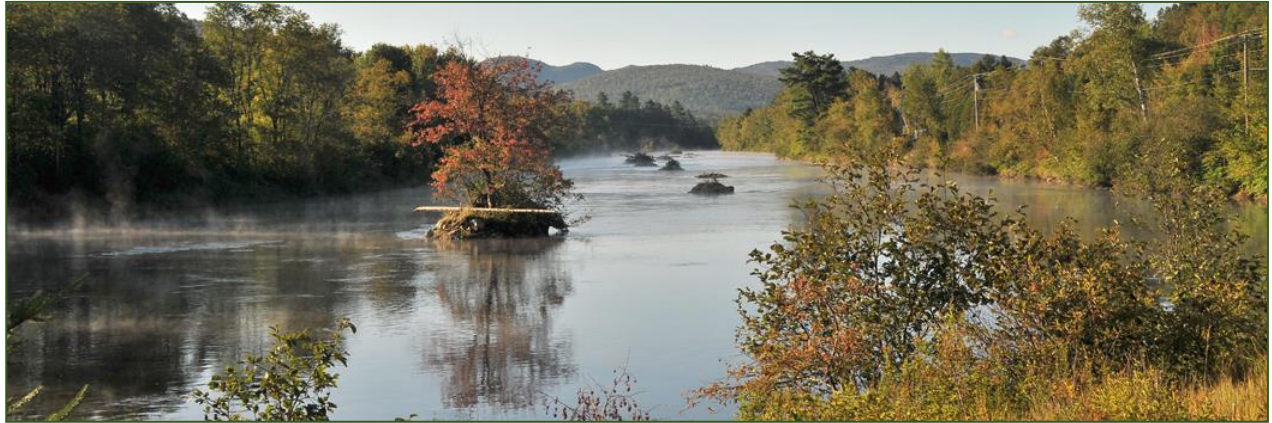


# City Of Berlin, NH

## Annual Report

Fiscal Year July 1, 2011 to June 30, 2012



## Dedicated in Memory of Laura Lee Viger (October 8, 1956 - July 17, 2012)

The Berlin City Council dedicated a park after retired Community Services Director Laura Viger. A resolution adopting the Laura Lee Viger Botanical Garden on Hutchins Street was adopted August 1, 2011. Sadly, Laura passed away July 17, 2012. She is truly missed by all who loved her.

A RESOLUTION  
2011-26



### CITY OF BERLIN NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Eleven

A RESOLUTION naming the botanical garden park on Hutchins Street "Laura Lee Viger Community Gardens"

**Resolved by the City Council of the City of Berlin as Follows:**

Whereas, Laura Lee Viger served the City of Berlin as a creative community leader in her capacity as a teacher, Recreation and Parks Director, Community Services Director and Emergency Management Director; and

Whereas, Laura has gone far beyond what her job tasks involved by organizing major community events and garnering participation from volunteers of every age; and

Whereas, Berlin is a better place because of Laura's willingness to look ahead and move forward, whether it was for an emergency management drill, a citizen's idea for a new recreation program, or a Special Olympics event; and

Whereas, Laura worked closely with Northern Human Service's Community Services Center to create a public private partnership that has given the City a beautiful botanical garden park; and

Whereas, Laura has selflessly devoted countless hours to creating a community in which people feel like they belong.

**NOW THEREFORE BE IT RESOLVED**

That the City Council of the City of Berlin names the botanical park on Hutchins Street "Laura Lee Viger Community Gardens" to honor Laura's dedication to her City and to reciprocate the love of a community.

This Resolution shall be in full force and effect from and after passage

PASSED: August 01, 2011  
Date

APPROVED: Thomas Y. Mc  
Thomas McCut - Mayor Pro Tem

ATTEST: Debra A. Patrick, cmc  
City Clerk



Laura Lee Viger pictured with her nephews Bridger and Turner Viger; photo by Joe Viger: [www.joeviger.com](http://www.joeviger.com)



# Berlin City Council

*Fiscal Year July 1, 2011 to June 30, 2012*

## Mayor

Paul Grenier

## Ward I

Russell Otis

Lucie Remillard

## Ward III

Michael Rozek

Peter Higbee

## Ward II

Dori Ducharme

Denise Morgan-Allain

## Ward IV

Diana Nelson

Roland Théberge



Pictured is the Berlin City Council: left to right, Councilors Diana Nelson, Denise Morgan Allain, Dori Ducharme, Lucie Remillard, Michael Rozek, Roland Theberge, Peter Higbee and Russell Otis; Mayor Grenier is seated.

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## City Manager

In July of 2011 the City hired Linda White for the Housing Coordinator position to replace Andre Caron. We first hired Andre into the position in 2004 and he has had incredible success at developing and implementing the City's overall program for removing the sub-standard surplus housing stock in Berlin as well as applying for and receiving Community Development Block Grant funds to renovate housing and neighborhoods in Berlin. With the benefit of Andre's guidance, Linda will be continuing to work on the goal of eliminating sub-standard housing.

The City received a Better Buildings Grant that will help Berlin residents and businesses to make their buildings more energy efficient.



Derek Schott won \$4,999 of energy improvement for his home on Demers St. Photo by Kevin Flynn

In January, Patty Chase was selected as the new Finance Director for the City.

Demolition of the "Rite Aid Block" occurred in this fiscal year. This is the block that housed the JC Penney Store for many years. The vacant lot is privately owned and we hope that development of the site will occur in coming years.

Progress continues on the second phase of the Route 110 Project. NHDOT is in the process of acquiring 33 properties for demolition to make way for the new road.

The Berlin Biopower groundbreaking was hosted by Mayor Grenier in October of 2011; work is expected to continue until 2013.



The Bureau of Prisons has spent the better part of the year staffing its facility in Berlin. Applications from local residents have been accepted for positions at the prison.

The positive job prospects coming from the Berlin Biopower plant and the opening of the Prison facility were countered by the closing Isaacson Structural Steel Inc and Car Freshner resulting in the layoff of several workers.

Work continues on Phase II of the City's Waste Water Treatment Plan upgrade. Apex was selected as the successful bidder at \$13,137,700.00. Construction is well underway with blasting excavations for the new clarifier close to being complete and concrete pouring has begun on the foundation for the new disinfection structure.

Respectfully Submitted,  
*Patrick MacQueen*, City Manager

## ASSESSING



The Board of Assessors is comprised of three members. Each serves for a three year term and is appointed by the Mayor with City Council approval. This year Jonathan Edwards resigned from the Board of Assessors. He served on the Board from September 2005 to August 2011. During that time he served as a Board member and in later years he served as Chair of the Board. The Mayor appointed Mr. Robert Goddard to replace Mr. Edwards. He was appointed on August 15, 2011 to complete Mr. Edwards' term, which expired on March 31, 2012. Mr. Goddard was reappointed by Mayor and City Council on March 19, 2012. His term will expire on March 31, 2015.

As a rule, the Board of Assessors holds meetings every third Wednesday of the month. 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; issue warrants for the collection of taxes and abatements for adjustment to value that the Board determines needs to be made; reviewing applications for current use, yield tax, elderly and blind exemptions and veteran tax credit; reviewing and approving the annual 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 has been contracted by the City to perform the Assessing functions. Avitar has started to conduct the data verification process. They reviewed approximately 800 to 900 parcels this year. All corrections that Avitar employees noted on the cards are

done in-house. The 2011 equalized ratio is 122.8%.

Every five years municipalities undergo an assessment review by the State of New Hampshire, Department of Revenue Administration. The City of Berlin is scheduled for their next review in 2015.

All deeds received from the Registry of Deeds in Lancaster; any subdivisions and lot mergers approved by the Planning Board; as well as 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, 2012. This is the fourth year CGIS has served the City in this capacity. Final maps have been printed and sent to us. These maps are used by this office, with copies given to various Departments. The maps are also available for public use and for all City Departments. These maps and assessment information can be found on the City web site at [www.berlinnh.gov](http://www.berlinnh.gov), (click on Online/GIS Mapping found on the home page) and are, at this time, updated on an annual basis.

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

Visit the Assessing Department at:  
[www.berlinnh.gov/Pages/BerlinNH\\_Assessor](http://www.berlinnh.gov/Pages/BerlinNH_Assessor)

Sincerely,  
BOARD OF ASSESSORS  
ROBERT GODDARD, CHAIRPERSON  
KEM ROZEK, MEMBER  
ROBERT PELCHAT, MEMBER

## SUMMARY INVENTORY OF TAXABLE PROPERTY - APRIL 1, 2011 & APRIL 1, 2012

	APRIL 1, 2011	APRIL 1, 2012
Land	51,077,927.	50,809,493
Building	280,652,893.	277,445,293
Public Utilities	* 111,080,000.	* 110,452,300
<b>GROSS VALUATION</b>	<b>442,810,820.</b>	<b>438,707,086</b>
Blind Exemptions	120,000.	120,000
Elderly Exemptions	2,966,000.	2,914,800
Imp. To Assist Persons w/Disabilities	40,680.	43,470
Water/Air Poll. Cont. Exem.	3,458,600.	3,458,600
<b>TOTAL EXEMPTIONS</b>	<b>6,585,280.</b>	<b>6,536,870</b>
<b>NET VALUATION W/UTILITIES</b>	<b>436,225,540.</b>	<b>432,170,216</b>

### EXEMPTIONS GRANTED

	APRIL 1, 2011		APRIL 1, 2012	
<b>TYPE</b>	<b>#</b>	<b>Tax Amount</b>	<b>#</b>	<b>Tax Amount</b>
Elderly	97	94,022.	92	94,177.
Blind	8	3,804.	8	3,877.
Physically Handicap	4	1,290.	4	1,405.
Water/Air Poll. Cont.	1	109,638.	1	111,747.
Veterans	581	95,325.	555	91,425.

### OTHER ACTIVITIES

<b>TYPE</b>	<b>4-1-2010 to 3-31-2011</b>		<b>4-1-2011 to 3-31-2012</b>	
Yield Tax	6	7,470.69	6	6,020.94
Excavation Tax	4	** 135.36	3	123.68
Property Transfers Processed	295		320	

\*The State Education Tax rate for tax year 2012 per thousand is \$ 2.51; the town rate is \$ 16.69; the school rate is \$ 9.26; and the county rate is \$ 3.85 for a total tax rate of \$ 32.31 per thousand. Utilities valuations are **not** taxed locally for the State Education portion.

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

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

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

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



# CITY CLERK'S OFFICE

## **ELECTIONS**

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

### **Municipal Election:**

November 8, 2011 – 28% Total City Votes

### **Presidential Primary Election:**

January 10, 2012 - 36% Total City Votes

## **VITAL RECORDS**

The following vital statistics were recorded:

YEARS	2009/10	2010/11	2011/12
Marriage	48	47	62
Birth	85	92	76
Death	125	147	124

The following Licenses were issued by the City Clerk's Department:

Dog Licenses: 1,114

Fish & Game Licenses: 148

## **ORDINANCES**

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

### **2011**

2011.04R1: Ch. 15 Amend 2Hr. Parking/15 Min. Parking

2011.05: Ch. 15 3-Way Stop Howland/Coos Streets

2011.06: Ch. 2-45 Board Meeting Schedules

2011.07: No Action

2011.08: Ch. 15-40 X-Walk Sullivan/Grafton Streets

2011.09: Ch. 15-7 Play Streets Delete in its Entirety

2011.10: Ch. 15 Fire Lanes add Francis Street

2011.11: Ch. 15-68 Delete Parking Adjacent to Schools

2011.12: Ch 19 Partial Tax Ex. New Ind/Comm Const.

### **2012**

2012.01R1: Ch. 13-112 Amend OHRV Connector Trail

2012.02: Ch. 13-112 Allow OHRV City Street Special Use

2012.03: Ch 19 % Part. Tax Ex. New Ind/Comm Const.

## **RESOLUTIONS**

### **2011**

2011.22: PD \$5,240 Sobriety Checkpoint Grant

2011.23: PD \$4,837 OHRV Hwy Safety Grant

2011.24: School Fund 10 - \$340,410

2011.25: Rec/Parks \$11,000 from TCCAP Summer Staff

2011.26: Laura Viger Hutchins Street Botanical Garden

2011.27: PD Accept COPS Hire Program Grant Funds

2011.28: \$9,972 Conservation Grant for Berlin Records

2011.29: \$15,000 Tillotson Fund Wht Mtn Ridge Runners  
2011.30: \$20,000 Tillotson Fund Wht Mtn Ridge Runners

2011.31: Carryover \$2,775,750 from FY'11 not expended

2011.32: Downtown ED./Design Strategy \$10,000 donated

2011.33: Speed Limits Amended for Urban Compact

2011.34R3: Amend City Charter Ward Boundaries /Census

2011.35: PD \$4,230 Hwy Safety Grant

2011.36: \$5,000 Tillotson Grant for Berlin City

Gardens 2011.37: \$200,000 EPA Brownfield Grant/ 650 Main St

2011.38: \$200,000 EPA Brownfield Grant/Phase 1 & 2

2011.39: \$79,052 Carryover Grant Funds

2011.40: Readopt "Old" City Seal

2011.41: No Action

2011.42: School Fund 10 - \$601,222 Additional Grants

### **2012**

2012.01: PD \$45,000 Homeland Security Officer Grant

2012.02: PD \$16,561 Carryover

2012.03R1: Holiday Ctr \$500,000 CDBG Revital. Grant

2012.04: No Action

2012.05: WWTF \$17,200,000 SRF Phase II Improv.

2012.06R1: EPA \$400,000 Brownfield/Bass Shoe Bldg.

2012.07: Heal NH \$10,000 Healthy Eating Grant

2012.08: \$1,870 Donated to Rec. Dept Ski Program

2012.09: City Mgr. Coordinator Post Ins. Tax Comp.

2012.10: \$399 Donated to Rec. Easter Eggstravaganza

2012.11: CDBG \$500,000 Grant-TCCAP Energy Eff. Proj.

2012.12: \$15,000 Recycle Bin Purchase Grant

2012.13: NHCDFR \$255,300 NSP1 Neighborhood Funds

2012.14: PD \$8,000 Grants (3)

2012.15: PD \$35,555 to Purchase Portable Radio Equip.

2012.16: PD apply for NH Hwy Safety Grants for FY2013

2012.17: Change Name/Purpose of Downtown Master Plan

2012.18R2: FY2013 Budget \$38,251,745.

2012.19: \$2,000 to Rec Dept Babe Ruth Mem.Pat Forestall

2012.20: \$6,985 BFD Special Fire/Rescue Training

Respectfully submitted,

Debra A. Patrick, CMC, Berlin City Clerk

[www.berlinnh.gov/Pages/BerlinNH\\_Clerk](http://www.berlinnh.gov/Pages/BerlinNH_Clerk)

## HOUSING COORDINATOR

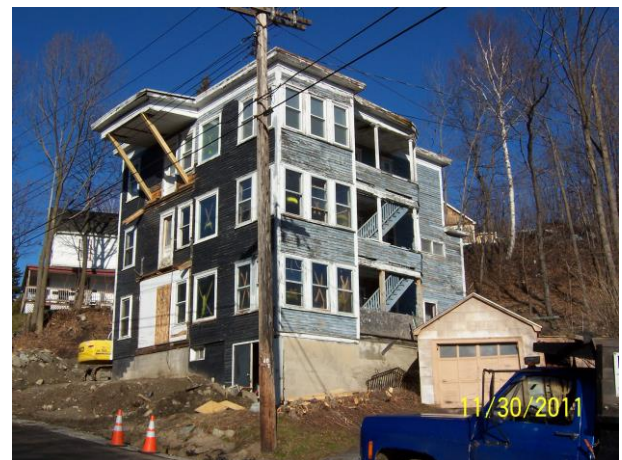
In 2012 the City continued to see progress, while facing some new challenges on the housing front. A record number of properties taken by tax deed reinforced our commitment to address sub-standard housing through demolition and rehabilitation. Building on successful partnerships and relationships with local contractors, state and federal agencies; we are optimistic about the economic future of Berlin and continue to work toward the beautification and establishment of pride in its neighborhoods. Some of the programs contributing toward this goal are:

### **Neighborhood Stabilization Program**

The City of Berlin was awarded a grant for \$1,000,000 under NSP3, and with the initial Neighborhood Stabilization grant winding down, the City was pleased to be the recipient of some remaining NSP funds (\$255,300) which, combined with NSP3 dollars, enabled us to address the rehabilitation of 4 additional properties including: 104 Grafton, 115 Strafford, 28 Spring St., and 81-83 Mason. The School Street / Notre Dame area has continued to experience an improved visual impact. The rehabilitation of 28 Spring St. (formerly under a lead order and scheduled for demolition), brought about the restoration of the former Lessard Block, one of the fine classical examples of a 3-story frame flat. With the previously improved corner of Cambridge & School and the additional demolitions of 12 Cambridge and 483 School, the de-densification and improvement of these neighborhoods continue.

In a November bus tour of Berlin, hosted by the Community Development Finance Authority; State Representatives and local dignitaries witnessed first-hand, the

excellent coordination and planning by the City and Council, in cooperation with a public/private partnership with TKB Properties LLC (owned by Kevin Lacasse and Tim Coulombe), to address some of Berlin's most depressed neighborhoods. Remarking on the extraordinary views and excellent craftsmanship of 28 Spring Street, more than one representative was tempted to put their name on the "waiting list". To date, TKB Properties LLC has acquired 23 properties in Berlin and rehabilitated 53 units through the Neighborhood Stabilization Program, and 15 additional units through private dollars, generating work for local tradesmen, and creating energy efficient, affordable housing.



**NSP 3 - 28 Spring Street (Before and after revitalization)**



### **Community Development Block Grant**

The Neighborhood Revitalization Program has experienced an exciting and productive 2012. In a successful partnership between the City and Tri County Community Action, (the programs' General Contractor); 27 additional living units, (now totaling 65 homes/ 75 living units), have seen upgrades in energy, safety and overall maintenance in FY2012. The partnership with TCCAP brought an added benefit to homeowners with the infusion of additional matching dollars to assist with new windows, weatherization, and heating systems. These resources came at a crucial time to many hard working Berlin homeowners, who have been impacted by under-employment combined with rising energy costs. The secondary benefit to the community has been a further stabilization of the tax base, and a significant increase in the number of homes now safer and code compliant.

### **Demolitions**

The City has been unwavering in its commitment to address blight and substandard housing throughout neighborhoods. Budgeted municipal funds, Neighborhood Stabilization dollars, and an EDI-Special Projects grant, have enabled us to move forward aggressively with the abatement and demolition of blighted housing.

**661 Western Ave....before**



**249 E. Mason... before  
249 E. Mason... after**

**661 Western Ave... after**





### Environmental Issues:

Dummer Yard, the city's most significant site (418 acres) in the downtown area, took another step toward clean-up and reuse with the completion of a Phase II Environmental Site Assessment including ground water monitoring, investigation of underground storage tanks, soil and waste assessment. With the potential for recreation, alternative energy use and industry; we are continuing to work closely with New Hampshire DES, and EPA toward redevelopment.

FY 2012 saw the final clean-up of the former Notre Dame High School, and "Ready for Reuse Determination" by the NH Department of Environmental Services. A stellar example of how a "grass roots" effort by local citizens can be the catalyst for significant change. The united voice of *Project Rescue*

*Notre Dame* and a combined 10-year effort of local, state and government agencies have now paved the way for redevelopment.

The accomplishments of this year, and the significant strides of the past 7 years toward the clean-up, de-densification, and rehabilitation of neighborhoods, cannot be discussed without mentioning our deep gratitude and appreciation for the contribution of former Housing Coordinator, Andre Caron. His leadership and commitment to the success of Berlin has been unparalleled. Thank you for *paving the way!*

Visit us at:

[www.berlinnh.gov/Pages/BerlinNH\\_Housing](http://www.berlinnh.gov/Pages/BerlinNH_Housing)

Respectfully submitted,

Linda White

Housing Coordinator



The City's Volunteer Tree is receiving its second season of leaves (honored volunteers) to be represented with a leaf on the tree. The Volunteer Tree is located at City Hall, just outside of the auditorium. Ann Morton, Tom Sweeney and Amy Welch receive the Volunteer Award from Mayor Paul Grenier (photo courtesy of Barbara Tetreault)

## PLANNING DEPARTMENT

Moving Downtown Forward was the focus of the last year. Community forums, committee meetings and hard work from the Main Street Program chairperson Sylvia Poulin kept the project moving and it was finished ahead of schedule. The strategy for downtown calls for a combination of design and economic development tasks to create a public space that is inviting and lends itself to generating new retail experiences and shops.



*Bickford Place*

The City Council created the first public private commercial partnership downtown by giving 97 Main Street to TKB Properties, Inc. They are working quickly at creating three new retail spaces and six residential apartments on the second floor of their building and they are looking to be finished in the fall. This is a great first project for downtown. This effort also inspired a Downtown Day of Caring with over 80 volunteers coming to spruce downtown up for summer. It was a great day for the community. The Moving Downtown Forward Committee is focusing on the gateway to downtown for the upcoming year and hopes to have many improvements completed by next spring.

The Route 110 Phase II Realignment Project has started with the demolition of several properties along the new route.

More properties are scheduled to be demolished in the fall and advertising for construction of the project is slated for Summer 2013. This project is four decades in the making and it is great to see things finally coming to fruition. Many individuals have played a role in making this happen along the way. This roadway will provide a more direct route to the Notre Dame Arena, a nice gateway to Jericho Mountain State Park, and move the traffic out of the neighborhood it currently cuts through. This is a great project for our community.

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

Respectfully submitted,

*Pamela E Laflamme*

City Planner

[www.berlinnh.gov/BerlinNH\\_Planning](http://www.berlinnh.gov/BerlinNH_Planning)

<http://www.facebook.com/BerlinNewHampshire>

Zoning/Code Enforcement Officer: Joseph Martin

Planning Board Chair: Ernest Allain

Zoning Board of Adjustment Chair: Dana Hoyt

Berlin Industrial Development and Park Authority Chair: Michael Caron

## Health Department

The City of Berlin Health Department works with the public to try to ensure the health of our community. The Health Department is charged with doing inspections for health and safety such as trash complaints, insects, etc. We enforce the city ordinances and state laws as needed. Within the Health Department there is the City of Berlin Home Health Program and a Public Health Nurse. The Home Health program assists home bound patients with their medical needs. During Fiscal year 2012 there were 518 patients served by nurses, physical therapy, speech therapy, occupational therapy, and home health aides. The offices accepts Medicaid, Medicare, private insurance and self-pay as well as payment from the V.A. Our Public Health nurses worked with the State of New Hampshire and Coos County Family Health Services to provide flu shots free to low income families during the 2011 flu season working with a grant from Anthem. Members of our community were immunized at various places such as Salvation Army, Tri-County CAP Fuel Assistance Office, White Mountain Community College, Family Health and the City Hall. The Public Health Nurses provided a total of 208 Cholesterol screenings, 208 diabetic screenings, 113 lice checks, 8 Hepatitis B immunizations, 247 Mantoux tests (TB) and many blood pressure checks.

Clinics are held throughout the community. 144 patients were served at blood pressure clinics at Northern Lights, 152 patients at St. Regis, 242 at Wal-Mart, 119 at the Holiday Center and 138 at the Family Resource Center in Gorham. Foot clinics were held at Corner Stone for 64 patients and at the City Health Department for 197. We also have added in home foot care

clinics to our list of services. The Foot Care Clinic cost is \$15 in office and \$25 for at home.

