-	21,875		
Excavation Activity Tax		901		
Utility Charges		1,619,767		
Uncommitted Utility Charges		2,986		
Our man ou um o mt u				
Overpayment: Property Taxes				
Interest - Late Tax		94,383		
Interest - Late Sewer		28,121		
Total Debits	6,977,808	10,084,430		
		,		
	2010	2009		
Credits:	Levy	Levy		
Remitted to the Treasurer:				
Property Taxes	5,364,573	7,161,117		
Land Use Change Penalties		-		
Yield Taxes	-	2,430		
Excavation Activity Tax Interest		901 122,504		
Utility Charges		1,536,723		
Conversion to Liens		734,077		
Uncommitted Taxes		5,579		
Uncommitted Utility Charges		1,075		
and the specific spec		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		
Abatements made:				
Property Taxes	-	57,423		
RSA Tax Deferrals		15,887		
Land Use Change		-		
Yield Taxes		-		
Utility Charges		224		
Uncommitted Taxes Current Lew Deeded		-		
Current Levy Deeded				
Uncollected Taxes - End of Year:				
Property Taxes	1,613,235	-		
Yield Taxes		19,789		
Utility Charges		308,942		
Uncommitted Utility Charges	-	-		
Uncommitted Property Taxes	-	1,792		
Land Use Change Tax Total Credits	6,977,808	9,968,462		
Total Cledits	0,977,000	9,900,402		
	2009	2008	2007	2006
Debits:	Levy	Levy	Levy	Levy
Unredeemed Liens Balance at Beg. of Fisca		595,920	288,010	55,846
Liens Executed during Fiscal Year	914,236	-		
Interest & Costs Collected offer Lies	10 400	E4 700	04.590	2 470
Interest & Costs Collected after Lien Total Debits	13,488 927,724	54,789 650,708	94,589 382,599	3,170 59,016
Total Debits	921,124	030,708	362,399	39,010
	2009	2008	2007	2006
Credits:	Levy	Levy	Levy	Levy
Remitted to Treasurer:			,	,
Redemptions	208,788	202,511	206,495	3,288
Interest & Costs Collected after Lien	13,488	54,779	94,589	3,170
RSA Tax Lien Deferrals	1,793	5,184	3,293	, -
			10,787	46,954
Abatement of Unredeemed Taxes		10,698		
Abatement of Unredeemed Taxes Liens Deeded to Municipality	129,764	89,454	61,614	5,605
Abatement of Unredeemed Taxes	129,764 573,890 927,724			

PUBLIC WORKS, ENGINEERING AND WASTEWATER TREATMENT

Wastewater Treatment Facility



Berlin's Pollution Control Facility processed 765.71 million gallons of sanitary sewer flows last year; in addition, we accepted and treated almost 287,615 gallons of septage waste from outlying communities not on their own sewer systems (i.e., septic tanks). In the process, we produced 1509.28 tons of dried municipal sludge which we trucked to the AVRRDD landfill for disposal. The treatment process removed 93.8% of the BOD (Biochemical Oxygen Demand) and 96.6% of the TSS (Total Suspended Solids) which came in with the sanitary sewer flows. Average monthly power usage at the Main Plant decreased minimally to 108.9 KW/day, reflecting lower flows through the plant.

We recondition one of No. 2 Centrifuge because of mechanical issues and will recondition No. 1 Centrifuge.

We also purchased one new lift station pump for the Armory Pump Station and reconditioned both pumps so that we have a reliable spare pump. 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 once financing is in place.

We had to replace the Variable Frequency Drive for #3 Raw Sewage Pump at the Watson Street Pump Station.

Work on Inflow and Infiltration (I&I) is 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 (FY2009) BWW produced 511.3 million gallons of water for City use; BPCF on the other hand treated 765.7 million gallons or 50% 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. We have hired Wright-Pierce engineering for this project and plan to do this massive project in phases. The first phase will target the largest known sources which are the Community College cross country line and the East side.

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 mew federal prison into the waste water plant. The contract was signed in late June 2009.

East Milan Road Sewer Project and Pump Station was Awarded to Sargent Corporation in June 2010 for \$5,422,080.

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 Cates Hill Landfill Closure project was completed in August of 2006. The project

was awarded to the low bidder, Paragon Construction, Inc. of Orford, NH. Paragon's bid for the work was \$572,020. Work was started in the spring of 2003. Groundwater quality and methane gas production is being monitored in accordance with the program. The cost for engineering services, lab testing services, gas monitoring, administrative services and grounds maintenance is almost \$18,000.

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 overlaid. 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 We maintain sewer and storm removal. 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 maintain 146 sand and salt barrels for winter use.

The Public Works Department collects paper, glass, plastics, tin, aluminum and cardboard for recycling. 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

Transportation

Street Markings. Center lines, edge lines, railroad crossings and crosswalks were painted as they are every year. We excluded 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 130 crosswalks throughout the City, all the stop bars, yellow no parking zones and handicap parking areas.

Projects Completed in the 2009-2010 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
- 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, fencing and a Kiosh built by Berlin High School Trades
- Purchased new Garbage Truck-\$158,990
- Purchased new Road Sweeper-\$129,711
- Retaining Wall and Railings on High Street
- Community Field Parking Lot-Joint Project with Recreation and Parks

Sidewalks and Curbs

Park Street; Willard Street

Joint Projects with Berlin Water Works

In joint projects with Berlin Water Works the following streets were done:

Jolbert Street, Madigan and Willard Street where water, storm and sewer lines were replaced and repaired street; PWD provided the paving services for the trenches this season;

Install a new bridge over the Dead River by Memorial Field for equipment access for new high pressure loop tie-in.

ITEMIZED LIST OF VARIOUS WORK AND MATERIAL ITEMS

WORK DESCRIPTION	INCIDENCES	QUANTITY OF MATERIAL
Frozen sewer service calls	0	
Frozen drain service calls	2	
Frozen main drain lines	0	
Frozen culverts	0	
Frozen trench lines	2	
Frozen catch basins	15	
Main sewer lines jet cleaned	20	
Main sewer line calls	4	
Sewer service calls	11	
Sewer services replaced	4	66' of 4" WW repairs 18
Drain service connections	2	
Main sewer lines replaced	2	139 feet
Main drain lines replaced	5	657 feet
New sewer service connections	2	100feet
Main drain lines jetted	20	On Regular Basis
Manhole frames reset	10	
Manholes rebuilt	5	Enman Hill
Manholes repaired	10	4-WW Dept.
Catch basin frames reset	10	
Catch basins rebuilt	2	
Catch basins repaired	20	
New catch basins installed	4	
Salt for winter use		1194 tons
Sand for winter sand		1482tons

Respectfully Submitted,

Michael Perseualt, Public Works Director

BERLIN PUBLIC SCHOOLS

Demographics

Berlin Public Schools opened the 2009-2010 school year with an enrollment of 1425 students K-12 and closed the school year with an enrollment of 1365. Kindergarten is offered in half-day sessions. Class sizes range from 15-24. The district hired 284 employees with professional staff, teachers, counselors, and specialists.

The schools opened with one less building with the closing of Bartlett School, and relocating kindergarten students from Marston School to Brown. Grade levels K-2 are at Brown School, 3-6 at Hillside, 7-8 at Berlin Jr.High, and 9-12 at Berlin High. 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.

Instruction & Assessment

The core curriculum for reading instruction K-6 is MacMillan/McGraw-Hill and for math, Scott Foresman. An array of assessments is used to continually diagnose where a student's instructional level is, by implementation of a 3-tier model of intervention, rather than a "wait to fail" model. The Response To Intervention (RTI) model is evolving through the grade levels with K-2 in full implementation in reading and progressing in math. Other grade levels are following suit.

The Junior High School (Gr.7-8) students and staff have embraced the best practices in middle school education as promoted by the New England League of Middle Schools (NELMS), and operates in teams for interdisciplinary instruction and increase in

student support. Students are grouped in teams and are assigned the same academic core teachers for two years.

Berlin High School (Gr.9-12)has implemented a student advisory program to provide an ongoing personal connection between students and trained teachers. Student portfolios are being developed to improve parent communications. proven research, this process is expected to be effective with at-risk students and potential dropouts. BHS is a PBIS school with trained staff in using a behavioral analysis process for early interventions, both academically and behaviorally.

The RTI model, implementation of data teams, training in a data warehousing Performance software Tracker. implementation of a new reading program in grades were district initiatives. 3-6. Inclusion of students with disabilities, differentiated instruction, and changes in scheduling of NECAP testing appear to have contributed to the following gains. Students with disabilities in grade 11 increased by 4% in math. Grade 5 students with disabilities increased by 6% in math. Grade 4, from low socio-economic status increased by 7% in math. Students with disabilities increased by 15% in reading at grade 11, grade 8 student with disabilities increased by 8%, grade 6 increased by 7% and grade 5 increased by 11%, all in reading. Students from low socio-economic status increased achievement by 3% for grade 11, 8% for grade 8, 2% for grade 6, 9% for grade 5, 2% for grade 4, all in reading.

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 100% of students attain benchmark.

Staff training was provided to support differentiated instruction in all math lessons, K - 12. Differentiated instruction is that a teacher proactively plans lessons where the students are, rather than presuming that all learners of a given age or grade are essentially alike.

Data teams were established in each building. In addition, district and content level (reading & math) data teams were formed. 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

After two years, a focus monitoring committee developed the district improvement plan that included specific K-12 goals. The committee members are: Corinne Cascadden, Georgia Caron, Jane Provencher, Beverly Dupont, Gary Bisson, Amy Huter, Karen Turgeon, Pam Carrier, Liza Aldrich, Roland Pinette, Christine Lindsey, Julie King, Don Picard. After a needs assessment, the committee established

a decision-making model to use for all major decisions within the district.

