

City Of Berlin, NH

Annual Report

Fiscal Year July 1, 2012 to June 30, 2013



Community Resources:

| Agency | Program(s) Offered | Contact info: |
|---------------------------------------|---|--|
| Tri-county Community Action Program | Electric discount program, Fuel Assistance, Neighbor Helping Neighbor, Homeless Programs | 752-3248 788-2683 (homeless outreach) |
| 211 | Referral to resources, after hour homeless outreach | 211 |
| Salvation Army | After school youth programing, friendly dinner last 2 Mondays of month, food pantry (t, th 9-12), faith based support | Cole Street, Berlin 752-1644 |
| Harvest Christian Fellowship | Food Pantry (M-F, 8-12,1-2pm); soup kitchen Wednesday evening, youth group Thursday evening; faith based support | Willow Street |
| Catholic Charities | Counseling, community outreach | 752-1325 |
| Ecumenical Food Pantry | Tues, Fri (2:00-3:30) | |
| Department of Health & Human Services | Food stamps, Medicaid, TANF, APTD, Old Age Assistance | 752-7800 |
| Northern Human Services | Mental Health, Community support | 752-7434 |
| Coos County Family Health Services | Health Care (sliding fee), medication programs, domestic violence assistance, nutrition support | 752-2040, Pleasant St & Page Hill |
| Community Bible Church | Faith based support, soup kitchen (thurs evening) | Sullivan St |
| Berlin Housing Authority | Section 8 housing, housing vouchers, public housing | 752-4240, 10 Serenity Circle |



Mayor Paul Grenier with honored volunteers Katsko Zintchenko, Mandy Woods, and Jesse Arsenault

Berlin City Council

Fiscal Year July 1, 2012 to June 30, 2013

Mayor

Paul Grenier

Councilors:

Russell Otis

Lucie Remillard

Paula Benski

Denise Morgan-Allain

Michael Rozek

Peter Higbee

Diana Nelson

Roland Théberge



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

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Photo credits to: Eric Kaminsky, Barbara Tetreault, Linda White, NH Department of Resources & Economic Development, Paula Kinney, Terry Letarte, Denise Jensen

CITY MANAGER'S REPORT

The City's effort to improve its housing stock continues, though in 2013 there was much less Federal money available. The City took 36 properties by tax deed and those properties not repurchased by the former owner will be sold or torn down, depending on their condition. By mandating building improvements in the terms of the tax sale, homes purchased have to be brought up to code. With an appropriation of \$75,000.00, several dilapidated properties were torn down.

The Federal Bureau of Prisons continues to work on staffing the new prison and they currently have about 200 inmates. When they are in full operation, it is expected that they will have 330 staff and 1400 inmates. The BOP agreed to pay \$8.5 million to the City for sewer improvements and thus far 90% of that has been paid.

In September of 2013, approximately 70 Arabian horses and their owners gathered at the Brown Company Barns in Berlin which is the birthplace of the Arabian Horse Club of America. Since the club's founding in 1912



by William Robinson Brown, the Arabian Horse Club of America has gone to great lengths to preserve the tradition and integrity of this important horse breed. As the club prepares to celebrate its 100th anniversary, The Berlin and Coos County Historical Society has partnered with the members of

the Arabian Horse Club of America to bring these majestic horses to Berlin for a day consisting of 50 and 25 mile cross-country endurance races, as well as a 10 mile recreational ride.

On October 29, 2012 Tropical Storm Sandy made an appearance in Berlin and the City fared very well. There were some downed trees, and a traffic light fell into the street on Main Street, however damage was minimal.

Phase II of the Route 110 Project is underway. Property purchases along the route are substantially complete and demolition will take place in the spring and summer and construction to begin in the fall of 2013. The latest estimate for the project is \$11,863,671 or an increase of \$946,500 from the estimate of last October. To date the City has paid \$1,383,434 toward its match leaving an estimate of \$989,300 to be paid.

FEMA updated the City's flood plain maps effective February of 2013. This update considerably increased the number of properties in the flood plain thereby increasing the number of properties being required to obtain flood insurance by their banks.

Mayor Paul Grenier and the city council made the announcement that former City Engineer James Wheeler is the full-time City Manager as of June 1. The new city manager grew up Berlin, worked for the city, and has children in the Berlin school system. A seamless transition is expected.

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 Robert E Pelchat agreed to serve another three year term on the Board of Assessors. He has served on the Board since April 2001. He has attended many Assessing seminars in order to keep up with State laws. He was reappointed by the Mayor and approved by Council at their February 18, 2013 meeting. This term will expire on March 31, 2016.

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 property 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 continues 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 2012 equalized ratio is 114.6%.

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 notice 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, 2013. This is the fifth 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, (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.

Sincerely,

BOARD OF ASSESSORS

Robert Goddard, Chairperson

Kem Rozek, Member

Robert Pelchat, Member

SUMMARY INVENTORY OF TAXABLE PROPERTY - APRIL 1, 2012 & APRIL 1, 2013

| | APRIL 1, 2012 | APRIL 1, 2013 |
|---------------------------------------|--------------------|--------------------|
| Land | 50,809,493 | 50,196,459 |
| Building | 277,445,293 | 278,753,003 |
| Public Utilities | * 110,452,300 | 125,373,000 |
| GROSS VALUATION | 438,707,086 | 454,322,462 |
| Blind Exemptions | 120,000 | 60,000 |
| Elderly Exemptions | 2,914,800 | 2,637,900 |
| Imp. To Assist Persons w/Disabilities | 43,470 | 43,470 |
| Water/Air Poll. Cont. Exem. | 3,458,600 | 5,584,700 |
| TOTAL EXEMPTIONS | 6,536,870 | 8,326,070 |
| NET VALUATION W/UTILITIES | 432,170,216 | 445,996,392 |

EXEMPTIONS GRANTED

| | APRIL 1, 2012 | | APRIL 1, 2013 | |
|-----------------------|---------------|------------|---------------|------------|
| TYPE | # | Tax Amount | # | Tax Amount |
| Elderly | 92 | 94,177. | 80 | 87,051. |
| Blind | 8 | 3,877. | 4 | 1,980. |
| Physically Handicap | 4 | 1,405. | 4 | 1,435. |
| Water/Air Poll. Cont. | 1 | 111,747. | 2 | 184,295. |
| Veterans | 555 | 91,425. | 538 | 89,975. |

OTHER ACTIVITIES

| TYPE | 4-1-2011 to 3-31-2012 | | 4-1-2012 to 3-31-2013 | |
|------------------------------|-----------------------|----------|-----------------------|--------|
| Yield Tax | 6 | 6,020.94 | 1 | 65.02 |
| Excavation Tax | 3 | 123.68 | 2 | 155.78 |
| Property Transfers Processed | 320 | | 290 | |

*The State Education Tax rate for tax year 2013 per thousand is \$ 2.26; the town rate is \$ 17.82; the school rate is \$ 9.43; and the county rate is \$ 3.49 for a total tax rate of \$ 33.00 per thousand. Utilities valuations are **not** taxed locally for the State Education portion.

CITY CLERK'S OFFICE

ELECTIONS

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

State Primary Election:

September 11, 2012 – 34% Total City Votes

Presidential General Election:

November 6, 2012 - 89% Total City Votes

LICENSES

The following Licenses were issued by the City Clerk's Department from 7/1/2012-6/30/2013:

Dog Licenses: 910

Fish & Game Licenses: 129

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

ORDINANCES

2012

2012.04: Ch. 13 OHRV Open Streets on Special Events

2012.05: Ch. 8 Housing Compliance Cert. Non-owners

2012.06: Ch. 17 Zoning Uses by Special Exception

2012.07: Ch. 17 Zoning Accessory Uses & Buildings

2012.08: Ch. 17 Zoning Accessory Building Height

2012.09R1: Ch. 12 Solid Waste Disposal/Penalties

2012.10: Ch. 13 Bickford Place Park No Smoking/Hours

2012.11: Ch. 8 Bedbugs Excluded / Vector Definition

2012.12: Ch 17 Zoning – NO ACTION

2013

2013.01: Ch. 10.5 PD Nuisance Activity

2013.02: Ch. 17 Zoning Flood Insurance Maps

2013.03: Ch. 4 Building Permit Fees

2013.04: Ch. 9 Restaurant License Fees

2013.05: Ch. 15 Remove Disable Parking/240 School St.

2013.06: Ch. 6 FD Multi-family Classification Fees

2013.07: Ch. 8 Housing Cert. Compliance Inspect. Fees

VITAL RECORDS

The following vital statistics were recorded:

| YEARS | 2010/11 | 2011/12 | 2012/13 |
|----------|---------|---------|---------|
| Marriage | 47 | 62 | 47 |
| Birth | 92 | 76 | 81 |
| Death | 147 | 124 | 124 |

RESOLUTIONS

2012

2012.21: CAP \$12k Donated - Rec. Dept. Summer Prog.

2012.22: FD \$5k Emergency Response Plan Update

2012.23: FD \$600 Reprogram Radios/Em. Mgt Radios

2012.24: Rec. Dept. \$518 Donation from L. Viger Family

2012.25: Laura Viger Garden Fund (\$620 donated)

2012.26: FOE \$100 Donation to Playground Programs

2012.27: Presby Env. Donate \$500 to PWD, FD, PD, WW

2012.28: Carry Over \$464,687 FY'12 Cap. Appropriation

2012.29: BIDPA Sold 145 Main St for \$131,000

2012.30: School \$89k/bus & Pave; Rec Dept \$8k tennis ct.

2012.31: School \$10M Race to Top District Grant

2012.32: Brownfield \$200k Community Assess. Grant

2012.33: PD \$2k Homeland Sec. Communication Grant

2012.34: State Candidates to support Legis State Aid Grant

2012.35: PD \$35,555 to Purchase Portable Radio Equip.

2012.36: 702 Glen Ave Sold to Sullivans \$500

2012.37: 717 5th Avenue Sold to Barry Kelley \$5k

2012.38: PD \$6k Underage Drinking Grant from DOJ

2013

2013.01: CDFA \$500k – NO ACTION

2013.02: BIDPA to Oversee 121 Main St. tax deeded prop.

2013.03: CDBG \$500k for AHEAD School St. Housing

2013.04: BWW \$1M Infrastructure Improvement Project

2013.05: 180 Glen Ave Sold to Jim Lavertue \$10k

2013.06: Rec Dept Easter Eggstravaganza (\$343)

2013.07: PD Highway Safety Project Grants FY'14

2013.08: Refinance \$5M Bond in Res. 2009-43

2013.09: Attitash Donates \$2,600-Rec Dept Ski Program

2013.10: Wal-Mart donates \$2,500 to Police Dept

2013.11R1: FY'14 City Budget

2013.12: Revise FY'13 School Fund10 \$250,894

2013.13: FD \$610k Safer Grant Application for Staffing

Respectfully submitted,
Debra A. Patrick, CMC
Berlin City Clerk

Housing Coordinator

Abraham Lincoln in speaking about progress, once said: *"I am a slow walker, but I never walk back"*.

I often have to remember that the revitalization of a City and economic growth is always a step by step process. However in 2013 we saw some encouraging trends and modest improvement on the Housing Front.

- In April, the number of properties taken by Tax Deed declined 20% from 2012, with an additional six properties repurchased during the statutory time period, reducing this number further to 35% fewer properties obtained by the City than the previous year.
- Additionally, there are indications that point toward the stabilization of the rental market within the City. Fewer units due to removal of substandard housing through the tax deed process, code enforcement and demolition, have pushed supply and demand toward equilibrium, resulting in greater demand for excellent units and higher rents.

2013 also brought about a new wave of community pride and creativity as community members weighed in on suggestions for the re-use of key properties, particularly in our visible downtown areas; resulting in the completion of the 3 Glen Ave park and municipal parking

area and plans for a Community Garden at 115 Mason St.

We continue to be grateful for the ongoing partnerships and relationships with local contractors, state and federal agencies as they support the work here in Berlin. A summary of those partnerships and accomplishments follow:

Nighborhood Stabilization continues...

The influx of \$4,590,060 in Federal Neighborhood Stabilization Grant funds for rehabilitation, awarded to the City of Berlin provided the impetus to address some of our most challenging neighborhoods in the past 7 years. Although this funding source was winding down in 2013, the partnerships formed with local investors and craftsmen continues to make its mark on our city. With the completion of 83 Mason Street under the Neighborhood Stabilization Grant, TKB Properties, LLC continued to invest privately, purchasing and rehabilitating 97 Main Street into luxury apartments and retail space and more recently has purchased and begun the rehabilitation of 590 Goebel Street. Many other private investors and citizens have also contributed to the improvement and beautification of their neighborhoods, and we are encouraged daily by the ongoing signs of improvement by individual homeowners and businesses.



NSP 1 - 81-83 Mason Street (Before and after revitalization)

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. From 2007 to the present, **\$2,858,240.00** from these combined sources have contributed to the removal of **57 blighted buildings** (representing **178 Units**) in the City of Berlin.



3 Glen Avenue.... during



3 Glen Avenue... after



554 Hillsboro....during



554 Hillsboro... after

Reinvestment

Re-establishing our neighborhoods and community as a place that is desirable to live and work, must also incorporate re-investment and development. In 2013, we were pleased to see that many of our friends and neighbors wanted to do just that. Land from buildings

that had been demolished were purchased and merged by abutters, and other properties sold for re-development; many by local neighbors and contractors. Twelve (12) land parcels (two were merged prior to sale) and eleven (11) single & multi-family homes were sold and put back on the tax rolls.

REVENUES FROM PROPERTY & LAND SALES – 2013

LAND

| <u>Map/Lot</u> | <u>Address</u> | <u>Acres</u> | <u>Assessment</u> | <u>Min. Bid</u> | <u>Bid Amount</u> |
|----------------|----------------------|--------------|-------------------|-----------------|--------------------|
| 128-164 | 483 School St. | 0.11 | \$4,400.00 | \$1,466.00 | \$1,466.00 |
| 129-24 | 12 Cambridge St | 0.05 | \$6,100.00 | \$2,034.00 | \$2,039.00 |
| 119-394 | 729 & 735 Second Ave | 0.34 | \$16,200.00 | \$2,500.00 | \$2,505.00 |
| 130-146 | 216 Grafton St | 0.06 | \$6,600.00 | \$1,000.00 | \$1,000.00 |
| 120-273 | 360 High St. | 0.11 | \$9,300.00 | \$2,000.00 | \$2,000.00 |
| 114-08 | 702 Glen Ave | 0.5 | \$7,700.00 | N/A | \$500.00 |
| 118-032 | 33 Gilbert St. | 0.05 | \$6,000.00 | \$1,000.00 | \$1,000.00 |
| 131-044 | Hillsboro St. | 0.11 | \$8,700.00 | \$1,000.00 | \$1,100.00 |
| 131-045 | Hillsboro St. | 0.11 | \$8,300.00 | \$1,000.00 | \$1,100.00 |
| 128-190 | 687 & 695 Main | 0.23 | \$7,700.00 | \$7,700.00 | \$8,013.00 |
| | | | | | \$20,723.00 |

PROPERTIES

| | | | | | |
|---------|---------------------|------|-------------|-------------|---------------------|
| 110-128 | 662 Sixth Avenue | 0.11 | \$46,900.00 | \$9,380.00 | \$13,333.00 |
| 118-029 | 79 Hamlin Street | 0.03 | \$36,100.00 | \$5,415.00 | \$5,500.00 |
| 119-357 | 119 Roderick Street | 0.12 | \$56,900.00 | \$11,380.00 | \$12,860.00 |
| 120-218 | 208 Collins Street | 0.11 | \$46,700.00 | \$9,340.00 | \$11,620.00 |
| 128-068 | 438 Hillside Avenue | 0.21 | \$55,500.00 | \$13,875.00 | \$25,110.00 |
| 129-131 | 621 Burgess Street | 0.11 | \$70,400.00 | \$14,080.00 | \$20,300.00 |
| 110-066 | 819 Fourth Avenue | 0.11 | \$74,600.00 | \$11,190.00 | \$12,025.00 |
| 117-55 | 180 Glen Avenue | 0.23 | \$40,400.00 | N/A | \$10,000.00 |
| 130-377 | 590 Goebel Street | 0.23 | \$47,200.00 | \$7,080.00 | \$3,100.00 |
| 111-098 | 6 Rouleau Road | 0.12 | \$69,100.00 | \$10,360.00 | \$11,620.00 |
| 130-247 | 538 Burgess Street | 0.11 | \$51,400.00 | \$10,280.00 | \$10,280.00 |
| | | | | | \$135,748.00 |

FY 2013 REVENUE FROM PROPERTY & LAND SALES:

\$156,471.00

Historic and Commercial Properties:

Extensive costs in clean-up and rehabilitation have been a deterrent toward re-investment in some of Berlins' larger historic properties. The former Notre Dame High School has been a shining "exception" and hopeful star on the horizon. A concerted 11-year effort by local, state and government agencies and the united voice of *Project Rescue Notre Dame*, is finally yielding results as renovations begin this fall for 33 adult living units.