Cholesterol screening can be scheduled in the office daily. The cost is \$15 and included is a blood pressure read and diabetes screening. A glucose test, otherwise known as a diabetes screening, is \$1.00 as is blood pressure screening. Mantoux tests, otherwise known as TB tests, have been \$10 but due to increase in manufacturing costs the city will be charging \$14 as of November 1, 2012. In office B12 shots are \$8 and Hepatitis shots are \$35 for the series of three. Our Public Health nurse is available to discuss health concerns Monday through Friday at no cost. The Health Department also has pamphlets on a variety of health issues available to the public for general education.

The Home Health Program serves clients of all age groups who are home bound. We do everything from “baby” checks of newborns to post surgery care of anyone who has had a surgery. Our nurses provide care based on orders from the client’s physician so it is important for anyone wanting services to ask their doctor for a referral first.

We look forward to serving the various health needs of the community in the next fiscal year.

Visit us at:

[www.berlinnh.gov/Pages/BerlinNH\\_Health](http://www.berlinnh.gov/Pages/BerlinNH_Health)

Respectfully Submitted,  
*Angela Martin Giroux,*  
Health & Welfare Director

**The City of Berlin  
Home Health Program  
“We still make house calls” ☺**



## RECREATION & PARKS

The area's overwhelming compassion was the name of the game for Berlin Recreation this past year. With the unfortunate passing of local icons the Berlin community opened their hearts with the Berlin Recreation becoming the benefactor of such a warm showing of charity.

Three-lettered athlete Patrick Forestall's passing saw his long-time employer CCB, Inc. reaching out to the Berlin Babe Ruth Baseball program, giving it the kick-start it needed after a two year break. Their initial donation enabled this department to replace uniforms and equipment and started the ball rolling for plenty more contributions to pour in. Babe Ruth Baseball is in good financial standing thanks to many generous people. In an effort to show appreciation, the Berlin Babe Ruth Baseball team was renamed the Berlin Pats. The opening home game was an opportunity to remember the fine gentleman that was Patrick Forestall. Friends, family members, co-workers and dignitaries shared their



thoughts while Mrs. Patrick (Betty) Forestall graciously agreed to throw out the first ball. Berlin Recreation also retired the #15 jersey in honor of Pat's favorite N.Y. Yankee player (sorry Red Sox fans), Mr. Thurman Munson, and presented a #15 shirt to both Mrs. Betty Forestall and CCB, Inc. All in all as Head Coach Donny Labrecque said "It was an awesome year with 5 wins, 2 losses and 3 ties with five Berlin players making the 13 year old All-stars and two Berlin players making the 14 year old All-stars."

After a courageous battle these past few years, Community Service Director Laura Lee Viger succumbed to her health issues on July 17, 2012. The Berlin Recreation Center was the location for A Celebration of Laura's Life which was attended by people throughout the state who Laura touched with her generosity, humor, creativity, and dedication to improving the community she so loved. As StudioWorks owner and artist Andre Belanger mentioned, one cannot walk around enjoying Berlin's landscapes or hear of a community event being held without Laura Viger having had a hand in its successful development. Laura's beautiful art prints



were available during this celebration and many attendees wishing to have a remembrance of Laura picked up a print leaving a donation for the Recreation Department. These donations will be put to good use helping the Recreation's summer playground program, the place where Laura started her illustrious career with the city of Berlin and to Special Olympics, a program.

Laura gave a multitude of dedicated hours creating activities for children and adults with developmental disabilities.

Numerous others donated to the City's flower account insuring the Laura Lee Viger Botanical Gardens will continue to be a beautiful reflection of Laura for years to come.

The Recreation's Cheerleading program increased to 26 young ladies under the

professional guidance of Instructor Susanne Styles. The highlight of this program was a delightful performance at Berlin Senior High during the Summer Men's Basketball annual fund raiser. Having so many relatives at the game witnessing the excitement of these first through fourth graders demonstrating their routines was truly enjoyable and very beneficial to the Men's Basketball fund raiser. This well attended event raised \$1,150 for the Jones/Laflamme families who recently experienced a tragic vehicle accident.



*Cheerleaders Performance*

Winter and spring, 2012 also saw an outpouring of generosity. The Wildcat/Attitash Corporation held a Season Pass Holder Party and Auction with proceeds from the auction divvied up among various communities. Berlin Recreation was the recipient of \$1,870.00. This will provide scholarships to children in grades 3 – 6 wishing to experience the Ski and Snow Board program offered through the Berlin Recreation Department. Students who may have never tried skiing or snowboarding due to the cost involved will now have a chance to apply for a scholarship. We are always grateful when an organization affords us the opportunity to open up our recreation programs to more residents.

The ever popular Berlin Recreation's Easter Eggstravaganza celebrated its 31<sup>st</sup> year in 2012 with 200 plus children "hunting" for treats in the Recreation gymnasium. We are able to provide this free holiday event year

after year because generous companies such as Verizon Wireless, Coulombe Real Estate, Tremaine Opticians, and Gill's Flower & Candy Shop understand the importance of offering such fun events to the area children.

As Berlin Recreation strives to create programs for every season, we acknowledge



*Children "hunting" for treats at the Easter Egg Hunt*

our ability would be very limited without the consistent generosity shown by the community. Whether it's financial aid from Tri-County CAP in the summer time, staff assistance from JAG (Jobs for America's Graduates), the countless volunteers throughout the year who willingly give their time as coaches, or simply donations of office and crafts supplies from many area residents, this department functions at a quality level because of the support Berlin citizens and organizations have shown us. We truly are grateful to all and will do our best to continue to earn your support.

Visit us at:

[www.berlinnh.gov/Pages/BerlinNH Recreation](http://www.berlinnh.gov/Pages/BerlinNH_Recreation)

Respectfully Submitted,

*Theresa (Terry) Lelands*

Recreation Programmer

## BERLIN PUBLIC 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 transfer them to portable devices. Patrons, with a library card in good standing, have access to interlibrary materials from participating NH libraries. Fax and copier services are available for a small fee. The library continues to offer a Children's Summer Reading Program and Story Hour. Book discussion Series, in conjunction with The White Mountains Community College, are offered in the Fall and Spring.

The Children's 2011 Summer Reading Program theme was "One World, Many Voices". The program was made possible by a Kids, Books and Arts grant. The project made possible by the Byrne Foundation, CHILIS, the Cogswell Benevolent Trust, the New Hampshire Library Association and the New Hampshire State Library. The kick-off program was Wayne From Maine, held at the Recreation Dept., attracted 92 children and 43 adults. The Summer Reading Program consisted of 13 programs, with 484 children and 254 adults in attendance. Weekly programs included two special outings to the Fire Dept., two programs by the National Forest Service, and book readings by Paul "Poof" Tardiff. A closing party for the summer reading program included Cliff Storyteller Duncan McDougall

at the Community Field Park and 2 free books for each child. In total, 1588 books were read. Also helping with the success of the Summer Reading Program was a donation of tickets from Storyland. The library thanks Storyland for their generosity.



Berlin Public Library – 1924

Kathy Godin, Children's Librarian, conducted a total of 40 weekly Story Hours for young children from September to June, serving 311 children and 252 adults. In addition, there were two School Tours, two After School programs, a Girl Scout tour, AND Halloween program. The total attendance of all Kathy's programs was 1225 children and 653 adults for a grand total of 1878 patrons.

A grant from the New Hampshire Humanities Council and the Neil and Louise Tillotson Fund of the New Hampshire Charitable Foundation 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 2011 Book Discussion series was called "Family Albums" presented by Scholars Craig Doherty, Suzanne Brown, Holly Perrault and Emily Archer. The Spring 2012 series was entitled "Forests and Mountains: Living and Working in the North Country".



The series included two books: We Took to the Woods by Louise Dickinson Rich with Scholar Suzanne Brown and Spiked Boots by Robert E. Pike with Scholar Craig Doherty; and two presentations which included "Saving the Mountains: NH & the Creation of the National Forests by Scholar Marcia Blaine-Schmidt and "The Old Man of the Mountain: Substance and Symbol by Scholar Maggie Stier. The focus on the North Country was greatly appreciated by those in attendance.

In August, the staff had training for the new automation system, Atrium. We are in the process of entering all library items on this system and barcoding. In December, Andre Caron made it possible to add a computer in each department dedicated to Atrium for the public to access the catalog. This can also be accessed remotely at:

<http://berlinlibrary.dyndns.org/opac/bpl/>.

Once all items are entered into the Atrium program and barcoded, we will have barcode scanners set up so we can be fully automated.

In October, the library held the dedication of the Kelley Park to mark the donation by Barry and Mark Kelley and family in Memory of their parents Emmet J. and Evelyn B. Collins Kelley. The Kelley Park is a fenced in area next to the library which is used for children's programs during the summer.

In November, Public Works did a great job repairing and refinishing the fiberglass book in front of the building with the library hours. It looks like new. They also installed a Baby Changing Station in the Children's Dept. The library alarm system was checked and put in working order and now needs to be connected to the City Hall system. In December, the door frame to the Children's

Dept. was replace due to salt damage from the walkway.

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

BERLIN PUBLIC LIBRARY			
JULY 1, 2011 THROUGH JUNE 30, 2012			
TOPICS	ADULT	JUVENILE	TOTAL
000 - Generalities	30	19	49
100 - Philosophy	45	14	59
200 - Religion	33	6	39
300 - Social Science	210	189	399
400 - Language	16	58	74
500 - Pure Science	83	343	426
600 - Technology	282	242	524
700 - The Arts	120	383	503
800 - Literature	56	63	119
900 - Geography & History	108	146	254
910 - Travel	72	21	93
BIO - Biography	148	115	263
FIC - Fiction	6,960	4,792	11,752
MAG - Periodical	392	70	462
DVD - Movies	5,987	0	5,987
VHS - Movies	1,119	0	1,119
AC - Audio Books	3,848	20	3,868
CD - Compact Disk Music	7	1	8
TOTALS	19,516	6,482	25,998
PKB - Paperbacks	171	0	171
Walk in Patrons	19823	11504	31,327
Phone Inquiries	2390	328	2,718
Computer Users	5039	1388	6,427
Copier Patrons	1769	0	1,769
Fax Patrons	225	0	225
Microfilm Patrons	229	0	229
Interlibrary Loaned	720	0	720
Interlibrary Borrowed	145	0	145

Visit us at:

[www.berlinnh.gov/Pages/BerlinNH\\_Library](http://www.berlinnh.gov/Pages/BerlinNH_Library)

Respectfully Submitted,  
Denise Jensen  
Library Director

## Welfare Department

Every City and Town in the state of New Hampshire is bound by the tenets of RSA 165 to provide assistance to those who are poor and unable to support themselves. This is done through general assistance, otherwise known as city welfare. Each town/city is charged with having guidelines and keeping them updated in a way that will reflect the actual cost of basic needs. They are also charged with acting in a responsible way with tax payers' money. The way the city of Berlin balances this is to clearly define what are considered to be basic needs, the expectation of proof and compliance with guidelines by the applicant and income and assets.

The welfare department uses a simple formula that subtracts basic needs from income and assets. Basic needs are considered to be rent, electricity, personal/household need (cleaning supplies), clothing, medication, heat (if not included), etc. The City does not consider things such as cable, internet, car payments, credit cards and cell phones to be basic needs. We have individuals prove what their expenses are, what their income is and what their assets are. If there is income and assets we direct them on what they need to pay themselves and what, if any, we would assist with. In Fiscal year 2012 eighty families were assisted with \$47,240. Assistance is issued through vouchers that are paid directly to the vendor; no monies pass through the recipients. There were more than 2,000 office contacts during Fiscal Year 2012.

The types and amounts of assistance issued are as follows:

Type of Assistance	Vouchers Issued	Total Issued
Clothing	3	\$ 62.50
Groceries (food, diapers, Personal household need)	309	\$2,540.30
Electricity	145	\$4,174.38
Board & Care	17	\$1,661.55
Fuel (oil)	8	\$2,343.46
Cremation/bus tickets/water	11	\$6,110.00
Medical	20	\$3,641.90
Rent	213	\$26,704.32
Total	726 vouchers	\$47,238.41

Of the \$26,704.32 issued for rent assistance \$2,960.92 went back into the city coffers in the form of payments to back taxes owed by landlords. This is allowed by state law for any payment in the line of back taxes, water or sewer. Those who are physically/mentally capable of working are required to do a weekly job search where they provide proof they applied to four jobs a week. They are also assigned to work on the work program to "repay" the city for their assistance. Out of the 80 families assisted 37 worked on the work program, 43 did not work on the work program. A total of 2218.28 hours were worked on the work program during the fiscal year. At a reimbursement rate based of \$7.25 an hour for every hour worked the city was reimbursed \$16,082.53 from the work program. A total of four hours were worked at the Farmer's Market, 7 hours at the Postal Worker's Food Drive, 138.1 at Heritage Park, 35 hours at the Holiday Center, 10.33 hours at Main Street Program, 184.19 for Parks and Recreation, 1,677.65 at Salvation Army, 87.36 at the United Way, 74.65 hours at the City Welfare Office.

Of those who were assisted 43 were not employed, 30 were either on disability or pending disability, 7 were under employed.

Of the 52 who were unemployed or under employed 5 received TANF (Temporary Assistance for Needy Families) at the same time. 26 of the 80 families assisted consisted of single men, 24 consisted of single women and 30 of families of more than 1 person.

Visit us at:

[www.berlinnh.gov/Pages/BerlinNH Welfare](http://www.berlinnh.gov/Pages/BerlinNH_Welfare)

Respectfully Submitted,  
Angela Martin-Giroux, Administrator

A few Community Resources:

Tri-County CAP Fuel Assistance 752-3248  
(also where to apply for Neighbor Helping Neighbor and Electric Discount program)

Salvation Army Food Pantry Tuesday and Thursday 9-2, can be used once every 90 days, Cole Street

Salvation Army Friendly Kitchen Monday 4:30-5:30p.m. Cole Street

Harvest Christian Fellowship Food Pantry Monday-Friday 9-3, Willow St, can be used once a month

Harvest Christian Fellowship Soup Kitchen Dinner Wednesdays 5-6p.m.

Community Bible Church Free Meal Thursdays 5p.m., Sullivan St.

Common Grounds Café (Assembly of God Church Berlin-Gorham Road) Free Community Dinner Friday 7-9p.m.

Ecumenical Food Pantry Tuesday and Friday 2:00-4:00 behind St. Vincent De Paul Society on Grafton St., can be used once a month

WIC and Commodity Foods 1-800-578-2050

NH Department of Health and Human Services (Food Stamps, Medicaid, TANF, APTD) 752-7800

As of February 7, 2012 (Subject to Revision)				
2012 BUDGET SCHEDULE				
For The FY 2012/2013 Budget				
MONDAY MARCH 5	CITY MANAGER PRESENTS BUDGET TO COUNCIL			
MONDAY MARCH 12	BOARD OF EDUCATION			6:30 PM
WEDNESDAY MARCH 14	ADMINISTRATION/GENERAL GOV'T/DEBT			6:30 PM
	AIRPORT			
	BIDPA			
	OUTSIDE AGENCIES	412		
WEDNESDAY MARCH 21	SAFETY DIVISION:			6:30 PM
	POLICE	420		
	AMBULANCE	423		
MONDAY MARCH 26	FIRE	421,424		6:30 PM
	HOUSING	425		
WEDNESDAY MARCH 28	PUBLIC WORKS DIVISION:			6:30 PM
	STREET LIGHTING	422	SOLID WASTE	436
	PUBLIC WORKS	430	SEWER USER	432
	ENGINEERING	431		
WEDNESDAY APRIL 4	COMMUNITY SERVICES DIVISION			6:30 PM
	HEALTH	440	WELFARE	441
	LIBRARY	451	RECREATION	450
MONDAY APRIL 9	COUNCIL WORKS ON PROPOSED BUDGET			6:30 PM
	<i>School Dept Pink Slips April 15, 2012</i>			
MONDAY MAY 7	COUNCIL DECISION FOR PUBLISHING THE BUDGET			
WEDNESDAY MAY 9	NOTICE OF PUBLIC HEARING AND PROPOSED BUDGET IS ADVERTISED. <i>At least 7 days (one week) before the public hearing; 5/16 last possible</i>			
WEDNESDAY MAY 23	PUBLIC HEARING ON PROPOSED BUDGET			6:30 PM
MONDAY JUNE 4	THE FIRST READING OF THE RESOLUTION FOR THE PROPOSED BUDGET.			
MONDAY, JUNE 18	THE BUDGET RESOLUTION IS ADOPTED			
--ALL COMMITTEE MEETINGS WILL BE HELD AT CITY HALL--				
ACTION MUST TAKE PLACE NO LATER THAN MIDNIGHT, JUNE 20, 2012 (10 days before the beginning of the fiscal year) TO ACCEPT BUDGET. OTHERWISE, THE PUBLISHED PUBLIC HEARING BUDGET BECOMES THE APPROVED BUDGET PER THE CITY CHARTER.				





## POLICE DEPARTMENT

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

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

**Grants:** The department continues to actively pursue state and federal grants to assist in combating issues facing the City. We received grants from the NH Highway Safety Agency to provide extra enforcement in bicycle, speed, red light running, DWI enforcement patrols, DWI roadblocks, seatbelt safety, and OHRV connector trail enforcement. Highway Safety Agency funding has increased the number of patrol hours per grant from its original 90 hours to 120 hours of enforcement. We were also successful in obtaining grants for Enforcing Underage Drinking Laws, OHRV patrols (through NH Fish and Game) at the Jericho Mountain State Park, and for a variety of additional training and equipment. The grants we obtain are a necessary part of our operations, and they allow us to focus on problematic areas that face Berlin.

**Retirements/Promotions:** During the past year, the department has seen two veteran officers leave the city's employ with a combined experience of 50 years. Lieutenant Karl Nelson retired from the department in August of 2011, having spent a majority of his career in the detective division. Lieutenant Richard McClure also retired in April of 2012, having spent his career in the patrol division. Their experience, dedication, and wisdom were invaluable, and as certified instructors in a variety of areas, they were also extremely helpful to the department. Both long-time employees will be sorely missed.

The retirements created a significant void, and promotions were promptly implemented to maintain basic operations and ensure smooth promotional transitions. Officers Dana Brouillette and Geoffrey Bardeen were promoted to the rank of corporal, and Officers Wade Goulet and Luc Poulin were promoted to the positions of detective/juvenile officer.

**New Hires:** The department has been very fortunate in finding well-qualified, skilled individuals. The Berlin Police Department hired two police officers this year to fill the vacancies which were ultimately created by retirements. The most recent hire was Zachary Howry; he came to Berlin as a certified officer having spent three years in law enforcement as a Gorham police officer. Matt Carter was also hired; he attended the New Hampshire Police Standards and Training facility in Concord in order to achieve certification. Both officers complement the department well and are performing their duties exceptionally.

**Intelligent Liason Officer (ILO):** The department received funding from the State of New Hampshire for an ILO whose duties include entering data from all agencies in Coös County which is then disseminated throughout the State. The ILO program provides a network which allows all law enforcement agencies to connect and circulate information; this is extremely helpful, as the information often ties-in to other agencies' cases. The network also serves as an early warning alert system for officer safety issues. The ILO position is currently handled by Lieutenant Richard Plourde.

**High Profile Cases:** The City experienced several high profile cases within this reporting period, including a robbery which took place at the Angel Guardian Credit Union and a home invasion incident where occupants of the residence were threatened with a weapon, and a round was discharged from a gun. A great deal of time was dedicated to solving these cases. Several State and Federal agencies assisted the department in apprehending the perpetrators of these crimes. Lengthy investigations ensued, and through crime scene analysis, interviews with witnesses, and interrogations, both cases resulted in the arrest of offenders involved. Unfortunately, the department has seen an increase in firearms-related incidents.

\*\*\*

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

## **STATISTICS July 2011-June 2012**

<b>Total Calls for Service</b>	21,579
<b>Milan Calls for Service</b>	646
<b>Total Arrests</b>	648
<b>Protective Custody Arrests</b>	89
<b>Felonies</b>	196
<b>Misdemeanors</b>	936
<b>Thefts</b>	450
<b>Burglaries</b>	55
<b>Vandalism/Criminal Mischief</b>	421
<b>Criminal Threatening</b>	196
<b>Sexual Assaults</b>	34
<b>Assaults</b>	177
<b>Domestic Violence Incidents</b>	274
<b>Verbal Arguments</b>	98
<b>Restraining/Stalking Orders</b>	149
<b>Motor Vehicle Stops</b>	3,485
<b>Motor Vehicle Violations</b>	325
<b>Motor Vehicle Warnings</b>	2,246
<b>DWI Violations</b>	40
<b>Accidents</b>	236
<b>Accidents Within an Intersection</b>	60
<b>Parking Tickets</b>	428
<b>Dog Complaints</b>	575
<b>Animal Complaints (bear, cat etc...)</b>	165
<b>Assists to other Berlin Departments</b>	400
<b>Assist to Berlin Ambulance</b>	800
<b>Assists to Gorham PD</b>	82
<b>Assists from Gorham PD</b>	50
<b>Juvenile Incidents</b>	263
<b>Juvenile Arrests</b>	44

Visit us at:

[www.berlinnh.gov/Pages/BerlinNH\\_Police](http://www.berlinnh.gov/Pages/BerlinNH_Police)

Respectfully submitted,  
*Peter Morency*  
 Chief of Police



## Berlin Fire Department

The members of the Berlin Fire Department are dedicated and highly skilled in providing professional services in areas of fire suppression, rescue, hazardous materials, and weather related incidents with an emphasis in fire prevention, code enforcement, and public safety education.

The members of the Berlin Fire Department are proud to provide the best quality of services to the residents, people who visit or traverse through, and businesses that make Berlin a special, unique place. The fire department greatly appreciates the support provided to us from the residents and businesses and that of our City Manager, and elected officials to carry out our vision to enhance the quality and depth of service we provide.



During the fiscal year of 2012, the City of Berlin Fire Department responded to 399 calls for service from our citizens.

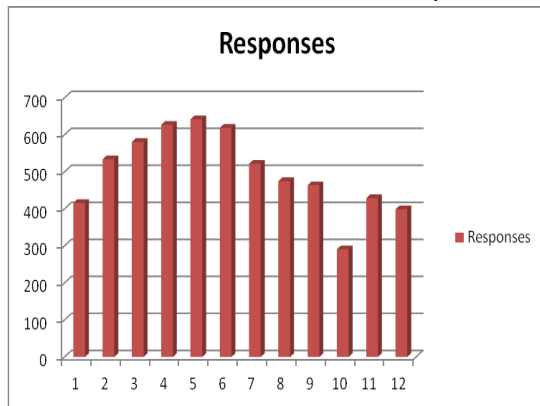
### *Fiscal Year 2012 Response to Incidents*

Building Fires	16	4%
Cooking Fires	2	1%
Chimney	8	8%
Trash Fires	2	1%
Vehicle Fires	2	1%
Outside Fires	21	5%
Hazardous Conditions	49	13%
Rescue / Emergency Medical Service Incident	22	6%
Vehicle Accident	34	9%
Leak Spill / Hazardous Materials	22	6%
Carbon Monoxide Emergencies	10	3%
Building Collapse emergencies	0	0%
Service Call	28	7%
Good Intent	33	8%
False Alarm System Malfunction	61	15%
False Alarm Malicious	6	6%
Electrical Issues	6	2%
Water Problem	22	6%
DHART	33	8%
Sprinkler	4	1%
Police assist	5	1%
Bomb	0	0%
Severe Weather	6	2%
Reported as Other	7	2%
<b>Total Fiscal Year 2010 Response</b>	<b>399</b>	





### FD 12 Year Incident Responses



The City of Berlin Fire Department wishes a heartfelt welcome the new comers to our team: call Firefighter Matthew Berthiaume, call firefighter Craig Martin , call firefighter Kristopher Saunders and call firefighter Jonathan Leveille with the best of luck to your future here in Berlin.