School nurses were proactive with local health agencies and public health to address H1N1 virus with staff, student and parent education. Nurses also participated in local immunization clinics and instituted a change in hygiene practice in the school setting.

District mentor program was instrumental in providing support to beginning teachers. Monthly meetings and classroom observations were part of the mentor's responsibility. Trained mentors are: Ben Murphy, Chair, Ann Nolin, Nancy Forestall, Linda Jacobs, Patty Hood, Tammy Fauteux, Tammy Watson, Nicole Arguin, Sandy Pouliot, Amy Cascadden, Susan Griffin.

District-wide committees were formed to address "Wellness", "Truancy", "Title IX/Harassment", and the revision of the Professional Development Master Plan.

The following staff members volunteered to participate on the Wellness committee: Mary Ellen Brady, Patty Hood, Craig Melanson, Betty Roy, R.N., Pauline Couture, R.N, Elaine Connary, Mike Poulin, Jill Poulin, Amy Blanchette, R.N., Dana Deblois, Candy Richard, Jan Millis, Corinne Cascadden. Their charge was to take an inventory of all district activity that complies with the required N.H. Mininum State Standards for Approval. 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, and CPR/AED staff This committee met 12 times training. during the school year.

The professional development committee included: Kevin Carpenter, chair, Cheryl

Bouchard. Suzanne Lanctot, AnnElise Record, Linda Scherf, Debbie Payeur, Alexa Cascadden, Easley, Corinne Jessica Henderson, Amy Cascadden,. This 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 writing individual 3-year professional development plans. This committee met 12 times during the school year.

Staff training in TitleIX/Harrassment had to be provided in compliance with federal and state laws. A district committee was formed with the following members: Georgia Caron, Marion Huntley, Dr. Peter Rogers, Andy Rancloes, Jill Poulin, David Griffin, Rosemary Rancourt, Jennifer Lyon, Dolores Charest, Nancy Brannen, Ken Proulx, Ben Skoglund, Steve Vogel, Corinne Cascadden. The approach the committee took was a "train the trainer" model. PRIMEX (Public Risk Management Exchange) provided then the committee training, developed a training presentation that was used with all current staff and will be available for any new hires. Acknowledgement forms are kept in each individual's personnel file.

In the spring of 2010, truancy/absence guidelines were discussed and revisited in an effort to comply with new laws and to hold parents accountable for all student absences. Assistant Principals Tim Forestall, Dan Record, Principal Amy Huter, Detective Keith Enman, and Juvenile Probation officer James Panzer updated the school policy and guidelines for compulsory attendance. Absences in excess of 10 half days will be

subject to parent notification. If continued absences, a mandatory meeting with Det. Enman, the truant officer, school administrators, and a juvenile probation officer will be scheduled. If there are no improvements in attendance, court petitions will be filed to address a parent violation of RSA193:1 Compulsory attendance or a CHINS (child in need of service).

Cafeteria workers have begun the process of becoming certified with two professional development activities: Safe Serve and Healthy Edge. Two custodians have received lead paint certification. Eighteen out of twenty educational assistants, who are not Highly Qualified, participated in a summer training to develop a portfolio of job related experiences that will be scored and evaluated to determine if they have met the criteria to be Highly Qualified Assistants.

Facilities Report

A new hot water heating system was installed at Brown School, replacing a steam heat system. New windows were installed in the 1956 addition as well. Tile flooring on the first floor hallway was replaced at Berlin High School.

The Biomass Energy Resource Center (BERC) reviewed a study of the fuel energy used by the Berlin Jr. High School and Berlin High School. The conclusion was that it would be cost and energy efficient to consider a biomass wood chip boiler for Berlin High School and to consider city district heating for Berlin Jr. High School because of its congested neighborhood.

Previously boarded up windows on the High St. side of Berlin Jr. High School gym were replaced with energy efficient windows to add natural light to the facility. The auditorium stage had a complete upgrade in the electrical panel and replacement of all stage lighting.

Two buses were purchased to update the Berlin bus fleet of 9.

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. The phone log will be used by teachers to document all parent communications. The phone logs will be submitted to the building principals at the end of the school year. A parent/teacher/student conference day is scheduled for Dec. 10, 2010 for all grades K-12.

Family nights were held at Brown and Hillside schools based on a literacy theme. Parent involvement increased by 55% at Brown School and by 57% at Hillside School from the previous 2008-09 school year.

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.

The Berlin Board of Education began the process of district policy revisions. The following sections were updated during the 2009-10 school year:

Section A - Foundations & Basic Commitment

Section B - Board Governance & Operati

Section C - General School Administration

Section D - Fiscal Management

Section F - Facilities

The following individual policies were either added as new or revised:

Truancy, Student Absences & Excuses, Implementation Procedures for Absences, Compulsory Attendance Age, Sexual Harassment Sexual Violence. & Employee/Student Relations, Participation for Home Study Students, Employee Use of Social Networking, Audio/Video Surveillance, Substitute Employment, Field Trips and Excursions, Use of School Buildings and Facilities, Community Use of School Facilities.

For the second consecutive year, the city level-funded the school budget at \$15,797,124.

Respectfully Submitted,

Corinne E. Cascadden Superintendent of Schools

BERLIN WATER WORKS

Water Commissioners for this report period were Richard P. Fournier, Paul W. Poulin, Lucien F. Langlois, Stephen J. Tardiff and Terry Block; Ex-officio member was Mayor David J. Bertrand and Mayor Paul R. Grenier. On the December 18, 2009 Commissioner Richard P. Fournier was presented a plaque by the Board for his eleven years of service to the Board; his membership on the Board was from June 2, 1998 to May 1, 2009. On December 9, 2009, Terry Block was appointed to complete the term of Ward III Commissioner, with term to expire May 1, 2010 at which time he was then reappointed to a four year term to expire May 1, 2014.

The BWW has not increased water rates in vears. The Board of twelve Commissioners did approve a revised water rate structure as follows: the water rate will have one base step of \$30.00 for usage from 100 to 600 cubic feet, and then a rate of \$2.64 per 100 cubic feet from 700 to 1600 cubic feet was established; the remaining rates are the same as present. The new rates incorporate the present \$5.00 charge for fire protection for a single unit building and the \$2.05 customer charge. Multi-unit buildings will continue to show a fire protection charge of \$5.00 per unit above the single unit charge that is incorporated in the water rate charge.

Berlin Water Works has been able to maintain 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 office hours have been changed on Friday from 8:00 am through 4:30 to 8:00 am through 4:00 pm.

Berlin Water Works completed several upgrades to the present three buildings on Willow Street and BWW logos have been placed on the three buildings. Berlin Water Works qualified for a Public Service energy savings rebate in the amount of \$1,240.00 for the completion of lighting improvements at the Ammonoosuc Plant. The Board also authorized the staff to purchase a new phone system for the office at 55 Willow Street.

Distribution system improvements this fiscal year included a new Gould pump at the Hillsboro Pump Station. This pump upgrade is working well. It has improved reliability and reduced energy usage. The installation of the PAX mixing system in the Lancaster Tank has improved water quality by reducing variability in chlorine residual levels. Also temperature variation has been reduced resulting in no tank freeze-ups. Berlin Water Works has also continued to install backflow devices at customer's homes, and has changed to new UFR/dual check valve that will improve meter performance at very low flows.

During the winter of 2009/2010, we had 110 people running water to prevent service line freeze-up. These customers started running the water from February 4, 2010 until shut-off on March 22, 2010. The balance of the 418 running water customers did not have to run the water in winter 2009/2010. We had 5 freeze-ups that required thawing. Efforts continue to reduce the number of running water customers, of which there were 1003 of 3500 customers in the winter of 2000-2001

	FISCAL 2009	FISCAL 2010
Total Flow	325,131,444	316,335,791*
Difference from previous year	11% decrease	2.7% decrease
Gallons per Day	.891 million gallons*	.867 million gallons*
Running Water Customers	141	110
Running Water Start - early	January 9, 2009	February 4, 2010
Running Water Start - regular	-	'
Running Water Finish	March 31, 2009	March 22, 2010
Frozen Water Calls - outside	55	5
Frozen Water Calls - inside	14	0
Hydrant Flushing	8/7/08 to 8/21/08	8/19/10 to 9/16/10
		10/22/10 to 10/23/10
Number of main line breaks	7	3
Number of service line breaks	4	4

^{*} new record - low

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 with the next round of testing scheduled for 2012. Water Quality Report for calendar year 2009 was distributed to all water customers as a bill stuffer in the May 2010 billing.

Melanson, Heath & Co PC was accepted by the Board to perform the Water Works financial report for period ending June 30, 2010 as well as FY 2011. Our FY 2011 budget of \$3,739,602.00 as presented at the Commissioners May 26, 2010 budget hearing providing \$2,345,126.00 for operations and \$1,394,476.00 for water bond and loan debt, was approved June 16, 2010. The increase in the FY2011 budget is all due to increase "force account" levels of work requiring additional equipment, and "temporary staffing" in order to complete the funded work by the agreed to "completion dates".

The City of Berlin applied and received a NH Department of Environmental Services Local Source Water Protection Grant to hire GeoInsight to perform a delineation study to better define and protect the aquifer at the Brown Farm Well Head. As of April 15, 2009 the City Manager had signed the grant and GeoInsight Inc was contracted to begin the study to protect the well head protection area. The study was completed and the final report received in June 2010.