Working with BIDPA, the City Manager and Community Development Director, we continue to assess economic & recreation opportunities and re-investment in other historic sites including the old City Court House, Bartlett School, former Bass Shoe

industrial site, Brown Research Buildings and Dummer Yard. The reduction in federal assistance for clean-up and rehabilitation will demand greater creativity and innovation as we move forward. I am confident in the success of Berlins' future, and honored to work alongside the staff, council and citizens whose heart and determination continues to be unwavering.

Respectfully submitted,

Linda White

Housing Coordinator

Planning Department

Moving Downtown Forward continues to be focal point for the Planning Department. Several projects are ongoing in downtown related to the initiative. Main Street Program chairperson Sylvia Poulin has kept projects moving and works with most City departments to create space downtown that has curb appeal – something we were told was necessary to attract businesses to downtown. The Main Street Program held its second annual Day of Caring which was another huge success with dozens of volunteers coming to spruce downtown up for summer. The Moving Downtown Forward Committee continues to focus on the gateway to downtown and hopes to wrap up those improvements by next summer.



The Berlin Industrial Development and Park Authority sold the former Rite Aid building downtown to a developer that works with Family Dollar, which moved from its former location next door into the new building this spring. The park adjacent to the building remains in the ownership of the City.

The Route 110 Phase II Realignment Project continues with all of the demolitions complete. The project will be advertised over the summer and a contractor will be chosen by fall. 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.facebook.com/BerlinNewHamps>
[hire](#)

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 and Nursing Services



The City of Berlin serves the public's health needs both through its public health function and through its home health services.

With the retirement of the former City Manager, Patrick MacQueen, who had been doing these inspections, the Mayor and Council looked at whether or not Berlin should remain a self-inspecting city in regards to food licensing. After considering what changes would need to be made and the possible monetary effect on area businesses it was decided that the function should remain local. The Food ordinances were then updated. The fee for a year license is \$50 as of April 2013. The Health Officer performs one scheduled inspection for food licensing and will be conducting unscheduled inspections randomly. The Health Officer is charged with inspecting restaurants for health and safety issues and issuing food licenses and investigating complaints.

The Health Officer also takes health complaints from the public and inspects whether these issues are in conflict with the local health and safety ordinances or state laws. If a complaint is found to be valid the Health Officer is charged with enforcing the local ordinances and state laws.

We have several other public health functions that we provide. Below is a list of those services and the number of community members served. We also provide health information to community members.

| Clinic Type | # of Patients |
|---|-------------------|
| Cholesterol/Blood Sugar/Blood Pressure | 237 |
| Community Events | 1 |
| Flu Vaccines | 205 |
| Head Checks | 27=child, 3=Adult |
| Hepatitis B | 4 |
| Berlin Health Department Foot Care Clinic | 218 |
| Mantoux Tests | 269 |
| Walk-in Blood Pressures | 41 |
| Prox readings | 13 |
| Other Adult Visits Walk-in | 20 |
| Northern Lights Blood Pressure Clinic | 19 |
| St. Regis Blood Pressure Clinic | 91 |
| Wal-Mart Blood Pressure Clinic | 35 |
| Holiday Center Blood Pressure Clinic | 209 |
| Cornerstone Foot Clinic | 14 |
| In Home Foot Care Clinic (for home bound individuals) | 139 |
| Resource Center Blood Pressure Clinic | 102 |
| B-12 Injections | 94 |
| Other Injections | 154 |
| Other child visits | 30 |

Our normal Home Health patient census is around 70 patients. In Fiscal Year 2013 we provided Home Health Services including skilled nursing, home health aides, physical therapy, occupational therapy and speech therapy to over 102 non-duplicated patients. The office accepts Medicaid, Medicare, private insurance and self-pay as well as

payment from the V.A. 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.

Berlin Health Dept Staff: Peter Garneau RN, Polly Tourangeau RN, Rita Gagnon LPN, Yvette Leighton RN, Danielle Warner, Sharon Pelletier LPN, Angela Martin Giroux, Helen Poirier, Tom Bennet RN

| Service: | Fee: |
|-----------------------|--|
| Foot Clinic | In Home: \$18.00 In Office: \$15.00 |
| Cholesterol Screening | \$15.00 |
| TB testing | \$15.00 |
| B12 Injection | \$8.00 |
| Diabetic Screening | \$1.00 |
| Blood Pressure | \$1.00 |
| Hepatitis Series | \$35.00 |

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

Angela Martin Giroux
Health & Welfare Director

| | | | |
|---|--|---------|-----------------|
| As of January 7, 2013 (Subject to Revision) | | | |
| 2013 BUDGET SCHEDULE | | | |
| For The FY 2013/2014 Budget | | | |
| MONDAY MARCH 4 | CITY MANAGER PRESENTS BUDGET TO COUNCIL | | |
| MONDAY MARCH 11 | BOARD OF EDUCATION | | 6:30 PM |
| WEDNESDAY MARCH 13 | ADMINISTRATION GENERAL GOV'T DEBT | | 6:30 PM |
| | AIRPORT | | |
| | BIDPA | | |
| | OUTSIDE AGENCIES | 412 | |
| WEDNESDAY MARCH 20 | SAFETY DIVISION: | | 6:30 PM |
| | POLICE | 420 | |
| | AMBULANCE | 423 | |
| MONDAY MARCH 25 | FIRE | 421,424 | 6:30 PM |
| | HOUSING | 425 | |
| WEDNESDAY MARCH 27 | PUBLIC WORKS DIVISION: | | 6:30 PM |
| | STREET LIGHTING | 422 | SOLID WASTE 436 |
| | PUBLIC WORKS | 430 | SEWER USER 432 |
| | ENGINEERING | 431 | |
| WEDNESDAY APRIL 3 | COMMUNITY SERVICES DIVISION | | 6:30 PM |
| | HEALTH | 440 | WELFARE 441 |
| | LIBRARY | 451 | RECREATION 450 |
| MONDAY APRIL 8 | COUNCIL WORKS ON PROPOSED BUDGET | | 6:30 PM |
| | <i>School Dept Print Slips April 15, 2013</i> | | |
| MONDAY MAY 6 | COUNCIL DECISION FOR PUBLISHING THE BUDGET | | |
| WEDNESDAY MAY 8 | NOTICE OF PUBLIC HEARING AND PROPOSED BUDGET IS ADVERTISED. <i>At least 7 days (one week) before the public hearing. 5/15 last possible</i> | | |
| WEDNESDAY MAY 22 | PUBLIC HEARING ON PROPOSED BUDGET | | 6:30 PM |
| MONDAY JUNE 3 | THE FIRST READING OF THE RESOLUTION FOR THE PROPOSED BUDGET. | | |
| MONDAY, JUNE 17 | THE BUDGET RESOLUTION IS ADOPTED | | |
| --ALL COMMITTEE MEETINGS WILL BE HELD AT CITY HALL-- | | | |
| ACTION MUST TAKE PLACE NO LATER THAN MIDNIGHT, JUNE 20, 2013 (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. | | | |

RECREATION

Berlin Recreation strives to offer as many leisure programs and opportunities as our budget allows. Expansion and continuation of our programs consistently depends on contributions from individuals and businesses as well as working with other city departments.

Over a year in the works, Berlin Recreation, as part of the HEAL (Healthy Eating/Active Living) Grant Committee, headed by Health/Welfare Director Angela Martin Giroux and many others have been reaching out to the community with public forums



Playground participants enjoying USDA lunch

and gatherings. Based on the feedback received, the HEAL Grant Committee will soon be developing community gardens and putting together a small playground on Mason Street. The Mason Street property became available thanks to the hard work of Housing Coordinator Linda White as she oversaw the demolition of dilapidated buildings. The HEAL Grant Committee will also be developing area markers and maps for the many walkers/hikers/travelers to discover all the beauty Berlin has to offer.

Summer Playground participants at Brown, Community and Brookside as well as Heritage House enjoyed 1,236 lunches and 1,274 snacks during the 2012 five week summer season. With USDA funding and

Senior Meals (a Tri-County CAP agency) under the direction of Leila Villeneuve supplying the food and staff to bag the lunches, Berlin Recreation Playground Supervisor Sylvia Ramsey was able to deliver nutritious lunches and snacks to Berlin school age children. This is obviously a needed and ever-growing service we are happy to provide.

Recreation's Summer Playground Program always gets a boost with our Summer Kick-Off – an event held in June at the Berlin Recreation Center. Coordinating with the Berlin Public Library, Kathy Godin and her group of volunteers annually assists the playground staff in providing entertainment, games and prizes for the many energetic children that attend. The Library's expertise is certainly valuable in getting the Recreation's summer season off to a great start!



Terry Letarte accepting a donation for Ski/Snowboard program from Attitash/Wildcat Corporation



Area youth enjoying a soccer game



Volunteer Coach Donny Labrecque with Berlin Pats Babe Ruth Baseball team



Day of Caring Volunteers at Laura Lee Viger Botanical Garden

A generous donation from Wildcat/Attitash Corporation as a result of their Season Pass Holder Party and Auction allowed ten students to participate in the Recreation's 2013 Ski and Snowboard program completely free of charge. While receiving five weeks of instruction these students were outfitted with helmets, boots, and skis or snowboards at no cost to them. A second donation from Wildcat will allow us to offer the same opportunity to at least 10 students during the winter, 2014 season. We also must say Thank You to Berlin Public Schools for providing the Recreation Department with a bus and driver for this five week program.

The Berlin School system also opens their Hillside School facility to Recreation so we can provide adult walking/jogging in the winter months and Men's Basketball during the summer months. Superintendent Corinne Cascadden and her staff need to be recognized for their foresight in acknowledging we can offer more when we work together.

Volunteers are always a strong and much needed component of many Berlin Recreation programs. Whether you took a walk around the city admiring the flowers, attended a local baseball or soccer game, or your child participated in a summer playground program, a volunteer was probably a part of the activity. Sports coaches, Garden Club volunteers, K-Kids (Kiwanis Club youth members) cleaning a park, junior playground leaders earning hours for National Honor Society, the youth and adults that contribute countless hours are an important asset. While too numerous to mention all the recent volunteers by name, we encourage anyone who knows and appreciates a local volunteer to nominate them for one of the city's annual volunteer awards. Contact Berlin Recreation if you would like further information on how to recognize a local volunteer.

Many non-profits benefit from the generosity of local businesses and individuals and Berlin Recreation is no exception. The city gardens, summer playgrounds, Ski & Snowboard program, Recreation's Annual Easter "Eggstravaganza" and Farm League and Babe Ruth Baseball all had their programs enhanced by recent donations. Companies and organizations such as the Attitash/Wildcat Corporation, Coos Eye Care, Coulombe Real Estate, The Echo Group, Fraternal Order of Eagles, Gill's Flowers and Candy Shop, Gorham

Historical Society, Northern Edge Realty/ReMax, Savoir Flare, and Verizon Wireless saw the need and no matter how already financially stretched they may have been, took action. For this we are extremely grateful.

The ability to collaborate with volunteers, other city departments and area businesses

allows us to offer many leisure opportunities and we at Berlin Recreation look forward to continuing our coordinated efforts to offer the best to area residents.

Respectfully Submitted,
Theresa (Terry) Letarte
Recreation Programmer



40 groups/organizations including Berlin Recreation received a donation from Coulombe Real Estate as part of their "40 for 40" campaign

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 provide access to downloadable audio books through the New Hampshire State Library and Overdrive. Patrons, with a library card in good standing, have access to interlibrary materials from participating NH libraries. Fax and copier services are available. 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 2012 Summer Reading Program theme was "Dream Big Read". The program was made possible by Kids, Books and Arts grant provided by the Byrne Foundation, CHILIS, the Cogswell



Benevolent Trust, the New Hampshire Library Association and the New Hampshire State Library, as well as a grant from the U.S. Institute of Museum and Library Services. The kick-off program was Judy Pancoast, held at the Recreation Dept., attracted 69 children, 30 adults and 14 helpers. The Summer Reading Program consisted of 12 programs, with 320 children and 180 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 included Cliff Storyteller David Martin at the Community Field Park with 2 free books for each child. In total, 1352 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.

Kathy Godin, Children's Librarian, conducted a total of 31 weekly Story Hours for young children from September to June, serving 304 children and 193 adults. In addition, there were two School Visits, Kiwanis Kids visit, Halloween program, as well as a place for safe visits. The total attendance of all Kathy's programs was 1655 children and 810 adults for a grand total of 2465 patrons. The Children's Dept. was also presented with a donation of \$1,000 in CLIF books.

Grants 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 2012 Exhibit and Series "The Way We Worked" consisting a traveling exhibition by the Smithsonian Institution based on photographs from the National Archives, Panel Discussion of work

history of the North Country, book discussions presented by Scholars Craig Doherty, Suzanne Brown and a talk by Jennifer Pustz, Museum Historian at Historic New England. The Spring 2013 series was entitled "Fairies and Wishes and Witches, Oh My! The Import of Fairy Tales in All of Our Lives". The series included two Book Discussions: Briar Rose by Jane Yolen, and Nightingale Wood by Stella Gibbon; a Humanities To Go talk "Not In Front of the Children" and a film viewing and discussion of Stephen Sondheim's play Into the Woods. The scholar for all four presentations was Ingrid Graff.

Librarians are in the process of entering and barcoding all library items into the Atrium automation program. Cards are no longer typed for the card catalog. A computer in each department is dedicated to Atrium for patrons to access the library catalog. This can also be accessed remotely at: <http://berlinlibrary.dyndns.org:81/opac/bpl/>. Once all items are entered into the Atrium program and barcoded, we will begin to use barcode scanners and be fully automated.

In September, Public Works did a great job repairing and securing the handrail at the library entrance. Public Works also repaired light fixtures in the Children's Dept. several times and attended to furnace issues. The library alarm system was checked and put in working order and now needs to be connected to the City Hall system. In September, the biennial cleaning of the carpets was completed.

Changes in staff include the retirement of Denise Goulet, as Part-time Desk Clerk, who began working for the library in Oct. 1999. We thank Denise for the many years of service to the library. Hired as replacement, we welcomed Debra Bousquet, who began working at the end of June 2013.

In April, 2013, the library was presented with a commendation for service to the community by Executive Councilor, Raymond S. Burton, Senator Jeff Woodburn, NH State Librarian Michael York. Library Trustees, Yvonne Thomas, Paul "Poof" Tardiff attended the presentation which took place during Library Week with this year's theme being "Communities Matter At Your Library".

In May, 2013, Coulombe Real Estate announced the Forty for Forty awards program to 40 local charities and organizations as a way of giving back to the community. The library was one of the organizations who received a donation of \$40 in recognition of service to the community. Thank you.