It is important to note in fiscal year 2012 the Berlin Fire Station hosted two State of New Hampshire Firefighter courses which were opened to the North Country Fire Departments. The economic value to Berlin includes individuals that were attending the classes visited our local restaurants and eating establishments and stores.

In fiscal year 2012 through State funded training and local monies from the training budget, the members of the fire department went above and beyond by completing over 1500 hours in State of New Hampshire certification training. It is important to recognize the courses attended were Firefighter I, Firefighter II, Swift Water Rescue Technician, Fire Inspector I, Fire Service Instructor I, Incident Command NIMS 300, and Incident Command NIMS 400.

As always, the Fire Prevention Bureau continues to go above the call of duty to improve the quality of life for the citizens of Berlin. The Prevention Bureau year after year has been the focal point of the Berlin Fire Department in the Department's efforts to minimize fire loss in the community. This is achieved by means of the excellent programs that are offered to local business, schools, and health care institutions. Through RSA 155-B Hazardous Dilapidated Building process that was issued through the fire department, the unsafe rite aid buildings have been razed and removed with the only cost to the city being from fire department staff for administering the Order. Rite Aid paid the total cost of razing and removing the dilapidated buildings and did so without the use of the City Attorney.

Inspections Fiscal Year 2012	Inspections
Place of Assembly	14
Oil Burner	31
L.P. Gas	11
New Construction	3
Wood Burner/Pellet/Chimney	16
Health Care	3
Complaints Investigated	4
Foster Care	7
Day Care	5
Fire Alarm Inspections	4
Miscellaneous	4
Public Education	7
Multi Family	31
Total:	140

Visit us at:

[www.berlinnh.gov/Pages/BerlinNH\\_Fire](http://www.berlinnh.gov/Pages/BerlinNH_Fire)

Respectfully submitted,

*Randall Trull*

Chief Randall Trull, Berlin Fire Dept



## Berlin Housing Authority

Berlin Housing Authority has worked diligently to find other sources of funding while weathering the most recent round of federal budget configurations. Staff has worked hard to provide quick turnover in units that are available to local elderly and those with disabilities.

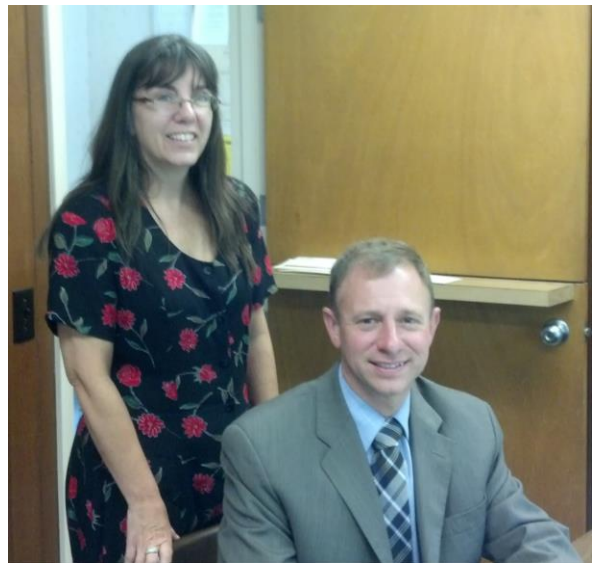
We were fortunate this year to be awarded a Greener Homes Grant from NH Housing Finance Authority for St Regis House to reduce energy consumption and costs. All sectors of energy were evaluated and remediated. Brian Lang Home Remodeling and Construction serves as the General Contractor hiring local subs and one contractor from Carroll County to include Norse Construction, Northwoods Electric, Gosselin Plumbing and Munce's Superior. This grant alone totaled over \$330,000 and has provided the opportunity to examine and correct collateral issues in a building that is over 100 years old.

The news keeps getting better! The Greener Homes Program subsequently awarded the Berlin Housing Authority almost \$225,000 in funding to perform many of the same energy related interventions. Further BHA was able to leverage this grant with a grant from the Northern Forest Center and the Berlin Better Buildings Program to install a pellet boiler system with oil backup.

Close to \$600,000 in new dollars are being spent in this area with local contractors when all grants are tallied. Andre Caron who is very familiar to the City of Berlin with his engineering expertise is serving as Clerk of the Works for both projects.

In a spectacular show of cooperation, Mike Perrault from Berlin Public Works worked with the Housing Authority to outline a potential source of funding to install emergency generators in HUD funded facilities. The Housing Authority applied and is awaiting final verification of this incredible project. Three facilities will leverage current funding to hopefully install the generators in 2013. Technical assistance from Chief Trull from the Berlin Fire Department was critical in obtaining these funds.

Berlin Housing has been an active participant when emergency planning occurs within the City and the knowledge base of City staff is strengthening the Authority's ability to respond to the unexpected.



*Executive Director Mary Jo Landry and Board Chair David Graham, Esq.*

The Housing Authority seeks to provide housing and assist in subsidizing private landlords in the Housing Voucher Program. As such it would be remiss not to mention the epidemic occurrence of bedbug infestation that is currently being experienced in some of Berlin's buildings. To that end the Authority is hosting a learning session for landlords to

discuss intervention strategies and prevention in our City.

A. UTILIZATION OF ASSISTED HOUSING PROGRAMS AT JUNE 30, 2012 (in number of units)

	Units Allocated	Units Under Lease
Public Housing	55	55
St. Regis House	42	42
Vouchers	285	212
TOTAL	382	309

Utilization on June 30, 2012 was 100%. Average voucher utilization for the prior calendar year was 74%

B. Public Housing and St. Regis House turnover in 2012

	Units in 2012	Units in 2011	Units in 2010
Public Housing	14	14	12
St. Regis House	5	4	4

We would like to take a minute to thank Mayor and Council for the appointment of our Commissioners who allow and encourage us to do the best job possible in service to our clients. Their support is a vital part of our success and we are grateful for it.

Visit us at:

[www.berlinnh.gov/Pages/BerlinNH\\_Housing\\_Authority](http://www.berlinnh.gov/Pages/BerlinNH_Housing_Authority)

Respectfully Submitted by

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

*Mary-Jo Landry*, Executive Director  
Berlin Housing Authority

## BUILDING INSPECTOR'S REPORT

PERMITS	2008	2009	2010	2011	2012
Building	129	144	176	133	162
Electrical	52	77	71	89	90
Plumbing	6	4	20	13	13
Sign	10	9	12	6	3
Demolition	6	38	40	43	51
Mechanical	2	2	1	2	32

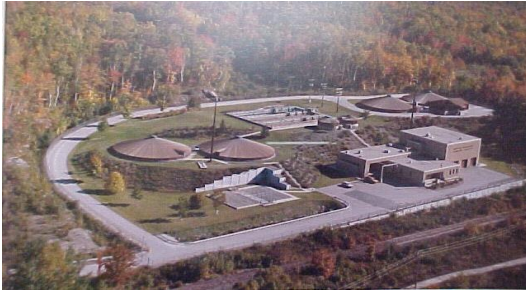
Visit us at:

[www.berlinnh.gov/Pages/BerlinNH\\_CodeEnforce](http://www.berlinnh.gov/Pages/BerlinNH_CodeEnforce)

Joe Martin  
Code Enforcement Officer



<b><u>Berlin Housing Authority Combined Balance Sheet</u></b>			
	<b>June 30,</b>	<b>June 30,</b>	<b>June 30,</b>
	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>
<b>ASSETS</b>			
Cash	\$ 292,675	\$ 522,734	\$ 503,081
Security Deposits	17,345	15,108	15,326
Accounts Receivable	2,273	2,151	2,093
Investments	200,149	28,633	28,633
Prepaid Insurance	8,476	8,298	8,000
Accrued Interest Receivable	68	-	-
Capital Assets (Net)	885,110	1,041,345	1,003,653
Other Assets	107,169	108,235	108,620
<b>TOTAL ASSETS</b>	<b>\$ 1,513,265</b>	<b>\$ 1,726,504</b>	<b>\$ 1,669,406</b>
<b>LIABILITIES</b>			
Accounts Payable	17,545	1,935	4,267
Other Liabilities	88,595	101,038	106,994
<b>TOTAL LIABILITIES</b>	<b>106,140</b>	<b>102,973</b>	<b>111,261</b>
<b>EQUITY/NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	885,110	1,041,345	1,003,653
Restricted Net Assets	96,903	138,025	161,498
Unrestricted Net Assets	425,112	444,161	392,994
<b>TOTAL EQUITY/NET ASSETS</b>	<b>1,407,125</b>	<b>1,623,531</b>	<b>1,558,145</b>
<b>TOTAL LIABILITIES AND EQUITY/NET ASSETS</b>	<b>\$ 1,513,265</b>	<b>\$ 1,726,504</b>	<b>\$ 1,669,406</b>
<b><u>COMPONENTS OF TOTAL EQUITY/NET ASSETS</u></b>			
<b><u>Liquid Equity:</u></b>			
Cash	\$ 292,675	\$ 522,734	\$ 503,081
Investments	200,149	28,633	28,633
Other working capital components	29,191	30,819	22,778
Net Liquid Equity	522,015	582,186	554,492
<b><u>Non Liquid Equity:</u></b>			
Land, Structures, and Equipment	885,110	1,041,345	1,003,653
Other Assets	-	-	-
Total Non Liquid Equity	885,110	1,041,345	1,003,653
Total Equity/Net Assets	\$ 1,407,125	\$ 1,623,531	\$ 1,558,145
<b><u>Changes in Equity-Year ended 6/30/11</u></b>			
Equity, 6/30/11	\$ 1,623,531		
Prior year audit adjustments	-		
Net Income (Loss) from Operations:			
Public Housing and Capital Fund Programs	(71,138)		
All other programs	5,752		
Equity, 6/30/12	\$ 1,558,145		
<b><u>Public Housing Portion of Equity</u></b>			
Public Housing	\$ 1,202,028		
All other programs	356,117		
Total Equity	\$ 1,558,145		
<b>NOTE</b> -Public Housing funds can only be used for Public Housing related improvements or expenditures. Public Housing capital expenditures must have HUD approval.			



**Wastewater Treatment Facility**

Berlin's Pollution Control Facility processed 666.38 million gallons of sanitary sewer flows and another 17.314 million gallons of Leachate from the Mt Carberry Landfill last fiscal year. We also accepted and treated almost 220,780 gallons of septage waste from outlying communities not on their own sewer systems (ie, septic tanks) last fiscal year.

In the process, we produced 1301.07 tons of dried municipal sludge which we trucked to the AVRRDD landfill for disposal. The treatment process removed 95.5% of the BOD (Biochemical Oxygen Demand) and 97.6% of the TSS (Total Suspended Solids) which came in with the sanitary sewer flows.

Average power usage per day at the Main Plant increased to 1815.5 kWh and at our main pump station at Watson Street decreased to 1151.2 kWh; average monthly peak power usage at the Main Plant remained at 121.9 KW and at our main pump station at Watson Street decreased to 102.8 KW. The decrease at Watson Street Pump Station may be attributable to work on the Sewer System to reduce Inflow and Infiltration.

Maintenance has kept up with our pumping needs, and we emphasize anticipating problems before they strike. We now have a full crew of Operators and

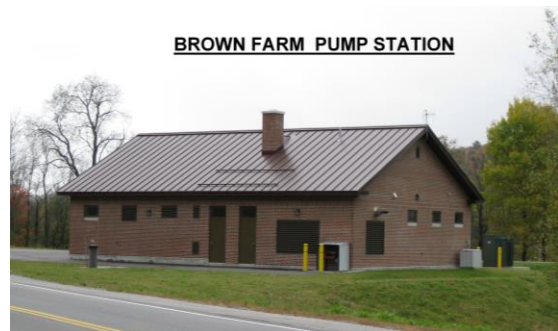
are working on non-routine projects trying to anticipate problems.

We took over operation of the new Brown Farm pump station in September of 2011 and have learned in the ensuing year how to operate the new equipment before the Federal Prison comes online with their design flows and loads.

In December we started to accept Leachate flow from the Androscoggin Valley Regional Refuse Disposal District Landfill at Mt Carberry. This new flow did not create a problem for us this past winter and spring even though it is of a different composition and makeup than what we are designed to treat.

Work on Inflow and Infiltration (I&I) has taken place this year aiming to reduce the surge flows we experience when a heavy or sudden rain descends into the Valley, or snow melts in the Spring, or when the River runs high. As a simple way to think about it, the amount of water Berlin Water

**BROWN FARM PUMP STATION**



Works (BWW) supplies to the City daily should be the amount of water Berlin Pollution Control Facility (BPCF) treats after traveling through the Sewer Collection System. Last year (FY2012) BWW produced 267.0 million gallons of water for City use; BPCF on the other hand had to treat 666.4 million gallons of City Sewerage, or 250% more than BWW.

The arrival of the Bureau of Prison's medium security Federal Correctional Institute prompted a design review of the Pollution Plant's capability to treat this additional flow. The ongoing problem in Inflow and Infiltration, the age of the extant Facility (33 years), and AVRDD's desire to redirect the Mt Carberry Landfill discharge to this Pollution Plant pointed out that the existing Facility is undersized to treat these new flows adequately. So a plan to upgrade the Facility was commissioned of Wright-Pierce Engineers out of Topsham Maine.

To address the anticipated increase in Flow into the Facility, their design increased the wall height and volume of all of our process tanks; this did not address the 30-year peak flow design requirement, so they recommended a third "secondary" Clarifier be built.

To address the anticipated increase in Loadings into the Facility, they looked at modifications to our "Activated" Sludge system. Specifically, their design recommends more aeration capacity in the form of more and bigger aerators, a modern diffuser system, and automation controls to maintain a "Dissolved Oxygen" set point under all foreseeable operating conditions; their design also recommends increasing our capacity to store and thicken "Sludge"; at improving our ability to "reseed" the "Activated Sludge" under all foreseeable flow conditions; and at giving us the ability to settle out Nutrients (ie, Phosphorus and Nitrogen) within our existing tankage.

The State of New Hampshire would not authorize the continued use of Chlorine for disinfection so a Sodium Hypochlorite disinfection system had to be developed.

All of the underwater concrete of our existing Tanks will be refurbished and resurfaced with a cementitious sealant.

New covers for our tanks outside are required by the Building Codes and will be provided.

New Pumps matched to the new flow requirement will be installed with Variable Frequency Drives powering and controlling them.

New Rake Mechanisms for each Clarifier will be installed.

New Instrumentation with Automation Controls to maintain setpoints under varying conditions will be installed for all critical processes. New Programmable Logic Controllers (PLC) will be set up for local control of individual processes. A new Supervisory Control and Data Acquisition (SCADA) system will be designed and implemented for remote control operations and more thorough data acquisition and handling.

Existing Aeration Blowers will be rebuilt and new upsize motors supplied; fiberglass pipe to the Aeration Tanks will be replaced by Stainless Steel ones.

A modular design HVAC system will be provided for climate control, especially in the Laboratory, but that will affect the whole building.

A new Transformer with a higher Amperage rating will be required to power all the new equipment. Several new Motor Control Centers will be strategically located in the Process for better distribution and control.

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



and pump Station was put in service August 2011.

The Phase I Contract 2 of inflow infiltration project was awarded to the Nelson Companies.

Visit us at:

[www.berlinnh.gov/Pages/BerlinNH\\_WasteWater](http://www.berlinnh.gov/Pages/BerlinNH_WasteWater)

Respectfully Submitted,  
Henry Noel  
Waste Water Superintendent

## **Public Works Services**



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

and maintain 151 sand and salt barrels for winter use.

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

### Transportation Street Markings

Center lines, edge lines, railroad crossings and crosswalks were painted as they are every year; we did exclude three exempt railroad crossings this year. The cost of this work is approximately \$11,000. The work includes approximately 220,000 linear feet of striping and 5 railroad crossings. PWD crew paints over 130 crosswalks throughout the City, all the Stop Bars, and Yellow No Parking Zones and the Handicap Parking areas.

### Projects Completed in the 2011-2012 Season

Continue to work with NH Trails Bureau and ATV clubs on ATV trails' cross town connection by installing signs, and road markings.

Portions of sidewalks were replaced on Stratford Street, Main Street, Elm Street and High Street; retaining walls and railings on Portland Street, Elm Street were repaired and drain line on Blais Street was replaced. The storm collection system on Hillsboro Street was extended.

Public Works did repairs on Marston School Playground which removed all the old footings and asphalt to make a safer play area. We built new executive parking area for the Middle School.

## **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.. 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.

The Public Works Department does curbside pickup of household garbage. We take over 4,000 tons per year to the landfill at a cost of \$67/ton = \$268,000.

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

## **Recreation and Parks Maintenance**



The maintenance crew for Recreation and Parks is now being directed by the Public Works Director. The past two years have been challenging for us with project completion and field issues. The new field

at the Community College was completed and was left dormant for a couple of years to build up turf strength. We plan to put this field in service next season. Hopefully we are over the hurdle with the major issues with bug infestation and fertilization on our major fields (Memorial, High School and Community College). We have been working with Northeast Agriculture to guide us past these obstacles. In working with Northeast we also gained knowledge that will help us avoid these issues in the future. The fields are currently in the best shape they have been in a long time.

The airless sprayer we purchased has improved our efficiency and quality by reducing man-hour requirements for lining our fields.

Following is a summary of the tasks and services provided by the crew listed by the different seasons.

### **Winter:(Dec.,Jan, & Feb.)**

-Continue with downtown x-mass decorations, repairs, replacements, etc. – All snow, ice, and rain events are attended to as they occur. This involves plowing, shoveling, sanding and salting parking lots, walkways, stairs and entrances. The places we maintain are; 1) Police station-Rec. center, 2) First Ave. parking lots. 3)City Hall 4)Court House 5)Heritage Park 2 lots. 6)Bickford Place. 7) Memorial and Community Fields storage. 8) 5 skating rinks. - We maintain 5 skating rinks as long as weather permits. These rinks are located at Green St., River St., Ramsey Park, Horne Field, and Hutchins Park. – Everyday custodial duties are performed at the Rec. Center, and building is maintained for all winter programs. Equipment maintenance, usually performed during springtime, is started in the garage when the weather is not favorable for skating rink maintenance activities.

**Spring: (March, April, & May)**

-All equipment is inspected and repaired, painted, or replaced. As snow melts the crew gets outside and starts to “spring clean” (litter pick up, leaves, sweep, and sod repairs) all areas that we take care of. High School baseball and softball games, Boys and Girls Tennis are first on the schedule. They play and practice on the 2 Little League Fields at Community and at Memorial and at the Glen Ave. and Horne Field tennis courts. JV and Varsity play about 20 home ball games not counting playoffs. We started a new field maintenance program with Northeast Agricultural to restore all our fields to excellent condition. The main fields involved in this program are: the new Community College field where the High school will have all their Field Hockey and Soccer practices and games, the High School track field, and Memorial baseball field.

– Grass mowing starts and the cemetery crew from Northern Human Services starts in May. We equip them and service the equipment, but they do a great job mowing and trimming. The Community Gardens are tilled and staked out.

**Summer: (June, July, & Aug.)**

-High School athletic seasons wind down with playoffs games at Community and Horne Fields. Grass mowing and trimming are everyday tasks. All places we maintain are: Track field, Memorial and Memorial Annex, Green St., Veterans Park, all downtown (Vodoukus, PSNH, Gill, Library, St. Anne, Dead River, all Pleasant St., Green St., and Cole St. islands, Tondreau,) parks, Cleveland Bridge road and Botanical gardens, Central Playground, Community Fields, Skateboard Park, Hutchins park, the ball field at Horne field and playground, Rotary Park, Brown School playground, Ramsey Park playground.

– There is a full schedule of girls’ softball (Bobcats) games at Horne Field, Cal Ripken at Community, and their respective tournaments; Summer Soccer league games at Community; summer playgrounds program and free lunches. Field maintenance at all fields is ongoing and includes, aerating, seeding, topdressing, fertilizing and weed-killing. Trash removal, tree pruning, fence repairs, and playground safety, etc., are attended to weekly.

**Fall: (Sept., Oct., Nov.)**

-There is a very busy fall schedule of High School field hockey and soccer games and practices that start in August. Every day practices at Community Field (soon to be Community College field) for JV and Varsity teams, with 10 home games for each team at the Track field.

-7<sup>th</sup> and 8<sup>th</sup> grade soccer and field hockey games and practices are at Horne field and Memorial Annex field -5<sup>th</sup> and 6<sup>th</sup> grade soccer and field hockey games and practices are at Memorial and Community fields and Rec. Dept. Soccer program at Green St. Field

–Worn areas of all fields are repaired and the field maintenance program continues; all bleachers, nets, benches, picnic tables, summer equipment, etc. are put away for the winter. The crew also does the downtown x-mass decorating and assists Main St. Program with their decorations also.

Visit us at:

[www.berlinnh.gov/Pages/BerlinNH Public Works](http://www.berlinnh.gov/Pages/BerlinNH%20Public%20Works)

Respectfully Submitted by,  
Michael P. Perreault, Public Works Director



## BERLIN PUBLIC SCHOOLS



Berlin Public Schools opened the 2011-2012 school year with an enrollment of 1291 students K-12 and closed the school year with an enrollment of 1280. Kindergarten was offered in six half-day sessions. Most class sizes ranged from 12-30. Berlin is a Regional Career and Technical Education Center at Berlin High School with an enrollment of 190 students grades 9-12 from Berlin and Gorham area. The district hired 260 employees.

Grade levels K-2 are at Brown School, gr. 3-6 at Hillside School, gr. 7-8 at Berlin Jr. High School, and gr. 9-12 at Berlin High School. Special education offices and Title I (Federal project for disadvantaged students) offices are based at the Marston School building. The district's central office is in the Hillside School building. The district's bus fleet of 10 are at a commercial garage on Third Ave.

### Instruction & Assessment

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

- Response-To-Intervention model (RTI) 3-Tier Model: TIER I (instruction to all students), TIER II (supplemental instruction to some students, about 20-30%), TIER III (intensive instruction for about 5-10%)

### Demographics

- Data Teams to develop instruction based on student assessments
- Parent and Community Engagement, increase participation and access

All students in grades 3-8 and grade 11 were administered the NECAP (New England Common Assessment Program), the statewide testing, in October, for Reading and Math. Grade 5, Grade 8, and Grade 11 were also assessed in Writing. In May, grade 4, 8 and 11 were tested in Science. There was an increase in the number of students who attained Proficiency in the following grade levels and subjects:

- Grade 3 - 20% more students proficient in both Reading and Math
- Grade 5 - 10% more students proficient in Math, 16% more students proficient in Writing
- Grade 6 - 16% more students proficient in Reading, 13% more students proficient in Math
- Grade 8 - 12% more students proficient in Reading, 7% more students proficient in Math
- Grade 11 - 8% more students proficient in Reading, 4% more students proficient in Writing

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 the federal goal of 100% of the students reach the benchmark by 2014.

### **Staff Accomplishments**

The administrative team was selected by the N.H. Dept. of Education to be one of two N.H. districts to participate in Academy of Pacesetting Districts. Administrators are developing a resource guide identifying district strengths and best practices based on national indicators. Upon completion of the guide, Berlin Schools will be featured as a pacesetting district to other N. H. school districts.