Berlin Water Works purchased two new F150 Pick-up trucks and a new F350 5th wheeler truck with used pipe trailer to support "Force Account" Work and Routine Maintenance Work. In addition, a significant amount of equipment was purchased to

increase the "force account" efforts. Purchases included: A used Cat 322BL excavator, five used 10 wheeler dump trucks, a used 21 ton trailer, a new Komatsu front end loader, a used skid steer with a new compactor unit, a new grizzly 14' screen, used and new trench boxes, two used compactors, additional new HDPE fusing equipment, a new asphalt cutter and used trench plates.

The 8000# Magnum and the 1750# Indeco hammers were completely rebuilt in anticipation of many planned streets will require ledge removal.

Another cost saving item is that two of our employees have completed a Traffic Control Instructor course. All employees have been trained in traffic Control.

IMPROVEMENT PROJECTS:

In March 2010, Rich Lougee from Senator Gregg's office called to tell us that \$436,000 was earmarked for FY2010 EPA Grant Funds for Berlin Water Works. This will be the 10th BWW EPA "stag" Grant. This Project will be scoped and submitted in the fall of 2010.

During the winter of 2010, the BWW staff prepared and submitted the application package for the \$400,000 BWW 10-1 EPA FY 2010 Grant #9. Approval is expected during the summer of 2010. The scope of the request is for the improvement of the Brown Farm Well and for continued water main improvements.

Water Main Project BWW #02-1 funded through a Rural Development Grant was fully expended and closed in January 2010. In Fiscal 2010, work completed included three water main railroad crossings, a double Dead River crossing, a Tideflex mixing

systems in the Forbush Storage Tank, and a PAX mixing System for the Lancaster Street Storage Tank. Provan and Lorber, Inc. and Geo Insight worked with BWW to complete the design work for the Railroad Crossings and the mixing systems. DBU Construction Inc was hired to perform the horizontal borings.

Water Main Project BWW 06-1 with \$599,067 of EPA Grant #7 Funding has a balance of \$62,022 at year end June 30, 2010. The scope of Water Main Project BWW #06-1 includes the replacement of approximately 100 running water services and to replace old 2" galvanized lines. As of FY 2010, BWW has completed 65 of the running water services. Water main improvement work on Abenaki Lane, Jolbert Street, Hinchey Street, Twelfth Street, School Street, Westcott Street and Main Street was also completed with these funds.

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.

Project BWW 09-1 was prepared and submitted by BWW staff, and approved by USDA Rural Development in the amount of \$4,000,000 for water main work. The package is comprised of 26% Loan and 74% Grant. The Board signed an engineering agreement with Provan & Lorber for review, final approval of BWW design work and to provide project oversight and communication to Rural Development. The project will involve replacement of 6 inch unlined cast iron water mains throughout the

city. Design is on-going. Construction will start in FY2011.

Water Main Project BWW 09-2 was approved for a State Revolving Loan in the of \$3,000,000.00 with forgiveness for the replacement of unlined cast iron water mains. The funds for this project are part of Federal Stimulus ARRA funds. They are subject to "Davis Bacon," "Buy American" and other additional reporting requirements. Work on Goebel Street and Burgess Street was completed this Fiscal year and work on Guilmette Street, Spring Street, Summer Street, High Street, Willard Street and Champlain Street is in progress. Berlin Water Works has, "to-date," hired 17 part time employees to supplement the BWW staff to complete the water main construction projects through "force account".

Water Main BWW 09-3 was approved for a Rural Development Grant in the amount of \$900,000 for resurfacing work at the Godfrey Dam. The package is comprised of 26% Loan and 74% Grant. The Board signed an agreement with Provan & Lorber Inc. to provide engineering design, prepare

construction bid packages, and oversee construction. All of the major equipment was bid and ordered in Fy2010. Construction is scheduled to start in late August 2010 and completed by November 2010. The balance of project funding will be used for transmission line improvements.

The Board authorized the Superintendent to submit two Pre-applications to NHSRL for future proposed projects. The 1st is for hydro, wind, and /or solar power for the Ammonosuc Facility. The 2nd is funding to continue Water Main replacement project.

The Berlin Federal Prison construction has been completed. The water service has been in operation since May 2008. The sewer construction contract started in June 2010 with completion scheduled for the spring of 2011. Berlin Water Works spoke with Joseph Bottoni at Federal Bureau of Prisons regarding the installation of SCADA communications at the FBOP pump station. An amendment to the original contract between Berlin Water Works and FBOP has been approved to cover the cost of installing SCADA communications. This project will be completed in late August 2010.

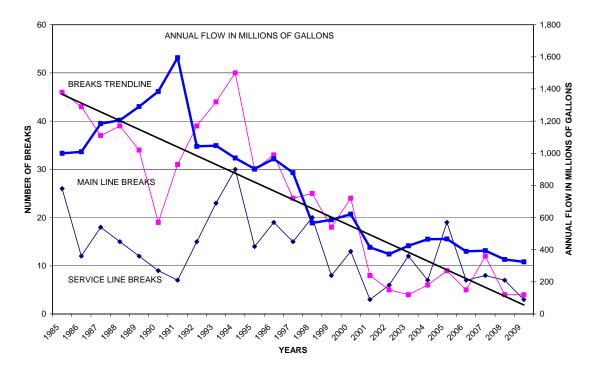
	Total to Fiscal 2010(add 2010)	FISCAL 2009	FISCAL 2010
Curb-to-curb street paving (includes overlay)	10.28	.26	.04
Number of New Meters	3584 total in system	163	37
Number of New hydrants	409 total in system	1	0
Number of Replaced services	3500 total in system	54	67
New water main installed – since 1990	21.18 miles	.56 miles	1.31

Improvements to the water distribution in the City of Berlin continue with planned replacement of small diameter galvanized mains (1,500 feet remaining as of June

2010) and 1890 thru 1930's vintage unlined cast iron mains (43,627 feet remaining as of June 2010) 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 FY2010 to support 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.

WATER LINE BREAK HISTORY



Thanks to all Berlin Water Works employees, Water Works Commissioners, the former Honorable Mayor David Bertrand and the newly elected 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.

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Roland L. Viens, P.E. Superintendent



This past winter gave us a chance to use our new plowing equipment. We were also able to utilize the new Snow Removal Equipment (SRE) Building. I'm very pleased with the new equipment. This new front end loader replaced the 1962 road grader. We thank Couture Construction Corporation who built our new building with funding from the Federal Aviation Administration and NH Department of Aeronautics. They did a great job; for the first time, we have a proper place to store and work on the plowing equipment.

As our capital improvement projects continue we will be replacing two more pieces of older plowing equipment: a 1982 Osh Koch snow blower and a 1990 plow truck. The plow truck is slated to be sold to the City of Berlin's School Department. This will be a win - win situation for both the Airport and the School Department. It should also be noted that the new acquisitions are fully funded with no match required from the City or the Berlin Airport.

We have been working with the Town of Milan's Old Home Days committee to include the Airport as part of their annual celebration. In the past the airport has had pancake breakfasts on the Sunday morning of the weekend event. This year the airport will be included in the Saturday events. We are planning to hold an open house at the airport with shuttle service between the Old Home Days grounds and the airport. The airport and its facilities will be showcased and I encourage people who plan on

attending the Old Home Days event to stop by.

The Berlin Regional Airport continues to be a gateway to the Great North Woods and a place where first impressions to visitors are made. Many thanks to the Berlin Airport Authority, airport staff and all those involved in the aviation community for your continued support in these trying economic times.

Respectfully Submitted, Eric Kaminsky, Airport Manager



http://beyondbrownpaper.plymouth.edu/item/34314



http://beyond brown paper.ply mouth.edu/item/32227

On November 30th, 1954, a twin engine DC-3 crashed flying from Laconia to Berlin, NH. Seven people were on board and all survived the initial crash; however two died while waiting to be rescued. They were finally rescued by helicopter on December 2, 1954





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

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, 2010, 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, 2010 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 provides 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, 2010, 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 24, 2011 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-xii and 33-36, 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 Cluxay & Company PC

June 24, 2011

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, 2010. 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, 2010 by \$38.0 million, an increase of \$2.3 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 increased by \$ 1.4 million to \$7.7 million. Restricted net assets of \$147,953 were restricted for endowments and \$30.1 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 \$35.7 million to \$38.0 million in fiscal year 2010. Net assets of governmental activities increased by \$1.2 million or 8%, and net assets of the business-type activities showed a net increase of \$1.1 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 2010, the City's governmental funds reported an increase of \$405,388 in the combined ending fund balance of \$4.1 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 unreserved fund balance of \$3,492,770, which is an increase of \$451,591 from the previous 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, and
- 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
 - o BIDPA (Berlin Industrial Development and Park Authority Fund)
 - o 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 48-51. The non-major governmental funds are:

- School Federal Projects
- School Food Service Program
- o Berlin Airport Authority
- Health Department
- Mount Carberry Landfill
- o Recreation Activity Programs
- o Grant Fund
- Neighborhood Stabilization Program
- o CDBG Fund
- o 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
- o 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 52-54.

• 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 10-32.

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 33) 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 2010 is the General Fund. Also, included in the required supplementary information is the funding progress for other post-employment benefits (Schedule 2, page 34). The notes to the required supplementary information can be found on pages 35-36.

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 \$38.0 million at the end of fiscal year 2010, an increase of \$2.3 million compared to the end of the previous fiscal year.