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

| TOPICS | ADULT | JUVENILE | TOTAL |
|---------------------------|--------|----------|--------|
| 000 - Generalities | 72 | 21 | 93 |
| 100 - Philosophy | 134 | 3 | 137 |
| 200 - Religion | 111 | 6 | 117 |
| 300 - Social Science | 274 | 163 | 437 |
| 400 - Language | 30 | 22 | 52 |
| 500 - Pure Science | 78 | 376 | 454 |
| 600 - Technology | 292 | 289 | 581 |
| 700 - The Arts | 215 | 285 | 500 |
| 800 - Literature | 125 | 55 | 180 |
| 900 - Geography & History | 300 | 112 | 412 |
| 910 - Travel | 67 | 25 | 92 |
| BIO - Biography | 200 | 93 | 293 |
| FIC - Fiction | 9,373 | 4,361 | 13,734 |
| MAG - Periodical | 240 | 114 | 354 |
| DVD - Movies | 7,391 | 0 | 7,391 |
| VHS - Movies | 458 | 0 | 458 |
| AC - Audio Books | 4,165 | 17 | 4,182 |
| CD - Compact Disk Music | 5 | 0 | 5 |
| TOTALS | 23,530 | 5,942 | 29,472 |
| PKB - Paperbacks | 76 | 0 | 76 |
| Walk in Patrons | 19277 | 10829 | 30,106 |
| Phone Inquiries | 2196 | 226 | 2,422 |
| Computer Users | 5065 | 974 | 6,039 |
| Copier Patrons | 2138 | 0 | 2,138 |
| Fax Patrons | 233 | 0 | 233 |
| Microfilm Patrons | 217 | 0 | 229 |
| Interlibrary Loaned | 720 | 0 | 720 |
| Interlibrary Borrowed | 145 | 0 | 145 |

Respectfully Submitted,
Denise Jensen
Library Director



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.

The officers at the Police Department render their services to the citizens 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.

Retirements/Promotions/Appointments:

A multitude of personnel changes occurred during the past year. After nine years of service to the City, Corporal Dana Brouillette resigned to pursue a career in the private sector, and Dispatcher Maranda Morency left the department to pursue a career at the Federal Prison. Corporal Brouillette and Dispatcher Morency were assets to the department and will be sorely missed. Subsequent changes occurred: Part-Time Dispatcher Kim Bijeu promoted to full-time, and Emily Young was hired as a part-time dispatcher; Sergeant Steve Arsenault promoted to the rank of lieutenant; Corporals Tim Godin and Corey Riendeau promoted to the ranks of sergeant; and Officer Bill Daisey promoted to the rank of corporal. The department also applauded Commissioner Jerry Nault who was reappointed to the Police Commission for another three-year term.

Everyone at the department was saddened by the passing of former employee Irene Alonzo. She passed away in 2012, after having kept City's children safe as a long-time crossing guard from 1979 through 2009.

Nuisance Ordinance: After a great deal of research and with the support of the City Council, a Nuisance Ordinance was drafted by the department and adopted by the City Council. This new tool implements a fine for individuals who require more than the general, acceptable level of police services, and who place an undue burden on the taxpayers. The ordinance has significantly reduced time spent dealing with repeat offenders and has allowed officers to devote additional time to other issues facing the community.

High Profile Cases: Several drug raids were conducted in Berlin during the year. Drug use is one of the most serious problems facing communities throughout the country. The department is committed to enforcing drug related issues, and it is through aggressive enforcement and with the public's support that we will achieve our goal of creating a safer community environment.

In September, Sergeant Nathan Roy and Officer Matt Carter were credited with saving a resident's life during a fire which occurred on Western Avenue. Both risked their lives by entering a smoke-filled building, pulling a resident to safety. Their heroic efforts were nominated for the Congressional Medal of Honor and were recognized by the Berlin Fire Department as well as many other local and State agencies.

* * *

STATISTICS July 2012-June 2013

| | |
|---|--------|
| Total Calls for Service | 18,719 |
| Accidents | 201 |
| Accidents Within an Intersection | 42 |
| Animal Complaints (bear, cat etc...) | 130 |
| Assaults | 156 |
| Assist to Berlin Ambulance | 819 |
| Assists from Gorham PD | 45 |
| Assists to Gorham PD | 69 |
| Assists to other Berlin Departments | 416 |
| Burglaries | 51 |
| Criminal Threatening | 192 |
| Dog Complaints | 466 |
| Domestic Violence Incidents | 245 |
| DWI Violations | 59 |
| Felonies | 145 |
| Juvenile Arrests | 43 |
| Juvenile Incidents | 216 |
| Milan Calls for Service | 590 |
| Misdemeanors | 998 |
| Motor Vehicle Stops | 3,312 |
| Motor Vehicle Violations | 310 |
| Motor Vehicle Warnings | 2,037 |
| Parking Tickets | 506 |
| Protective Custody Arrests | 78 |
| Restraining/Stalking Orders | 133 |
| Sexual Assaults | 36 |
| Thefts | 394 |
| Total Arrests | 885 |
| Vandalism/Criminal Mischief | 301 |
| Verbal Arguments | 89 |

Respectfully submitted,
Peter Morency
 Chief of Police

BERLIN POLICE DEPARTMENT PRICE LIST

Effective April 24, 2012

Senior Citizens receive a 10% discount

ACCIDENT/INCIDENT REPORTS: \$20.00 for the first page, \$2.00 per each additional page

ARCHIVED RECORDS: \$30 flat rate

AUDIO CASSETTE TAPES: \$25 per tape

CALL FOR SERVICE CARDS (CFS): \$20.00 per card

CDs: \$25.00 per CD

CIVIL STANDBYS (to retrieve property): \$150.00*

*This does not apply to retrieval of personal items that takes no longer than 10-15 min.

DISCOVERY: \$15.00 for first 8 pages; \$.50 for each additional page

FINGERPRINTING: \$20.00

GUARDIAN AD LITEM: \$60 per hour

LANDLORD TENANT EVICTIONS NOTICES: \$35.00

PHOTOGRAPHS: \$10.00 per sheet - computer photo sheet with 4 photos per sheet
 \$25.00 per disk

UNLOCKING MOTOR VEHICLES: \$20.00

VIDEO TAPES: \$25.00 per tape

VIN CHECKS: \$15.00

City Welfare Department

Per State law RSA 165, the City of Berlin has a general assistance office that is charged with helping those who are poor and unable to support themselves. Each City and Town in the State of New Hampshire is issued the same charge but each one is allowed to have guidelines that help determine what they will and will not assist with. The City has written guidelines that address this and other issues such as how decisions are made, eligibility, what is considered income, the work program, liens on real property and many other issues. These guidelines are reviewed and updated on a regular basis to ensure that the needs of the community are being met in the best possible way while remaining responsible to the tax payers who are funding the assistance issued. People seeking assistance are interviewed, required to provide proof of income and assets as well as proof of their basic needs. Those who receive assistance from the City are required to apply for any other public assistance or charitable assistance that it is felt they may be eligible for. The goal of applying for public assistance such as TANF, Housing Assistance, Food Stamps, Medicaid, etc., is to have their long term needs met.

Those who receive assistance are also required to work on the work program to repay the city (i.e. the tax payers) as well as being required to apply for work. If someone owns a property, a lien is placed on the property instead of the recipient working on the work program, although they are required to do the work search. If someone claims to be disabled and unable to work on the work program or look for work in the community they are required to provide a doctor's note. The work program can also provide a current reference from the people supervising the programs if a recipient does a good job at the work assigned. Work Program job sites consist of City Departments and Social Service Agencies or non-profits. A total of 1,881.77 hours were worked on the work program. This translates into \$13,642.83 worked off. Another \$4,791.28 was received in cash reimbursement through various sources. A total of \$30,183.49 was distributed in general assistance. Seventy-two unduplicated families were assisted of which thirty-two were single males, twenty-one were single females and nineteen were

multi-person families. Of those assisted forty-one worked on the work program and thirty-one did not. Another one hundred and seventy-five families were interviewed but not assisted for various reasons. There were a total of one thousand, nine hundred and forty-three office contacts during the fiscal year. Families are assisted for as long as the requirements are met on a weekly basis and for as long as they are financially qualified. If a recipient does not follow through with meeting a requirement they are sanctioned for at least 7 days and until such time as they follow through with what they were asked to do. Assistance is issued on a weekly basis in most cases. No cash is issued to any recipient. Vouchers are issued to the recipient, who then gives the voucher to the named vendor for the amount in services issued and then the vendor is paid directly from the city.

Assistance was issued in the following amounts:

| Type of Assistance | Amount Issued | # of Families Assisted |
|-----------------------------------|---------------|--------------------------|
| Rent | \$16,440 | 54 |
| Electricity | \$3,234 | 32 |
| Burials, furnishings, Incidentals | \$4,229 | 6 |
| Board & Care | \$ 132 | 3 |
| Groceries | \$2,460 | 53 |
| Oil | \$1,312 | 3 |
| Foot wear | \$ 25 | 2 |
| Clothing | \$0 | 0 |
| Property tax | \$0 | 0 |
| Medical | \$2,351 | 6 |
| Total issued | \$30,183.00 | 72 unduplicated families |

We would like to take the opportunity to thank all the businesses, social services, non-profit agencies and individuals who work with our office and our clientele during each fiscal year. We appreciate the effort and good will you extend to those individuals who have fallen on difficult financial circumstances. Thank you again for working with us to help meet the needs of our community.

Respectfully Submitted,
Angela Martin Giroux
Health & Welfare Director

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 transverse through, and business that make Berlin a special unique place. The fire department greatly appreciates the support provided to us from the residents, 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 2013, the City of Berlin Fire Department responded to 377 calls for service from our citizens.



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

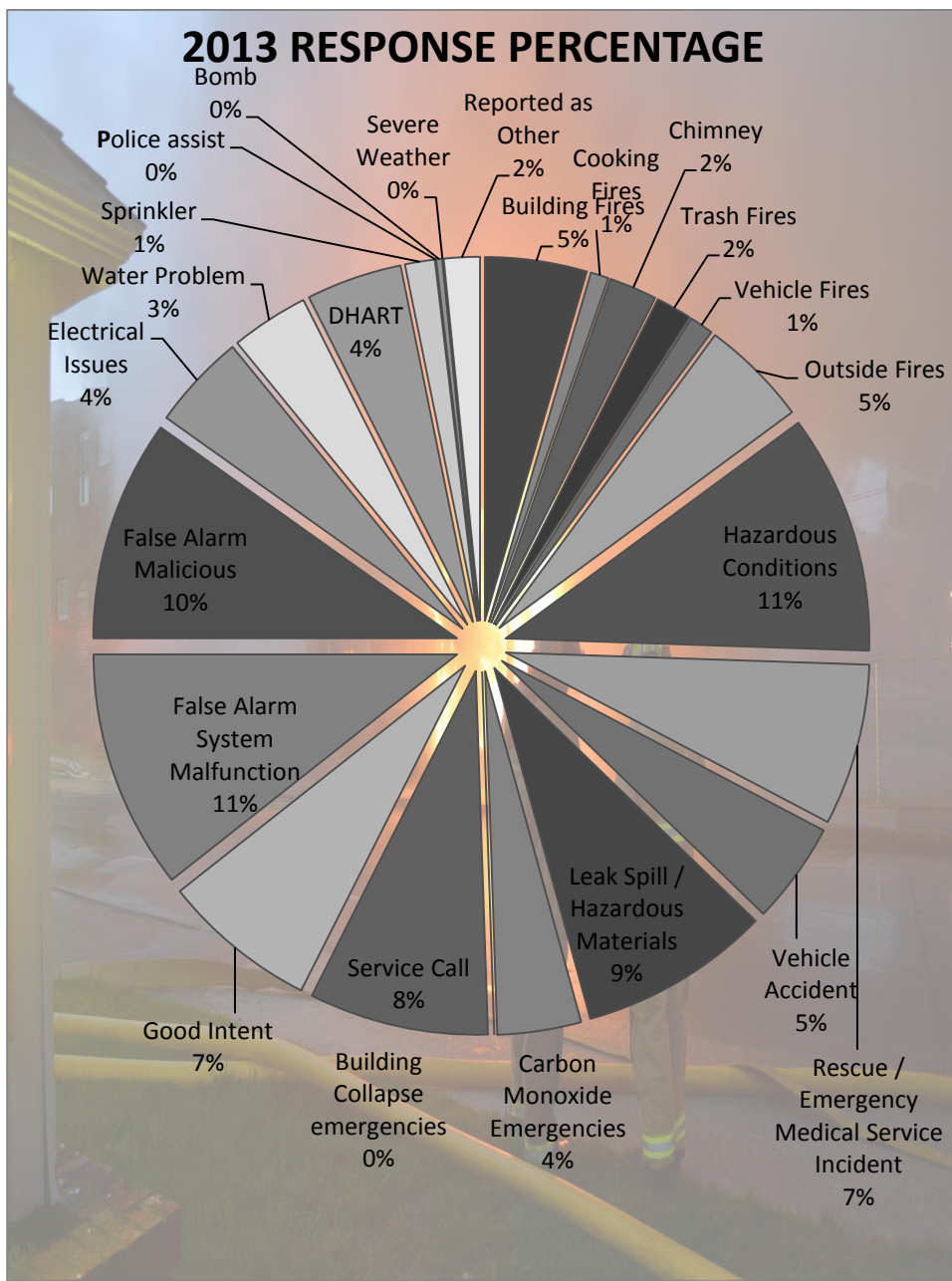
achieved by means of the excellent programs that are offered to local business, schools, and health care institutions.

2013 Inspections

| | Inspections |
|-----------------------------------|-------------------------------|
| Place of Assembly | 44 |
| Oil Burner | 41 |
| L.P. Gas | 43 |
| New Construction | 0 |
| Wood Burner/Pellet/Chimney | 28 |
| Health Care | 8 |
| Complaints Investigated | 8 |
| Foster Care | 8 |
| Day Care | 10 |
| Fire Alarm Inspections | 5 |
| Miscellaneous | 29 |
| Public Education | 7 Visits/ 515 Students |
| Multi Family | 20 |
| Plan Reviews | 12 |
| Blasting Permits | 3 |
| Total: | 266 |

With inception of Multiple Family inspections we are now inspecting these residences making the property owners and tenants aware of fire safety in these buildings. This program will increase Life Safety Code compliance and awareness and make for safer living in these types of building in our community.

In fiscal year 2013 through State funded training and local monies from the training budget the members of the fire department went above and beyond spending a large amount of time and effort through their dedication to the community of Berlin and completed over 1400 hours in State of New



Hampshire and Federal Emergency Management Agency (FEMA) certification training. Shootings and Web EOC (Emergency Operations Center).

It is important to recognize the following courses attended were: Firefighter II, Firefighter III, Rescue Systems Technician, Hazardous Materials Awareness, Fire Inspector I, Fire Service Instructor I, Incident Command System/ National Incident Management System (NIMS), Emergency Response & Planning for School

We have also participated in the following Public Relations events (Touch a Truck and The AVH Healthy Living Expo) during the year as well.

Respectfully Submitted,

Randall Trull

Randall Trull, Fire Chief



Berlin Housing Authority

Berlin Housing Authority's main objective this year was to serve its tenants and finish and calibrate the new heating systems. We were pleased to be part of the Berlin Better Buildings program, which was a smashing success for the City. It is very comforting to come to work during any month of the year and smell wood smoke. It was a pleasure to work with all the local trades to include Brian Lang, Nordic Construction, Gosselin Plumbing and Northwoods Electric on the project. An incredible job by Andre Caron sealed the deal for added warmth and energy efficiency for our tenants.



The next phase of the project is to compare old and new energy usage to gauge the savings for the Authority. We are hoping to see quantifiable gains in efficiency.

St Regis still plays an important role in serving the elderly and those with disabilities. Forty-two apartments are all occupied and residents have art lessons, bingo and various health and sight related meetings that are open to tenants. St Regis went online with its new heating system in December 2012 and we have had close to a year of fine-tuning all the HVAC systems.