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

- Professional development in writing process, K-8
- Developed a multiyear curriculum review process
- Consultation and facilitation with school teams to implement RTI, data teams and increase parent and community engagement
- Parent/teacher/student conferences were held Dec., 2011. Parent participation rates were: Brown School 92%, Hillside School 97%, Berlin Jr.High School 97%, Berlin High School 93%
- Increase in parent communication requiring a minimum of 2 phone contacts per student, K-12

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

### **Parent/Community/Board Involvement**

A parent/teacher/student conference day was scheduled for Dec. 9, 2011 for all grades K-12. In grades K-6, teachers reviewed student progress with parents, in grades 7-12 students reviewed their portfolios with parents. Parent participation rates were strong.

Family nights were held at Brown and Hillside schools based on a literacy theme. 150 attendees at Brown School participated in literacy events centered on a theme, "Dino-mite Family Fun Night" and 303 attendees at Hillside School with a theme "Catch the Reading Wave". These events were sponsored by the Title I Program.

Students at all grade levels visited local establishments for community service, learning about safety on the job, science education, fine arts performances, job shadows and internships. Various programs were offered for career planning, financial literacy, health fair and performing arts.

Brown School instituted a "Walking Wednesday School Bus". A grant was awarded to develop a walking program to encourage more students to walk to school. This was sponsored by the N.H. Department of Transportation. The school committed to four areas of focus:

Evaluation, Education, Encouragement and Enforcement. Assistance is provided by Berlin Police Dept. and Berlin Public Works.

After-School programming is offered to all students grades K-8. 152 students participated. This is a collaborative program with the Family Resource Center, Project Youth. The program includes homework club, use of technology, curriculum extension from the regular school day, enrichment activities with hands-on learning.

Berlin Board of Education members were: Nicole Plourde, Chair, Nathan Morin, Vice-Chair, Ken Proulx, Secretary, Louise Valliere and Donald Labrecque. The Berlin Board of Education regrettably accepted the resignation of school board member Karin Dorval. Donald Labrecque was appointed by the Mayor and City Council to fill the vacancy.

Board member training was provided in January, March and May, 2012.

The Berlin Board of Education signed an amended AREA (Authorized Regional Enrollment Area Plan) with Milan for a minimum of three years. The Board also signed a Tuition Agreement with Dummer for students in grades 7-12.

A community grant from the Tillotson Foundation was awarded for SAU#3 Berlin and SAU#20 Gorham, Randolph, Shelburne Coop., Milan, Dummer and Errol to hold community forums in each town. Citizen input and discussions were facilitated by outside professionals to engage North Country residents on the organization of North Country Schools. Public surveys were also conducted to ensure opportunity for all tax payers to provide opinions on: 1)

consolidating the administrative units, 2) sending all Gorham High School students to Berlin, 3) sending all Berlin Middle School students to Gorham, and 4) no education and school changes.

The Berlin Board of Education continued the process of district policy revisions. The following individual policies were either added as new or revised: BCB Board Conflict of Interest, EDCA Employee Use of Electronic Communication Devices, and EDCA-R Employee Use of Cellular Phones.

The Berlin Board members engaged in contract negotiations with the Berlin Education Support Staff and with ASFCME Local #1444.

The city FY13 appropriation is \$16,731,124. The goal is to maintain N.H. Approved Schools, Berlin High School accreditation by New England Association of Schools and Colleges and to provide a rigorous academic program to prepare our students with college and career readiness skills.

Visit us at:

[www.berlinnh.gov/Pages/BerlinNH\\_School](http://www.berlinnh.gov/Pages/BerlinNH_School)

Respectfully Submitted,  
Corinne E. Cascadden  
Superintendent of Schools



## BERLIN WATER WORKS



Water Commissioners for this report period were Paul W. Poulin, Lucien F. Langlois, Michael Caron and Terry Block; Ex-officio member was Mayor Paul R. Grenier. As of May 18, 2012 Commissioner Terry Block resigned from the Board of Water Commissioners and was replaced by Dave J. Bertrand.

The BWW has not increased water rates in fourteen years. BWW has been able to maintain water rates because of cross-training employees and elimination of work through planned improvements and the implementation of “force account” construction projects. The results of these efforts have reduced cost through reduced staffing. Effective April 1, 2012 Donny Labrecque accepted the offer of a salaried position as Supervisor and Lead Operator of Treatment and Distribution. There have also been continuous improvement efforts in reducing other operating cost, most noted this fiscal year are the energy efficiency improvements at the office and garage facilities. During this fiscal year a Working Agreement between the BWW and Local Union #1444 of the American Federation of State, County and Municipal Employees AFL-CIO for the period of August 1, 2011 to July 31, 2012 was accepted by the board. And finally, we have continued “force account” work in order to offset operating cost by performing capital improvement projects with BWW resources.

The 1993, 1994, and 1995 Bonds continue to be a major financial burden on the BWW’s resources. The good news is the 20 year loan(s) term is nearing closure (FY2016). The availability of new low interest loans and grants has enabled the BWW to improve our systems and balance the operation and debt budget.

BWW continues to offer on line bill paying for customers. Customers can pay their bills by going to the City of Berlin Website [www.berlin.nh.gov](http://www.berlin.nh.gov) Invoice Cloud and Northern Data Systems are providing electronic billing and online payment service. The system allows the office clerks to enter credit card payments for customers at the office or over the phone. The system also allows customers to choose paperless billing. Approximately 8.7% of our customers are registered to use the online billing service.

BWW is now using “skype” for Board Meetings to allow out of town Commissioners to participate in meetings and it is also used for ongoing projects with Engineers, State and Federal officials.

BWW has 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. The Board authorized the Superintendent to purchase 200 additional radio read remotes and a handheld for reading the meters for \$25,000 at their January 18, 2012 meeting. BWW has installed 512 radio read units to-date.

BWW hired Provan & Lorber Engineers to update the WaterCAD water model of the BWW Distribution System to better plan future work and to help with modeling of different conditions in the Distribution System.

BWW improved the 55 Willow Street Office Building and Garage Building during this fiscal year. The Engineer for the project was H. E. Bergeron Engineers and the Contractor was Couture Construction. In July 2011 the Board awarded the contract to AR Couture Construction Corp in the amount of \$1,170,236 for both buildings. The contract with H.E. Bergeron was approved for an additional work authorization #1 on August 17, 2011 to include the services of Lee Carroll, Electrical Engineer and Dave Laurin, Architect in the amount of \$42,000. The staff was completely moved into the new offices on April 18, 2012. The BWW mechanic moved into the new Garage Facility on May 7, 2012.

During the winter of 2011/2012, we had 70 people running water to prevent service line freeze-up. These customers started running the water from January 19, 2012 until shut-off on March 21, 2012. The balance of the 257 running water customers did not have to run the water in winter 2011/2012. We had 1 freeze-up that required thawing and 14 freeze-ups inside thawed by property owner or needed water shut off outside. Efforts continue to reduce the number of running water customers, of which there were 1003 of 3500 customers in the winter of 2000-2001.

	<b>FISCAL 2011</b>	<b>FISCAL 2012</b>
Total Flow	272,796,506	249,556,005*
Difference from previous year	13.76% decrease	8.52 % decrease
Gallons per Day	.747 million gallons	.684 million gallons*
Running Water Customers	85	70
Running Water Start - early	January 25, 2011	January 19, 2012
Running Water Start - regular	--	—
Running Water Finish	April 14, 2011	March 21, 2012
Frozen Water Calls - outside	9	1
Frozen Water Calls - inside	1	14
Hydrant Flushing	8/19/10 to 9/16/10 10/22/10 to 10/23/10	9/6/11 to 9/16/11
Number of main line breaks	5	1
Number of service line breaks	4	3

**\* 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. The next round of testing is scheduled for 2012. Water Quality Report for calendar year

2011 was distributed to all water customers as a bill stuffer in the May 2012 Billing.

In the month of November, 2011, we had a violation for the Total Coli form Bacteria due to two sample failures. NH Department of Environmental Service's process is that we have to notify all of our customers if we have more than one failure which the office has done through the media and individual mailings. The tests were re-taken and re-submitted to Eastern Analytical and the samples were fine. It is more than likely it was a sampling and /or testing error and not water quality. On April 18, 2012 BWW was required to issue a "Boil Water Order" by NH Department of Environmental Services (NHDES) following water test sampling taken on April 16, 2012 and tested on April 17, 2012 at Eastern Analytical in Concord, NH. Following two subsequent tests at the failed site as well as two sites surrounding the failed sites, BWW was told by the NHDES that the "Boil Water Order" could be lifted. BWW believes that the problem was sampling and/or testing error and not water quality as it was resolved quickly. May 2012 BWW Compliance Testing was done by the State Lab in Concord, NH; samples were delivered by Granite State Couriers. As of June 20, the compliance testing is being completed by Gorham Water Works.

Melanson, Heath & Co PC was accepted by the Board to perform the Water Works financial report for period ending June 30, 2012 as well as FY 2013, and FY 2014. Our FY 2013 budget of \$4,177,888 as presented at the Commissioners May 23, 2012 budget hearing providing \$2,698,068 for operations and \$1,479,820 for water bond and loan debt, was approved June 13, 2012. This budget represents the fifteenth

consecutive year with no water rate increase for customers.

BWW Attorney Paul Desjardins accepted a full-time position as judge and therefore could not continue to represent BWW effective October 1, 2011; Attorney James Michalik will be representing BWW as of October 12, 2011.

BWW purchased two used trucks from the NH State Surplus Concord. The purchases were a 1996 E350 Box truck for \$4,500 which the crew will use with the fusion machine, etc. and a 2000 F450 tool box truck for \$7,500 which will be used by our mechanic. Also purchased from the State Surplus was a solar traffic arrow board. Two other items purchased this fiscal year were a thumb for the Cat 322 excavator and a hydro-seeder. This equipment is used for "force account" water main installation.

The FCC Narrow banding mandate goes into effect January 1, 2013 requiring radio frequencies to be changed from 25 kHz to 12.5 kHz. BWW has to be in compliance with the FCC mandate by the end of 2012. At the January 18, 2012 Board meeting the Board authorized the Superintendent to purchase a new two-way radio system to be shared with the City Public Works Department. As of May 16, 2012 BWW had received one of two new radio licenses and the equipment is on hand for installation.

During the month of September, the Godfrey Dam was affected by Tropical Storm Irene and needed immediate work to repair the damage. BWW worked with FEMA to fund the needed repairs. Provan & Lorber provided a Scope of Services to perform associated work with the stabilization of the slope immediately downstream from the Godfrey Dam,

replacement of rock filled timber cribbing at the stream crossing, and re-encasement of the raw water transmission main at the stream crossing. Godfrey Dam repair project is closed and \$187,000 has been received from FEMA. Included in that amount received from FEMA, \$40k was for hazardous mitigation work that BWW completed to improve the area so that if there was a similar situation again, the area would be protected.

#### **IMPROVEMENT PROJECTS:**

BWW 12-1 NHSRL #10 – BWW applied for a \$2,000,000 loan for replacement of vintage unlined 6” cast iron pipe. The water mains replaced will be the highest failure rate water mains in the BWW distribution system based on our records. Streets included are Riverside Drive from Twelfth Street to Noury Street, Twitchell Lane, Alpine Street, and Eleventh Street as well as carry over streets from previous projects that have expended all funding.

BWW 11-3 NHSRL #9 –BWW applied and was approved for a “Green” Energy Grant in the amount of \$1,000,000. The project this fiscal year included the completion of the 55 Willow Street Office and Garage project; work was completed by Couture Construction and their subcontractors in June 2012. The remaining items in this project include installing wind and solar systems at several of the BWW facilities.

BWW 11-2 NHSRL #8 – Work completed this Fiscal Year includes Riverside Drive from Noury St to Cates Hill Road, High Street from Hillside Avenue to Emery Street, repair to the 16 Inch River Crossing from Community Field to Mason Street, and 4800 feet of the high pressure line off of Jericho Road. The total project includes the carryover streets from BWW 09-2 NHSRL #7 as well as Summer Street from Elm

Street to Spruce Street, Norway Street from Eighth Street to 129 Norway Street, NHDOT project on Route 110 and the installation of a 16 Inch River Crossing above Bridge Street.

BWW 06-1 EPA #7 – Funds were expended in October 2011.

BWW 07-1 EPA #8 – The first pay request on this grant was submitted in January of 2012. The work completed this fiscal year included some service line work and water main replacement on Main Street from Eighth St to Twelfth Street. The 13 services on Main Street were bored under the pavement to prevent replacement of asphalt at each service line location. This project will be fully expended by December 2012.

BWW 10-1 EPA #9 – The Grant scope includes Main Street from Eighth Street to Eleventh Street, Pleasant Street sections from Mechanic Street to High Street, NH DOT Route 110 Project from First Ave to Wight Street and Phase 1 of the Brown Farm Well improvements. Provan and Lorber have been working on the Brown Farm Well improvements. The Engineering Report was completed and final design with bid documents for Phase I have been completed. The balance of this project will be spent on the Brown Farm Well Upgrade Project.

BWW 11-1 EPA #10 –The EPA grant was approved on December 2, 2011 in the amount of \$450,000. The grant scope of projects includes the carry over streets from BWW 10-1 as well as completion of Brown Farm Well Improvements Phase I.

BWW 09-1 Rural Development #3 –The majority of work completed with this Loan & Grant was on Main Street from Peavey



Lane to Eighth Street and on Balsam and Sweden Streets. BWB closed on the loan for Rural Development in the amount of \$1,025,000 at a rate of 2.25% October 27, 2012.

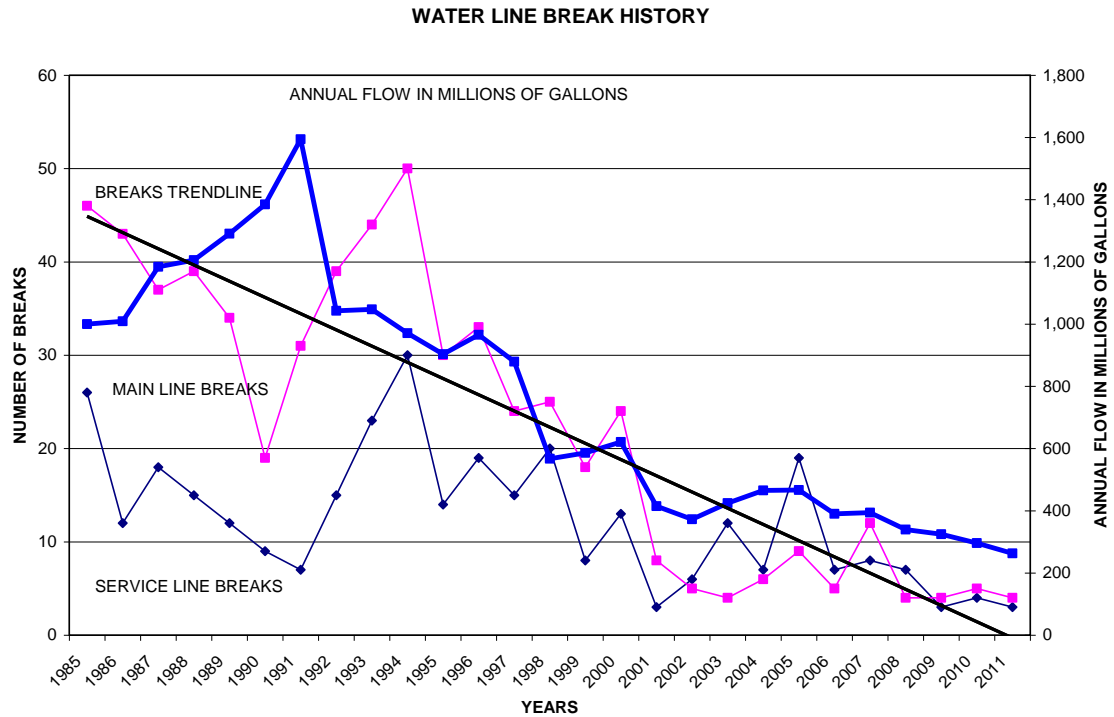
BWB 09-3 Rural Development #4 – Work is completed on the Godfrey Dam Project. From July 26, 2011 to August 4, 2011 Godfrey Dam was shut down, and

dewatered to facilitate Couture Construction's removal of the coffer and to complete some of the punch list items. The improvements include complete concrete resurfacing, two new stainless gates, new stainless steel intake screen, and a new access bridge. Bryan Defosses from NHDES Dam Safety conducted a dam inspection on August 9, 2011. Project is fully expended and closed.

	<b>Total to Fiscal 2012</b>	<b>FISCAL 2011</b>	<b>FISCAL 2012</b>
Curb-to-curb street paving (includes overlay)	10.88	.32	.70
Number of New Meters	3584 total in system	23	11
Number of New hydrants	414 total in system	1	6
Number of Replaced services	3500 total in system	91	31
New water main installed – since 1990	24.87 miles	1.52	2.22

Improvements to the water distribution in the City of Berlin continue with planned replacement of small diameter galvanized mains (830 feet remaining as of June 2012) and 1890 thru 1930's vintage unlined cast iron mains (34,731 feet remaining as of June 2012) 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 BWB purchased a number of pieces of construction equipment in FY2012 to supported BWB increase level of "force account" construction work. The temporary staff was also increased to support increased work levels. The results of these increased efforts will be a much improved distribution system.



Thanks to all BWW employees, Water Works Commissioners, the Honorable Mayor Paul Grenier, and the City of Berlin for their continued support for the past year. The BWW 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.

Visit the Berlin Water Works at:

[www.berlinnh.gov/Pages/BerlinNH\\_Water](http://www.berlinnh.gov/Pages/BerlinNH_Water)

Respectfully Submitted

Roland Viens, Superintendent  
Berlin Water Works



We have had a very busy year as always at the Berlin Regional Airport.

Even though we are in the election cycle, Ron Paul is the only candidate that has landed at the Berlin Airport to date. I was hoping we would see a spike in fuel sales due to the Presidential elections. Even without the help from the election, we still have seen an increase in fuel sales. The improved sales started in the 4th quarter of last year and have kept pace. I hope it continues because the backbone of our revenues is the sale of Jet -A and 100LL aviation fuels.



We start this year with a new Capital Improvement Project which is to replace our 10,000 gallon Jet-A storage tank. Because of the complexity of this type of project, it has turned into a 2 year project and will not be completed until next year. The 100LL aviation gasoline storage tank is slated to be



replaced next along with the replacement of the windsock structure and rotating beacon light. All these projects are subject to funding mostly through a grant process. As mentioned above, the sale of aviation fuels is the heart of our revenues and it is essential to keep ahead of the curve with this fuel storage equipment.

Our new plow truck, which replaced the 1999 International truck, seems up to the task of plowing our runways, ramps and parking lots. Last winter was mild by North Country standards but the Farmer's Almanac is predicting lots of snow for this winter so we will see how the new plow truck handles big snows.

The Berlin Regional Airport continues to serve the aviation community, citizens of Berlin and the North Country 24 hours a day, 7 days a week. Many thanks to the Berlin Airport Authority, airport staff and everyone involved with the airport.

Visit the Berlin Regional Airport at:

[www.berlinnh.gov/Pages/BerlinNH\\_Airport](http://www.berlinnh.gov/Pages/BerlinNH_Airport)

Respectfully Submitted,  
*Eric Kaminsky*, Airport Manager

## 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 monthly basis.

Vachon, Clukay & Co., P. C., of Manchester, New Hampshire, conducted the annual fiscal year end audit again this year.

During fiscal year 2012, the Finance Department issued 4,344 semi-annual real estate tax bills totaling \$13,381,351. The Department also issued 3,220 sewer bills which totaled \$1,509,807.42. The number of motor vehicle registrations issued by the City increased this year by 74 registrations to 9,837 registrations. The City collected \$1,039,391.00 which is \$19,842.50 more

than the amount collected last fiscal year. There was a total of 1,048 dump passes issued during fiscal year 2012.

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

Visit us at:

[www.berlinnh.gov/Pages/BerlinNH\\_Finance](http://www.berlinnh.gov/Pages/BerlinNH_Finance)

Assistant Comptroller: Jan Gagnon  
Senior Collections Clerk: Elaine Tremblay  
Collections Clerk: Elaine Gamache  
Accounts Payable Clerk: Lucille Lavoie  
Payroll Clerk: Florence Fitzmorris

Respectfully submitted,  
Patricia A. Chase  
Finance Director/Tax Collector



Berlin's Mayor Paul Grenier (right) presents plaques of appreciation to Governor John Lynch (left) and Department of Resources and Economic Development Director George Bald (center) Photo courtesy of Barbara Tetreault



# Tax Collector's Report

## June 30, 2012

	2012	2011		
Debits:	Levy	Levy		
<b>Uncollected Taxes - Beginning of Year:</b>				
Property Taxes		3,854,890		
Land Use Change Tax		-		
Yield Taxes		-		
Utility Charges		-		
Uncommitted Utility Charges		-		
Uncommitted Taxes		-		
<b>Taxes Committed:</b>				
Property Taxes	6,659,753	6,721,598		
Uncommitted Taxes	-	-		
Land Use Change Penalties	-	8,625		
Yield Taxes	-	2,402		
Excavation Activity Tax		224		
Utility Charges		1,414,125		
Uncommitted Utility Charges				
<b>Overpayment:</b>				
Property Taxes				
Interest - Late Tax		92,434		
Interest - Late Sewer				
<b>Total Debits</b>	<b>6,659,753</b>	<b>12,094,297</b>		
Credits:	2012 Levy	2011 Levy		
Remitted to the Treasurer:				
Property Taxes	4,873,048	9,729,049		
Land Use Change Penalties		8,625		
Yield Taxes	-	213		
Excavation Activity Tax		224		
Interest		92,434		
Utility Charges		1,105,592		
Conversion to Liens		760,781		
Uncommitted Taxes				
Uncommitted Utility Charges				
Abatements made:				
Property Taxes	2,898	74,316		
RSA Tax Deferrals		12,342		
Land Use Change				
Yield Taxes				
Utility Charges		545		
Uncommitted Taxes		-		
Current Levy Deeded		-		
Uncollected Taxes - End of Year:				
Property Taxes	1,783,807	-		
Yield Taxes		2,189		
Utility Charges		307,988		
Uncommitted Utility Charges	-	-		
Uncommitted Property Taxes	-			
Land Use Change Tax				
<b>Total Credits</b>	<b>6,659,753</b>	<b>12,094,297</b>		
	2011	2010	2009	2008
Debits:	Levy	Levy	Levy	Levy
Unredeemed Liens Balance at Beg. of Fiscal Year:		642,963	315,381	5,199
Liens Executed during Fiscal Year	932,253		-	
Interest & Costs Collected after Lien	7,986	37,880	76,731	32
<b>Total Debits</b>	<b>940,239</b>	<b>680,843</b>	<b>392,112</b>	<b>5,231</b>
	2011	2010	2009	2008
Credits:	Levy	Levy	Levy	Levy
Remitted to Treasurer:				
Redemptions	213,420	201,497	235,907	2,087
Interest & Costs Collected after Lien	7,986	37,880	76,731	32
RSA Tax Lien Deferrals				
Abatement of Unredeemed Taxes	11,238	14,889		
Liens Deeded to Municipality	74,212	76,762	73,471	1,211
Unredeemed Liens Balance End of Year	633,382	349,816	6,003	1,902
<b>Total Credits</b>	<b>940,239</b>	<b>680,843</b>	<b>392,112</b>	<b>5,231</b>

**CITY OF BERLIN, NEW HAMPSHIRE**  
**Financial Statements**  
**With Schedule of Expenditures of Federal Awards**  
**June 30, 2012**  
**and**  
**Independent Auditor's Report**

**Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards***

**Report on Compliance With Requirements That Could  
Have a Direct and Material Effect on Each Major Program  
and on Internal Control Over Compliance in Accordance  
With OMB Circular A-133**

**Schedule of Findings and Questioned Costs**

## **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, 2012, 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, 2012 and for the year then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Berlin Water Works, component unit of the City, is based on the report of the other auditors.