Net assets of the City as of June 30, 2010, 2009 and 2008 are as follows:

Net Assets (in Millions)

	Governmental Activities		Business-type Activities			Total Primary Government			
	2010	2009	2008	2010	2009	2008	2010	2008	2007
Assets									
Capital Assets	17.5	17.8	17.6	20.6	20.7	20.8	38.1	38.5	38.4
Other Assets	12.9	11.9	12.6	8.3	5.4	5.5	21.2	17.4	18.1
Total Assets	30.4	29.7	30.2	29.0	26.1	26.3	59.3	55.9	56.5
Liabilities									
Long-term Liabilities	5.7	5.2	6.4	5.4	5.4	5,6	11.2	10.6	12.0
Other Liabilities	8.2	9.3	9.7	2.0	0.3	0.4	10.2	9.6	10.1
Total Liabilities	13.9	14.5	16.1	7.4	5.7	6.0	21.3	20.2	22.1
Net Assets									
Invested in capital assets,									
net of related debt	14.2	14.0	13.3	15.9	15.2	15.9	30.1	29.2	29.2
Restricted	0.1	0.1	0.1	-	-	-	0.1	0.1	0.1
Unrestricted	2.1	1.1	0.6	5.6	5.2	4.4	7.7	6.3	5.1
Total Net Assets	16.4	15.2	14.1	21.5	20.4	20.3	38.0	35.7	34.4
Total Liabilities and Net Assets	30.4	29.7	30.2	29.0	26.1	26.3	59.3	55.9	56.5

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 will be made in July 2010) and the East Milan Landfill Closure bond, none of which has any offsetting assets, the City continues to increase its unrestricted net assets. This year it had an increase of \$1.4 million over the prior fiscal year. The City carries a liability for compensated absences. The City needs to embark on a program to fund this liability in the future. This will be addressed in the coming year budget.

Statement of Activities

The City's total net assets increased \$2.3 million during this fiscal year. Property and other taxes brought in \$14.1 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, 2010, 2009 and 2008 are as follows:

Changes in Net Assets

(in Millions)

		vernmer			Business-type			Total Primary		
		Activities	i		Activities		Government		nt	
	2010	2009	2008	2010	2009	2008	2010	2009	2008	
Revenues										
Program revenues:										
Charges for services	2.5	2.8	2.9	1.6	1.6	1.4	4.1	4.4	4.3	
Operating grants and contributions	17.5	14.7	14.5				17.5	14.7	14.5	
Capital grants and contributions	0.7	8.0	0.9	1.3	0.1	0.2	2.0	0.9	1.1	
General revenues:										
Property and other taxes	14.1	14.5	13.1				14.1	14.5	13.1	
Licenses and permits	1.2	1.2	1.3				1.2	1.2	1.3	
Grants and contributions	0.5	1.1	1.2				0.5	1.1	1.2	
Interest and investment earnings	0.0	0.2	0.3	0.1	0.1	0.2	0.1	0.3	0.5	
Miscellaneous	0.4	0.3	0.3	0.2	0.3	0.1	0.6	0.6	0.4	
Contributions to permanent fund principal	0.0	0.0	0.0				0.0	0.0	0.0	
Gain on sale of capital asset				0.0	0.1		0.0	0.1	-	
Transfers								-	-	
Total revenues	36.9	35.5	34.5	3.2	2.2	2.0	40.1	37.7	36.4	
Expenses:										
General Government	2.1	2.0	2.2				2.1	2.0	2.2	
Public Safety	5.0	5.1	4.8				5.0	5.1	4.8	
Airpport/Aviation center	0.3	0.4	0.4				0.3	0.4	0.4	
Highways and streets	2.4	2.6	2.8				2.4	2.6	2.8	
Health and welfare	0.6	0.7	0.7				0.6	0.7	0.7	
Sanitation	0.9	0.9	0.9				0.9	0.9	0.9	
Culture and recreation	0.7	0.7	0.7				0.7	0.7	0.7	
Economic Development	2.1	0.2	0.3				2.1	0.2	0.3	
Education	18.5	18.5	17.6				18.5	18.5	17.6	
Food service	0.6	0.6	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	0.4	0.4				0.3	0.4	0.4	
Lease payments	0.1	0.1					0.1			
Intergovernmental	1.5	1.6	1.4				1.5	1.6	1.4	
Sewer				1.9	2.0	1.9	1.9	2.0	1.9	
Nonmajor proprietary funds				0.2	0.1	0.2	0.2	0.1	0.2	
Total expenses	35.7	34.3	33.4	2.1	2.1	2.1	37.8	36.3	35.5	
ncrease (decrease) in net assets	1.2	1.2	1.1	1.1	0.1	(0.2)	2.3	1.3	0.9	
let assets, beginning of year	15.2	14.1	13.0	20.4	20.3	20.5	35.7	34.4	33.5	
Net assets, end of year	16.4	15.2	14.1	21.5	20.4	20.3	38.0	35.7	34.4	

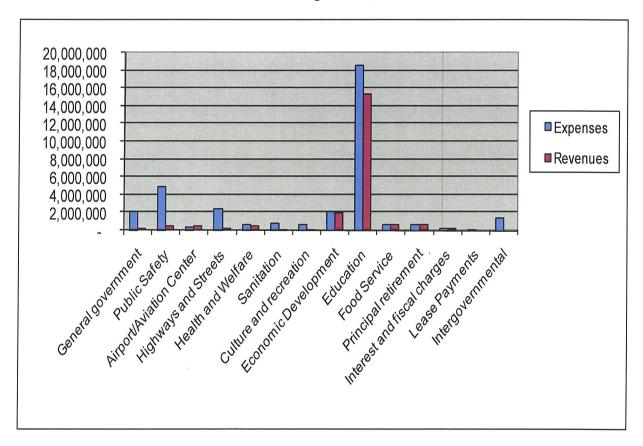
The City's expenses cover a range of services. The largest governmental expenses were for education (52%), public safety (14%), highways and streets (7%), and general government (6%), which accounted for roughly 79% of total governmental expenditures.

Government Activities

Governmental activities revenue totaling \$36.9 million exceeded expenses of \$35.7 million in fiscal year 2010, thereby increasing the City's governmental net assets by \$1.2 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, Highways and Streets and General Government) also represent the activities that have the largest gap between expenses and program revenues. Since program revenues do not offset these expenditures, the difference is made up from real estate taxes.

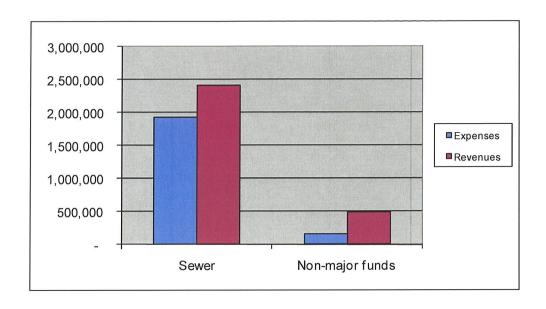
Expenses and Program Revenues – Governmental Activities Fiscal Year Ending June 30, 2010



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 were sufficient to support the excess expenses.

Expenses and Program Revenues – Business Type Activities Fiscal Year Ending June 30, 2010

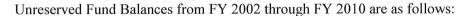


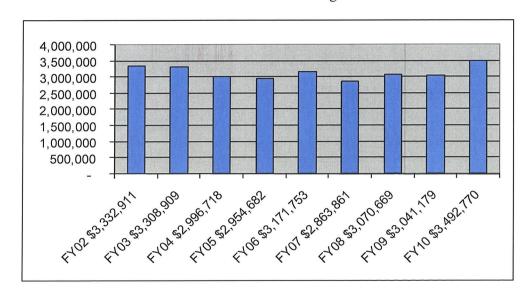
FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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, 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.





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 unreserved fund balance of \$3,492,770, while total fund equity was \$3,867,457. The total fund equity includes reserves for encumbrances, prepaid expenses and special purposes at year-end. The total General Fund unreserved fund balance, increased \$451,591 from June 30, 2009.

Other Governmental Funds

The non-major governmental funds fund balance decreased by (\$124,960) in fiscal year 2010.

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 \$1,136,152 from June 30, 2009. The amount collected from sewer user fees was again 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 \$653,102 in the Sewer Fund for the year. The Non-major Proprietary Funds had a combined net increase of \$483,050 in fiscal year 2010.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, the original budget was amended by various supplemental appropriations. A Budget to Actual Schedule for the major governmental fund (the General Fund) can be found in the Required Supplementary Information section on page 33.

Actual budgetary revenues were less than the budget for estimated revenues by (\$287,018). There was an increase of \$13,823 in PILOT taxes received. This along with an increase in revenues collected on taxes, interest and costs on delinquent taxes and tax lien redemptions resulted in an \$8,710 increase in taxes received. An increase in the amount of abatements issued resulted in a decrease in the amount of taxes received. The City received \$6,208 more than originally projected from a vendor. Other costs have decreased including Code Enforcement fees and Building Permits by \$8,404. This combined with an increase in the amount collected for motor vehicles and other fees resulted in a total increase of \$39,335 for Licenses and Fees. The State Share for Rooms and Meals tax were received as budgeted. The Health Department revenues from Medicare Reimbursement were \$124,217 less than projected and the Highway Block Grant was \$8,637 less than anticipated. Also accounting for the overall loss in Intergovernmental fees by \$376,297 was a decrease in the amount of School Equitable Aid that was received. Charges for services remained almost the same with a small increase of \$1,428 over budgeted amounts. Interest rates on investments continued to decline during the past year which resulted in a shortfall of \$121,800 from budgeted amounts.

Actual budgetary expenditures at year-end were \$1,075,325 less than the final budgeted appropriations. Much of this savings is due to budgeted capital improvement items of \$644,341 carried over into the next fiscal year and not spent in FY 2010. The City Departments made a concerted effort to control costs resulting in a large savings over budgeted items. Public Works spent \$209,798 less than budgeted. Fire and Police spent \$109,847 less than budgeted while the Community Services Departments saved \$63,653. The School Department saved \$93,136 and the Departments that make up the General Government Departments saved \$202,406. The City paid \$1,134,476 in principal and interest payments on bonds and notes. This amount includes the \$536,295 for the Schools and excludes the amount reimbursed by Berlin Water Works. These payments included the final payment on one of the bonds.