BHA faced challenges during sequestration and other federal budgetary crises but through the expertise of its accountant, auditor and Commissioners was able to

weather the storm with client noticing little impact. We are increasing our numbers in the Housing Voucher market and tread very carefully budget wise to balance all the needs with the funds.

Our wait lists continue to increase and we are supporting the economy on a monthly basis in the Berlin Area. An average of \$75,000 in landlord subsidies is paid each month, most of those dollars circulating in the immediate area. BHA also manages the Lancaster and Northumberland Housing Authorities thereby insuring Coos County subsidies are managed by those familiar with local housing patterns.

Our thanks go to all the City Departments who have given their time and advice to us with professionalism. This year they have been particularly outstanding in their assistance and we are truly grateful to work with them!

| UTILIZATION OF ASSISTED HOUSING PROGRAMS AT JUNE 30, 2013 | | |
|--|-------------------------------------|-------------------|
| | units allocated | units under lease |
| Public Housing | 55 | 55 |
| St. Regis House | 42 | 41 |
| Vouchers | 285 | 235 |
| TOTALS | 382 | 308 |
| ph utilization on 6/30 was 100% | | |
| Voucher utilization on 6/30 was 83% | | |
| Public Housing and St Regis Turnover in 2013 | | |
| Public Housing | (14 units in 2012 14 units in 2011) | |
| St. Regis House | (5 units in 2012, 4 units in 2011) | |

Respectfully Submitted,
Mary Jo Landry
 Executive Director
 Berlin Housing Authority

| <u>Berlin Housing Authority</u> | | | | |
|--|------------------------|------------------------|------------------------|---|
| <u>Combined Balance Sheet</u> | | | | |
| | <u>June 30,</u> | <u>June 30,</u> | <u>June 30,</u> | |
| | <u>2011</u> | <u>2012</u> | <u>2013</u> | |
| ASSETS | | | | |
| Cash | \$ 522,734 | \$ 503,081 | \$ 393,414 | |
| Security Deposits | 15,108 | 15,326 | 16,825 | |
| Accounts Receivable | 2,151 | 2,093 | 47,237 | |
| Investments | 28,633 | 28,633 | - | |
| Prepaid Insurance | 8,298 | 8,000 | 8,387 | |
| Accrued Interest Receivable | - | - | - | |
| Capital Assets (Net) | 1,041,345 | 1,003,653 | 1,385,438 | |
| Other Assets | 108,235 | 108,620 | 110,658 | |
| TOTAL ASSETS | \$ 1,726,504 | \$ 1,669,406 | \$ 1,961,959 | |
| LIABILITIES | | | | |
| Accounts Payable | 1,935 | 4,267 | 9,608 | |
| Other Liabilities | 101,038 | 106,994 | 357,850 | |
| TOTAL LIABILITIES | 102,973 | 111,261 | 367,458 | |
| EQUITY/NET ASSETS | | | | |
| Invested in Capital Assets, Net of Related Debt | 1,041,345 | 1,003,653 | 1,130,958 | |
| Restricted Net Assets | 138,025 | 161,498 | 18,561 | |
| Unrestricted Net Assets | 444,161 | 392,994 | 444,982 | |
| TOTAL EQUITY/NET ASSETS | 1,623,531 | 1,558,145 | 1,594,501 | |
| TOTAL LIABILITIES AND EQUITY/NET ASSETS | \$ 1,726,504 | \$ 1,669,406 | \$ 1,961,959 | |
| <u>COMPONENTS OF TOTAL EQUITY/NET ASSETS</u> | | | | |
| <u>Liquid Equity:</u> | | | | |
| Cash | \$ 522,734 | \$ 503,081 | \$ 393,414 | |
| Investments | 28,633 | 28,633 | - | |
| Other working capital components | 30,819 | 22,778 | 70,129 | |
| Net Liquid Equity | 582,186 | 554,492 | 463,543 | |
| <u>Non Liquid Equity:</u> | | | | |
| Land, Structures, and Equipment | 1,041,345 | 1,003,653 | 1,385,438 | |
| Less: Long-Term Liability | - | - | 254,480 | |
| Total Non Liquid Equity | 1,041,345 | 1,003,653 | 1,130,958 | |
| Total Equity/Net Assets | \$ 1,623,531 | \$ 1,558,145 | \$ 1,594,501 | |
| <u>Changes in Equity-Year ended 6/30/13</u> | | | | |
| Equity, 6/30/12 | \$ 1,558,145 | | | - |
| Prior year audit adjustments | - | | | |
| Net Income (Loss) from Operations: | | | | |
| Public Housing and Capital Fund Programs | 180,302 | | | |
| All other programs | (143,946) | | | |
| Equity, 6/30/13 | \$ 1,594,501 | | | |
| <u>Public Housing Portion of Equity</u> | | | | |
| Public Housing | \$ 1,382,330 | | | |
| All other programs | 212,171 | | | |
| Total Equity | \$ 1,594,501 | | | |
| NOTE-Public Housing funds can only be used for Public Housing related improvements or expenditures. Public Housing capital expenditures must have HUD approval. | | | | |

Waste Water Treatment Plant

The Berlin Pollution Control Facility started operating in August of 1979. The facility was designed to treat an average flow of 2.64 million gallons per day of wastewater and produce an effluent that will enhance the waters of the Androscoggin River; our current upgrade project is designed for an average daily flow of 3.0 million gallons.

Berlin Pollution Control is a Grade III secondary treatment, conventional activated sludge treatment facility. Located on the east side of the City on Shelby Street, the Berlin Pollution Control Facility presently treats the domestic sewerage and some industrial wastes from the City of Berlin; it also receives septage from motor homes and from the surrounding communities.

The wastewater collection system includes six pumping stations which feed the main pumping station at Watson Street where large solids are removed by an automated bar screen and wash press in order to protect the mechanical equipment at the Treatment Plant. Three large centrifugal pumps deliver the collected sewerage across the river to the headworks structure from where it flows by gravity through the treatment process.

In the final step of the process, the treated wastewater flows into tanks where sodium hypochlorite is added for disinfection; subsequent addition of sodium bisulfite removes any residual chlorine before it is discharged into the Androscoggin River.

Berlin's Pollution Control Facility processed 637.36 million gallons of sanitary sewer flows and another 28.606 million gallons of Leachate from the Mt Carberry Landfill last fiscal year. We also accepted and treated almost 248,175 gallons of septage waste from outlying communities not on their own sewer systems (ie, septic tanks) last fiscal year.

In the process, we produced 1296.32 tons of dried municipal sludge which we trucked to the AVRDD landfill for disposal. The treatment process removed 91.5% of the BOD (Biochemical Oxygen Demand) and 96.2% of the TSS (Total Suspended Solids) which came in with the sanitary sewer flows.

Average power usage per day at the Main Plant decreased to 1754.7 kWH and at our main pump station at Watson Street decreased to 1056.3 kWH; average monthly peak power usage at the Main Plant dropped a little to 118.4 KW and at our main pump station at Watson Street decreased some more to 98.0 KW. The decrease at Watson Street Pump Station again is attributable to work on the Sewer System to reduce Inflow and Infiltration.

We took over operation of the new Brown Farm pump station in September of 2011 and have operated the new equipment successfully as prisoners are brought into the new Federal Prison; our flows and loads increased incrementally during the year, reflecting these changes.

In December 2011 we started to accept Leachate flow from the Androscoggin Valley Regional Refuse Disposal District Landfill at Mt Carberry. This new flow has not been the problem we thought it could be in our planning, with surge flows and strong loadings; close interaction with their personnel and good communications between the parties has made this a beneficial operation for our Facility.

More 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 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 (FY2013) BWW produced 305.7 million gallons of water for City use;

BPCF on the other hand had to treat 637.36 million gallons of City Sewerage, or 208% more than BWW produced!

Phase II Upgrade of the Pollution Plant

Apex Construction won the bid to do the work for us and work started in May 2012. After setting up their local facilities they broke ground for the new Disinfection Building and 2 new Sludge Storage tanks. By year-end the structure was up, supply and return pipes buried and some equipment landed inside for winter assembly.

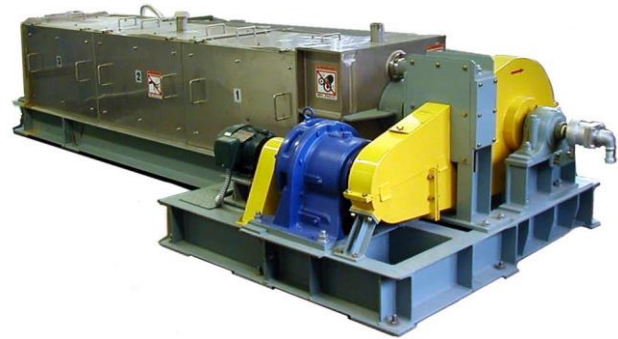


The New Secondary Clarifier with covering dome structure

At about the same time they excavated for the new secondary Clarifier, laid in the supply and return piping, and poured the base, bottom and sidewalls with launders ring out of concrete. Also two new stand-alone (flow) splitter structures were formed up and poured, gates installed and secured. Over the winter some of our old equipment was removed, electrical trays and conduits run, piping and valves changed over, new Motor Control Centers set in place and some new equipment installed (but not put in service, yet).

The City decided at this time to replace our existing dewatering equipment; a change-of-scope order was prepared, a selection process developed from amongst 5 different equipment manufacturers leading to a change order and

redesign of the dewatering process to accommodate the FKC Screw Press we selected.



FKC Screw Press

With the spring came the start of outdoor work and a crew started to assemble the new dome structure for Secondary Clarifier 3. Next, a new network of electrical duct banks was laid out and built connecting all the outlying structures.

And as Influent Flows slowed down, we took an Aeration Tank offline, a Primary Clarifier and a sludge Storage Tank; all have been rebuilt and returned to service. Another Aeration Tank and Primary Clarifier followed, but work has not been completed on these yet. New equipment was installed in these tanks and the electricians have been powering it up one system at a time.

Throughout all this construction work we've maintained treatment of our discharge to the River, as required by our Permit from the EPA. Also this year we've submitted our formal request to the EPA to renew our Permit to discharge for another 5 years.

Henry Noel, Superintendent
Waste Water Treatment Plant

Public Works Department



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 overlaid with pavement. 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 the 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, excluding 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. The PWD crew paints over 130 crosswalks throughout the

City including all the “Stop” bars”, yellow “No Parking” zones and the “Handicap Parking” areas.

Projects Completed in the 2012-2013 Season

PWD continued to work with the NH Trails Bureau and ATV clubs on ATV trails including a cross town connection trail, installing signs, and road markings. A paved pathway was installed through the Dead River Park to reduce dust and corrosion.

The public works crew replaced over 600 feet of sidewalk on State Street between High and Willard Streets. Retaining walls and railings on Portland Street, Elm Street were repaired and a drain line on Blais Street was replaced.

The storm collection system was extended on Hillsboro Street. A storm collection system was installed in the Marston School parking and playground area.

Worked with Burgess Biomass Storm Water Collection to tie into municipal collection system. Used the City’s engineering consultant to review hydrology study and municipal storm water collection system capacity to accept additional flows from Biomass site.

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 pick up approximately 4,000 tons per year to landfill at a cost of \$67/ton = \$268,000.

The Public Works Department collects paper, glass, plastics, tin, aluminum and cardboard for recycling. Efforts increased to reduce household garbage tonnage to the landfill. We applied for and received a 50% grant to purchase 1500 recycle bins to distribute to residents. We worked with the local media to inform and educate the public on the need to improve our recycling efforts. We have also worked with the school system to inform students on the solid waste collection process.

Recreation and Parks Maintenance



The maintenance crew for Recreation and Parks now falls under the direction of the Public Works Director. The past few 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 three years to build up turf strength. This field was put in service this season. 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 closely working with Northeast Agriculture to guide us past these obstacles. In working with Northeast we also have gained the valuable knowledge that will help us avoid these issues in the future. The fields are currently in good shape.

The demands for field use have increased with the addition of high school aged football and high school women's soccer being added next season.

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

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

We continue with downtown Christmas 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-Recreation Center; 2 First Ave. parking lots. 2) City Hall 3) Court House 4) Heritage Park's two lots. 5) Bickford Place. 6) Memorial and Community Fields storage. 7) Five skating rinks (as long as weather permits). These rinks are located at Green Street, River Street, Ramsey Park, Horne Field, and Hutchins Park. Everyday custodial duties are performed at the Recreation Center, and the building is maintained for all winter programs. Equipment maintenance, usually performed during springtime, is started in the garage when the weather is not favorable.

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) to 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 two Little League Fields at Memorial and Community Fields and tennis is at the Glen Avenue 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 Agriculture 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. Games will be at the High School Track Field, and Memorial Baseball Field. This summer will show significant improvement. Grass mowing starts and the cemetery crew from Northern Human Services starts in May. We equip them and they do a great job. The Community Gardens are tilled and staked out.

Summer :(June, July, & Aug.)

High school athletic seasons wind down with playoffs usually done by June. Grass mowing and trimming are everyday tasks. We maintain: Track Field, Memorial Field and Memorial Annex, Green Street Soccer Field, Veterans Park, all downtown parks (Vodoukis, PSNH Park, Gill Park, Library, St. Anne Park, Dead River Park, all Pleasant Street, Green Street, and Cole Street islands, Tondreau Parking Lot,) Cleveland Bridge Road and Laura Lee Viger Botanical gardens, Central Playground, Community Fields, Skateboard Park, Hutchins Street Park, the ball field at Horne Field and playground, Rotary Park, Brown School Playground, and 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 are at Community Field. There is a Summer Playgrounds program and free lunches at parks throughout the City. There is ongoing field maintenance at all fields that includes, aerating, seeding, topdressing, fertilizing and weed-killing. Cemetery work; trash removal, tree pruning, fence repairs, and playground safety, etc., are attended to weekly.

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

There is a very busy fall schedule of High School field hockey and soccer games as well as practices that start in August. Every day practices at Community Field and Community College Field for JV and Varsity teams, with ten home games for each team at the Track Field; 7th and 8th grade soccer and field hockey games and practices at Horne Field and Memorial Annex Field; 5th and 6th grade soccer and field hockey games and practices at

Memorial and Community fields. A new addition this fall was the high school level football which had daily practices at Memorial Annex Field and four home games at Eagles Field on East Milan Road. The Berlin Gladiators had a successful season making it into the play-offs. This playoff game was held at the High School Track Field. The Recreation Department has a Soccer program at the Green Street Field. The Recreation crew repairs worn areas of all fields and continues the field maintenance program. All bleachers, nets, benches, picnic tables, and summer equipment, are put away for the winter. The crew does the downtown Christmas decorating and assists Main Street Program with their decorations. We prepare areas for the skating rinks.

Respectfully Submitted by,
Michael P. Perreault
Public Works Director

BERLIN PUBLIC SCHOOLS



Demographics

Berlin Public Schools opened the 2012-2013 school year with an enrollment of 1277 students K-12 and closed the school year with an enrollment of 1258. Kindergarten was offered in six half-day sessions. The district employed 254 staff members.

Grade levels K-2 are at Brown School, Grades 3-5 at Hillside School, Grades 6-8 at Berlin Middle School, and Grades 9-12 at Berlin High School. Special education offices and Title I (federal project for disadvantaged students) offices were based at the Marston School building. The district's central office is in the Hillside School building. The district's bus fleet of 10 vehicles was based at a leased garage on Third Ave.

An After-School Program, under the directorship of Tami Hartley, saw a tremendous growth in participation for students in grades K-8. Academic and enrichment support is provided daily in after-school programming, as well as community involvement. This program staff collaborates with classroom teachers to ensure students increase academic success in the regular classroom. Funding is primarily through 21st Century Community of Learners federal grant.

Instruction & Assessment

All students in grades 3-8 and grade 11 were administered the NECAP (New England Common Assessment Program), the statewide testing, in October, in Reading and Math. Grade 5, Grade 8, and Grade 11 were also assessed in Writing. In May, grades 4, 8 and 11 were tested in Science.