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

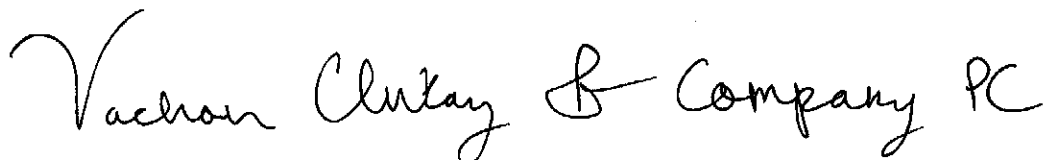
In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Berlin, New Hampshire as of June 30, 2012, 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 April 8, 2013 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.

Accounting principles generally accepted in the United States of America require that 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 35-38 be presented to supplement the

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Berlin, New Hampshire's financial statements as a whole. 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 financial statements. The combining nonmajor governmental and proprietary fund financial statements are presented for purposes of additional analysis and are also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Vachon Clark & Company PC". The signature is written in a cursive, flowing style.

April 8, 2013



CITY OF BERLIN, NEW HAMPSHIRE  
FINANCIAL STATEMENTS  
June 30, 2012

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CITY OF BERLIN, NEW HAMPSHIRE  
FINANCIAL STATEMENTS  
June 30, 2012

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## **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, 2012. 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, 2012 by \$47.7 million, an increase of \$3.2 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 \$2.1 million to \$7.7 million. Restricted net assets of \$2.4 million were restricted for endowments and capital projects and \$37.6 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 \$44.5 million to \$47.7 million in fiscal year 2012. Net assets of governmental activities increased by \$1.7 million or 9.0%, and net assets of the business-type activities showed a net increase of \$1.5 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 2012, the City's governmental funds reported an increase of \$2.7 million in the combined ending fund balance of \$5.9 million, compared to last fiscal year. Included in the combined governmental fund balance is the activity of the City's General Fund and the Non-major Governmental Funds. The General Fund ended the fiscal year with an unassigned fund balance of \$2,496,001, which is a decrease of \$61,615 from the previous fiscal year.

### Overview of the Financial Statements

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

1. Government-wide financial statements;
2. Fund financial statements, 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, economic development, capital outlay and debt service.
- **Business-type Activities:** These activities are normally intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. These business-type activities of the City include the operations of the:
  - Sewer Fund
  - BIDPA (Berlin Industrial Development and Park Authority Fund)
  - Cates Hill Landfill Fund
  - Courthouse Fund
- **Component Unit:** A component unit is an entity that is legally separate from the City, but for which the City is financially accountable. The financial data for the Berlin Water Works, the City's only component unit, has been included in the City's financial statements, as required. Complete financial statements for the Berlin Water Works can be obtained by writing to the Board of Commissioners, 55 Willow Street, Berlin, NH 03570.



## Fund Financial Statements

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented here with similar information presented in the government-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 50-53. The non-major governmental funds are:

- School Federal Projects
  - School Food Service Program
  - Berlin Airport Authority
  - Health Department
  - Mount Carberry Landfill
  - Recreation Activity Programs
  - Grant Fund
  - Neighborhood Stabilization Program
  - CDBG Fund
  - Capital Projects Funds
  - Permanent Funds
- **Proprietary Funds:** The City's proprietary funds provide goods and services to the general public and charge a user fee. These activities are reported in one major fund -
    - Sewer Fund

and three non-major funds -

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

Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. Therefore there is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements. The basic propriety funds financial statements can be found on pages 5-7, with individual data for each of the City's non-major proprietary funds provided in the combining statements found on pages 54-56.

- **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 10-34.

#### 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 35) 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 2012 is the General Fund. Also, included in the required supplementary information is the funding progress for other post-employment benefits (Schedule 2, page 36). The notes to the required supplementary information can be found on pages 37-38.

#### 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 \$47.7 million at the end of fiscal year 2012, an increase of \$3.2 million compared to the end of the previous fiscal year.

Net assets of the City as of June 30, 2012, 2011 and 2010 are as follows:

	<b>Governmental Activities</b>			<b>Business-type Activities</b>			<b>Total Primary Government</b>		
	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
<b>Assets</b>									
Capital Assets, Net	22.2	21.2	17.5	26.4	25.3	19.8	48.6	46.5	37.3
Other Assets	14.3	12.0	12.9	8.0	7.3	9.2	22.3	19.3	22.1
Total Assets	36.5	33.2	30.4	34.4	32.6	29.0	70.9	65.8	59.4
<b>Liabilities</b>									
Long-term Liabilities	7.8	6.0	5.7	6.8	5.7	5.4	14.6	11.7	11.1
Other Liabilities	7.7	7.9	8.2	0.9	1.7	2.0	8.6	9.6	10.2
Total Liabilities	15.5	13.9	13.9	7.7	7.4	7.4	23.2	21.3	21.3
<b>Net Assets</b>									
Invested in capital assets, net of related debt	16.7	17.5	14.2	20.9	21.0	15.9	37.6	38.5	30.1
Restricted	2.4	0.4	0.2	0.0	0.0	0.0	2.4	0.4	0.2
Unrestricted	1.9	1.4	2.1	5.8	4.2	5.7	7.7	5.6	7.8
Total Net Assets	21.0	19.3	16.5	26.7	25.2	21.6	47.7	44.5	38.1
Total Liabilities and Net Assets	36.5	33.2	30.4	34.4	32.6	29.0	70.9	65.8	59.4

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

With the gradual pay down of the 1999 Deficit bond (the last payment was made in July 2010) and the East Milan Landfill Closure bond, none of which has any offsetting assets, the City had been increasing its unrestricted net assets. This year it had an increase in unrestricted net assets of \$2.1 million over the prior fiscal year. The City carries a liability for compensated absences. While this currently seems like a relatively small liability for most municipalities, at some point in the future funds should begin to be reserved for it.

### Statement of Activities

The City's total net assets increased \$3.2 million during this fiscal year. Property and other taxes brought in \$13.8 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, 2012, 2011 and 2010 are as follows:

	Governmental Activities			Business-type Activities			Total Primary Government		
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Revenues									
Program revenues									
Charges for services	2.7	2.5	2.5	1.5	1.4	1.6	4.2	3.9	4.1
Operating grants and contributions	17.1	18.1	17.5				17.1	18.1	17.5
Capital grants and contributions	2.0	3.4	0.7	2.0	5.1	2.1	4.0	8.5	2.8
General revenues:									
Property and other taxes	13.8	13.9	14.1				13.8	13.9	14.1
Licenses and permits	1.2	1.1	1.2				1.2	1.1	1.2
Grants and contributions	0.4	0.5	0.5				0.4	0.5	0.5
Interest and investment earnings	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.1
Miscellaneous	0.6	0.3	0.4	0.5	0.1	0.2	1.1	0.4	0.6
Total revenues	37.8	39.8	36.9	4.0	6.6	4.0	41.8	46.4	40.9
Expenses:									
General government	2.5	2.3	2.1				2.5	2.3	2.1
Public safety	5.3	5.0	5.0				5.3	5.0	5.0
Airport	0.4	0.4	0.3				0.4	0.4	0.3
Highways and streets	2.5	2.7	2.4				2.5	2.7	2.4
Health and welfare	0.6	0.7	0.6				0.6	0.7	0.6
Sanitation	0.8	0.9	0.9				0.8	0.9	0.9
Culture and recreation	0.7	0.7	0.7				0.7	0.7	0.7
Economic development	1.8	2.9	2.1				1.8	2.9	2.1
Education	18.3	18.5	18.5				18.3	18.5	18.5
Food service	0.6	0.6	0.7				0.6	0.6	0.7
Debt service	0.9	1.0	1.0				0.9	1.0	1.0
Intergovernmental	1.7	1.3	1.5				1.7	1.3	1.5
Sewer				2.4	2.2	2.6	2.4	2.2	2.6
Nonmajor enterprise funds				0.1	0.8	0.2	0.1	0.8	0.2
Total Expenses	36.1	37.0	35.8	2.5	3.0	2.8	38.6	40.0	38.6
Increase (decrease) in net assets	1.7	2.8	1.1	1.5	3.6	1.2	3.2	6.4	2.3
Net assets, beginning of year	19.3	16.5	15.4	25.2	21.6	20.4	44.5	38.1	35.8
Net assets, end of year	21.0	19.3	16.5	26.7	25.2	21.6	47.7	44.5	38.1



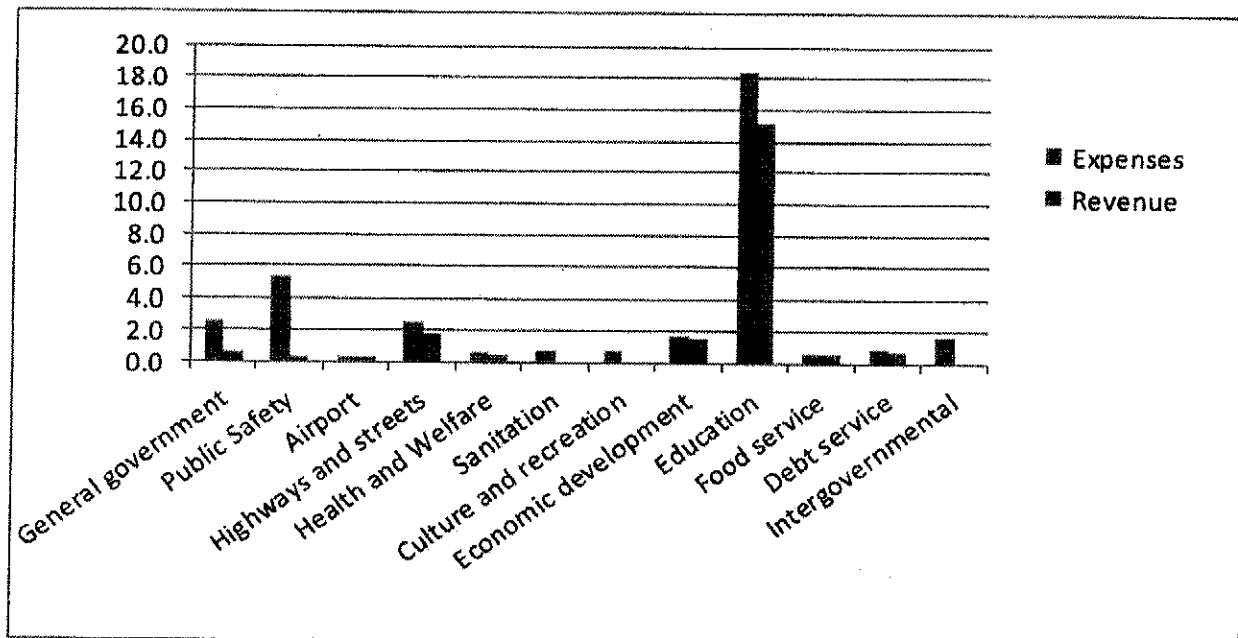
The City's expenses cover a range of services. The largest governmental expenses were for education (51%), public safety (15%), highways and streets (7%), and general government (7%), which accounted for roughly 80% of total governmental expenditures.

#### Governmental Activities

Governmental activities revenue totaling \$37.8 million exceeded expenses of \$36.1 million in fiscal year 2012, thereby increasing the City's governmental net assets by \$1.7 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.

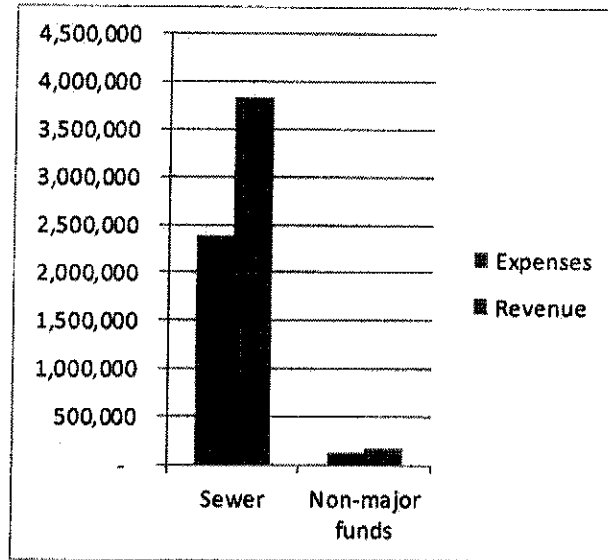
Expenses and Program Revenues – Governmental Activities  
Fiscal Year Ending June 30, 2012



#### Business-type Activities

The charges for goods and services for the City's business-type activities were inadequate to cover the operating expenses. However, this does not include the inflow of capital from the Bureau of Prison payments and State Revolving Loan Fund for the significant sewer improvements currently being undertaken.

**Expenses and Program Revenues – Business Type Activities  
Fiscal Year Ending June 30, 2012**

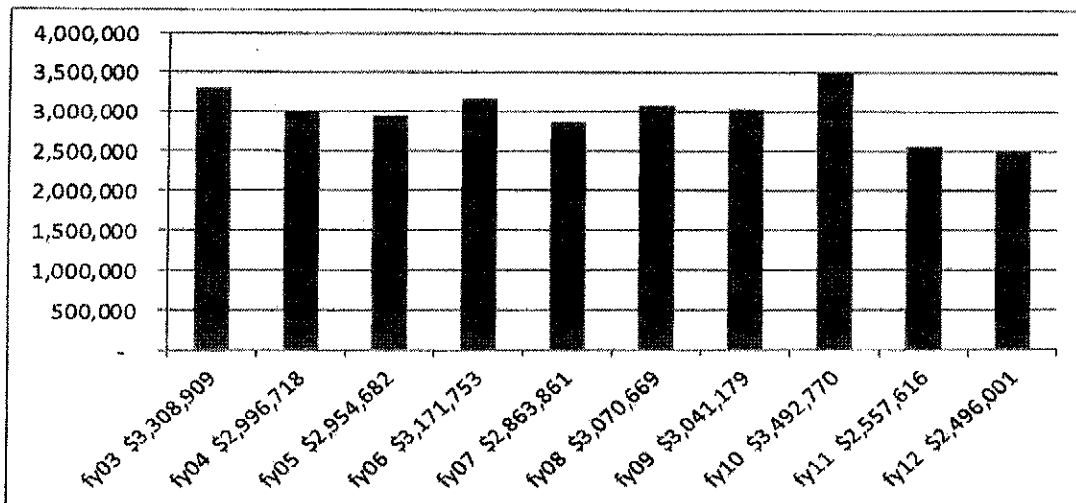


**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

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, the General Fund unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Unassigned General Fund Balances from FY 2003 through FY 2012 are as follows:

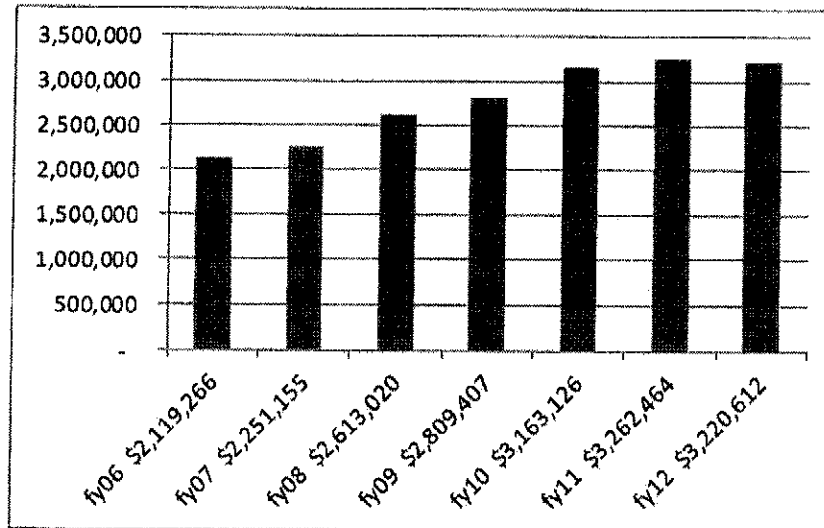


### General Fund

As indicated above, the General Fund is the chief operating fund of the City. At the end of the current fiscal year, the general fund had an unassigned fund balance of \$2,496,001, while total fund equity was \$3,534,672. The total fund equity includes non-spendable balances for prepaid expenses and tax deeded property, as well as assignments for encumbrances, continuing appropriations and special purposes at fiscal year-end. The total General Fund unassigned fund balance decreased by \$61,615 from June 30, 2011.

### Budgetary Basis

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



As indicated in the above chart, the City's effort to increase its Unassigned Fund Balance has been generally successful, although the difficulty in doing so becomes greater every year. In FY12, the General Fund UFB is down slightly at \$3,220,612.

### Other Governmental Funds

The non-major governmental funds fund balance increased by \$2,921,488 to \$2,415,198 due primarily to an inflow of over \$3.0 million into the capital projects fund in fiscal year 2012.

### 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 \$1,490,880 from June 30, 2011. The amount collected from sewer user fees were insufficient to offset operating expenses. This is primarily because depreciation does not show up in the City sewer fund budget as an expense when figuring sewer rates. The Sewer Fund itself had an increase of net assets of \$1,448,001. The Non-major Proprietary Funds had a combined net asset increase of \$42,879 in fiscal year 2012.

### 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 35.

Actual budgetary revenues were more than the budget estimated revenues by \$422,171. There was an adverse variance of \$87,741 in actual property taxes received from the amount budgeted. Actual budgetary expenditures at year-end were \$651,506 less than the final budgeted appropriations. Some of this savings was due to budgeted, but incomplete capital improvement items of \$104,574. Several City Departments made a concerted effort to control costs resulting in savings on certain budgeted items. The Schools spent \$373,585 less than budgeted. Public Safety spent \$28,949 less than budgeted. The Departments that make up the General Government saved \$36,300. Sanitation spent \$129,848 less than budgeted. On the other side, however, the City issued \$243,353 in property tax abatements against only \$94,513 that it had set aside in overlay to pay such abatements.

### 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, 2012, amounted to \$89.9 million. Accumulated depreciation was \$41.3 million leaving a net book value of \$48.6 million. This investment in capital assets includes equipment, real property, infrastructure, computer software, and construction in progress. Infrastructure assets are items that are normally immovable, of value only to the City, which include roads and bridges. GASB 34 requires assets, including infrastructure, for the City's governmental funds to be reported in the Government-Wide Statements. Additional information on the City's capital assets can be found in Note 7 on pages 21-22 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, 2012 is \$196,864. Additional information regarding the City's OPEB can be found in Note 9 on pages 23-25 of the Notes to the Basic Financial Statements.

### Debt Administration

The City may issue general obligation bonds and notes in anticipation of such bonds authorized by the City Council. At the end of the current fiscal year, the City had total bonded debt outstanding of \$9.4 million. This amount does not include bonded debt outstanding by the Berlin Water Works, its component unit, of \$9.9 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 25-31 of the Notes to the Basic Financial Statements.

### ECONOMIC CONDITIONS

Berlin's economic prospects with the final closure of the Fraser Pulp Mill in 2006 (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. However, construction is well underway on the \$175M Berlin biomass plan on the former Fraser pulp mill site. Forty new full time jobs will be added when it is up and running at the end of 2013. The Gorham Mill after several stops and starts is up and operating and seems to have good future prospects.

The City's dilapidated surplus housing problem has been markedly reduced by the City's efforts at demolishing such structures and enforcing housing codes which set a minimum housing standard. The majority of the City's very worst derelict buildings have been torn down or have burned down. The City experienced the loss of approximately 22 structures in the late 2000's 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 \$4M in federal Neighborhood Stabilization funds for the rehabilitation of housing to a reasonable standard. This NSP work is nearing completion and has without doubt completely refurbished the worst area on the East Side as well one or two other neighborhoods.

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

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



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

Phase II of the Rt 110 improvement project, which after years of planning is still waiting 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 60 miles of first-class trail development. This development is having a very significant impact on the City's image and economic base. In addition, the City is in the process of developing a first of its kind in the State ATV connection between this Park and the many trails in Success on the east side of the City.

Finally, the long-awaited Federal Bureau of Prisons project is fully constructed and now after a year-long delay is slowly in its startup process. This process was to take only 9 months, but has already taken well over a year. At \$240M, 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 has completed new sewer services to the site and is in the process of upgrading the City WWTF to handle the additional load.