This year, the City's legal expense line closed with an over-expenditure of \$18,785 due to the number of issues with dilapidated housing, the repurchase of tax deeded properties and several tax cases. The City issued \$88,54 in property tax abatements; this amount was completely offset by overlay in the tax rate calculation formula. This past year, the City expended \$11,354 in costs related to tax deeded properties; most of it related to securing the properties to prevent future damage. The remaining amount was paid to Berlin Water Works for water bills on tax deeded properties. The City will recoup some of the expenses when those properties are sold in the future.

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, 2010, amounted to \$74.2 million. Accumulated depreciation was \$37.4 million leaving a net book value of \$36.8 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 20-22 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, 2010 is \$150,000. Additional information regarding the City's OPEB can be found in Note 9 on pages 22-24 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 \$6.8 million. This amount does not include bonded debt outstanding by the Berlin Water Works, its component unit, of \$9.5 million. 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 24-29 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 still being groomed to be converted to a biomass boiler having received conditional approvals from both the EFSEC review and the PUC. The second proposed biomass project which had 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. A significant number of the City's very worst derelict buildings have been torn down or have 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 -- most 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 \$3M 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 as well one or two other neighborhoods.

The Berlin Industrial Development Park Authority 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 which will be a focal point for events and for people to meet and relax.

The Downtown Cornerstone Project is complete and has greatly improved the attractiveness of the southern entrance to Downtown, thereby adding new life and vitality to Main Street. Taking advantage of a new state law which allows property taxes on new investment to be forgiven for a period of years, the City has approved its first application from a number of local citizens who have formed a company and purchased a downtown building right across from the new Cornerstone Project. They invested over a quarter of a million dollars of their own money to renovate this downtown building for commercial space on the first floor and market rate residential units upstairs. It is now in operation.

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.

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 but has not begun startup because of the federal budget problems. It seems likely that startup will likely begin in October at the beginning of the next Federal fiscal year. 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, 2010

	F	nt		
	Governmental	Business-type		Component
	<u>Activities</u>	Activities	<u>Total</u>	<u>Unit</u>
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 15,457,468	\$ 12,547	\$ 15,470,015	\$ 321,045
Investments	365,323		365,323	663,458
Taxes receivable, net	2,309,930		2,309,930	
Accounts receivable, net	62,207	316,657	378,864	181,531
Notes receivable		79,513	79,513	
Due from other governments	1,312,696	98,495	1,411,191	361,499
Internal balances	(7,144,116)	7,144,116	-	
Prepaid expenses	24,920		24,920	
Inventory	11,798	69,606	81,404	286,605
Total Current Assets	12,400,226	7,720,934	20,121,160	1,814,138
Noncurrent Assets:				
Notes receivable		621,727	621,727	
Tax deeded property	487,551		487,551	
Capital assets:	,			
Non-depreciable capital assets	977,569	1,716,568	2,694,137	923,334
Depreciable capital assets, net	16,513,560	18,893,207	35,406,767	35,917,831
Total Noncurrent Assets	17,978,680	21,231,502	39,210,182	36,841,165
Total Assets	\$ 30,378,906	\$ 28,952,436	\$ 59,331,342	\$ 38,655,303
Total Assets	<u> </u>	20,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 695,801	\$ 448,573	\$ 1,144,374	\$ 58,423
Accrued expenses	372,183	73,513	445,696	226,213
Refunds payable				2,927
Deferred revenue	7,053,409	1,426,056	8,479,465	
Due to other governments	83,430	8,644	92,074	
Current portion of bonds payable	562,181	128,133	690,314	1,139,901
Current portion of notes payable		60,338	60,338	627,821
Current portion of capital leases payable	262,479		262,479	97,327
Current portion of compensated absences payable	111,854	14,372	126,226	27,070
Current portion of estimated liability for				
landfill postclosure care costs	10,522	10,000	20,522	
Total Current Liabilities	9,151,859	2,169,629	11,321,488	2,179,682
Noncurrent Liabilities:				
Bonds payable	1,535,384	4,573,081	6,108,465	8,344,606
Notes payable		351,281	351,281	
Capital leases payable	1,317,233		1,317,233	159,896
Compensated absences payable	1,619,722	67,093	1,686,815	133,109
Other post-employment benefits payable	147,159	2,841	150,000	
Estimated liability for landfill postclosure care costs	168,361	240,000	408,361	
Total Noncurrent Liabilities	4,787,859	5,234,296	10,022,155	8,637,611
Total Liabilities	13,939,718	7,403,925	21,343,643	10,817,293
NET ASSETS				
Invested in capital assets, net of related debt	14,210,774	15,908,561	30,119,335	26,471,613
Restricted	147,953		147,953	
Unrestricted	2,080,461	5,639,950	7,720,411	1,366,397
Total Net Assets	16,439,188	21,548,511	37,987,699	27,838,010
Total Liabilities and Net Assets	\$ 30,378,906	\$ 28,952,436	\$ 59,331,342	\$ 38,655,303

CITY OF BERLIN, NEW HAMPSHIRE Statement of Activities For the Year Ended June 30, 2010 EXHIBIT B

Governmental Activities:

Functions/Programs

			മിയി	00 810410
	Component		\$ 428,098 428,098	19,559 80,459 80,459 100,018 528,116 27,309,894 8,5 27,838,010
e and ets	E C	\$ (1,904,877) (4,537,926) 151,963 (2,217,402) (157,236) (857,328) (623,119) (150,165) (3,185,881) 42,780 (1,455,466) (1,455,466) (15,051,686) (15,051,686) (15,051,686) (15,021,686)		14,113,420 1,175,985 454,715 38,919 133,323 596,972 45,171 1,375 1,35,657,725 8,37,987,699
Net (Expense) Revenue and Changes in Net Assets	Primary Government rumental Business-type	486,205 335,575 821,780 821,780		91,472 177,729 45,171 314,372 1,136,152 20,412,359 8 21,548,511
Net (Primary G Governmental	\$ (1,904,877) (4,537,926) 151,963 (2,217,402) (15,236) (857,236) (857,328) (623,119) (150,165) (3,185,881) 42,780 (1,455,466) (1,455,466) (1,455,466) (1,455,466)		14,113,420 1,175,985 454,715 38,919 41,851 419,243 1,375 1,193,822 1,193,822 1,193,822 1,193,822 1,193,822 1,193,822 1,193,822 1,193,822 1,193,822 1,193,822 1,193,822 1,193,822 1,193,822 1,193,822 1,193,822 1,193,823
S	Capital Grants and	\$ 345,263 363,212 708,475 491,175 1,255,850 \$ 1,964,325	\$ 1,601,666	ion ; principal mtributions
Program Revenues	Operating Grants and Contributions	\$ 301 283,607 191,222 269,358 1,966,962 13,549,379 428,371 605,000 211,014	S	General revenues: Property and other taxes Licenses and permits Grants and contributions: Rooms and meals tax distribution State and federal forest land Interest and investment earnings Miscellaneous Gain on sale of capital assets Contributions to permanent fund principal Total general revenues and contributions to permanent fund principal Change in net assets Net assets - beginning Net assets - ending
	Charges for Services	\$ 232,300 149,874 132,118 14,922 215,236 20,172 43,891 1,447,404 214,157 2,470,074 1,649,971 \$ 4,120,045	\$ 2,052,361 \$ 2,052,361	General revenues: Property and other taxes Licenses and permits Grants and contributions: Rooms and meals tax di State and federal forest I Interest and investment es Miscellaneous Gain on sale of capital ass Contributions to permaner Total general revenues to permanent fund prii Change in net assets Net assets - beginning Net assets - ending
	Expenses	\$ 2,137,478 4,971,407 325,418 2,423,546 641,830 877,500 667,010 2,117,127 18,545,876 599,748 605,000 286,948 81,095 1,455,466 35,735,449 1,928,441 1,928,441 1,928,441 1,928,441 1,928,441 1,928,441 1,928,441 1,928,441 1,928,441 1,55,600 2,084,041	\$ 3,225,929 \$ 3,225,929	
	unctions/Programs	General Activities: General government Public safety Airport/Aviation center Highways and streets Health and welfare Sanitation Culture and recreation Economic development Education Food service Principal retirement Interest and fiscal charges Lease payments Interest and fiscal charges Lease payments Intergovernmental Total governmental activities Sewer Nonmajor funds Total business-type activities Total business-type activities	Somponent unit: Water Total component unit	

Component unit:

Water

EXHIBIT C CITY OF BERLIN, NEW HAMPSHIRE Balance Sheet Governmental Funds June 30, 2010