The following grade levels showed the most gain either near, at or above state average.

- Grade 4: 77% Proficiency in Reading; 67% Proficiency in Math
- Grade 6: 74% Proficiency in Reading; 64% Proficiency in Math
- Grade 7: 64% Proficiency in Reading; 55% Proficiency in Math
- Grade 11: 71% Proficiency in Reading; 6.3 Grade Equiv. in Writing

In the spring of 2015, all N.H. schools will be administering a new state assessment called Smarter Balanced Assessment Consortium which students will take on an electronic platform.

Under the guidelines of No Child Left Behind (NCLB) Berlin was designated as a District In Need of Improvement (DINI) in reading and math, Berlin High School was designated as a School In Need of Improvement (SINI) in reading and math, Berlin Middle School was designated as a School In Need of Improvement (SINI) in reading, Hillside School was designated as a SINI in reading and math, Brown School was a SINI in reading and math. These designations will continue until the federal goal of 100% of the students reach the benchmark by 2014. As of June 26, 2013, N.H. has been granted a flexibility waiver from all requirements of No Child Left Behind Act. These school designations will no longer apply.

The National Chief State School Officers and all state Governors have endorsed and are promoting Common Core State Standards to ensure that students all over the country are provided with college and career readiness, high level English/language Arts and Math instruction. N.H. has recommended schools adopt those standards. Schools throughout the state are reviewing those standards and aligning them with curricular needs. Berlin teachers have been in that process for the past year. Teams of teachers in all our schools are developing unit design plans that clearly identify what students will learn, what they will be able to do and how will we assess what they know. No longer will a textbook determine what students will learn. This unit design planning is carried out in all grades, all subject areas.

Teachers developed nine Universal Expectations for best practices in all classrooms. All teachers must include these expectations in their teaching practice:

- 1) Do Now Activity
- 2) Posted Objectives (learning goals)
- 3) Class Agenda
- 4) Activator
- 5) Direct Instruction,
- 6) Guided Practice,
- 7) Independent Practice,
- 8) Formative and Summative Assessments
- 9) Summarizer

District administrators developed a common process for staff evaluations. The principals used a time-line for new and veteran teachers as they conducted performance evaluations. Administrators also trained and worked together on walk-throughs of all classrooms using an electronic platform they created for iPads.

The regional Career and Technical Education Center (CTE) offered the following programs: Accounting,

Automotive, Technology, Building Trades, Drafting/CAD, Early Childhood Education, Family and Consumer Sciences, Graphic Arts, Health Science Technology, Pre-engineering and Welding.

Industry certifications were earned by students in Automotive Technology, Welding and Health Sciences.

Staff Accomplishments

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

- The use of best practices in instruction will improve student achievement and narrow the achievement gap
- Advance the effectiveness of student/building/district data teams with the use of common assessments
- Improved communication with parents and the community will have a positive impact on student achievement

District-wide committees met to address: Professional Development, Wellness, Standards-Based Teaching and Learning, Common Core State Standards, Teacher Evaluation process, District and School goals.

As a district, we have participated in Berlin's HEAL (Healthy Eating, Active Living) project and in the city's development and revision of the Emergency Management Plan.

The district has a technology committee chaired by IT director Autie Hamilton. The committee worked monthly to: assess the needs of staff and students, ensure 21st century learning, increase access to technology, provide trainings for more efficient paperless tasks, support for student use and preparation for on-line, electronic

state testing with Smarter Balanced Assessment. The district has been proactive in increasing the use of technology for staff and students. Our inventory is currently 700 PCs, 320 Ipads and 105 Chrome notebooks. We have increased our district-wide bandwidth from 13 Megabytes to 200 Megabytes for all schools in preparation for our transition to a digital platform of one-to-one computing and state testing.

Parent/Community/Board Involvement

A parent/teacher/student conference day was scheduled for Dec. 10, 2012 for all grades K-12. In grades K-6, teachers reviewed student progress with parents, in grades 6-8 students reviewed their portfolios with parents. In Grades 9-12 parents met individually with teachers. Parent participation rates were: Brown School 100%, Hillside School 100%, Berlin Middle School 95%, and Berlin High School 47%. Berlin High School changed their approach from student-led conferences to parent meetings with parents. A student-led conference was scheduled at Berlin High School May 24, 2013, participation rate was 92%.

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

Family nights were held at Brown and Hillside schools based on a literacy theme. Brown School participated in literacy events centered on a theme, "Night Creatures" and Hillside School with a theme "Rope a Good Book". These events were sponsored by the local Title I Program.

Berlin Middle School students participated in a financial literacy fair assisted by Woodlands Credit Union and Guardian Angel Credit Union. Middle School

students also participated in a Health-O-Rama sponsored by Androscoggin Valley Hospital.

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

The Drama Club had two performances; "Canterbury Tales" and Disney's "Aladdin, Jr."

Brown School continued a "Walking Wednesday School Bus". The school committed to four areas of focus: Evaluation, Education, Encouragement and Enforcement. Assistance is provided by Berlin Police Dept. and Berlin Public Works.

STEM (Science, Technology, Engineering, Math) programming is evolving with a program for all students in grade 6, 7, and 8 at Berlin Middle School, then it transitions to Project-Lead-The-Way in grades 9-12. Project Lead the Way classes are pre-engineering courses offered at Berlin High School such as: Intro to Engineering Design, Civil Engineering, Bio-Technical Engineering, Digital Electronics, Technology and Robotics.

Students also have the opportunity to earn college credits by taking designated "Running Start" courses with White Mt. Community College while completing high school credits. APEX learning is an on-line program for students who need credit recovery.

Berlin High School Building Trades students, under the direction of teacher Matthew Lambert, built a private home on Hillside Ave. This house project will continue in the 2013-14 school year for students to learn finished carpentry work.

Several high school student groups qualified and attended national conferences and competitions: Destination Imagination, HOSA (Health Occupations Students of America), USA SKILLS for Welding, and FCCLA (Family Career and Community Leaders of America). Eight athletic teams qualified and participated in state tournament action.



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

The Berlin Board of Education continued the process of district policy revisions. The following sections were updated during the 2012-13 school year:

Section I Instruction
Section J Students

This concludes a complete revision of the former 1991 policy manual for the Berlin Schools. The following individual policy was revised, BEA Regular Board Meetings and a policy for students to bring their own electronic devices was added.

The Berlin Board members were successfully engaged in contract negotiations with Berlin Education Association Teachers, to develop a new collective bargaining agreement for three years. The Board members were also successful in contract negotiations with ASFCME Local #1444 bus drivers and custodians with an agreement for five years as well.

Berlin School District has an AREA (Authorized Regional Enrollment Area) with the town of Milan, N.H. and a Tuition Agreement with the town of Dummer, N.H.

The city funded the school budget at \$16,731,124. The School Board members and district administrators carefully examined all its programs and operational expenses in the year-long process of developing the FY14 school department budget. The goal is to maintain N.H. approved schools, to maintain high school accreditation with the New England Association of Schools and Colleges, to pursue state and federal funding as supplements to the city's school budget appropriation and to increase technology in all aspects of teaching and learning.

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 David Bertrand; Ex-officio member was Mayor Paul R. Grenier.

The BWW has not increased water rates in sixteen years. The NHDES 2012 Water Rate Survey was published and Berlin Water Works ranks 10th highest in the State for an average of \$595/per year per four person household. BWW has been able to maintain water rates because of cross-training employees and elimination of work through planned improvements and the implementation of BWW “force account” construction. The results of these efforts have been reduced cost through reduced staffing. There have also been continuous improvements reducing other operating cost, most noted this fiscal year are the energy efficiency improvements at the office and garage facilities. Smart Energy installed 90 – 250 watt panels for a total system of 22.5kw. Public Utilities Commission pre-approved the solar photovoltaic incentive application in the amount of \$18,000 to be received in September 2013. Smart Energy also provided the Board with a link so that the BWW Solar System performance can be observed thru the City website under Berlin Water Works. 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 these 20 year bond(s)’ term are nearing closure (FY2016). The availability of new low interest system improvement loans and grants has enabled the BWW to perform “Force Account” construction work to

improve our systems and balance the operation and debt budgets. Berlin Water Works has also been in contact with NHDES about refinancing the seven (7) NH State Revolving loans for additional potential savings. This is expected to be completed in October 2013 with an estimated savings of \$480,000.

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 Invoice Cloud and Northern Data Systems are providing electronic bill presentation and online payment service. The system allows the office clerks to enter credit card payments for customers here at the office or over the phone. The system also allows customers to choose paperless billing. Approximately 11.23% of our customers are registered to use the online billing service. Also, the BWW has an auto-pay option for which 176 customers currently participate.

In October 2012, the Board of Water Commissioners changed from quarterly to monthly billing for four larger water users; the State Correctional Facility, the Hospital and the two Nursing Homes as was done for the Federal Bureau of Prisons. The change to monthly billing started in January 2013 for these four additional customers. Also Burgess Bio-Power was added to monthly billing in June 2013.

The water usage and revenue from the Federal Prison Facility has been much lower than initially forecast to-date.

BWW has continued to install backflow devices at customer’s homes, and have changed to new UFR/dual check valve that will improve meter performance at very low flows. BWW has installed 1038 radio read

units to-date. The Board authorized the purchase of a third meter reader with 500 Radio reads during their December 2012 meeting.

During the winter of 2012/2013, we had 17 people running water to prevent service line freeze-up. Some of these customers started running water on January 11, 2013 until shut-off on April 8, 2013. The balance of the

311 running water customers did not have to run the water in winter 2012/2013. We had 6 freeze-up that required thawing and 3 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.

| | FISCAL 2012 | FISCAL 2013 |
|-------------------------------|-----------------------|----------------------|
| Total Flow | 249,556,005* | 314,754,178 |
| Difference from previous year | 8.52 % decrease | 26% increase |
| Gallons per Day | .684 million gallons* | .862 million gallons |
| Running Water Customers | 70 | 17 |
| Running Water Start - early | January 19, 2012 | January 11, 2013 |
| Running Water Start - regular | — | - |
| Running Water Finish | March 21, 2012 | April 8, 2013 |
| Frozen Water Calls - outside | 1 | 6 |
| Frozen Water Calls - inside | 14 | 1 |
| Hydrant Flushing | 9/6/11 to 9/16/11 | 8/1/12 to 8/10/12 |
| Number of main line breaks | 1 | 5 |
| Number of service line breaks | 3 | 1 |

* 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, September 2009 and September 2012. The testing results from September 2012 showed all passed for copper and three failed for lead. The State of NH Department of Environmental Services dropped our tests required from 60 samples to thirty 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 resulting lead and copper are attributed old portions of the distribution system, customer pipe systems, and/or dead end lines. Water sampling will continue to monitor lead and copper levels. The next round of testing is scheduled for 2015. Water Quality Report for calendar year 2012

was distributed to all water customers as a bill stuffer in the May 2013 Billing.

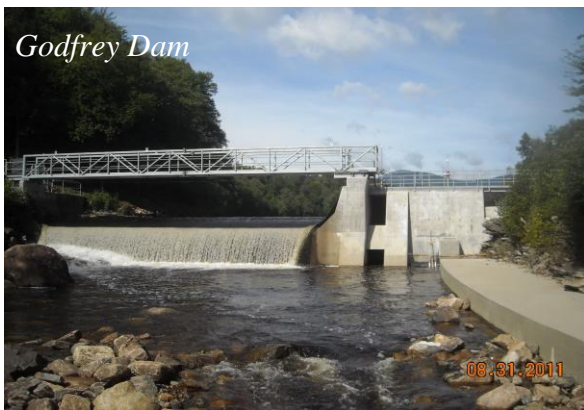
Melanson, Heath & Co PC was accepted by the Board to perform the Water Works financial report for period ending June 30, 2012 as well as FY 2013, and FY 2014. Our FY 2014 budget of \$4,108,407 as presented at the Commissioners May 29, 2013 budget hearing providing \$2,702,071 for operations and \$1,406,336 for water bond and loan debt payments, was approved June 12, 2013.

BWW purchased two Chlorine Analyzers Hach Model #CI17 and a new stream & current Monitor for the Ammonoosuc Treatment Plant Facility. A new repeater was approved for purchase at the Forbush Water Tank after a failure with the present system. A flat screen television was installed in the Customer entrance of the office to display current photos of BWW

project work. Garage maintenance safety concerns were addressed by the purchase of six (6) new hydraulic column lifts for the new garage facility.

A new ten thousand pound Magnum hammer attachment was purchased for the Komatsu excavator; the old hammer was used in trade. This equipment is used for “force account” water main installation rock and ledge removal.

The FCC Narrow banding mandate that went into effect January 1, 2013 required radio frequencies to be changed from 25 kHz to 12.5 kHz. In October 2012, the new Berlin Water Works radio system was completed. Following the installation, the telecommunication manager for the Berlin Police Department contacted Berlin Water Works to request that we pay a portion of their bill to have the new radio system reprogrammed so that it would work with their radio system.



Improvement Projects:

Superintendent Viens and Craig Carrigan went to inspect the Godfrey Dam after Hurricane Sandy and found that the work that was completed as a result of Tropical Storm Irene withstood the high waters very nicely. The BWB installed 12,429 feet of water main with 2,323 feet of services during the calendar year of 2012. At year's end there was approximately 210

feet of galvanized line, approximately 6.8 miles of cast iron water line, as well as 5 miles of transmission line to be replaced. Berlin Water Works received the Summary Report Water CAD Distribution System Model Update as prepared by Provan & Lorber Engineers & Planners dated April 2013.

BWW 12-1 NHSRL #10 – On October 1, 2012 Superintendent Viens attended a Council meeting to request permission to install a water main under the Androscoggin River between Riverside Drive @ Woodward Street and Hutchins Street, the Council granted permission for the new line. The water line was installed in early November the length of the crossing was 690 feet. In June 2013, main line work started on Riverside Drive from Noury Street to Woodward Street, this project will tie in the river crossing from Riverside Dr to Hutchins Street in 2013.

BWW 11-3 NHSRL #9 –BWW applied and was approved for a “Green” Energy Grant in the amount of \$1,000,000. This loan funded the 22.5kw – 90 panel solar systems and all the energy improvements at the new BWB 55 Willow Street facilities. Work is ongoing for a solar system at Godfrey Dam and a Hydro project at the Ammonoosuc Treatment Plant facility.

BWW 11-2 NHSRL #8 – Work completed this Fiscal Year includes planning for the High Pressure Line work on Jericho Road from Lessard Farm Road to the PRV Vault, and repair to the 16 Inch River Crossing from Community Field to Mason Street. The total project includes the carryover streets from BWB 09-2 NHSRL #7 as well as Summer Street from Elm Street to Spruce Street, and NHDOT project on Route 110.

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. The Final Pay Request on this project was completed on October 1, 2012. This grant is now closed.

BWW 10-1 EPA #9 – Main Street was completed through this grant from Eighth Street to Eleventh Street. Other Scope work included 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 was spent on the Brown Farm Well Upgrade Project. The Final pay request on this project was submitted on January 23, 2013 and the grant closed.

BWW 11-1 EPA #10 –The grant scope of projects includes the carry over streets from BWW 10-1 as well as completion of Brown Farm Well Improvements Phase II. Berlin Water Works has completed the installation of the new pump and motor at the well and

new connections for natural gas as well as several electrical upgrades for the Brown Farm well. Testing of the new well pump all of the punch list items will be completed in FY 2014.

BWW 09-1 Rural Development #3 –The majority of work addressed with this Loan & Grant during FY2013 was the completion of Eighth Street, Norway Street and start of work on East Mason Street, Sunset Street and Sullivan Street.