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, Berlin is now well positioned to make an economic comeback. 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, 2012**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 13,397,301		\$ 13,397,301	\$ 515,236
Investments	368,023		368,023	169,077
Taxes receivable, net	2,602,916		2,602,916	
Accounts receivable, net	170,476	\$ 449,779	620,255	177,848
Due from other governments	1,174,911	2,864,775	4,039,686	452,458
Internal balances	(3,919,883)	3,919,883	-	
Prepaid expenses	25,230		25,230	
Inventory	10,347	74,482	84,829	291,947
Total Current Assets	<u>13,829,321</u>	<u>7,308,919</u>	<u>21,138,240</u>	<u>1,606,566</u>
Noncurrent Assets:				
Due from other governments		665,396	665,396	
Tax deeded property	486,458		486,458	
Capital assets:				
Non-depreciable capital assets	6,704,312	3,083,225	9,787,537	2,077,899
Depreciable capital assets, net	<u>15,449,433</u>	<u>23,375,000</u>	<u>38,824,433</u>	<u>38,169,696</u>
Total Noncurrent Assets	<u>22,640,203</u>	<u>27,123,621</u>	<u>49,763,824</u>	<u>40,247,595</u>
Total Assets	<u>\$ 36,469,524</u>	<u>\$ 34,432,540</u>	<u>\$ 70,902,064</u>	<u>\$ 41,854,161</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 533,921	\$ 618,207	\$ 1,152,128	\$ 99,224
Accrued expenses	439,205	84,099	523,304	201,394
Retainage payable		204,860	204,860	
Deferred revenue	6,718,062	3,425	6,721,487	
Due to other governments	9,519		9,519	
Current portion of bonds payable	456,703	139,380	596,083	1,179,398
Current portion of notes payable	573,914	79,549	653,463	2,082,534
Current portion of capital leases payable	285,941		285,941	51,552
Current portion of compensated absences payable	30,000		30,000	34,139
Current portion of estimated liability for landfill postclosure care costs	<u>11,300</u>	<u>12,450</u>	<u>23,750</u>	
Total Current Liabilities	<u>9,058,565</u>	<u>1,141,970</u>	<u>10,200,535</u>	<u>3,648,241</u>
Noncurrent Liabilities:				
Bonds payable	226,813	4,300,063	4,526,876	8,773,526
Notes payable	3,484,793	118,527	3,603,320	
Other long-term obligations		1,804,581	1,804,581	
Capital leases payable	757,334		757,334	83,655
Compensated absences payable	1,595,735	88,641	1,684,376	170,564
Other post-employment benefits payable	194,185	2,679	196,864	
Estimated liability for landfill postclosure care costs	<u>158,200</u>	<u>273,900</u>	<u>432,100</u>	
Total Noncurrent Liabilities	<u>6,417,060</u>	<u>6,588,391</u>	<u>13,005,451</u>	<u>9,027,745</u>
Total Liabilities	<u>15,475,625</u>	<u>7,730,361</u>	<u>23,205,986</u>	<u>12,675,986</u>
NET ASSETS				
Invested in capital assets, net of related debt	16,651,763	20,901,174	37,552,937	28,076,929
Restricted	2,415,684		2,415,684	
Unrestricted	<u>1,926,452</u>	<u>5,801,005</u>	<u>7,727,457</u>	<u>1,101,246</u>
Total Net Assets	<u>20,993,899</u>	<u>26,702,179</u>	<u>47,696,078</u>	<u>29,178,175</u>
Total Liabilities and Net Assets	<u>\$ 36,469,524</u>	<u>\$ 34,432,540</u>	<u>\$ 70,902,064</u>	<u>\$ 41,854,161</u>

*See accompanying notes to the basic financial statements*

**EXHIBIT B**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Statement of Activities**  
**For the Year Ended June 30, 2012**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Governmental Activities:								
General government	\$ 2,506,253	\$ 333,240	\$ 293,059		\$ (1,879,954)		\$ (1,879,954)	
Public safety	5,327,258	175,085	208,017		(4,944,156)		(4,944,156)	
Airport/Aviation center	417,657	210,254		\$ 48,317	(159,086)		(159,086)	
Highways and streets	2,517,009	78,128	273,305	1,592,605	(572,971)		(572,971)	
Health and welfare	623,958	160,332	374,325		(89,301)		(89,301)	
Sanitation	780,028	210			(779,818)		(779,818)	
Culture and recreation	699,147	54,462			(644,685)		(644,685)	
Economic development	1,735,766		1,647,169		(88,597)		(88,597)	
Education	18,302,733	1,468,837	13,170,283	387,792	(3,275,821)		(3,275,821)	
Food service	603,555	188,293	374,170		(41,092)		(41,092)	
Debt service	899,787		746,144		(153,643)		(153,643)	
Intergovernmental	1,648,301				(1,648,301)		(1,648,301)	
Total governmental activities	36,061,452	2,668,841	17,086,472	2,028,714	(14,277,425)	\$ -	(14,277,425)	
Business-type activities:								
Sewer	2,377,276	1,523,685		1,979,977		1,126,386	1,126,386	
Nonmajor funds	121,107					(121,107)	(121,107)	
Total business-type activities	2,498,383	1,523,685	-	1,979,977	-	1,005,279	1,005,279	
Total primary government	\$ 38,559,835	\$ 4,192,526	\$ 17,086,472	\$ 4,008,691	(14,277,425)	1,005,279	(13,272,146)	
Component unit:								
Water	\$ 3,187,477	\$ 1,807,102		\$ 1,942,533			\$ 562,158	
Total component unit	\$ 3,187,477	\$ 1,807,102	\$ -	\$ 1,942,533			562,158	
General revenues:								
Property and other taxes								
Licenses and permits								
Grants and contributions:								
Rooms and meals tax distribution								
Interest and investment earnings								
Miscellaneous								
Total general revenues								
Change in net assets								
Net assets - beginning								
Net assets - ending								

See accompanying notes to the basic financial statements

**EXHIBIT C**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2012**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 13,310,907	\$ 86,394	\$ 13,397,301
Investments	2,273	365,750	368,023
Taxes receivable, net	2,602,916		2,602,916
Accounts receivable	139,212	21,452	160,664
Due from other governments		1,174,911	1,174,911
Due from other funds	1,229,620	2,095,684	3,325,304
Prepaid expenses	1,654	23,576	25,230
Inventory		10,347	10,347
Tax deceded property	486,458		486,458
Total Assets	<u>\$ 17,773,040</u>	<u>\$ 3,778,114</u>	<u>\$ 21,551,154</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 349,279	\$ 184,642	\$ 533,921
Accrued expenses	375,299	4,497	379,796
Deferred revenue	7,389,363	53,310	7,442,673
Due to other governments	9,519		9,519
Due to other funds	6,114,908	1,120,467	7,235,375
Total Liabilities	<u>14,238,368</u>	<u>1,362,916</u>	<u>15,601,284</u>
<b>FUND BALANCES</b>			
Nonspendable	488,112	182,401	670,513
Restricted		2,267,206	2,267,206
Committed		20,937	20,937
Assigned	550,559	61,117	611,676
Unassigned (Deficit)	2,496,001	(116,463)	2,379,538
Total Fund Balances	<u>3,534,672</u>	<u>2,415,198</u>	<u>5,949,870</u>
Total Liabilities and Fund Balances	<u>\$ 17,773,040</u>	<u>\$ 3,778,114</u>	
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds			22,153,745
Property taxes are recognized on an accrual basis in the statement of net assets, not the modified accrual basis			724,611
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year end consist of:			
Bonds payable			(683,516)
Notes payable			(4,058,707)
Capital leases payable			(1,043,275)
Accrued interest on long-term obligations			(59,409)
Compensated absences payable			(1,625,735)
Other post-employment benefits payable			(194,185)
Estimated liability for landfill postclosure care costs			(169,500)
Net assets of governmental activities			<u>\$ 20,993,899</u>

*See accompanying notes to the basic financial statements*

**EXHIBIT D**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2012**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds	
<b>Revenues:</b>				
Taxes	\$ 13,824,172		\$ 13,824,172	
Licenses and permits	1,153,038		1,153,038	
Intergovernmental	13,337,024	\$ 4,634,539	17,971,563	
Charges for services	2,209,886	436,723	2,646,609	
Interest income	3,855	11,785	15,640	
Miscellaneous	357,675	245,283	602,958	
Total Revenues	<u>30,885,650</u>	<u>5,328,330</u>	<u>36,213,980</u>	\$ 2,700,390
<b>Expenditures:</b>				
Current operations:				
General government	2,030,747	406,540	2,437,287	
Public safety	4,937,261	214,433	5,151,694	
Airport/Aviation center		226,126	226,126	
Highways and streets	2,042,460		2,042,460	
Health and welfare	615,853	494	616,347	
Sanitation	764,983	148	765,131	
Culture and recreation	574,936	53,707	628,643	
Economic development		1,647,169	1,647,169	
Education	15,937,539	2,132,055	18,069,594	
Food service		599,437	599,437	
Capital outlay	263,020	467,797	730,817	
Debt service:				
Principal retirement	1,706,654		1,706,654	
Interest and fiscal charges	259,230		259,230	
Lease payments	329,700		329,700	
Intergovernmental	1,648,301		1,648,301	
Total Expenditures	<u>31,110,684</u>	<u>5,747,906</u>	<u>36,858,590</u>	
Excess of revenues over (under) expenditures	(225,034)	(419,576)	(644,610)	
Other financing sources (uses):				
Proceeds from notes payable issued		3,345,000	3,345,000	
Transfers in	3,936		3,936	
Transfers out		(3,936)	(3,936)	
Total other financing sources (uses)		<u>3,341,064</u>	<u>3,345,000</u>	
Net change in fund balances	(221,098)	2,921,488	2,700,390	
Fund balances (deficit) at beginning of year	3,755,770	(506,290)	3,249,480	
Fund balances at end of year	<u>\$ 3,534,672</u>	<u>\$ 2,415,198</u>	<u>\$ 5,949,870</u>	\$ 1,749,896

See accompanying notes to the basic financial statements



**EXHIBIT E**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2012**

	Business-type Activities		
	Sewer Fund	Nonmajor Enterprise Funds	Totals
<b>ASSETS</b>			
Current Assets:			
Accounts receivable	\$ 449,779		\$ 449,779
Due from other governments	2,739,887	\$ 124,888	2,864,775
Due from other funds	3,518,365	522,749	4,041,114
Inventory	74,482		74,482
Total Current Assets	<u>6,782,513</u>	<u>647,637</u>	<u>7,430,150</u>
Noncurrent Assets:			
Due from other governments	665,396		665,396
Non-depreciable capital assets	3,033,387	49,838	3,083,225
Depreciable capital assets, net	<u>22,217,849</u>	<u>1,157,151</u>	<u>23,375,000</u>
Total Noncurrent Assets	<u>25,916,632</u>	<u>1,206,989</u>	<u>27,123,621</u>
Total Assets	<u>\$ 32,699,145</u>	<u>\$ 1,854,626</u>	<u>\$ 34,553,771</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	\$ 617,812	\$ 395	\$ 618,207
Accrued expenses	84,099		84,099
Retainage payable	204,860		204,860
Deferred revenue		3,425	3,425
Due to other funds		121,231	121,231
Current portion of bonds payable	139,380		139,380
Current portion of notes payable		79,549	79,549
Current portion of estimated liability for landfill postclosure care costs		<u>12,450</u>	<u>12,450</u>
Total Current Liabilities	<u>1,046,151</u>	<u>217,050</u>	<u>1,263,201</u>
Noncurrent Liabilities:			
Bonds payable	4,300,063		4,300,063
Notes payable		118,527	118,527
Other long-term obligations	1,804,581		1,804,581
Compensated absences payable	88,641		88,641
Other post-employment benefits payable	2,679		2,679
Estimated liability for landfill postclosure care costs		<u>273,900</u>	<u>273,900</u>
Total Noncurrent Liabilities	<u>6,195,964</u>	<u>392,427</u>	<u>6,588,391</u>
Total Liabilities	<u>7,242,115</u>	<u>609,477</u>	<u>7,851,592</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	19,694,185	1,206,989	20,901,174
Unrestricted	<u>5,762,845</u>	<u>38,160</u>	<u>5,801,005</u>
Total Net Assets	<u>25,457,030</u>	<u>1,245,149</u>	<u>26,702,179</u>
Total Liabilities and Net Assets	<u>\$ 32,699,145</u>	<u>\$ 1,854,626</u>	<u>\$ 34,553,771</u>

*See accompanying notes to the basic financial statements*

**EXHIBIT F**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2012**

	Business-type Activities		
	Sewer Fund	Nonmajor Enterprise Funds	Totals
Operating revenues:			
Charges for services	\$ 1,523,685		\$ 1,523,685
Miscellaneous	314,144	\$ 163,846	477,990
Total operating revenues	<u>1,837,829</u>	<u>163,846</u>	<u>2,001,675</u>
Operating expenses:			
Personnel services	685,435	6,070	691,505
Contractual services	125,378		125,378
Repairs and maintenance	55,389	17,847	73,236
Administrative	54,745	14,764	69,509
Materials and supplies	208,288	17	208,305
Utilities	168,464	9,517	177,981
Bad debt expense		3,664	3,664
Depreciation	888,172	56,838	945,010
Total operating expenses	<u>2,185,871</u>	<u>108,717</u>	<u>2,294,588</u>
Operating income (loss)	<u>(348,042)</u>	<u>55,129</u>	<u>(292,913)</u>
Non-operating revenues (expenses):			
Interest revenue	7,471	140	7,611
Interest expense	(191,405)	(12,390)	(203,795)
Net non-operating revenues (expenses)	<u>(183,934)</u>	<u>(12,250)</u>	<u>(196,184)</u>
Income (loss) before capital contributions	(531,976)	42,879	(489,097)
Capital contributions	<u>1,979,977</u>		<u>1,979,977</u>
Change in net assets	1,448,001	42,879	1,490,880
Total net assets at beginning of year	<u>24,009,029</u>	<u>1,202,270</u>	<u>25,211,299</u>
Total net assets at end of year	<u>\$ 25,457,030</u>	<u>\$ 1,245,149</u>	<u>\$ 26,702,179</u>

*See accompanying notes to the basic financial statements*

**EXHIBIT G**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2012**

	Business-type Activities		
	Sewer Fund	Nonmajor Enterprise Funds	Totals
Cash flows from operating activities:			
Cash received from customers	\$ 1,739,068	\$ 175,452	\$ 1,914,520
Cash paid to suppliers	(779,217)	(47,893)	(827,110)
Cash paid to employees	(461,876)	(7,752)	(469,628)
Net cash provided by operating activities	<u>497,975</u>	<u>119,807</u>	<u>617,782</u>
Cash flows from capital and related financing activities:			
Principal paid on bonds payable	(133,638)		(133,638)
Principal paid on notes payable		(153,205)	(153,205)
Interest paid on long-term debt	(193,063)	(12,390)	(205,453)
Capital contributions	50,546		50,546
Purchases of capital assets	(2,181,929)	(54,125)	(2,236,054)
Net cash (used) for capital and related financing activities	<u>(2,458,084)</u>	<u>(219,720)</u>	<u>(2,677,804)</u>
Cash flows from investing activities:			
Interest on investments	7,471	140	7,611
Net cash provided by investing activities	<u>7,471</u>	<u>140</u>	<u>7,611</u>
Net (decrease) in cash and cash equivalents	(1,952,638)	(99,773)	(2,052,411)
Cash and cash equivalents at beginning of year	5,471,003	501,291	5,972,294
Cash and cash equivalents at end of year	<u>\$ 3,518,365</u>	<u>\$ 401,518</u>	<u>\$ 3,919,883</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (348,042)	\$ 55,129	\$ (292,913)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Bad debt expense		3,664	3,664
Depreciation expense	888,172	56,838	945,010
Changes in assets and liabilities:			
Accounts receivable	(98,761)	6,688	(92,073)
Due from other governments		5,614	5,614
Prepaid expenses		6,629	6,629
Inventory	(4,463)		(4,463)
Accounts payable	25,598	(1,412)	24,186
Accrued expenses	11,671	(97)	11,574
Deferred revenue		(696)	(696)
Compensated absences payable	23,645		23,645
Other post-employment benefits payable	155		155
Estimated liability for landfill postclosure care costs		(12,550)	(12,550)
Net cash provided by operating activities	<u>\$ 497,975</u>	<u>\$ 119,807</u>	<u>\$ 617,782</u>
Supplemental disclosure of non-cash transactions:			
Capital asset additions included in year end liabilities	<u>\$ 788,138</u>	<u>\$ -</u>	<u>\$ 788,138</u>

*See accompanying notes to the basic financial statements*

**EXHIBIT H**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2012**

	Private- Purpose <u>Trusts</u>	Agency <u>Fund</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,040	\$ 211,839
Investments	<u>131,017</u>	
Total Assets	<u>\$ 133,057</u>	<u>\$ 211,839</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 60	
Due to other funds	<u>9,812</u>	
Due to student groups		<u>\$ 211,839</u>
Total Liabilities	<u>9,872</u>	<u>\$ 211,839</u>
<b>NET ASSETS</b>		
Held in trust	<u>123,185</u>	
Total Net Assets	<u>123,185</u>	
Total Liabilities and Net Assets	<u>\$ 133,057</u>	

*See accompanying notes to the basic financial statements*

**EXHIBIT I**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2012**

	Private- Purpose Trusts
ADDITIONS:	
Investment earnings:	
Investment income	\$ 1,021
Total Additions	<u>1,021</u>
DEDUCTIONS:	
Benefits	<u>8,473</u>
Total Deductions	<u>8,473</u>
Change in Net Assets	(7,452)
Net assets - beginning of year	<u>130,637</u>
Net assets - end of year	<u>\$ 123,185</u>

*See accompanying notes to the basic financial statements*



**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2012**

**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 as 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. The Berlin Water Works financial data is reported in a separate column to emphasize that they are separate from the City and to allow financial statement users to distinguish between the primary government and the component unit.

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.

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2012**

**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 and its component unit, except for fiduciary funds.

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.

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2012**

**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 various private-purpose trust funds which account for monies designated to benefit individuals within the City. The City's agency fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations. The City's agency fund accounts for the Student Activities Funds of the City's schools.

***Measurement Focus***

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

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

**2. Fund Financial Statements:**

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

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2012**

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 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 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.

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2012**

**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 annual or special City Council meetings. 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, 2012, the City applied \$1,313,000 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:

	<u>Due from other funds</u>	<u>Due to other funds</u>	<u>Totals</u>
Proprietary Funds:			
Sewer Fund	\$ 3,518,365		\$ 3,518,365
Nonmajor Enterprise Funds	<u>522,749</u>	\$ (121,231)	<u>401,518</u>
	<u>\$ 4,041,114</u>	<u>\$ (121,231)</u>	<u>\$ 3,919,883</u>

***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.



**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2012**

***Taxes Receivable***

Taxes levied during the current fiscal year and prior and uncollected at June 30, 2012 are recorded as receivables net of reserves for estimated uncollectibles of \$416,018.

***Prepaid Expenses***

Payments made to vendors for services that will benefit periods beyond June 30, 2012 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, sewer collection and treatment systems, and similar items. The City does not possess any intangible assets. 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.

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2012**

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

***Accrued Liabilities and Long-Term Obligations***

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

***Net Assets***

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

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

***Fund Balance Policy***

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

- *Non-spendable Fund Balance*: Amounts that are not in a spendable form (such as inventory or prepaid expenses) or are required to be maintained intact (such as principal of an endowment fund).
- *Restricted Fund Balance*: Amounts constrained to specific purposes by external resource providers (such as grantors) or through enabling legislation (such as federal or state law). Restrictions may be changed or lifted only with the consent of the external resource providers or enabling legislation.
- *Committed Fund Balance*: Amounts constrained to specific purposes by a government itself through a formal action of its highest level of decision-making authority (City Council Resolutions). Commitments may be changed or lifted only upon the governing body taking the same formal action that imposed the constraint originally. The resolution must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2012**

- *Assigned Fund Balance:* Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. For all governmental funds other than the General Fund, any remaining positive balances are to be classified as 'Assigned'.
- *Unassigned Fund Balance:* Amounts that are not obligated or specifically designated and is available for any purpose. The residual classification of any General Fund balance is to be reported here. Any deficit fund balance of another governmental fund is also classified as 'Unassigned'.

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

Spending Prioritizations

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

Deficit Fund Balance

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

Minimum Fund Balance

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

***Interfund Activity***

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

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

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2012**

***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 estimated liabilities for landfill postclosure care costs.

**NOTE 2—PROPERTY TAXES**

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1 (\$436,225,540 as of April 1, 2011) and are due in two installments on July 12, 2011 and December 27, 2011. 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 may be tax deeded to the City.

In accordance with State law, the City collects taxes for Coos County, an independent governmental unit, which are remitted to the County as required by law. Taxes appropriated to Coos County for the year ended June 30, 2012 were \$1,648,301. The City bears responsibility for uncollected taxes.

**NOTE 3—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

At June 30, 2012, the Airport Authority Fund, a Nonmajor Governmental Fund, had a deficit unassigned fund balance of (\$116,463) and the Courthouse Fund, a Nonmajor Enterprise Fund, had a deficit net assets balance of (\$5,754).

**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, 2012, 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.

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2012**

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, 2012.

***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. 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, 2012 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and cash equivalents	\$ 13,397,301
Investments	368,023
Statement of fiduciary net assets:	
Cash and cash equivalents	213,879
Investments	131,017
Total deposits and investments	<u>\$ 14,110,220</u>

Deposits and investments as of June 30, 2012 consist of the following:

Cash on hand	\$ 43,847
Deposits with financial institutions	14,063,672
Investments	2,701
Total deposits and investments	<u>\$ 14,110,220</u>

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2012**

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

***Credit Risk***

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City does not have an investment policy regarding credit risk. As of June 30, 2012, 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's investment policy for assurance against custodial credit risk requires collateralization for all deposits not covered by Federal Depository Insurance.

Of the City's deposits with financial institutions at year end, \$11,174,251 was collateralized by securities held by the bank in the bank's name.

***Investment in NHPDIP***

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

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

**NOTE 6—DUE FROM OTHER GOVERNMENTS**

Receivables due from other governments at June 30, 2012 consist of various federal and state fundings, and reimbursements from other local governmental units. All receivables are considered collectible in full. The sewer state aid grant reimbursement is to be received over the life of the related state debt and as such, is classified as both current and noncurrent. A summary of the principal items of intergovernmental receivables is as follows:



**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2012**

**Governmental activities:**

State and Federal public safety grants	\$ 71,603
Neighborhood Stabilization Grant	334,594
Energy Efficiency and Conservation Block Grant	26,465
School lunch program	67,623
Airport improvement program grants	58,068
State and Federal education grants	605,583
Brownfields Assessment and Cleanup grants	10,975

**Business-type activities:**

Various Participating Towns in Cates Hill Landfill	124,888
Federal Bureau of Prisons	1,275,000
State of NH - Sewer State Aid Grant	686,973
State of NH - State Revolving Loan Funds	1,443,310
	<u>\$ 4,705,082</u>

**NOTE 7—CAPITAL ASSETS**

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

	<u>Balance</u> <u>07/01/11</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/12</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 711,156			\$ 711,156
Construction in progress	3,950,685	\$ 2,042,471		5,993,156
Total capital assets not being depreciated	<u>4,661,841</u>	<u>2,042,471</u>	<u>\$ -</u>	<u>6,704,312</u>
Other capital assets:				
Infrastructure	8,785,651			8,785,651
Land improvements	5,172,964			5,172,964
Buildings and improvements	10,669,726	11,500		10,681,226
Vehicles and equipment	8,666,751	73,020	(192,677)	8,547,094
Total other capital assets at historical cost	<u>33,295,092</u>	<u>84,520</u>	<u>(192,677)</u>	<u>33,186,935</u>
Less accumulated depreciation for:				
Infrastructure	(4,390,540)	(271,961)		(4,662,501)
Land improvements	(2,588,574)	(177,203)		(2,765,777)
Buildings and improvements	(4,705,780)	(209,448)		(4,915,228)
Vehicles and equipment	(5,097,972)	(442,372)	146,348	(5,393,996)
Total accumulated depreciation	<u>(16,782,866)</u>	<u>(1,100,984)</u>	<u>146,348</u>	<u>(17,737,502)</u>
Total other capital assets, net	<u>16,512,226</u>	<u>(1,016,464)</u>	<u>(46,329)</u>	<u>15,449,433</u>
Total capital assets, net	<u>\$ 21,174,067</u>	<u>\$ 1,026,007</u>	<u>\$ (46,329)</u>	<u>\$ 22,153,745</u>

The balance of the assets acquired through capital leases as of June 30, 2012 is as follows:

Buildings and improvements	\$ 1,652,511
Vehicles and equipment	1,008,238
Less accumulated depreciation for:	
Buildings and improvements	(165,251)
Vehicles and equipment	(539,659)
	<u>\$ 1,955,839</u>

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2012**

Depreciation expense was charged to governmental functions as follows:

General government	\$ 14,557
Public safety	126,101
Airport/Aviation center	191,531
Highways and streets	394,700
Health and welfare	4,098
Sanitation	25,811
Culture and recreation	60,269
Education	279,799
Food service	4,118
Total governmental activities depreciation expense	<u>\$ 1,100,984</u>

During the year ended June 30, 2012, the State of New Hampshire's Department of Transportation administered a road reconstruction project on a City highway. The City will be responsible for 20% of the project's total cost, with the remaining 80% funded by the State of New Hampshire through a federal grant. On the Statement of Net Assets and the Statement of Activities, \$1,592,605 has been included as an addition to capital assets and a capital contribution, respectively.