		3. Y	gr 1
	0 1	Nonmajor	Total
	General	Governmental	Governmental
ASSETS	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
Cash and cash equivalents	\$ 14,691,340	\$ 766,128	\$ 15,457,468
Investments	2,268	363,055	365,323
Taxes receivable, net	2,309,930	000,000	2,309,930
Accounts receivable	53,743	6,919	60,662
Due from other governments	620,147	692,549	1,312,696
Due from other funds	1,444,285	110,501	1,554,786
Prepaid expenses	4,811	20,109	24,920
Inventory		11,798	11,798
Tax deeded property	487,551		487,551
Total Assets	\$ 19,614,075	\$ 1,971,059	\$ 21,585,134
LIABILITIES			
Accounts payable	\$ 460,564	\$ 235,237	\$ 695,801
Accrued expenses	269,569	7,471	277,040
Deferred revenue	7,612,880	75,601	7,688,481
Due to other governments	83,430	•	83,430
Due to other funds	7,320,175	1,377,182	8,697,357
Total Liabilities	15,746,618	1,695,491	17,442,109
PLIND DALANCES			
FUND BALANCES Reserved for endowments		147.052	147.052
Reserved for endowments Reserved for encumbrances	369,541	147,953	147,953 369,541
Reserved for prepaid expenses	4,811	20,109	24,920
Reserved for special purposes	335	20,109	335
Unreserved (deficit), reported in:	333		333
General fund	3,492,770		3,492,770
Special revenue funds	3,172,770	35,277	35,277
Permanent funds		216,139	216,139
Capital projects fund		(143,910)	(143,910)
Total Fund Balances	3,867,457	275,568	4,143,025
Total Liabilities and Fund Balances	\$ 19,614,075	\$ 1,971,059	, ,
Amounts reported for governmental activities in the	statement of		
net assets are different because:			
Capital assets used in governmental activities ar			17,491,129
resources and, therefore, are not reported in the	ie fulius		17,491,129
Property taxes are recognized on an accrual basi	s in the		
statement of net assets, not the modified accru	ual basis		635,072
Long-term liabilities are not due and payable in	the current		
period and, therefore, are not reported in the f			
liabilities at year end consist of:	Ü		
Bonds payable			(2,097,565)
Capital leases payable			(1,579,712)
Accrued interest on long-term obligations			(95,143)
Compensated absences payable			(1,731,576)
Other post-employment benefits payable			(147,159)
Estimated liability for landfill postclosure of	eare costs		(178,883)
Net assets of governmental activities			\$ 16,439,188

EXHIBIT D
CITY OF BERLIN, NEW HAMPSHIRE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010

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, 2010

\$ 405,388		48,181	(16,336)	(555,000)	1,021,733	26,451	29,253
Change in Fund Balances - Total Governmental Funds	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. Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss of disposed capital assets reduced by the actual proceeds	received from the sale of capital assets. Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	Proceeds from bond issues are other financing sources in the funds, but bond issues increase long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental finds but the consument address long term liabilities is the	statement of net assets. 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.	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. 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. Change in Net Assets of Governmental Activities
Total Governmental Funds \$ 14,161,154 1,175,985	18,707,323 2,439,819 41,851 455,573 36,981,705	1,851,509 4,828,123 141,435 1,874,681 639,244	878,172 606,785 1,982,664 18,283,922	595,772 1,690,431 1,626,733 313,399 362,981 1455,466	37,131,317	555,000 7,781 (7,781) 555,000	405,388 3,737,637 \$ 4,143,025
Nonmajor Governmental <u>Funds</u>	\$ 4,950,393 387,610 3,651 119,217 5,460,871	34.591 82,511 141,435 1,057	548 38,670 1,768,645 2,378,593	595,772 1,090,759 463 6	<u>6,133,050</u> (672,179)	555,000	(124,960) 400,528 \$ 275,568
General <u>Fund</u> \$ 14,161,154 1,75,985	13,756,930 2,052,209 38,200 336,356 31,520,834	1,816,918 4,745,612 1,874,681 638,187	877,624 568,115 214,019 15,905,329	599,672 1,626,270 313,393 362,981	30,998,267	7,781	530,348 3,337,109 \$ 3,867,457
Revenues: Taxes Licenses and permits	Intergovernmental Charges for services Interest income Miscellaneous Total Revenues Expenditures:	Current operations: General government Public safety Airport/Aviation center Highways and streets Health and welfare	Sanitation Culture and recreation Economic development Education	Food service Capital outlay Debt service: Principal retirement Interest and fiscal charges Lease payments Intercovernmental	Total Expenditures Excess of revenues over (under) expenditures	Other financing sources (uses): Proceeds from bond issuance Transfers in Transfers out Total other financing sources (uses)	Net change in fund balances Fund balances at beginning of year Fund balances at end of year

EXHIBIT E CITY OF BERLIN, NEW HAMPSHIRE Statement of Net Assets Proprietary Funds June 30, 2010

	Business-type Activities			
	Nonmajor			
	Sewer	Enterprise		
	<u>Fund</u>	<u>Funds</u>	<u>Totals</u>	
ASSETS				
Current Assets:				
Cash and cash equivalents		\$ 12,547	\$ 12,547	
Accounts receivable	\$ 316,653	4	316,657	
Notes receivable		79,513	79,513	
Due from other governments		98,495	98,495	
Due from other funds	6,236,597	994,966	7,231,563	
Inventory	69,606		69,606	
Total Current Assets	6,622,856	1,185,525	7,808,381	
Noncurrent Assets:				
Notes receivable		621,727	621,727	
Non-depreciable capital assets	1,666,730	49,838	1,716,568	
Depreciable capital assets, net	18,118,112	775,095	18,893,207	
Total Noncurrent Assets	19,784,842	1,446,660	21,231,502	
Total Assets	\$ 26,407,698	\$ 2,632,185	\$ 29,039,883	
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 446,937	\$ 1,636	\$ 448,573	
Accrued expenses	72,427	1,086	73,513	
Deferred revenue	1,422,631	3,425	1,426,056	
Due to other governments	8,644		8,644	
Due to other funds		87,447	87,447	
Current portion of bonds payable	128,133		128,133	
Current portion of notes payable		60,338	60,338	
Current portion of compensated absences payable	14,372		14,372	
Current portion of estimated liability for				
landfill postclosure care costs		10,000	10,000	
Total Current Liabilities	2,093,144	163,932	2,257,076	
Noncurrent Liabilities:				
Bonds payable	4,573,081		4,573,081	
Notes payable		351,281	351,281	
Compensated absences payable	63,513	3,580	67,093	
Other post-employment benefits payable	2,841		2,841	
Estimated liability for landfill postclosure care costs		240,000	240,000	
Total Noncurrent Liabilities	4,639,435	594,861	5,234,296	
Total Liabilities	6,732,579	758,793	7,491,372	
NET ASSETS			4.5000.500	
Invested in capital assets, net of related debt	15,083,628	824,933	15,908,561	
Unrestricted	4,591,491	1,048,459	5,639,950	
Total Net Assets	19,675,119	1,873,392	21,548,511	
Total Liabilities and Net Assets	\$ 26,407,698	\$ 2,632,185	\$ 29,039,883	

EXHIBIT F
CITY OF BERLIN, NEW HAMPSHIRE
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2010

	Business-type Activities				
		Nonmajor			
	Sewer	Enterprise			
	<u>Fund</u>	<u>Funds</u>	<u>Totals</u>		
Operating revenues:					
Charges for services	\$ 1,649,971		\$ 1,649,971		
Miscellaneous	36,675	<u>\$ 141,054</u>	177,729		
Total operating revenues	1,686,646	141,054	1,827,700		
Operating expenses:					
Personnel services	566,857	15,269	582,126		
Contractual services		28,996	28,996		
Repairs and maintenance	45,554	26,019	71,573		
Administrative	65,194		65,194		
Materials and supplies	186,539	44	186,583		
Utilities	166,903	23,288	190,191		
Depreciation	897,394	40,814	938,208		
Total operating expenses	1,928,441	134,430	2,062,871		
Operating income (loss)	(241,795)	6,624	(235,171)		
Non-operating revenues (expenses):					
Gain on sale of assets	45,171		45,171		
Interest revenue	85,051	6,421	91,472		
Interest expense		(21,170)	(21,170)		
Net non-operating revenues (expenses)	130,222	(14,749)	115,473		
(Loss) before capital contributions	(111,573)	(8,125)	(119,698)		
Capital contributions	764,675	491,175	1,255,850		
Change in net assets	653,102	483,050	1,136,152		
Total net assets at beginning of year	19,022,017	1,390,342	20,412,359		
Total net assets at end of year	\$ 19,675,119	\$ 1,873,392	\$ 21,548,511		

EXHIBIT G CITY OF BERLIN, NEW HAMPSHIRE Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2010

	Business-type Activities			
		Nonmajor		
	Sewer	Enterprise		
	<u>Fund</u>	<u>Funds</u>	<u>Totals</u>	
Cash flows from operating activities:				
Cash received from customers	\$ 3,245,830	\$ 141,617	\$ 3,387,447	
Cash paid to suppliers	(444,025)	(89,105)	(533,130)	
Cash paid to employees	(569,698)	(15,269)	(584,967)	
Net cash provided by operating activities	2,232,107	37,243	2,269,350	
Cash flows from capital and related financing activities:				
Proceeds from note collections		75,462	75,462	
Principal paid on bonds payable	(123,929)		(123,929)	
Principal paid on notes payable		(57,402)	(57,402)	
Interest paid on long-term debt		(21,170)	(21,170)	
Capital contributions	764,675	17,576	782,251	
Proceeds from sale of capital assets	60,000		60,000	
Purchases of capital assets	(598,269)	(47,317)	(645,586)	
Net cash provided (used) for capital and related				
financing activities	102,477	(32,851)	69,626	
Cash flows from investing activities:				
Interest on investments	85,051	6,421	91,472	
Net cash provided by investing activities	85,051	6,421	91,472	
Net increase in cash and cash equivalents	2,419,635	10,813	2,430,448	
Cash and cash equivalents at beginning of year	3,816,962	909,253	4,726,215	
Cash and cash equivalents at end of year	\$ 6,236,597	\$ 920,066	\$ 7,156,663	
Reconciliation of operating income (loss) to net cash				
provided by operating activities:				
Operating income (loss)	\$ (241,795)	\$ 6,624	\$ (235,171)	
Adjustments to reconcile operating income (loss) to net				
cash provided by operating activities:				
Depreciation expense	897,394	40,814	938,208	
Changes in assets and liabilities:				
Accounts receivable	30,383	1	30,384	
Due from other governments	116,170	562	116,732	
Inventory	(9,962)		(9,962)	
Accounts payable	18,495	469	18,964	
Accrued expenses	(11,627)	(1,537)	(13,164)	
Deferred revenue	1,422,631		1,422,631	
Deposits	(10,000)		(10,000)	
Due to other governments	8,644		8,644	
Compensated absences	10,922	310	11,232	
Other post-employment benefits	852		852	
Estimated liability for landfill postclosure care costs		(10,000)	(10,000)	
Net cash provided by operating activities	\$ 2,232,107	\$ 37,243	\$ 2,269,350	
Supplemental disclosure of non-cash transactions:				
Cost basis of disposed capital assets	\$ 14,829		\$ 14,829	
Capital asset additions included in year end liabilities	417,837		417,837	
Fair value of donated capital assets		\$ 473,599	473,599	
	\$ 432,666	\$ 473,599	\$ 906,265	