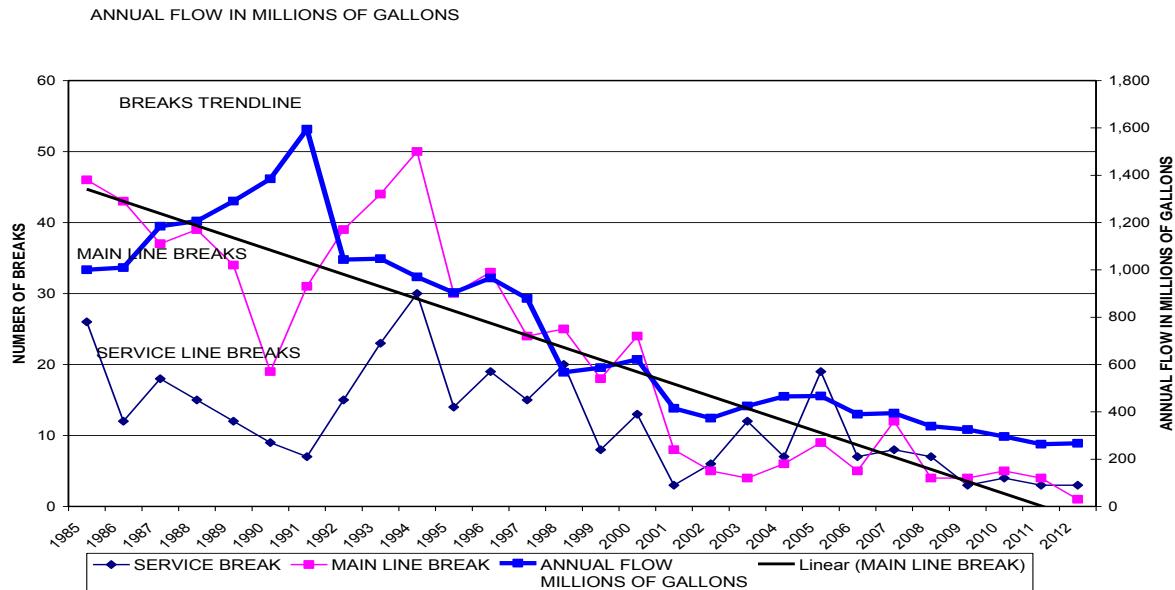
BWW 12-2 Rural Development Loan #5 – Godfrey Transmission Line Project-BWW was approved for a \$1,000,000 loan from Rural Development. On February 7, 2013, City Manager Patrick MacQueen signed the loan package for the Godfrey Transmission Line Project. Berlin Water Works hired George Pozzuto a former director from the Forest Service to assist with the application to National Forest Service for the necessary permits to repair or replace sections of the Godfrey Transmission line from the Godfrey Dam to the Ammonoosuc Treatment Facility that are located through 2 ½ miles of National Forest. Pipe testing services by Echologics Engineering (A Division of Mueller Company) were hired to evaluate and analyze the condition of transite pipe on the Godfrey Transmission Line. This technology is a way of evaluating/analyzing the condition of transite pipe, showing the integrity, thickness, seams and root growth.

| | Total 2013 | 2012 | 2013 |
|---|----------------------|-------------|-------------|
| Curb-to-curb street paving (includes overlay) | 10.88 | .70 | 0 |
| Number of New Meters | 3584 total in system | 11 | 30 |
| Number of New hydrants | 418 total in system | 6 | 10 |
| Number of Replaced services | 3500 total in system | 31 | 60 |
| New water main installed – since 1990 | 2572 | 2.22 | 2.35 |

Improvements to the water distribution in the City of Berlin continue with planned replacement of small diameter galvanized mains (250 feet remaining as of June 2013) and 1890 thru 1990's vintage unlined cast iron mains (35,129 feet remaining as of June 2013) 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 temporary staffing was also increased to support increased work levels. The results of these increased efforts will be a much improved distribution system.

WATER LINE BREAK HISTORY



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

Roland Viens
BWB Superintendent



Summer time means busy time here at the Berlin Regional Airport. The bulk of our fuel sales historically are during the summer months. We get a healthy mix of both private and corporate flights in and out of the airport.



Work on our current Capital Improvement Project which is the replacement of the Jet-A fuel storage system should be approved by the State of New Hampshire later this summer. After all the administrative hurdles are done then we can start the construction



part of the project. Our plan is to have all the cold weather sensitive parts of the project completed by the time snow flies.

Another project in the works with the help of FAA capital improvement money, is an upgrade our current non precision approach

when aircraft land on the runway from the North. The new approach is called LPV (Localizer Performance with Vertical guidance). This new approach would greatly assist landing aircraft when the cloud cover is low.

Each change of the season brings a different set of chores. Preparation for snow plowing goes on so that the equipment will be at peak



performance when is needed. The snow removal equipment will be serviced this summer and will be ready to go. The "new" plow truck will have been in service 3 years this season. Our snow removal equipment building which was a capital improvement project of 5 years ago has exceeded all expectations and is far more than a place to park equipment. Having reliable heavy duty snow plowing equipment is essential for wintertime operations at the Berlin Airport. Aircraft need to be able to land during winter months as well as during the summer.

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

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 the second Wednesday of every month.

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

During fiscal year 2013, the Finance Department issued 4,280 semi-annual real estate tax bills totaling \$13,702,541.00. The Department also issued 3,197 sewer bills which totaled \$1,535,781.00. The number of motor vehicle registrations issued by the City decreased this year by 139 registrations to 9,698 registrations. The City collected \$1,081,630.00 which is \$42,239.00 more

than the amount collected last fiscal year. There was a total of 1,236 dump passes issued during fiscal year 2013.

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.

Assistant Comptroller: Jan Gagnon
Senior Collections Clerk: Elaine Tremblay
Collections Clerk: Kris Davis
Payroll/Benefits: Elaine Gamache
Accounts Payable Clerk: Natalie Croteau

Respectfully submitted,

Patricia A. Chase
Finance Director/Tax Collector

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 OF BERLIN, NEW HAMPSHIRE
Financial Statements
With Schedule of Expenditures of Federal Awards
June 30, 2013
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 For Each Major Federal Program and
Report on Internal Control Over Compliance**

Schedule of Findings and Questioned Costs

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements 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 (the City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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, the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Berlin Water Works, is based solely 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 the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedule of funding progress for other post-employment benefits on pages i-xii and 34-37 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Berlin, New Hampshire's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Additionally, the combining nonmajor governmental and proprietary fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards and the combining nonmajor governmental and proprietary fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the combining nonmajor governmental and proprietary fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2014 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Berlin, New Hampshire's internal control over financial reporting and compliance.

Vachon Clukay & Company PC

Manchester, New Hampshire
April 14, 2014

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, 2013. As in past years, this narrative should be read in conjunction with the City's basic financial statements, which begin on page 1.

Financial Highlights – Primary Government

Government-wide Highlights:

- **Net Position:** The total assets and deferred outflows of resources of the City exceeded total liabilities and deferred inflows of resources at fiscal year ending June 30, 2013 by \$48.3 million, an increase of \$825 thousand from the prior year. This amount is presented as "Net Position" on the Statement of Net Position 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 position remained consistent with the prior year with an ending balance of \$7.7 million. Restricted net position of \$2.2 million was restricted for capital projects and permanent funds endowments and income, and the net investment in capital assets had an ending balance of \$38.4 million.
- **Changes in Net Position:** The City's total net position increased from last fiscal year's \$47.5 million to \$48.3 million in fiscal year 2013. Net position of governmental activities increased by \$1.1 million or 5.0%, and net position of the business-type activities had a decrease of (\$300 thousand). 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 2013, the City's governmental funds reported a decrease of (\$800 thousand) in the combined ending fund balance of \$5.2 million, compared to last fiscal year. Included in the combined governmental fund balance is the activity of the City's General Fund and the Nonmajor Governmental Funds. The General Fund ended the fiscal year with an unassigned fund balance of \$1,887,920, which is a decrease of (\$600 thousand) 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 required and other supplementary information in addition to the basic financial statements.

During the Fiscal Year Ending June 30, 2013, the City implemented GASB Statement No. 63, *“Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position”*. Under Statement 63, the City has segregated previously reported assets and liabilities as deferred outflows of resources and deferred inflows of resources, respectively. This statement also identifies net position as the residual of all other elements presented in the statement of financial position. See the notes to the basic financial statements for further information.

Government-wide Financial Statements

The government-wide financial statements provide a broad view of the City’s finances. These statements (Statement of Net Position 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 Position**, found on page 1, presents all of the City’s non-fiduciary assets and liabilities. The *difference* between assets and deferred outflows of resources less liabilities and deferred inflows of resources is reported as “Net Position”. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (such as uncollected taxes and earned, but unused sick leave). This statement also presents a comparison between direct expenses and program revenues for each function of the City.

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, 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 government-wide financial statements, as required. Complete financial statements for the Berlin Water Works can be obtained by writing to the Board of Commissioners, 55 Willow Street, Berlin, NH 03570.

Fund Financial Statements

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

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

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

The City's only major governmental fund is the General Fund. Individual fund data for each of the City's nonmajor governmental funds is provided as supplementary information in the combining statements found on pages 52-55. The nonmajor governmental funds are:

- Federal Projects Fund
- Food Service Fund
- Airport Authority Fund
- Health Department Fund
- Carberry Fund
- Recreation and Parks Programs Fund
- Grants Fund
- Neighborhood Stabilization Grants Fund
- CDBG Fund
- Capital Projects Fund
- 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 nonmajor funds -

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

Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. Therefore, reconciliation is not necessary between the government-wide financial statements for business-type activities and the proprietary fund financial statements. The basic proprietary funds financial statements can be found on pages 5-7, with individual fund data for each of the City's nonmajor proprietary funds provided as supplementary information in the combining statements found on pages 56-58.

- 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 Fund

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 fund financial statements. The notes to the basic financial statements can be found on pages 10-33.

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 other financing sources and uses for budgetary purposes (Schedule 1, page 34) 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 2013 is the General Fund. Also, included in the required supplementary information is the funding progress for other post-employment benefits (Schedule 2, page 35). The notes to the required supplementary information can be found on pages 36-37.

Other Supplementary Information

Other supplementary information includes combining financial statements for nonmajor governmental and proprietary funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

The City's combined net position (governmental and business-type activities) totaled \$48.3 million at the end of fiscal year 2013, an increase of \$825 thousand compared to the end of the previous fiscal year.

Net position of the City as of June 30, 2013 and 2012 are as follows:

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|--------------------------------------|-------------------------|---------|--------------------------|---------|--------------------------|---------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Capital assets, net | \$ 23.0 | \$ 22.0 | \$ 32.6 | \$ 26.4 | \$ 55.6 | \$ 48.4 |
| Other assets | 11.6 | 14.3 | 9.5 | 8.0 | 21.1 | 22.3 |
| Total Assets | 34.6 | 36.3 | 42.1 | 34.4 | 76.7 | 70.7 |
| Total Deferred Outflows of Resources | - | - | - | - | - | - |
| Long-term liabilities | 6.7 | 7.8 | 14.2 | 6.8 | 20.9 | 14.6 |
| Other liabilities | 0.7 | 1.0 | 1.5 | 0.9 | 2.2 | 1.9 |
| Total Liabilities | 7.4 | 8.8 | 15.7 | 7.7 | 23.1 | 16.5 |
| Total Deferred Inflows of Resources | 5.3 | 6.7 | - | - | 5.3 | 6.7 |
| Net position: | | | | | | |
| Net investment in capital assets | 18.9 | 16.5 | 19.4 | 20.9 | 38.3 | 37.4 |
| Restricted | 2.2 | 2.4 | | | 2.2 | 2.4 |
| Unrestricted | 0.8 | 1.9 | 7.0 | 5.8 | 7.8 | 7.7 |
| Total Net Position | \$ 21.9 | \$ 20.8 | \$ 26.4 | \$ 26.7 | \$ 48.3 | \$ 47.5 |

The largest portion of the City's net position 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 position represents resources that are subject to external restrictions on how they may be used.

This year the City had an increase in unrestricted net position of \$100 thousand from 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 position increased \$100 thousand 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 position for the year ending June 30, 2013 and 2012 are as follows:

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|---|-------------------------|----------------|--------------------------|----------------|--------------------------|----------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 2.7 | \$ 2.7 | \$ 1.6 | \$ 1.5 | \$ 4.3 | \$ 4.2 |
| Operating grants and contributions | 15.1 | 17.1 | | | 15.1 | 17.1 |
| Capital grants and contributions | 1.3 | 2.0 | 1.3 | 2.0 | 2.6 | 4.0 |
| General revenues: | | | | | | |
| Property and other taxes | 14.2 | 13.8 | | | 14.2 | 13.8 |
| Licenses and permits | 1.2 | 1.2 | | | 1.2 | 1.2 |
| Intergovernmental | 0.4 | 0.4 | | | 0.4 | 0.4 |
| Interest and investment earnings | - | - | | | - | - |
| Miscellaneous | 0.9 | 0.6 | (0.1) | 0.5 | 0.8 | 1.1 |
| Total revenues | <u>35.8</u> | <u>37.8</u> | <u>2.8</u> | <u>4.0</u> | <u>38.6</u> | <u>41.8</u> |
| Expenses | | | | | | |
| General government | 2.2 | 2.5 | | | 2.2 | 2.5 |
| Public safety | 5.4 | 5.3 | | | 5.4 | 5.3 |
| Airport/Aviation center | 0.4 | 0.4 | | | 0.4 | 0.4 |
| Highways and streets | 2.8 | 2.5 | | | 2.8 | 2.5 |
| Health and welfare | 0.6 | 0.6 | | | 0.6 | 0.6 |
| Sanitation | 0.8 | 0.8 | | | 0.8 | 0.8 |
| Culture and recreation | 0.7 | 0.7 | | | 0.7 | 0.7 |
| Economic development | 0.6 | 1.8 | | | 0.6 | 1.8 |
| Education | 18.5 | 18.3 | | | 18.5 | 18.3 |
| Food service | 0.6 | 0.6 | | | 0.6 | 0.6 |
| Debt service | 0.9 | 0.9 | | | 0.9 | 0.9 |
| Intergovernmental | 1.7 | 1.7 | | | 1.7 | 1.7 |
| Sewer | - | - | 2.5 | 2.4 | 2.5 | 2.4 |
| Nonmajor enterprise funds | - | - | 0.1 | 0.1 | 0.1 | 0.1 |
| Total expenses | <u>35.2</u> | <u>36.1</u> | <u>2.6</u> | <u>2.5</u> | <u>37.8</u> | <u>38.6</u> |
| Excess (Deficiency) before transfers | 0.6 | 1.7 | 0.2 | 1.5 | 0.8 | 3.2 |
| Transfers | <u>0.5</u> | <u>-</u> | <u>(0.5)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Change in net position | 1.1 | 1.7 | (0.3) | 1.5 | 0.8 | 3.2 |
| Net position, beginning of year, restated | <u>20.8</u> | <u>19.1</u> | <u>26.7</u> | <u>25.2</u> | <u>47.5</u> | <u>44.3</u> |
| Net position, end of year | <u>\$ 21.9</u> | <u>\$ 20.8</u> | <u>\$ 26.4</u> | <u>\$ 26.7</u> | <u>\$ 48.3</u> | <u>\$ 47.5</u> |

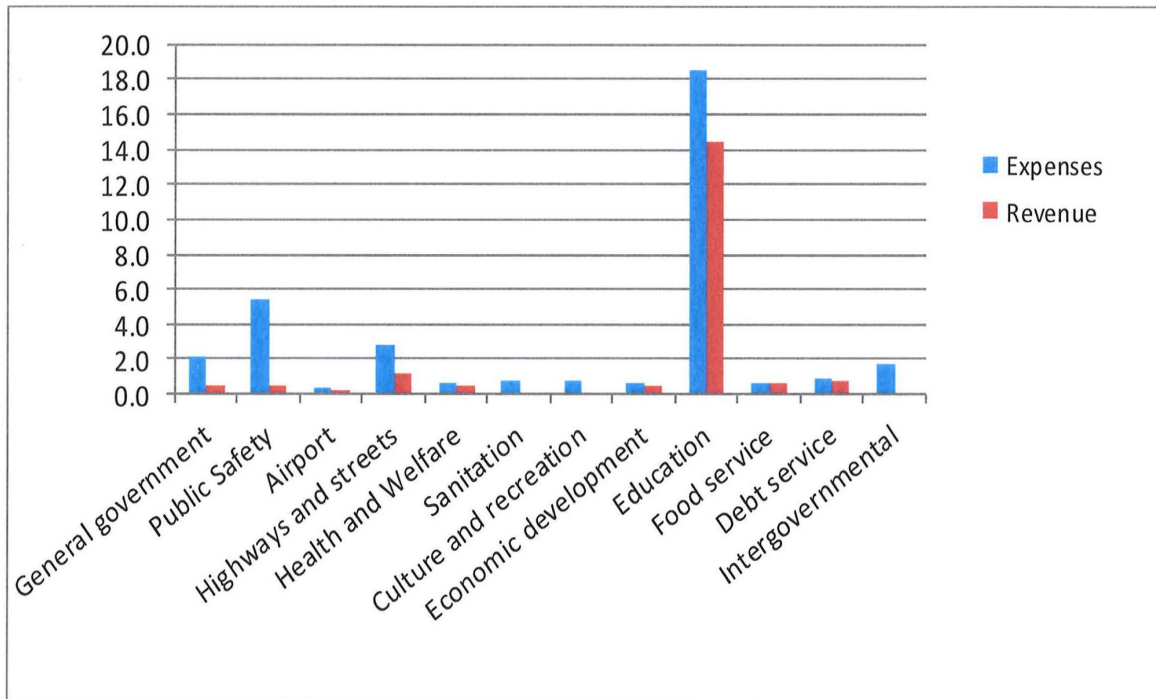
The City's expenses cover a range of services. The largest governmental expenses were for education (53%), public safety (15%), highways and streets (8%), and general government (6%), which accounted for roughly 82% of total governmental expenditures.