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

	Balance 07/01/11	Additions	Reductions	Balance 06/30/12
Business-type activities:				
Capital assets not depreciated:				
Land	\$ 57,672	\$ 50,115		\$ 107,787
Construction in progress	<u>7,265,518</u>	<u>1,863,154</u>	<u>\$(6,153,234)</u>	<u>2,975,438</u>
Total capital assets not being depreciated	<u>7,323,190</u>	<u>1,913,269</u>	<u>(6,153,234)</u>	<u>3,083,225</u>
Other capital assets:				
Infrastructure	15,256,585	5,849,033		21,105,618
Buildings and improvements	24,499,862	486,277		24,986,139
Vehicles and equipment	<u>851,143</u>	<u>26,100</u>		<u>877,243</u>
Total other capital assets at historical cost	<u>40,607,590</u>	<u>6,361,410</u>	<u>-</u>	<u>46,969,000</u>
Less accumulated depreciation for:				
Infrastructure	(6,240,955)	(412,649)		(6,653,604)
Buildings and improvements	(15,599,588)	(519,294)		(16,118,882)
Vehicles and equipment	<u>(808,447)</u>	<u>(13,067)</u>		<u>(821,514)</u>
Total accumulated depreciation	<u>(22,648,990)</u>	<u>(945,010)</u>	<u>-</u>	<u>(23,594,000)</u>
Total other capital assets, net	<u>17,958,600</u>	<u>5,416,400</u>	<u>-</u>	<u>23,375,000</u>
Total capital assets, net	<u>\$ 25,281,790</u>	<u>\$ 7,329,669</u>	<u>\$(6,153,234)</u>	<u>\$ 26,458,225</u>

Depreciation expense was charged to proprietary funds as follows:

Sewer Fund	\$ 888,172
Nonmajor Enterprise Funds:	
Industrial Development and Park Authority Fund	50,517
Courthouse Fund	<u>6,321</u>
Total business-type activities depreciation expense	<u>\$ 945,010</u>

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2012**

**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 police officers and fire employees are required to contribute 11.55% and 11.80%, respectively, of their covered salary, whereas teachers and general employees are required to contribute 7.0% 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 25.57%, 30.90%, 13.95%, and 11.09%, respectively, for July 2011 and 19.95%, 22.89%, 11.30%, and 8.80%, respectively, thereafter. The City contributes 100% of the employer cost for police officers, fire employees, teachers, and general employees of the City.

Under State law (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, 2012, 2011, and 2010 were \$1,736,938, \$1,378,805, and \$1,314,034, respectively, equal to the required contributions for each year.

**NOTE 9—OTHER POST-EMPLOYMENT BENEFITS**

In addition to providing pension benefits, the City provides healthcare and life insurance benefits to its eligible retirees and their spouses and dependents. Most regular active employees who retire directly from the City and meet the eligibility criteria may participate. The amount the City pays for medical and life insurance premiums for retirees and their spouses varies by employee group. All eligible employees are allowed to continue medical coverage under the City plan for the lifetime of the employee; however, for most employee groups this coverage is not paid for by the City. Board of Education employees are eligible at age 55 with 5 years of service and receive life insurance coverage with no cost to the retiree. Employees who are members of OPEIU/Local 345 or the Teamsters and Non-Union Supervisory Employees/Local 633 are eligible at age 62 and 10 years of service. Employees who are members of Local 1444 are eligible at age 62. Police and Fire employees are eligible after 20 years of service and are eligible for the NHRS subsidy at age 45 with 20 years of service. The City pays for 100% of the cost of life insurance premiums for all groups. The benefits, benefit levels, employee contributions and employer contributions are governed by RSA 100-A:50. As of July 1, 2010, the most recent actuarial valuation date, approximately 46 retirees (excludes 131 retirees with post-65 medical coverage not subsidized by the City), 25 spouses and 248 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2012**

***Annual OPEB Costs***

The City's fiscal year 2012 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, 2012, including the amount actually contributed to the plan, and the change in the City's net OPEB obligation based on an actuarial valuation as of July 1, 2010, is as follows:

Annual Required Contribution (ARC)	\$ 415,320
Interest on net OPEB obligation	8,348
Amortization of net OPEB obligation	<u>(6,462)</u>
Annual OPEB cost	417,206
Contributions made	<u>(405,843)</u>
Increase in net OPEB obligation	11,363
Net OPEB obligation - beginning of year	<u>185,501</u>
Net OPEB obligation - end of year	<u>\$ 196,864</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ending June 30, 2012, 2011 and 2010 are as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
6/30/2010	\$ 465,000	90.3%	\$ 150,000
6/30/2011	\$ 397,165	91.1%	\$ 185,501
6/30/2012	\$ 417,206	97.3%	\$ 196,864

The City's total net OPEB obligation as of June 30, 2012 is recognized as a liability in these financial statements.

***Funded Status and Funding Progress for OPEB***

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

Actuarial Accrued Liability (AAL)	\$ 5,335,764
Actuarial value of plan assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 5,335,764</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	n/a
UAAL as a percentage of covered payroll	n/a

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2012**

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.

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

**NOTE 10—LONG-TERM OBLIGATIONS**

***Changes in Long-Term Obligations***

The changes in the City's long-term obligations for the year ended June 30, 2012 are as follows:

	Balance 07/01/11	Additions	Reductions	Balance 06/30/12	Due Within One Year
Governmental activities:					
Bonds payable	\$ 1,140,219		\$ (456,703)	\$ 683,516	\$ 456,703
Notes payable	1,548,334	\$ 3,345,000	(834,627)	4,058,707	573,914
Capital leases payable	1,317,233		(273,958)	1,043,275	285,941
Compensated absences payable	1,624,911	89,765	(88,941)	1,625,735	30,000
Estimated liability for landfill postclosure care costs	180,800		(11,300)	169,500	11,300
Total governmental activities	<u>\$ 5,811,497</u>	<u>\$ 3,434,765</u>	<u>\$(1,665,529)</u>	<u>\$ 7,580,733</u>	<u>\$ 1,357,858</u>

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

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2012**

	Balance 07/01/11	Additions	Reductions	Balance 06/30/12	Due Within One Year
Business-type activities:					
Bonds payable	\$ 4,573,081		\$ (133,638)	\$ 4,439,443	\$ 139,380
Notes payable	351,281		(153,205)	198,076	79,549
Other long-term obligations	430,564	\$ 1,374,017		1,804,581	
Compensated absences payable	64,996	26,889	(3,244)	88,641	
Estimated liability for landfill postclosure care costs	298,900		(12,550)	286,350	12,450
Total business-type activities	<u>\$ 5,718,822</u>	<u>\$ 1,400,906</u>	<u>\$ (302,637)</u>	<u>\$ 6,817,091</u>	<u>\$ 231,379</u>

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 Sewer Fund.

Component unit:					
Bonds payable	\$ 8,578,606	\$ 2,525,000	\$(1,150,682)	\$ 9,952,924	\$ 1,179,398
Total component unit	<u>\$ 8,578,606</u>	<u>\$ 2,525,000</u>	<u>\$(1,150,682)</u>	<u>\$ 9,952,924</u>	<u>\$ 1,179,398</u>

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, 2012 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%	\$ 283,516
\$4,500,000 State Guaranteed School Improvement Bonds due in annual installments of \$300,000 through January 2013; interest at 4.62%	300,000
\$1,500,000 School Improvement Bonds due in annual installments of \$100,000 through January 2013; interest at 4.66%	100,000
	<u>\$ 683,516</u>

Debt service requirements to retire general obligation bonds for governmental activities at June 30, 2012 are as follows:

Year Ending June 30,	Principal	Interest	Totals
2013	\$ 456,703	\$ 32,352	\$ 489,055
2014	56,703	10,161	66,864
2015	56,703	7,621	64,324
2016	56,703	5,080	61,783
2017	56,704	2,540	59,244
	<u>\$ 683,516</u>	<u>\$ 57,754</u>	<u>\$ 741,270</u>

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2012**

The State of New Hampshire annually reimburses the City for its share of landfill related debt service payments. For the year ended June 30, 2012, the landfill closure reimbursement was \$10,763.

As included on the Statement of Activities (Exhibit B) as 'Debt service' expense, interest expense for the year ended June 30, 2012 was \$43,654 on general obligation debt for governmental activities.

Business-type Activities:

Bonds payable at June 30, 2012 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%	<u>\$ 4,439,443</u>
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Debt service requirements to retire general obligation bonds for business-type activities at June 30, 2012 are as follows:

Year Ending June 30,	Principal	Interest	Totals
2013	\$ 139,380	\$ 187,320	\$ 326,700
2014	145,369	181,331	326,700
2015	151,615	175,085	326,700
2016	158,129	168,571	326,700
2017	164,923	161,777	326,700
2018-2022	937,196	696,304	1,633,500
2023-2027	1,156,597	476,903	1,633,500
2028-2032	1,427,359	206,141	1,633,500
2033	158,875	3,400	162,275
	<u>\$ 4,439,443</u>	<u>\$ 2,256,832</u>	<u>\$ 6,696,275</u>

The State of New Hampshire annually reimburses the City for its share of sewer related debt service payments. For the year ended June 30, 2012, the sewer related reimbursement was \$50,546.

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, 2012 was \$191,405 on general obligation debt for business-type activities.

Component Unit:

Bonds payable at June 30, 2012 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%	\$ 300,000
Bond payable due in annual installments of \$150,000 through August 2014; interest at 6.125% - 7.0%	450,000
Bond payable due in annual installments of \$305,000 through August 2015; interest at 5.25% - 5.625%	1,220,000



**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2012**

State revolving loan payable due in variable annual installments of \$142,470 to \$18,479 through November 2020; interest at 3.8%	832,600
State revolving loan payable due in variable annual installments of \$110,477 to \$14,462 through December 2020; interest at 3.8%	645,738
State revolving loan payable due in variable annual installments of \$56,016 to \$6,934 through December 2021; interest at 3.704%	372,374
State revolving loan payable due in variable annual installments of \$137,384 to \$17,007 through December 2021; interest at 3.704%	913,280
State revolving loan payable due in variable annual installments of \$103,859 to \$53,742 through May 2023; interest at 3.728%	1,232,770
State revolving loan payable due in variable annual installments of \$132,242 to \$100,537 through September 2024; interest at 3.688%	1,232,708
Bond payable due in variable annual installments through December 2040; interest at 2.25%	228,454
State revolving loan payable due in variable annual installments through October 2031; interest at 1.10%	1,500,000
Bond payable due in variable annual installments through October 2041; interest at 2.25%	1,025,000
	<u>\$ 9,952,924</u>

Debt service requirements to retire general obligation bonds for the component unit at June 30, 2012 are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2013	\$ 1,179,398	\$ 447,821	\$ 1,627,219
2014	1,242,196	311,518	1,553,714
2015	1,096,054	257,965	1,354,019
2016	947,685	211,636	1,159,321
2017	641,154	181,265	822,419
2018-2022	2,678,490	571,731	3,250,221
2023-2027	959,546	228,828	1,188,374
2028-2032	701,377	117,882	819,259
2033-2037	244,551	46,279	290,830
2038-2042	262,473	17,502	279,975
	<u>\$ 9,952,924</u>	<u>\$ 2,392,427</u>	<u>\$ 12,345,351</u>

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, 2012, the reimbursement was \$735,381, which consists of \$605,000 in principal and \$130,381 in interest.

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2012**

Interest expense for the year ended June 30, 2012 was \$366,978 on general obligation debt for the Berlin Water Works.

***Notes Payable***

Governmental Activities:

Notes payable for governmental activities at June 30, 2012 is comprised of the following individual issue:

\$5,000,000 Notes payable for various capital projects due in  
semi-annual installments of \$346,335 through December 2018;  
including interest at 2.99% \$ 4,058,707

Debt service requirements to retire notes payable for governmental activities at June 30, 2012 are as follows:

Year Ending June 30,	Principal	Interest	Totals
2013	\$ 573,914	\$ 118,756	\$ 692,670
2014	591,445	101,225	692,670
2015	609,510	83,160	692,670
2016	627,964	64,706	692,670
2017	647,309	45,361	692,670
2018-2019	<u>1,008,565</u>	<u>30,802</u>	<u>1,039,367</u>
	<u>\$ 4,058,707</u>	<u>\$ 444,010</u>	<u>\$ 4,502,717</u>

As included on the Statement of Activities (Exhibit B) as 'Debt service' expense, interest expense for the year ended June 30, 2012 was \$92,005 on notes payable for governmental activities.

Business-type Activities:

Notes payable for business-type activities at June 30, 2012 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  
December 2014; interest at 0% \$ 198,076

Debt service requirements to retire notes payable for business-type activities at June 30, 2012 are as follows:

Year Ending June 30,	Principal
2013	\$ 79,549
2014	79,549
2015	<u>38,978</u>
	<u>\$ 198,076</u>

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2012**

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, 2012 was \$12,390 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, 2012:

Equipment, due in annual installments of \$69,673, including interest at 4.09%, through April 2013	\$ 68,731
Equipment, due in annual installments of \$49,515, including interest at 4.65%, through September 2012	47,315
Equipment, due in annual installments of \$210,513, including interest at 4.295%, through July 2016	927,229
	<u>\$ 1,043,275</u>

Debt service requirements to retire capital lease obligations outstanding for governmental activities at June 30, 2012 are as follows:

Year Ending June 30,	Principal	Interest	Totals
2013	\$ 285,941	\$ 43,800	\$ 329,741
2014	177,337	33,176	210,513
2015	185,105	25,407	210,512
2016	193,214	17,298	210,512
2017	201,678	8,835	210,513
	<u>\$ 1,043,275</u>	<u>\$ 128,516</u>	<u>\$ 1,171,791</u>

***Other Long-Term Obligations***

The City has drawn \$1,804,581 of approximately \$17,200,000 in funds under the State of New Hampshire, State Water Pollution Control Revolving Loan Fund Program for improvements to the Wastewater Treatment Facility Upgrade, Phase 2. Payments are not scheduled to commence until the first anniversary of the scheduled completion date of the project or the date of substantial completion, whichever is earliest. Interest is accrued at 1% during the construction period of the project and is to be paid upon completion of the construction project within the following year. Total funding to date of \$1,804,581 has been reported as 'Other long-term obligations' of the business-type activities.

Additionally, as authorized by the Water Pollution Control Revolving Fund Program, the City shall be provided federal financial assistance for the Wastewater Treatment Facility Upgrade, Phase 2 Project, whereby a portion of the principal sum, not to exceed \$2,000,000 or 30% of aggregate disbursements, whichever is less, will be forgiven. The principal forgiveness will be applied at the time of the initial loan repayment.

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2012**

***Authorized and Unissued Debt***

The following debt was authorized and unissued as of June 30, 2012:

Business-type Funds:	
Sewer Wastewater Treatment Facility Phase II	\$ 15,395,419
Industrial Development Revenue Bonds - Greenova Project	<u>10,000,000</u>
	<u>\$ 25,395,419</u>

**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 \$455,850 as of June 30, 2012. The estimated liability for the post-closure care costs of the East Milan landfill (\$169,500) and the Cates Hill landfill (\$286,350) 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, 2012. 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, 2012:

	Governmental activities	Business-type activities	Totals
Balance - July 1, 2011	\$ 180,800	\$ 298,900	\$ 479,700
Current year expenditures	(1,358)	(1,817)	(3,175)
Net change in estimated liability for postclosure care costs	<u>(9,942)</u>	<u>(10,733)</u>	<u>(20,675)</u>
Balance - June 30, 2012	<u>\$ 169,500</u>	<u>\$ 286,350</u>	<u>\$ 455,850</u>

**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, 2012 are as follows:

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2012**

	<b>Due from</b>				<b>Totals</b>
	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Nonmajor Enterprise Funds</b>	<b>Fiduciary Funds</b>	
<b>Due to:</b> General Fund		\$ 1,098,577	\$ 121,231	\$ 9,812	\$ 1,229,620
Nonmajor Governmental Funds	\$ 2,073,794	21,890			2,095,684
Sewer Fund	3,518,365				3,518,365
Nonmajor Enterprise Funds	522,749				522,749
	<u>\$ 6,114,908</u>	<u>\$ 1,120,467</u>	<u>\$ 121,231</u>	<u>\$ 9,812</u>	<u>\$ 7,366,418</u>

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 \$3,936 to the General Fund for the reimbursement of lot care expenses.

**NOTE 13—RESTRICTED NET ASSETS**

Net assets are restricted for specific purposes as follows:

Permanent Funds - Endowments	\$ 148,478
Permanent Funds - Income	222,359
Capital Projects - Unexpended Debt Proceeds	2,043,137
School Private Grants and Contributions	1,710
	<u>\$ 2,415,684</u>

**NOTE 14—COMPONENTS OF FUND BALANCE**

The components of the City's fund balance for its governmental funds at June 30, 2012 are as follows:

<b>Fund Balances</b>	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Nonspendable:</b>			
Prepaid expenses	\$ 1,654	\$ 23,576	\$ 25,230
Tax deeded property	486,458		486,458
Inventory		10,347	10,347
Permanent funds - Endowments		148,478	148,478
<b>Restricted for:</b>			
Permanent funds - Income		222,359	222,359
Capital projects		2,043,137	2,043,137
School private grants and contributions		1,710	1,710
<b>Committed for:</b>			
Recreation and parks programs		20,937	20,937
<b>Assigned for:</b>			
Continuing appropriations	464,687		464,687
Encumbrances	85,537		85,537
Unity Street Park	335		335
Food service operations		53,198	53,198
Health department		2,036	2,036
Mt. Carberry		5,883	5,883

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2012**

<b>Unassigned (deficit):</b>			
Unassigned - General operations	2,496,001		2,496,001
Airport Authority		(116,463)	(116,463)
	<u>\$ 3,534,672</u>	<u>\$ 2,415,198</u>	<u>\$ 5,949,870</u>

**NOTE 15—TOP TAXPAYERS**

The following are the five major property owners as they relate to the City's total assessed property valuation of \$436,225,540 (as of April 1, 2011):

<u>Taxpayer</u>	<u>Property Valuation</u>	<u>Percentage of Total Valuation</u>
Public Service of New Hampshire	\$ 57,679,000	13.22%
Great Lakes Hydro America, LLC	36,800,000	8.44%
Portland Natural Gas	15,363,000	3.52%
Fisher, L GP	2,227,300	0.51%
DWP Berlin Realty LLC	2,182,400	0.50%

**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, 2012, the City expended \$240,000 under the terms of the emergency ambulance service agreement.

***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, 2012, the City recognized revenue in the amount of \$1,950,119 for the sewer line connection. The City has recognized total contract proceeds of \$7,650,000 through June 30, 2012, with the remaining \$850,000 or 10% being retained until substantial completion of costs to the Federal Bureau of Prisons.

**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.

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2012**

***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.



**SCHEDULE 1**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (Budgetary Basis) - General Fund**  
**For the Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Favorable</u>
				<u>(Unfavorable)</u>
Revenues:				
Taxes	\$ 13,931,676	\$ 13,931,676	\$ 13,843,935	\$ (87,741)
Licenses and permits	1,132,950	1,132,950	1,153,038	20,088
Intergovernmental	13,101,384	13,101,384	13,337,024	235,640
Charges for services	2,168,964	2,109,955	2,209,886	99,931
Interest income	65,000	65,000	3,855	(61,145)
Miscellaneous	142,277	142,277	357,675	215,398
Total Revenues	<u>30,542,251</u>	<u>30,483,242</u>	<u>30,905,413</u>	<u>422,171</u>
Expenditures:				
Current operations:				
General government	2,121,008	2,061,999	2,025,699	36,300
Public safety	4,961,769	4,961,769	4,932,820	28,949
Highways and streets	2,060,325	2,060,325	2,047,391	12,934
Health and welfare	605,015	605,015	615,853	(10,838)
Sanitation	898,979	898,979	769,131	129,848
Culture and recreation	550,631	550,631	574,936	(24,305)
Education	16,311,124	16,311,124	15,937,539	373,585
Capital outlay	837,426	372,739	268,165	104,574
Debt service:				
Principal retirement	1,766,787	1,766,787	1,706,654	60,133
Interest and fiscal charges	195,721	195,721	259,230	(63,509)
Lease payments	333,535	333,535	329,700	3,835
Intergovernmental	<u>1,648,301</u>	<u>1,648,301</u>	<u>1,648,301</u>	<u>-</u>
Total Expenditures	<u>32,290,621</u>	<u>31,766,925</u>	<u>31,115,419</u>	<u>651,506</u>
Excess of revenues over				
(under) expenditures	<u>(1,748,370)</u>	<u>(1,283,683)</u>	<u>(210,006)</u>	<u>1,073,677</u>
Other financing sources:				
Transfers in	<u>7,645</u>	<u>7,645</u>	<u>3,936</u>	<u>(3,709)</u>
Total other financing sources	<u>7,645</u>	<u>7,645</u>	<u>3,936</u>	<u>(3,709)</u>
Net change in fund balance	(1,740,725)	(1,276,038)	(206,070)	1,069,968
Fund balance at beginning of year				
- Budgetary Basis	<u>4,379,816</u>	<u>4,379,816</u>	<u>4,379,816</u>	<u>-</u>
Fund balance at end of year				
- Budgetary Basis	<u>\$ 2,639,091</u>	<u>\$ 3,103,778</u>	<u>\$ 4,173,746</u>	<u>\$ 1,069,968</u>

*See accompanying notes to the required supplementary information*

**SCHEDULE 2**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Schedule of Funding Progress for Other Post-Employment Benefits**  
**For the Year Ended June 30, 2012**

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

*See accompanying notes to the required supplementary information*

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2012**

**NOTE 1—BUDGET TO ACTUAL RECONCILIATION**

***General Fund***

Amounts recorded as budgetary amounts in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund (Schedule 1) are reported on the basis budgeted by the City. Those amounts differ from those reported in conformity with accounting principles generally accepted in the United States of America in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit D). Property tax budgetary revenues are recognized when levied rather than when susceptible to accrual. Budgetary expenditures were adjusted for encumbrances as follows:

	Revenues and Other Financing <u>Sources</u>	Expenditures and Other Financing <u>Uses</u>
Per Exhibit D	\$ 30,889,586	\$ 31,110,684
Difference in property taxes meeting susceptible to accrual criteria	19,763	
Encumbrances, June 30, 2012		85,537
Encumbrances, June 30, 2011		(80,802)
Per Schedule 1	<u>\$ 30,909,349</u>	<u>\$ 31,115,419</u>

**NOTE 2—BUDGETARY FUND BALANCE**

The components of the budgetary fund balance for the General Fund at June 30, 2012 are as follows:

<b><i>Nonspendable:</i></b>	
Prepaid expenses	\$ 1,654
Tax deeded property	486,458
<b><i>Assigned for:</i></b>	
Continuing appropriations	464,687
Unity Street Park	335
<b><i>Unassigned:</i></b>	
Unassigned - General operations	3,220,612
	<u>\$ 4,173,746</u>

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**  
**June 30, 2012**

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

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

**SCHEDULE I**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2012**

<u>Federal Granting Agency/Recipient State Agency/Grant Program/State Grant Number</u>	<u>Federal Catalogue Number</u>	<u>Expenditures</u>
<b>DEPARTMENT OF AGRICULTURE</b>		
Pass Through Payments from New Hampshire Department of Education School Breakfast Program	10.553	\$ 68,761
National School Lunch Program	10.555	297,167
Special Milk Program for Children	10.556	2,725
Fresh Fruit and Vegetable Program	10.582	36,567
<b>Total Department of Agriculture</b>		<b>405,220</b>
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		
Pass Through Payments from New Hampshire Community Development Finance Authority Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii #B-09-SP-NH-0089	14.228	193,300
#09-053-CDHS		239,714
#09-053-NSPH		163,576
#11-053-NSP3		767,136
		<u>1,363,726</u>
<b>Total Department of Housing and Urban Development</b>		<b>1,363,726</b>
<b>DEPARTMENT OF JUSTICE</b>		
Received directly from U.S. Treasury Department Bulletproof Vest Partnership Program	16.607	6,406
Public Safety Partnership and Community Policing Grants #2010UMWX0212	16.710	57,119
Enforcing Underage Drinking Laws Program #2011CD25	16.727	11,989
Edward Byrne Memorial Justice Assistance Grant Program #20110245	16.738	79,542
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government #2009-SB-B9-0508	16.804	5,900
<b>Total Department of Justice</b>		<b>160,956</b>