EXHIBIT H CITY OF BERLIN, NEW HAMPSHIRE Statement of Fiduciary Net Assets Fiduciary Funds June 30, 2010

	Private- Purpose <u>Trusts</u>	Agency <u>Fund</u>
ASSETS Cash and cash equivalents Investments Total Assets	\$ 2,178 129,472 \$ 131,650	\$ 224,168 \$ 224,168
LIABILITIES Due to other funds Due to student groups Total Liabilities	\$ 1,545 	\$ 224,168 \$ 224,168
NET ASSETS Held in trust Total Net Assets Total Liabilities and Net Assets	130,105 130,105 \$ 131,650	

EXHIBIT I CITY OF BERLIN, NEW HAMPSHIRE Statement of Changes in Fiduciary Net Assets Fiduciary Funds For the Year Ended June 30, 2010

	Private- Purpose
	<u>Trusts</u>
ADDITIONS:	
Investment earnings:	
Investment income	\$ 3,172
Total Additions	3,172
DEDUCTIONS:	
Benefits	899
Total Deductions	899
Change in Net Assets	2,273
Net assets - beginning of year	127,832
Net assets - end of year	\$ 130,105

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 legally 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 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, 2010, the City applied \$278,000 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:

	Cash and <u>equivalents</u>	Due <i>from</i> other funds	Due <i>to</i> other funds	<u>Totals</u>
Proprietary Funds:				
Sewer fund		\$ 6,236,597		\$ 6,236,597
Nonmajor funds	\$ 12,547	994,966	\$ (87,447)	920,066
	<u>\$ 12,547</u>	\$ 7,231,563	<u>\$ (87,447)</u>	\$ 7,156,663

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, 2010 are recorded as receivables net of reserves for estimated uncollectibles of \$398,612.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2010 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:

<u>Description</u>	<u>Years</u>
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 Reserves

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for endowments, encumbrances, prepaid expenses and special purposes.

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 (\$480,754,987 as of April 1, 2009) and are due in two installments on July 1, 2009 and December 7, 2009. 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, 2010 were \$1,455,466. The City bears responsibility for uncollected taxes.

NOTE 3—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

At June 30, 2010 the Capital Projects Fund and Airport Authority Fund, both nonmajor governmental funds, had unreserved deficit fund balances of (\$143,910) and (\$106,639), 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,

2010, 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, 2010.

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, 2010 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and cash equivalents	\$ 15,470,015
Investments	365,323
Statement of fiduciary net assets:	
Cash and cash equivalents	226,346
Investments	129,472
Total deposits and investments	\$ 16,191,156

Deposits and investments as of June 30, 2010 consist of the following:

Cash on hand	\$ 14,957
Deposits with financial institutions	16,173,503
Investments	2,696
Total deposits and investments	\$ 16,191,156

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 Funds 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, 2010, 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.

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, 2010 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	\$ 32,386
State and Federal public safety grants	42,500
State of NH Medicaid	24,714
Milan, New Hampshire School District	516,561
Neighborhood Stabilization Grant	35,858
School lunch program	59,851
Airport improvement program grants	32,759
State and Federal education grants	551,683
Other miscellaneous intergovernmental receivables	16,384
Business-type activities:	
Cates Hill Landfill - Various Participating Towns	96,495
Environmental Protection Agency Grant	 2,000
	\$ 1,411,191

NOTE 7—CAPITAL ASSETS

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

	Balance			Balance
	<u>07/01/09</u>	<u>Additions</u>	Reductions	06/30/10
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 704,356	\$ 6,800		\$ 711,156
Construction in progress	631,506	115,516	\$ (480,609)	266,413
Total capital assets not being depreciated	1,335,862	122,316	(480,609)	977,569
Other capital assets:				
Infrastructure	8,190,700			8,190,700
Land improvements	5,172,964			5,172,964
Buildings and improvements	9,708,889	939,082		10,647,971
Vehicles and equipment	7,883,693	530,603	(224,445)	8,189,851
Total other capital assets at historical cost	30,956,246	1,469,685	(224,445)	32,201,486
Less accumulated depreciation for:				
Infrastructure	(3,862,487)	(267,991)		(4,130,478)
Land improvements	(2,234,169)	(177,203)		(2,411,372)
Buildings and improvements	(4,292,556)	(202,010)		(4,494,566)
Vehicles and equipment	(4,443,612)	(416,007)	208,109	(4,651,510)
Total accumulated depreciation	(14,832,824)	(1,063,211)	208,109	(15,687,926)
Total other capital assets, net	16,123,422	406,474	(16,336)	16,513,560
Total capital assets, net	\$ 17,459,284	\$ 528,790	\$ (496,945)	\$ 17,491,129

Depreciation expense was charged to governmental functions as follows:

General government	\$ 19,485
Public safety	127,795
Airport/Aviation center	183,813
Highways and streets	406,301
Health and welfare	4,098
Sanitation	9,850
Culture and recreation	56,400
Education	251,476
Food service	 3,993
Total governmental activities depreciation expense	\$ 1,063,211

The balance of the assets acquired through capital leases as of June 30, 2010 is as follows:

Buildings and improvements	\$ 1,652,511
Vehicles and equipment	1,008,238
Less accumulated depreciation for:	
Buildings and improvements	(99,151)
Vehicles and equipment	 (404,606)
	\$ 2,156,992

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

	Balance <u>07/01/09</u>				
Business-type activities:					
Capital assets not depreciated:					
Land	\$ 59,901	\$ 12,600	\$ (14,829)	\$ 57,672	
Construction in progress	745,369	913,527		1,658,896	
Total capital assets not being depreciated	805,270	926,127	(14,829)	1,716,568	
Other capital assets:					
Buildings and improvements	39,145,552	610,895		39,756,447	
Vehicles and equipment	851,143			851,143	
Total other capital assets at historical cost	39,996,695	610,895	-	40,607,590	
Less accumulated depreciation for:					
Buildings and improvements	(20,002,487)	(914,932)		(20,917,419)	
Vehicles and equipment	(773,688)	(23,276)		(796,964)	
Total accumulated depreciation	(20,776,175)	(938,208)	-	(21,714,383)	
Total other capital assets, net	19,220,520	(327,313)	-	18,893,207	
Total capital assets, net	\$ 20,025,790	\$ 598,814	\$ (14,829)	\$ 20,609,775	

Depreciation expense was charged to proprietary funds as follows:

Sewer Fund	\$ 897,394
Nonmajor Funds	 40,814
Total business-type activities depreciation expense	\$ 938,208

During the year ended June 30, 2010, the City's Industrial Development and Park Authority Fund, a nonmajor proprietary fund, received donated capital assets. These assets have been recorded at their fair values as of the date received and are included in the government-wide and proprietary fund financial statements. The total value received and capitalized during the year is as follows:

Land	\$ 12,600
Buildings and improvements	 461,000
	\$ 473,600

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 13.66%, 17.28%, 7.49%, and 9.16%, respectively. The City contributes 70% of the employer cost for police officers, fire employees, and teachers, and the State contributes the remaining 30% 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 \$384,666 and \$26,553 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, 2010, 2009, and 2008 were \$1,314,034, \$1,130,821, and \$1,121,754, 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. 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 OPEIU/Local 345 are also eligible for the NHRS subsidy with 30 years of service. Employees who are members of Local 1444 are eligible at age 62 and are eligible for the NHRS subsidy at age 60 with 20 years of service or 55 with 30 years of service. 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 benefits, benefit levels, employee contributions and employer contributions are governed by RSA 100-A:50. As of July 1, 2007, the most recent actuarial valuation date, approximately 199 retirees and 377 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

Annual OPEB Costs

The City's fiscal 2010 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, 2010 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, 2007 is as follows:

Annual Required Contribution (ARC)	\$ 459,750
Interest on net OPEB obligation	 5,250
Annual OPEB cost	465,000
Contributions made	 (420,000)
Increase in net OPEB obligation	45,000
Net OPEB obligation - beginning of year	 105,000
Net OPEB obligation - end of year	\$ 150,000

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, 2010 and 2009 are as follows:

		Percentage of			
Fiscal Year	Annual	Annual OPEB	Net OPEB	Covered	OPEB Cost
<u>Ended</u>	OPEB Cost	Cost Contributed	Obligation	<u>Payroll</u>	% of Pay
6/30/2009	\$ 443,000	76%	\$ 105,000	\$ 15,552,467	2.8%
6/30/2010	\$ 465,000	90%	\$ 150,000	\$ 16,065,168	2.9%

The City's net OPEB obligation as of June 30, 2010 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, 2007, the date of the most recent actuarial valuation is as follows:

Actuarial Accrued Liability (AAL)	\$ 5,686,000
Actuarial value of plan assets	
Unfunded Actuarial Accrued Liability (UAAL)	\$ 5,686,000
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 13,652,000
UAAL as a percentage of covered payroll	42%