Governmental Activities

Governmental activities revenue and transfers in totaling \$36.3 million exceeded expenses of \$35.2 million in fiscal year 2013, thereby increasing the City's governmental net position by \$1.1 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 property taxes.

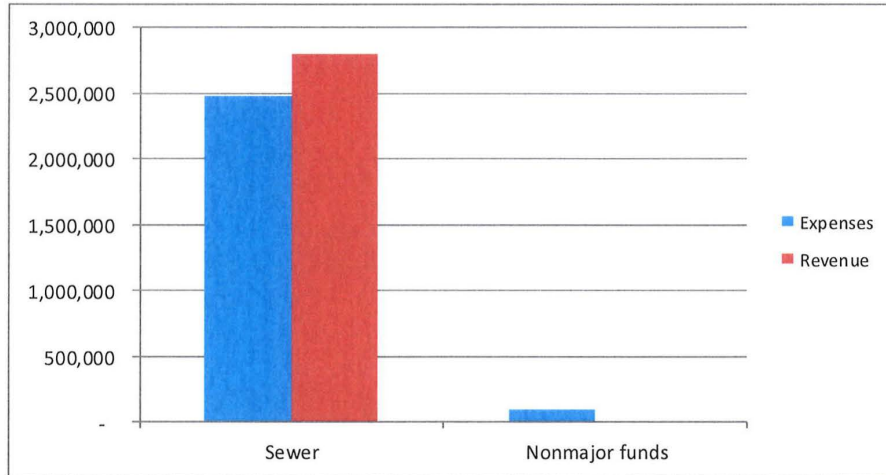
Expenses and Program Revenues – Governmental Activities
Fiscal Year Ending June 30, 2013



Business-type Activities

The charges for goods and services for the City's Sewer Fund, the major proprietary fund, were inadequate to cover the operating expenses. However, this does not include the inflow of capital from the Bureau of Prison and State Revolving Loan Fund Program for the significant sewer improvements currently being undertaken.

Expenses and Program Revenues – Business Type Activities
Fiscal Year Ending June 30, 2013

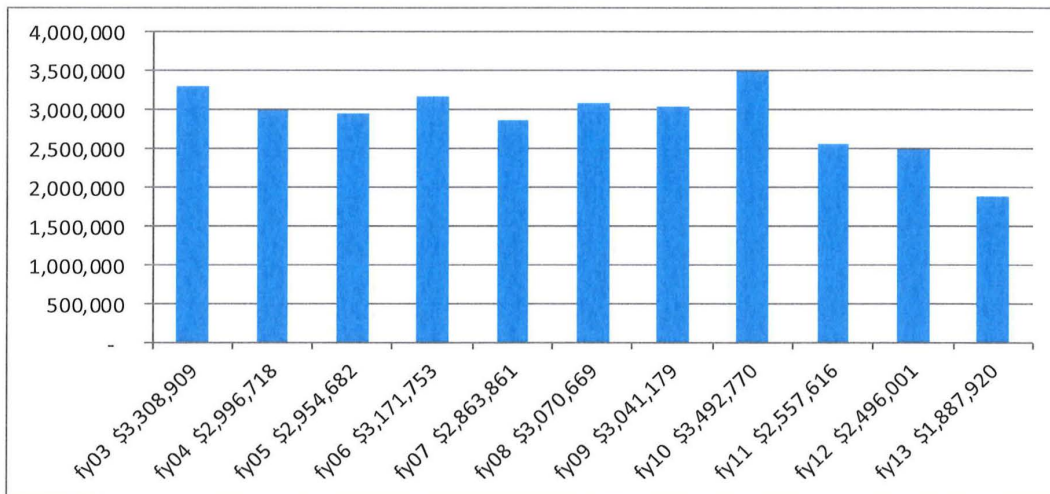


FINANCIAL ANALYSIS OF THE CITY’S FUNDS

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 2013 are as follows:

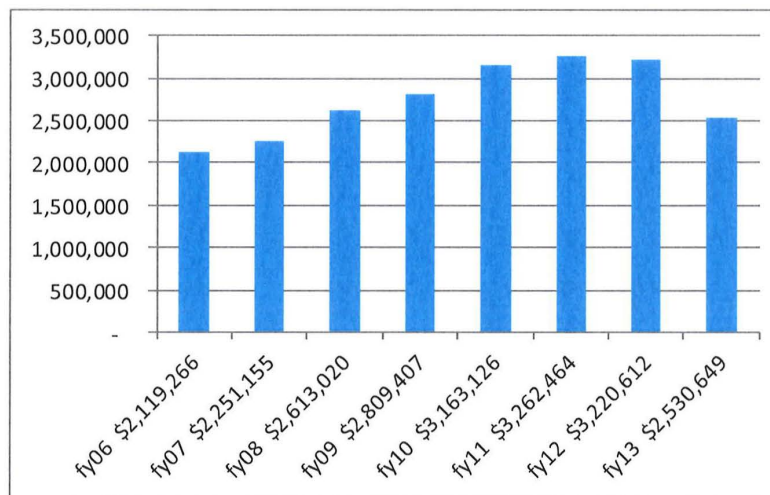


General Fund

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 \$1,887,920, while total fund equity was \$3,094,874. The total fund equity includes nonspendable balances for prepaid expenses and tax deeded property, as well as assignments for encumbrances and continuing appropriations at fiscal year-end. The total General Fund unassigned fund balance decreased by (\$608,081) from June 30, 2013.

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 Balance for the last eight 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 FY13, the General Fund Unassigned Fund Balance is down at \$2,530,649.

Other Governmental Funds

The fund balance of the nonmajor governmental funds decreased by (\$334,182) to \$2,081,016 due primarily to outflows from the Capital Projects Fund for capital outlays in fiscal year 2013.

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.

Total net position of the proprietary funds decreased by (\$267,085) from the prior year. The amount collected from sewer user fees was 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 position of \$358,861. The Nonmajor Proprietary Funds had a combined net position decrease of (\$625,946) in fiscal year 2013.

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 beginning on page 34.

Actual budgetary revenues were more than the budgeted estimated revenues by \$784,220. There was an unfavorable variance of (\$61,092) in actual property taxes received from the amount budgeted. Miscellaneous revenues were significantly more than budgeted due to an unanticipated payment received for the Berlin Station Agreement of \$500,000. Actual budgetary expenditures at fiscal year-end were \$605,903 less than the final budgeted appropriations. Several City Departments made a concerted effort to control costs resulting in savings on certain budgeted items. The Schools spent \$397,801 less than budgeted. Public Safety spent \$240,862 less than budgeted. The Departments that make up the General Government saved \$4,962. Sanitation spent \$60,289 less than budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2013, amounted to \$98.8 million. Accumulated depreciation was \$43.2 million leaving a net book value of \$55.6 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 6 on pages 20-23 of the Notes to the Basic Financial Statements.

Other Post-Employment Benefits

With the implementation of GASB Statement 45, the City is required to account for other post-employment benefits (OPEB) on an accrual basis rather than a pay-as-you-go basis. The City provides healthcare benefits to its retirees, their spouses and dependents. It also provides life insurance benefits to its retirees. Although, the City is not required to fund this contribution, it is recognized as a liability in these financial statements. The net OPEB obligation as of June 30, 2013 is \$388,344. Additional information regarding the City's OPEB can be found in Note 8 on pages 22-24 of the Notes to the Basic Financial Statements.

Debt Administration

The City may issue general obligation bonds and notes in anticipation of such bonds authorized by the City Council. At the end of the current fiscal year, the City had total bonded debt outstanding of \$8.2 million. This amount does not include bonded debt outstanding by the Berlin Water Works, its component unit, of \$8.8 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 9 on pages 24-29 of the Notes to the Basic Financial Statements.

ECONOMIC CONDITIONS

Construction of the \$175M Berlin biomass plant on the former Fraser pulp mill site was completed in late 2013. Although the facility has been in operation, the owners continue to work on several start-up issues that have prevented the facility from operating at full capacity. These issues are expected to be resolved in the first half of 2014. Currently, approximately 25 new positions have been created and it is expected that forty total new full time jobs will have been added when the facility is fully operational. The Gorham Paper Mill, while struggling with some energy costs, continues to operate and produce paper.

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. Fortunately, the City obtained some federal funding for the demolition of such structures. It also obtained about \$4M in Federal Neighborhood Stabilization funds for the rehabilitation of housing to a reasonable standard. The NSP work was completed in 2013 and has without doubt completely refurbished the worst area on the East Side, as well as one or two other neighborhoods. In total, the City has demolished approximately 254 of its 500 surplus housing units through a variety of funding sources. The City remains focused on the effort of removing surplus housing.

The Berlin Industrial Development Park Authority's (BIDPA) mission is to promote the development and preservation of business and industry to serve the City of Berlin. 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. BIDPA manages land and buildings in the City's Maynesboro Industrial Park and works with businesses to help retain and add jobs to the community when feasible.

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 continue to look 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 Rte. 110 improvement project, which after years of planning is now under construction. The majority of this improvement will occur in 2014 and its completion will have a dramatic effect on this transportation corridor. While improving general traffic and truck traffic flow through the City it will also improve the adjacent neighborhoods as well as access to several businesses recreational opportunities. 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. The City participates in the annual ATV Festival and this year worked with the Main Street Program to host a downtown Festival event on the first night of the Festival weekend.

Finally, the long-awaited Federal Bureau of Prisons project is fully in its start-up process. As of March 2014, FCI Berlin had approximately 265 staff and 740 inmates. Total staff is projected to be 330 and the total inmate population is projected to be 1,500. Staffing is expected to be completed in 2014. 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 sewer service to the site and is nearing completion of upgrading the City WWTF to handle the additional load. Efforts to reduce inflow and infiltration into the City's sewers appear to have been successful in creating capacity for the additional BOP load.

Berlin has weathered everything that has been thrown at it – the national recession being the latest thing to make things slightly more difficult. In spite of this, Berlin is well positioned to make an economic comeback. We believe Berlin has begun to turn the corner and is on its way to a solid and diversified economic base. Once largely dependent on paper manufacturing, Berlin now benefits from growth in several industries. Paper making remains just over the City line in Gorham. This facility employs many Berlin residents. In addition, we now make electricity from biomass from the forest at the Berlin Bipower facility. This “green” source of electricity is added to the portfolio of 3 hydro-electric facilities on the Androscoggin River in Berlin. We are hopeful that within the next year the planned Jericho Wind Power project will be under construction and added to this mix. The ATV Park and the new Coos Coalition ATV trail effort bode well for significant recreation dollars. In smaller form, but not to be discounted, several rafting companies now provide guided trips on the Androscoggin River, bringing these tourists to the area. And of course, there is the significant job creation and secondary economic benefits from the Federal and State correctional facilities. These facilities provide a stable economic base for the City.

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 Position
June 30, 2013

| | Primary Government | | | Component |
|--|----------------------|----------------------|----------------------|----------------------|
| | Governmental | Business-type | Total | Unit |
| | Activities | Activities | | |
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and cash equivalents | \$ 15,006,570 | | \$ 15,006,570 | \$ 439,872 |
| Investments | 369,182 | | 369,182 | 33,031 |
| Taxes receivable, net | 730,609 | | 730,609 | |
| Accounts receivable, net | 170,792 | \$ 287,831 | 458,623 | 169,570 |
| Due from other governments | 831,062 | 2,539,799 | 3,370,861 | 462,821 |
| Internal balances | (5,992,018) | 5,992,018 | - | |
| Prepaid expenses | 52,576 | 1,855 | 54,431 | |
| Inventory | 12,864 | 72,459 | 85,323 | 475,666 |
| Tax deeded property | 443,870 | | 443,870 | |
| Total Current Assets | <u>11,625,507</u> | <u>8,893,962</u> | <u>20,519,469</u> | <u>1,580,960</u> |
| Noncurrent Assets: | | | | |
| Due from other governments | | 642,893 | 642,893 | |
| Capital assets: | | | | |
| Non-depreciable capital assets | 7,584,251 | 11,201,496 | 18,785,747 | 3,588,158 |
| Depreciable capital assets, net | 15,402,779 | 21,359,806 | 36,762,585 | 37,276,433 |
| Total Noncurrent Assets | <u>22,987,030</u> | <u>33,204,195</u> | <u>56,191,225</u> | <u>40,864,591</u> |
| Total Assets | <u>34,612,537</u> | <u>42,098,157</u> | <u>76,710,694</u> | <u>42,445,551</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Total Deferred Outflows of Resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Accounts payable | 266,814 | 604,738 | 871,552 | 271,991 |
| Accrued expenses | 476,509 | 85,609 | 562,118 | 177,415 |
| Retainage payable | | 681,789 | 681,789 | |
| Current portion of bonds payable | 56,703 | 145,369 | 202,072 | 1,242,196 |
| Current portion of notes payable | 591,444 | 86,178 | 677,622 | 2,961,868 |
| Current portion of capital leases payable | 41,139 | | 41,139 | 61,920 |
| Current portion of compensated absences payable | 30,000 | | 30,000 | 34,995 |
| Current portion of estimated liability for landfill postclosure care costs | 11,300 | 12,450 | 23,750 | |
| Total Current Liabilities | <u>1,473,909</u> | <u>1,616,133</u> | <u>3,090,042</u> | <u>4,750,385</u> |
| Noncurrent Liabilities: | | | | |
| Bonds payable | 170,109 | 4,154,694 | 4,324,803 | 7,531,330 |
| Notes payable | 2,893,349 | 38,978 | 2,932,327 | |
| Other long-term obligations | | 9,464,529 | 9,464,529 | |
| Capital leases payable | 757,666 | | 757,666 | 84,879 |
| Compensated absences payable | 1,658,293 | 116,664 | 1,774,957 | 171,364 |
| Estimated liability for landfill postclosure care costs | 146,900 | 261,450 | 408,350 | |
| Other post-employment benefits payable | 377,965 | 10,379 | 388,344 | |
| Total Noncurrent Liabilities | <u>6,004,282</u> | <u>14,046,694</u> | <u>20,050,976</u> | <u>7,787,573</u> |
| Total Liabilities | <u>7,478,191</u> | <u>15,662,827</u> | <u>23,141,018</u> | <u>12,537,958</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Property taxes collected in advance | 5,182,632 | | 5,182,632 | |
| Unearned grant revenue | 104,267 | | 104,267 | |
| Unearned revenue | | 236 | 236 | |
| Total Deferred Inflows of Resources | <u>5,286,899</u> | <u>236</u> | <u>5,287,135</u> | <u>-</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 18,922,240 | 19,462,106 | 38,384,346 | 28,982,400 |
| Restricted | 2,154,981 | | 2,154,981 | |
| Unrestricted | 770,226 | 6,972,988 | 7,743,214 | 925,193 |
| Total Net Position | <u>\$ 21,847,447</u> | <u>\$ 26,435,094</u> | <u>\$ 48,282,541</u> | <u>\$ 29,907,593</u> |