*See notes to schedule of expenditures of federal awards*

**SCHEDULE I**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**For the Year Ended June 30, 2012**

<u>Federal Granting Agency/Recipient</u> <u>State Agency/Grant Program/State</u> <u>Grant Number</u>	<u>Federal</u> <u>Catalogue</u> <u>Number</u>	<u>Expenditures</u>
<b>DEPARTMENT OF TRANSPORTATION</b>		
Pass Through Payments from New Hampshire		
Department of Transportation		
Airport Improvement Program	20.106	
#SBG-01-03-2010		6,096
#SBG-01-04-2012		40,768
		<u>46,864</u>
 State and Community Highway Safety	 20.600	
#314-11B-003		3,865
#315-11B-084		412
#315-11B-088		4,457
#315-11B-089		2,837
#315-11B-187		2,547
#314-12B-004		411
#315-12B-032		2,363
#315-12B-126		1,288
#315-12B-127		2,522
		<u>20,702</u>
 Alcohol Impaired Driving Countermeasures		
Incentive Grants I	20.601	
#308-11B-079		3,351
#308-11B-174		6,406
#308-12B-056		2,876
		<u>12,633</u>
 Safety Belt Performance Grants	 20.609	
#304-12B-022		2,626
		<u>2,626</u>
<b>Total Department of Transportation</b>		<u>82,825</u>
<b>ENVIRONMENTAL PROTECTION AGENCY</b>		
Pass Through Payments from New Hampshire		
Department of Environmental Services		
Capitalization Grants for Clean Water State Revolving Funds	66.458	
#CS-330111-06		376,872
 Brownfields Assessment and Cleanup Cooperative Agreements,		
Recovery Program	66.818	
#BF-96112501		10,126
#13928		273,317
		<u>283,443</u>
<b>Total Environmental Protection Agency</b>		<u>660,315</u>

*See notes to schedule of expenditures of federal awards*

**SCHEDULE I**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**For the Year Ended June 30, 2012**

<u>Federal Granting Agency/Recipient State Agency/Grant Program/State Grant Number</u>	<u>Federal Catalogue Number</u>	<u>Expenditures</u>
<b>DEPARTMENT OF ENERGY</b>		
Pass Through Payments from New Hampshire Office of Energy and Planning Energy Efficiency and Conservation Block Grant Program (EECBG), Recovery Program #DE-EE0003576	81.128	<u>293,059</u>
<b>Total Department of Energy</b>		<u>293,059</u>
<b>DEPARTMENT OF EDUCATION</b>		
Pass Through Payments from New Hampshire Department of Education Title I Grants to Local Educational Agencies	84.010	
#10012		31,909
#10174		6,043
#20012		763,820
#20174		132,976
#20175		13,034
#20900		6,000
#20901		<u>6,000</u>
		<u>959,782</u>
Special Education - Grants to States	84.027	
#22533		343,422
#22759		<u>1,017</u>
		<u>344,439</u>
Career and Technical Education - Basic Grants to States	84.048	
#25011		<u>63,182</u>
Special Education - Preschool Grants	84.173	
#22736		<u>10,725</u>
Twenty-First Century Community Learning Centers	84.287	
#26282		<u>179,904</u>
Rural Education	84.358	
#26242		<u>18,272</u>
Improving Teacher Quality State Grants	84.367	
#14798		602
#24798		136,219
#25393		6,000
#25394		7,200
#25395		<u>7,200</u>
		<u>157,221</u>

*See notes to schedule of expenditures of federal awards*

**SCHEDULE I**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**For the Year Ended June 30, 2012**

<b>Federal Granting Agency/Recipient State Agency/Grant Program/State Grant Number</b>	<b>Federal Catalogue Number</b>	<b>Expenditures</b>
<b>DEPARTMENT OF EDUCATION (CONTINUED)</b>		
Striving Readers #23811	84.371	<u>2,144</u>
Title I Grants to Local Educational Agencies, Recovery Act	84.389	<u>17,249</u>
Special Education Grants to States, Recovery Act	84.391	<u>3,916</u>
Education Jobs Fund #18134	84.410	<u>9,312</u> <u>249,940</u> <u>259,252</u>
<b>Total Department of Education</b>		<u>2,016,086</u>
<b>DEPARTMENT OF HOMELAND SECURITY</b>		
Pass Through Payments from New Hampshire Department of Homeland Security Homeland Security Grant Program	97.067	<u>6,950</u>
<b>Total Department of Homeland Security</b>		<u>6,950</u>
<b>Total Expenditures of Federal Awards</b>		<u>\$ 4,989,137</u>

*See notes to schedule of expenditures of federal awards*



**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**June 30, 2012**

**NOTE 1—GENERAL**

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

**NOTE 2—BASIS OF ACCOUNTING**

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

**NOTE 3—NON-CASH TRANSACTIONS**

The City participates in the USDA Food Distribution Program which is a non-cash program. On the Schedule of Expenditures of Federal Awards, \$40,073 has been reported as part of the National School Lunch Program which represents the value of commodities received by the City.

**NOTE 4—RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

Major Fund:	
General Fund	\$ 9,312
Nonmajor Governmental Funds:	
Federal Projects Fund	2,006,774
Food Service Fund	365,147
Airport Authority Fund	46,864
Grants Fund	780,369
CDBG Fund	239,714
Neighborhood Stabilization Grant Fund	<u>1,124,012</u>
	<u>\$ 4,572,192</u>

Additionally, the recognition of expenditures of federal awards in the amount of \$376,872 represents thirty percent of the drawdowns from the Clean Water State Revolving Loan Fund Program. Federal financial assistance in the form of principal forgiveness not to exceed \$2,000,000 or 30% of aggregate disbursements, whichever is less, will be forgiven at the time of the initial loan repayment.

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Berlin, New Hampshire, as of and for the year ended June 30, 2012, which collectively comprise the City of Berlin, New Hampshire's basic financial statements, and have issued our report thereon dated April 8, 2013. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Berlin Water Works, component unit of the City, as described in our report on the City of Berlin, New Hampshire's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

*Internal Control Over Financial Reporting*

Management of the City of Berlin, New Hampshire is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Berlin, New Hampshire's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Berlin, New Hampshire's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Berlin, New Hampshire's internal control over financial reporting.

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City of Berlin, New Hampshire in a separate letter dated April 8, 2013.

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

Vachon Clukay & Company PC

April 8, 2013

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

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

Compliance

We have audited the City of Berlin, New Hampshire's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Berlin, New Hampshire's major federal programs for the year ended June 30, 2012. The City of Berlin, New Hampshire's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Berlin, New Hampshire's management. Our responsibility is to express an opinion on the City of Berlin, New Hampshire's compliance based on our audit.

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

In our opinion, the City of Berlin, New Hampshire complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

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

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

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

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

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

Vaehner Clukay & Company PC

April 8, 2013

**City of Berlin, New Hampshire  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2012**

**Section I—Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: unqualified

Internal control over financial reporting:

Material weakness(es) identified?            yes       X       no

Significant deficiency(ies) identified  
not considered to be material weaknesses?            yes       X       none reported

Noncompliance material to financial statements noted?            yes       X       no

**Federal Awards**

Internal Control over major programs:

Material weakness(es) identified?            yes       X       no

Significant deficiency(ies) identified  
not considered to be material weaknesses?            yes       X       none reported

Type of auditor's report issued on compliance  
for major programs: unqualified

Any audit findings disclosed that are required  
to be reported in accordance with  
Circular A-133, Section .510(a)?            yes       X       no

Identification of major programs:

<b><u>CFDA Number(s)</u></b>	<b><u>Name of Federal Program or Cluster</u></b>
66.458	Capitalization Grants for Clean Water State Revolving Funds
66.818	Brownfields Assessment and Cleanup Cooperative Agreements, Recovery Program
81.128	Energy Efficiency and Conservation Block Grant Program (EECBG), Recovery Program
84.010 & 84.389	Title I, Part A Cluster
84.027, 84.173 & 84.391	Special Education Cluster (IDEA)
84.410	Education Jobs Fund

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

Auditee qualified as low-risk auditee?            yes       X       no

**Section II—Financial Statement Findings**

There were no findings relating to the financial statements required to be reported by GAGAS.

**Section III—Federal Award Findings and Questioned Costs**

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

**SCHEDULE A**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Combining Balance Sheet**  
**Governmental Funds - All Nonmajor Funds**  
**June 30, 2012**

	Special Revenue Funds	Permanent Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 85,144	\$ 1,250		\$ 86,394
Investments		365,750		365,750
Accounts receivable	21,452			21,452
Due from other governments	1,174,911			1,174,911
Due from other funds	48,710	3,837	\$ 2,043,137	2,095,684
Prepaid expenses	23,576			23,576
Inventory	10,347			10,347
Total Assets	<u>\$ 1,364,140</u>	<u>\$ 370,837</u>	<u>\$ 2,043,137</u>	<u>\$ 3,778,114</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 184,642			\$ 184,642
Accrued expenses	4,497			4,497
Deferred revenue	53,310			53,310
Due to other funds	1,120,467			1,120,467
Total Liabilities	<u>1,362,916</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,362,916</u>
<b>FUND BALANCES</b>				
Nonspendable	33,923	148,478		182,401
Restricted	1,710	222,359	2,043,137	2,267,206
Committed	20,937			20,937
Assigned	61,117			61,117
Unassigned (Deficit)	(116,463)			(116,463)
Total Fund Balances	<u>1,224</u>	<u>370,837</u>	<u>2,043,137</u>	<u>2,415,198</u>
Total Liabilities and Fund Balances	<u>\$ 1,364,140</u>	<u>\$ 370,837</u>	<u>\$ 2,043,137</u>	<u>\$ 3,778,114</u>



**SCHEDULE A-1**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Combining Balance Sheet**  
**Governmental Funds - All Nonmajor Special Revenue Funds**  
**June 30, 2012**

	Federal Projects Fund	Food Service Fund	Airport Authority Fund	Health Department Fund	Carberry Fund	Grants Fund	CDBG Fund	Neighborhood Stabilization Grant Fund	Recreation and Parks Programs Fund	Combining Totals
<b>ASSETS</b>										
Cash and cash equivalents	\$ 570	\$ 944	\$ 9,347	\$ 3,205		\$ 10,591	\$ 81,939			\$ 85,144
Accounts receivable	605,583	67,623	58,068		\$ 5,883	109,043		\$ 334,594		21,452
Due from other governments						21,890			\$ 20,937	1,174,911
Due from other funds			23,576							48,710
Prepaid expenses										23,576
Inventory		10,347								10,347
Total Assets	<u>\$ 606,153</u>	<u>\$ 78,914</u>	<u>\$ 90,991</u>	<u>\$ 3,205</u>	<u>\$ 5,883</u>	<u>\$ 141,524</u>	<u>\$ 81,939</u>	<u>\$ 334,594</u>	<u>\$ 20,937</u>	<u>\$ 1,364,140</u>
<b>LIABILITIES</b>										
Accounts payable	\$ 47,264		\$ 27,135			\$ 16,878	\$ 16,951	\$ 76,414		\$ 184,642
Accrued expenses			1,267			2,821	409			4,497
Deferred revenue	27,967					22,694	2,649			53,310
Due to other funds	529,212	\$ 15,369	155,476	\$ 1,169		99,131	61,930	258,180		1,120,467
Total Liabilities	<u>604,443</u>	<u>15,369</u>	<u>183,878</u>	<u>1,169</u>	<u>\$ -</u>	<u>141,524</u>	<u>81,939</u>	<u>334,594</u>	<u>\$ -</u>	<u>1,362,916</u>
<b>FUND BALANCES</b>										
Nonspendable		10,347	23,576							33,923
Restricted	1,710								20,937	1,710
Committed										20,937
Assigned		53,198		2,036	5,883					61,117
Unassigned (Deficit)			(116,463)							(116,463)
Total Fund Balances (Deficit)	<u>1,710</u>	<u>63,545</u>	<u>(92,887)</u>	<u>2,036</u>	<u>5,883</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,937</u>	<u>1,224</u>
Total Liabilities and Fund Balances	<u>\$ 606,153</u>	<u>\$ 78,914</u>	<u>\$ 90,991</u>	<u>\$ 3,205</u>	<u>\$ 5,883</u>	<u>\$ 141,524</u>	<u>\$ 81,939</u>	<u>\$ 334,594</u>	<u>\$ 20,937</u>	<u>\$ 1,364,140</u>

**SCHEDULE B****CITY OF BERLIN, NEW HAMPSHIRE****Combining Statement of Revenues, Expenditures and Changes in Fund Balances****Governmental Funds - All Nonmajor Funds****For the Year Ended June 30, 2012**

	Special Revenue <u>Funds</u>	Permanent <u>Funds</u>	Capital Projects <u>Fund</u>	Total Nonmajor Governmental <u>Funds</u>
Revenues:				
Intergovernmental	\$ 4,634,539			\$ 4,634,539
Charges for services	436,723			436,723
Interest income	2	\$ 11,783		11,785
Miscellaneous	245,283			245,283
Total Revenues	<u>5,316,547</u>	<u>11,783</u>	<u>\$ -</u>	<u>5,328,330</u>
Expenditures:				
Current operations:				
General government	406,540			406,540
Public safety	214,433			214,433
Airport/Aviation center	226,126			226,126
Health and welfare	494			494
Sanitation	148			148
Culture and recreation	53,707			53,707
Economic development	1,647,169			1,647,169
Education	2,132,055			2,132,055
Food service	599,437			599,437
Capital outlay	51,714		416,083	467,797
Total Expenditures	<u>5,331,823</u>	<u>-</u>	<u>416,083</u>	<u>5,747,906</u>
Excess of revenues over (under) expenditures	<u>(15,276)</u>	<u>11,783</u>	<u>(416,083)</u>	<u>(419,576)</u>
Other financing sources (uses):				
Proceeds from notes payable issued			3,345,000	3,345,000
Transfers out		(3,936)		(3,936)
Total other financing sources (uses)	<u>-</u>	<u>(3,936)</u>	<u>3,345,000</u>	<u>3,341,064</u>
Net change in fund balances	(15,276)	7,847	2,928,917	2,921,488
Fund balances (deficit) at beginning of year	<u>16,500</u>	<u>362,990</u>	<u>(885,780)</u>	<u>(506,290)</u>
Fund balances at end of year	<u>\$ 1,224</u>	<u>\$ 370,837</u>	<u>\$ 2,043,137</u>	<u>\$ 2,415,198</u>

**SCHEDULE B-1**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds - All Nonmajor Special Revenue Funds**  
**For the Year Ended June 30, 2012**

	Federal Projects Fund	Food Service Fund	Airport Authority Fund	Health Department Fund	Carberry Fund	Grants Fund	CDBG Fund	Neighborhood Stabilization Grant Fund	Recreation and Parks Programs Fund	Combining Totals
<b>Revenues:</b>										
Intergovernmental	\$ 2,063,807	\$ 374,170	\$ 48,317		\$ 210	\$ 784,519	\$ 239,714	\$ 1,124,012	\$ 37,966	\$ 4,634,539
Charges for services		188,293	210,254							436,723
Interest income				\$ 2						2
Miscellaneous	68,789		43,345	195		132,954				245,283
<b>Total Revenues</b>	<u>2,132,596</u>	<u>562,463</u>	<u>301,916</u>	<u>197</u>	<u>210</u>	<u>917,473</u>	<u>239,714</u>	<u>1,124,012</u>	<u>37,966</u>	<u>5,316,547</u>
<b>Expenditures:</b>										
<b>Current operations:</b>										
General government						406,540				406,540
Public safety						214,433				214,433
Airport/Aviation center			226,126							226,126
Health and welfare				494						494
Sanitation					148					148
Culture and recreation						13,057			40,650	53,707
Economic development						283,443	239,714	1,124,012		1,647,169
Education	2,132,055									2,132,055
Food service		599,437								599,437
Capital outlay			51,714							51,714
<b>Total Expenditures</b>	<u>2,132,055</u>	<u>599,437</u>	<u>277,840</u>	<u>494</u>	<u>148</u>	<u>917,473</u>	<u>239,714</u>	<u>1,124,012</u>	<u>40,650</u>	<u>5,331,823</u>
Net change in fund balances	541	(36,974)	24,076	(297)	62	-	-	-	(2,684)	(15,276)
Fund balances (deficit) at beginning of year	1,169	100,519	(116,963)	2,333	5,821	-	-	-	23,621	16,500
Fund balances (deficit) at end of year	<u>\$ 1,710</u>	<u>\$ 63,545</u>	<u>\$ (92,887)</u>	<u>\$ 2,036</u>	<u>\$ 5,883</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,937</u>	<u>\$ 1,224</u>

**SCHEDULE C**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Combining Statement of Net Assets**  
**All Nonmajor Proprietary Funds**  
**June 30, 2012**

	Industrial Development and Park Authority Fund	Courthouse Fund	Cates Hill Landfill Fund	Combining Totals
<b>ASSETS</b>				
Current Assets:				
Due from other governments			\$ 124,888	\$ 124,888
Due from other funds	\$ 225,643		297,106	522,749
Total Current Assets	<u>225,643</u>	<u>\$ -</u>	<u>421,994</u>	<u>647,637</u>
Noncurrent Assets:				
Non-depreciable capital assets	49,838			49,838
Depreciable capital assets, net	1,041,559	115,592		1,157,151
Total Noncurrent Assets	<u>1,091,397</u>	<u>115,592</u>	<u>-</u>	<u>1,206,989</u>
Total Assets	<u>\$ 1,317,040</u>	<u>\$ 115,592</u>	<u>\$ 421,994</u>	<u>\$ 1,854,626</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	\$ 280	\$ 115		\$ 395
Deferred revenue	3,425			3,425
Due to other funds		121,231		121,231
Current portion of notes payable	79,549			79,549
Current portion of estimated liability for landfill postclosure care costs			\$ 12,450	12,450
Total Current Liabilities	<u>83,254</u>	<u>121,346</u>	<u>12,450</u>	<u>217,050</u>
Noncurrent Liabilities:				
Notes payable	118,527			118,527
Estimated liability for landfill postclosure care costs			273,900	273,900
Total Noncurrent Liabilities	<u>118,527</u>	<u>-</u>	<u>273,900</u>	<u>392,427</u>
Total Liabilities	<u>201,781</u>	<u>121,346</u>	<u>286,350</u>	<u>609,477</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	1,091,397	115,592		1,206,989
Unrestricted (Deficit)	23,862	(121,346)	135,644	38,160
Total Net Assets (Deficit)	<u>1,115,259</u>	<u>(5,754)</u>	<u>135,644</u>	<u>1,245,149</u>
Total Liabilities and Net Assets	<u>\$ 1,317,040</u>	<u>\$ 115,592</u>	<u>\$ 421,994</u>	<u>\$ 1,854,626</u>

**SCHEDULE D**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Combining Statement of Revenues, Expenses and Changes in Net Assets**  
**All Nonmajor Proprietary Funds**  
**For the Year Ended June 30, 2012**

	Industrial Development and Park Authority Fund	Courthouse Fund	Cates Hill Landfill Fund	Combining Totals
Operating revenues:				
Miscellaneous	\$ 158,584		\$ 5,262	\$ 163,846
Total operating revenues	<u>158,584</u>	<u>\$ -</u>	<u>5,262</u>	<u>163,846</u>
Operating expenses:				
Personnel services		6,070		6,070
Repairs and maintenance	16,831	1,016		17,847
Administrative	14,393	371		14,764
Materials and supplies	17			17
Utilities	3,377	6,140		9,517
Bad debt expense			3,664	3,664
Depreciation	50,517	6,321		56,838
Total operating expenses	<u>85,135</u>	<u>19,918</u>	<u>3,664</u>	<u>108,717</u>
Operating income (loss)	<u>73,449</u>	<u>(19,918)</u>	<u>1,598</u>	<u>55,129</u>
Non-operating revenues (expenses):				
Interest revenue	140			140
Interest expense	(12,390)			(12,390)
Net non-operating revenues (expenses)	<u>(12,250)</u>	<u>-</u>	<u>-</u>	<u>(12,250)</u>
Change in net assets	61,199	(19,918)	1,598	42,879
Total net assets at beginning of year	<u>1,054,060</u>	<u>14,164</u>	<u>134,046</u>	<u>1,202,270</u>
Total net assets (deficit) at end of year	<u>\$ 1,115,259</u>	<u>\$ (5,754)</u>	<u>\$ 135,644</u>	<u>\$ 1,245,149</u>

**SCHEDULE E**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Combining Statement of Cash Flows**  
**All Nonmajor Proprietary Funds**  
**For the Year Ended June 30, 2012**

	Industrial Development and Park Authority Fund	Courthouse Fund	Cates Hill Landfill Fund	Combining Totals
Cash flows from operating activities:				
Cash received from customers	\$ 161,755	\$ 2,821	\$ 10,876	\$ 175,452
Cash paid to suppliers	(27,709)	(5,862)	(14,322)	(47,893)
Cash paid to employees		(7,752)		(7,752)
Net cash provided (used) by operating activities	<u>134,046</u>	<u>(10,793)</u>	<u>(3,446)</u>	<u>119,807</u>
Cash flows from capital and related financing activities:				
Principal paid on notes payable	(153,205)			(153,205)
Interest paid on long-term debt	(12,390)			(12,390)
Purchases of capital assets	(54,125)			(54,125)
Net cash (used) for capital and related financing activities	<u>(219,720)</u>	<u>-</u>	<u>-</u>	<u>(219,720)</u>
Cash flows from investing activities:				
Interest on investments	140			140
Net cash provided by investing activities	<u>140</u>	<u>-</u>	<u>-</u>	<u>140</u>
Net (decrease) in cash and cash equivalents	(85,534)	(10,793)	(3,446)	(99,773)
Cash and cash equivalents (deficiency) at beginning of year	311,177	(110,438)	300,552	501,291
Cash and cash equivalents (deficiency) at end of year	<u>\$ 225,643</u>	<u>\$ (121,231)</u>	<u>\$ 297,106</u>	<u>\$ 401,518</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 73,449	\$ (19,918)	\$ 1,598	\$ 55,129
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Bad debt expense			3,664	3,664
Depreciation expense	50,517	6,321		56,838
Changes in assets and liabilities:				
Accounts receivable	3,867	2,821		6,688
Due from other governments			5,614	5,614
Prepaid expenses	6,629			6,629
Accounts payable	280	80	(1,772)	(1,412)
Accrued expenses		(97)		(97)
Deferred revenue	(696)			(696)
Estimated liability for landfill postclosure care costs			(12,550)	(12,550)
Net cash provided (used) by operating activities	<u>\$ 134,046</u>	<u>\$ (10,793)</u>	<u>\$ (3,446)</u>	<u>\$ 119,807</u>

## 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.

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## 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-

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The City of Berlin's Annual Report is available at [www.berlinnh.gov](http://www.berlinnh.gov)



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