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, 2007 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 5.0% investment rate of return. The amortization costs for the initial Unfunded Actuarial Accrued Liability (UAAL) is a level percentage of payroll for a period of thirty years on a closed basis. This has been calculated assuming the amortization payment increases at a rate of 5.0% 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, 2010 are as follows:

	Balance <u>07/01/09</u>		<u>Additions</u>		Reductions	Balance <u>06/30/10</u>		Due Within	
Governmental activities:									
Bonds payable	\$	2,564,298	\$	555,000	\$(1,021,733)	\$	2,097,565	\$	562,181
Capital leases payable		1,861,598			(281,886)		1,579,712		262,479
Compensated absences		1,794,455		37,918	(100,797)		1,731,576		111,854
Estimated liability for landfill									
postclosure care costs		189,405			(10,522)		178,883		10,522
Total governmental activities	\$	6,409,756	\$	592,918	\$(1,414,938)	\$	5,587,736	\$	947,036

	Balance <u>07/01/09</u>	<u>A</u>	dditions	R	eductions	Balance 06/30/10		ue Within One Year
Business-type activities:								
Bonds payable	\$ 4,825,143			\$	(123,929)	\$ 4,701,214	\$	128,133
Notes payable	469,021				(57,402)	411,619		60,338
Compensated absences	70,233	\$	11,232			81,465		14,372
Estimated liability for landfill								
postclosure care costs	 260,000				(10,000)	 250,000	_	10,000
Total business-type activities	\$ 5,624,397	\$	11,232	\$	(191,331)	\$ 5,444,298	<u>\$</u>	212,843
Component unit:								
Bonds payable	\$ 10,618,446	\$		\$(1,133,939)	\$ 9,484,507	\$	1,133,939
Total component unit	\$ 10,618,446	\$		\$(1,133,939)	\$ 9,484,507	\$	1,133,939

Payments on the general obligation bonds, capital leases and landfill postclosure care costs of the governmental activities are paid out of the General Fund. 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, 2010 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%	\$	396,922
\$4,500,000 State Guaranteed School Improvement Bonds due in annual installments of \$300,000 through January 2013; interest at 4.15% - 4.9%		900,000
\$1,500,000 School Improvement Bonds due in annual installments of \$100,000 through January 2013; interest at 4.3% - 4.95%		300,000
\$555,000 Capital Projects Bonds due in semi-annual installments of \$59,935 through December 2014; including interest at 2.990%	<u>\$</u>	500,643 2,097,565

Debt service requirements to retire general obligation bonds for governmental activities at June 30, 2010 are as follows:

Year Ending			
June 30,	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2011	\$ 562,181	\$ 90,273	\$ 652,454
2012	565,375	65,339	630,714
2013	568,723	40,201	608,924
2014	172,144	14,590	186,734
2015	115,736	8,523	124,259
2016-2017	113,406	7,621	121,027
	\$ 2,097,565	\$ 226,547	\$ 2,324,112

The State of New Hampshire annually reimburses the City for its share of landfill related debt service payments. For the year ended June 30, 2010, the landfill closure reimbursement was \$11,383.

As included on the Statement of Activities (Exhibit B), interest expense for the year ended June 30, 2010 was \$286,948 on general obligation debt for governmental activities.

Business-type Activities:

Bonds payable at June 30, 2010 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%

\$ 4,701,214

Debt service requirements to retire general obligation bonds for business-type activities at June 30, 2010 are as follows:

Year Ending			
June 30,	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2011	\$ 128,133	\$ 198,567	\$ 326,700
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
2016-2020	861,569	771,931	1,633,500
2021-2025	1,063,265	570,235	1,633,500
2026-2030	1,312,178	321,322	1,633,500
2031-2033	766,067	49,608	815,675
	\$ 4,701,214	\$ 2,648,461	\$ 7,349,675

The State of New Hampshire annually reimburses the City for its share of sewer related debt service payments. For the year ended June 30, 2010, the sewer related reimbursement was \$62,307.

Interest incurred for the year ended June 30, 2010 from general obligation debt of the business-type activities in the amount of \$196,584, was capitalized during the construction phase of capital assets.

Component Unit:

Bonds payable at June 30, 2010 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%	\$ 600,000
Bond payable due in annual installments of \$150,000 through August 2014; interest at 6.125% - 7.0%	750,000
Bond payable due in annual installments of \$305,000 through August 2015; interest at 5.25% - 5.625%	1,830,000
State revolving loan payable due in variable annual installments of \$110,477 to \$14,462 through December 2020; interest at 3.8%	817,442
State revolving loan payable due in variable annual installments of \$142,470 to \$18,479 through November 2020; interest at 3.8%	1,054,044
State revolving loan payable due in variable annual installments of \$56,016 to \$6,934 through December 2021; interest at 3.704%	459,943
State revolving loan payable due in variable annual installments of \$137,384 to \$17,007 through December 2021; interest at 3.704%	1,128,052
State revolving loan payable due in variable annual installments of \$103,859 to \$53,742 through May 2023; interest at 3.728%	1,419,147
State revolving loan payable due in variable annual installments of \$132,242 to \$100,537 through September 2024; interest at 3.688%	\$ 1,425,879 9,484,507

Debt service requirements to retire general obligation bonds for the component unit at June 30, 2010 are as follows:

Year Ending			
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2011	\$ 1,139,901	\$ 401,953	\$ 1,541,854
2012	1,145,136	347,382	1,492,518
2013	1,149,414	292,511	1,441,925
2014	1,152,432	237,430	1,389,862
2015	1,003,765	186,401	1,190,166
2016-2020	2,935,676	481,490	3,417,166
2021-2025	958,183	78,765	1,036,948
	\$ 9,484,507	\$ 2,025,932	\$ 11,510,439

Interest expense for the year ended June 30, 2010 was \$443,668 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, 2010, the reimbursement was \$804,631, which consists of \$605,000 in principal and \$199,631 in interest.

Notes Payable

Notes payable for business-type activities at June 30, 2010 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%

\$ 411,619

Debt service requirements to retire notes payable for business-type activities at June 30, 2010 are as follows:

Year Ending			
June 30,	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2011	\$ 60,338	\$ 19,211	\$ 79,549
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
	\$ 411,619	\$ 65,675	\$ 477,294

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, 2010 was \$21,170 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, 2010:

Equipment, due in annual installments of \$69,673, including interest at 4.09%, through April 2013	\$ 198,053
Equipment, due in annual installments of \$49,515, including interest at 4.65%, through September 2012	135,731

Equipment, due in annual installments of \$214,347, including interest at 4.295%, through July 2016

1,245,928 1,579,712

Debt service requirements to retire capital lease obligations outstanding for governmental activities at June 30, 2010 are as follows:

Year Ending			
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2011	\$ 262,479	\$ 67,222	\$ 329,701
2012	273,958	55,742	329,700
2013	285,941	41,820	327,761
2014	177,337	33,175	210,512
2015	185,105	25,407	210,512
2016-2017	394,892	26,133	421,025
	\$ 1,579,712	\$ 249,499	\$ 1,829,211

Authorized and Unissued Debt

The following debt was authorized and unissued as of June 30, 2010:

Sewer Wastewater Treatment Facility Phase II	\$ 15,000,000
Industrial Development Revenue Bonds - Greenova Project	10,000,000
Capital Improvements Projects	4,445,000
	\$ 29,445,000

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 \$428,883 as of June 30, 2010. The estimated liability for the post-closure care costs of the East Milan landfill (\$178,883) and the Cates Hill landfill (\$250,000) 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, 2010. 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, 2010:

	Gov	/ernmental	Bu	siness-type		
	activities			<u>ictivities</u>		<u>Totals</u>
Balance - July 1, 2009	\$	189,405	\$	260,000	\$	449,405
Current year expenditures		(6,481)		(6,372)		(12,853)
Net change in estimated liability for						
postclosure care costs		(4,041)		(3,628)		(7,669)
Balance - June 30, 2010	\$	178,883	\$	250,000	\$_	428,883

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, 2010 are as follows:

				D	ue from			
			Nonmajor	N	onmajor			
	(General	Governmental	E	nterprise	F	iduciary	
		<u>Fund</u>	<u>Funds</u>		<u>Funds</u>		<u>Funds</u>	<u>Totals</u>
General Fund			\$ 1,355,293	\$	87,447	\$	1,545	\$ 1,444,285
Nonmajor Governmental Funds	\$	88,612	21,889					110,501
Sewer Fund		5,236,597						6,236,597
A Nonmajor Enterprise Funds		994,966						994,966
	\$	7,320,175	\$ 1,377,182	\$	87,447	\$	1,545	\$ 8,786,349

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 \$7,781 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, 2010 are as follows:

	<u>Principal</u>	<u>Income</u>	<u>Total</u>		
Cemetery Funds	\$ 147,953	\$ 216,139	\$ 364,092		

NOTE 14—RESTRICTED NET ASSETS

Net assets are restricted on the Exhibit A – Statement of Net Assets for 'Endowments' in the amount of \$147,953.

NOTE 15—TOP TAXPAYERS

The following are the five major property owners as they relate to the City's total assessed property valuation of \$480,754,987 (as of April 1, 2009):

		Percentage
	Property	of Total
<u>Taxpayer</u>	<u>Valuation</u>	<u>Valuation</u>
Public Service of New Hampshire	\$ 63,677,600	13.25%
Great Lakes Hydro America, LLC	35,400,000	7.36%
Portland Natural Gas	14,794,000	3.08%
PJPD Holdings, LLC	5,161,500	1.07%
Issacson Structural Steel, Inc	2,617,700	0.54%

NOTE 16—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, 2010, 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, 2010, the City expended and recognized revenue in the amount of \$702,368 for the sewer line connection.

NOTE 17—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.

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-