EXHIBIT B
CITY OF BERLIN, NEW HAMPSHIRE
Statement of Activities
For the Year Ended June 30, 2013

| | | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | | |
|--|----------------------|-------------------------|-----------------------------|-----------------------------|--|-----------------------------|----------------------|----------------------|
| Functions/Programs | Expenses | Charges for Services | Operating | Capital | Primary Government | | Total | Component Unit |
| | | | Grants and Contributions | Grants and Contributions | Governmental Activities | Business-type Activities | | |
| Governmental Activities: | | | | | | | | |
| General government | \$ 2,246,286 | \$ 402,129 | \$ 91,775 | | \$ (1,752,382) | | \$ (1,752,382) | |
| Public safety | 5,356,842 | 257,659 | 245,197 | | (4,853,986) | | (4,853,986) | |
| Airport/Aviation center | 394,856 | 132,049 | | \$ 12,397 | (250,410) | | (250,410) | |
| Highways and streets | 2,751,205 | 31,439 | 188,606 | 968,173 | (1,562,987) | | (1,562,987) | |
| Health and welfare | 603,473 | 153,583 | 344,982 | | (104,908) | | (104,908) | |
| Sanitation | 816,983 | | | | (816,983) | | (816,983) | |
| Culture and recreation | 696,954 | 42,028 | | | (654,926) | | (654,926) | |
| Economic development | 652,095 | | 527,347 | | (124,748) | | (124,748) | |
| Education | 18,490,092 | 1,420,692 | 12,639,749 | 311,513 | (4,118,138) | | (4,118,138) | |
| Food service | 643,100 | 215,260 | 393,190 | | (34,650) | | (34,650) | |
| Debt service | 882,098 | | 711,098 | | (171,000) | | (171,000) | |
| Intergovernmental | 1,665,902 | | | | (1,665,902) | | (1,665,902) | |
| Total governmental activities | <u>35,199,886</u> | <u>2,654,839</u> | <u>15,141,944</u> | <u>1,292,083</u> | <u>(16,111,020)</u> | <u>\$ -</u> | <u>(16,111,020)</u> | |
| Business-type activities: | | | | | | | | |
| Sewer | 2,473,007 | 1,552,063 | | 1,253,414 | | 332,470 | 332,470 | |
| Nonmajor enterprise funds | <u>96,542</u> | | | | | <u>(96,542)</u> | <u>(96,542)</u> | |
| Total business-type activities | <u>2,569,549</u> | <u>1,552,063</u> | <u>-</u> | <u>1,253,414</u> | <u>-</u> | <u>235,928</u> | <u>235,928</u> | |
| Total primary government | <u>\$ 37,769,435</u> | <u>\$ 4,206,902</u> | <u>\$ 15,141,944</u> | <u>\$ 2,545,497</u> | <u>(16,111,020)</u> | <u>235,928</u> | <u>(15,875,092)</u> | |
| Component unit: | | | | | | | | |
| Water | <u>\$ 3,361,789</u> | <u>\$ 1,842,753</u> | | <u>\$ 2,189,187</u> | | | | <u>\$ 670,151</u> |
| Total component unit | <u>\$ 3,361,789</u> | <u>\$ 1,842,753</u> | <u>\$ -</u> | <u>\$ 2,189,187</u> | | | | <u>670,151</u> |
| General revenues: | | | | | | | | |
| Property and other taxes | | | | | 14,232,827 | | 14,232,827 | |
| Licenses and permits | | | | | 1,199,175 | | 1,199,175 | |
| Grants and contributions: | | | | | | | | |
| Rooms and meals tax distribution | | | | | 438,336 | | 438,336 | |
| Interest and investment earnings | | | | | 13,857 | 2,821 | 16,678 | 467 |
| Miscellaneous | | | | | 853,492 | 139,623 | 993,115 | 58,800 |
| Transfers | | | | | 465,665 | (465,665) | - | |
| Loss on sale of capital assets | | | | | | (179,792) | (179,792) | |
| Total general revenues, transfers, and loss on sale of capital assets | | | | | <u>17,203,352</u> | <u>(503,013)</u> | <u>16,700,339</u> | <u>59,267</u> |
| Change in net position | | | | | 1,092,332 | (267,085) | 825,247 | 729,418 |
| Net position - beginning, as restated | | | | | <u>20,755,115</u> | <u>26,702,179</u> | <u>47,457,294</u> | <u>29,178,175</u> |
| Net position - ending | | | | | <u>\$ 21,847,447</u> | <u>\$ 26,435,094</u> | <u>\$ 48,282,541</u> | <u>\$ 29,907,593</u> |

EXHIBIT C
CITY OF BERLIN, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
June 30, 2013

| | General Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|-----------------------------------|--------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 14,916,062 | \$ 90,508 | \$ 15,006,570 |
| Investments | 2,274 | 366,908 | 369,182 |
| Taxes receivable, net | 730,609 | | 730,609 |
| Accounts receivable | 170,542 | | 170,542 |
| Due from other governments | | 831,062 | 831,062 |
| Due from other funds | 889,857 | 1,815,543 | 2,705,400 |
| Prepaid expenses | 227,644 | 35,445 | 263,089 |
| Inventory | | 12,864 | 12,864 |
| Tax deeded property | 443,870 | | 443,870 |
| Total Assets | <u>17,380,858</u> | <u>3,152,330</u> | <u>20,533,188</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Total Deferred Outflows of Resources | - | - | - |
| Total Assets and Deferred Outflows of Resources | <u>\$ 17,380,858</u> | <u>\$ 3,152,330</u> | <u>\$ 20,533,188</u> |
| LIABILITIES | | | |
| Accounts payable | \$ 211,813 | \$ 55,001 | \$ 266,814 |
| Accrued expenses | 457,547 | 6,141 | 463,688 |
| Due to other funds | 7,791,181 | 905,987 | 8,697,168 |
| Total Liabilities | <u>8,460,541</u> | <u>967,129</u> | <u>9,427,670</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Property taxes collected in advance | 5,182,632 | | 5,182,632 |
| Unearned property tax revenue | 642,729 | | 642,729 |
| Unearned grant revenue | 82 | 104,185 | 104,267 |
| Total Deferred Inflows of Resources | <u>5,825,443</u> | <u>104,185</u> | <u>5,929,628</u> |
| FUND BALANCES | | | |
| Nonspendable | 671,514 | 198,312 | 869,826 |
| Restricted | | 2,004,978 | 2,004,978 |
| Committed | | 18,820 | 18,820 |
| Assigned | 535,440 | 22,209 | 557,649 |
| Unassigned (Deficit) | <u>1,887,920</u> | <u>(163,303)</u> | <u>1,724,617</u> |
| Total Fund Balances | <u>3,094,874</u> | <u>2,081,016</u> | <u>5,175,890</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 17,380,858</u> | <u>\$ 3,152,330</u> | |
| Amounts reported for governmental activities in the statement of net position are different because: | | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds | | | 22,987,030 |
| Property taxes are recognized on an accrual basis in the statement of net position, not the modified accrual basis | | | 642,729 |
| Prepaid expenses for debt service requirements reduce long-term liabilities on the accrual basis in the statement of net position, not the modified accrual basis in the funds | | | (210,513) |
| 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 | | | (226,812) |
| Notes payable | | | (3,484,793) |
| Capital leases payable | | | (798,805) |
| Accrued interest on long-term obligations | | | (12,821) |
| Compensated absences payable | | | (1,688,293) |
| Estimated liability for landfill postclosure care costs | | | (158,200) |
| Other post-employment benefits payable | | | (377,965) |
| Net Position of governmental activities | | | <u>\$ 21,847,447</u> |

EXHIBIT D

CITY OF BERLIN, NEW HAMPSHIRE

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2013

| | General Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|--|---------------------|-----------------------------------|--------------------------------|
| Revenues: | | | |
| Taxes | \$ 14,314,709 | | \$ 14,314,709 |
| Licenses and permits | 1,199,175 | | 1,199,175 |
| Intergovernmental | 13,014,828 | \$ 2,889,362 | 15,904,190 |
| Charges for services | 2,256,009 | 381,317 | 2,637,326 |
| Interest income | 8,965 | 4,892 | 13,857 |
| Miscellaneous | 767,915 | 103,090 | 871,005 |
| Total Revenues | <u>31,561,601</u> | <u>3,378,661</u> | <u>34,940,262</u> |
| Expenditures: | | | |
| Current operations: | | | |
| General government | 2,028,740 | 111,852 | 2,140,592 |
| Public safety | 4,922,081 | 247,252 | 5,169,333 |
| Airport/Aviation center | | 184,621 | 184,621 |
| Highways and streets | 1,941,936 | | 1,941,936 |
| Health and welfare | 594,520 | 1,952 | 596,472 |
| Sanitation | 800,897 | 5,000 | 805,897 |
| Culture and recreation | 560,794 | 50,458 | 611,252 |
| Economic development | | 527,347 | 527,347 |
| Education | 16,552,131 | 1,670,336 | 18,222,467 |
| Food service | | 638,982 | 638,982 |
| Capital outlay | 817,513 | 277,321 | 1,094,834 |
| Debt service: | | | |
| Principal retirement | 1,635,618 | | 1,635,618 |
| Interest and fiscal charges | 246,751 | | 246,751 |
| Lease payments | 329,700 | | 329,700 |
| Intergovernmental | <u>1,665,902</u> | | <u>1,665,902</u> |
| Total Expenditures | <u>32,096,583</u> | <u>3,715,121</u> | <u>35,811,704</u> |
| Excess of revenues over (under) expenditures | <u>(534,982)</u> | <u>(336,460)</u> | <u>(871,442)</u> |
| Other financing sources (uses): | | | |
| Proceeds from capital lease issuance | 218,808 | | 218,808 |
| Transfers in | 9,222 | 11,500 | 20,722 |
| Transfers out | <u>(132,846)</u> | <u>(9,222)</u> | <u>(142,068)</u> |
| Total Other Financing Sources (Uses) | <u>95,184</u> | <u>2,278</u> | <u>97,462</u> |
| Net change in fund balances | <u>(439,798)</u> | <u>(334,182)</u> | <u>(773,980)</u> |
| Fund balances at beginning of year | <u>3,534,672</u> | <u>2,415,198</u> | <u>5,949,870</u> |
| Fund balances at end of year | <u>\$ 3,094,874</u> | <u>\$ 2,081,016</u> | <u>\$ 5,175,890</u> |

CITY OF BERLIN, NEW HAMPSHIRE

Reconciliation of the Statement of Revenues, Expenditures

and Changes in Fund Balances of Governmental Funds

to the Statement of Activities

For the Year Ended June 30, 2013

| | |
|--|---------------------|
| Change in Fund Balances - Total Governmental Funds | \$ (773,980) |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period. | (475,973) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | 889,541 |
| Transfers of capital assets received from proprietary funds increase noncurrent assets in the statement of net position and are reported as transfers on the statement of activities, but do not provide current financial resources and are not reported as other financing sources in the funds. | 587,011 |
| Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss of disposed capital assets reduced by the actual proceeds received from the sale. | (10,392) |
| Prepayment of capital lease principal and interest is an asset in the governmental funds, but the prepayment of principal reduces long-term liabilities in the statement of net position and the prepayment of interest is expensed in the statement of activities. | (210,513) |
| Repayment of bond and note payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. | 1,030,618 |
| Repayment of principal on capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. | 463,278 |
| In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due. | 46,588 |
| Proceeds from capital leases are other financing sources in the funds, but capital leases increase long-term liabilities in the statement of net position. | (218,808) |
| Some expenses reported in the statement of activities, such as compensated absences, other post-employment benefits and the estimated liability for landfill postclosure care costs, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. | (235,038) |
| Change in Net Position of Governmental Activities | <u>\$ 1,092,332</u> |

EXHIBIT E
CITY OF BERLIN, NEW HAMPSHIRE
Statement of Net Position
Proprietary Funds
June 30, 2013

| | Business-type Activities | | |
|---|--------------------------|---------------------------------|----------------------|
| | Sewer Fund | Nonmajor Enterprise Funds | Totals |
| ASSETS | | | |
| Current Assets: | | | |
| Accounts receivable | \$ 285,013 | \$ 2,818 | \$ 287,831 |
| Due from other governments | 2,423,189 | 116,610 | 2,539,799 |
| Due from other funds | 5,202,918 | 789,100 | 5,992,018 |
| Prepaid expenses | 1,855 | | 1,855 |
| Inventory | 72,459 | | 72,459 |
| Total Current Assets | <u>7,985,434</u> | <u>908,528</u> | <u>8,893,962</u> |
| Noncurrent Assets: | | | |
| Due from other governments | 642,893 | | 642,893 |
| Capital assets: | | | |
| Non-depreciable capital assets | 11,164,258 | 37,238 | 11,201,496 |
| Depreciable capital assets, net | 21,283,238 | 76,568 | 21,359,806 |
| Total Noncurrent Assets | <u>33,090,389</u> | <u>113,806</u> | <u>33,204,195</u> |
| Total Assets | <u>41,075,823</u> | <u>1,022,334</u> | <u>42,098,157</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Total Deferred Outflows of Resources | <u>-</u> | <u>-</u> | <u>-</u> |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts payable | 600,899 | 3,839 | 604,738 |
| Accrued expenses | 85,609 | | 85,609 |
| Retainage payable | 681,789 | | 681,789 |
| Current portion of bonds payable | 145,369 | | 145,369 |
| Current portion of note payable | | 86,178 | 86,178 |
| Current portion of estimated liability for landfill postclosure care costs | | 12,450 | 12,450 |
| Total Current Liabilities | <u>1,513,666</u> | <u>102,467</u> | <u>1,616,133</u> |
| Noncurrent Liabilities: | | | |
| Bonds payable | 4,154,694 | | 4,154,694 |
| Note payable | | 38,978 | 38,978 |
| Other long-term obligations | 9,464,529 | | 9,464,529 |
| Compensated absences payable | 116,664 | | 116,664 |
| Other post-employment benefits payable | 10,379 | | 10,379 |
| Estimated liability for landfill postclosure care costs | | 261,450 | 261,450 |
| Total Noncurrent Liabilities | <u>13,746,266</u> | <u>300,428</u> | <u>14,046,694</u> |
| Total Liabilities | <u>15,259,932</u> | <u>402,895</u> | <u>15,662,827</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unearned revenue | | 236 | 236 |
| Total Deferred Inflows of Resources | <u>-</u> | <u>236</u> | <u>236</u> |
| NET POSITION | | | |
| Net investment in capital assets | 19,348,300 | 113,806 | 19,462,106 |
| Unrestricted | 6,467,591 | 505,397 | 6,972,988 |
| Total Net Position | <u>\$ 25,815,891</u> | <u>\$ 619,203</u> | <u>\$ 26,435,094</u> |

EXHIBIT F
CITY OF BERLIN, NEW HAMPSHIRE
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2013

| | Business-type Activities | | |
|---|--------------------------|---------------------------------|----------------------|
| | Sewer Fund | Nonmajor Enterprise Funds | Totals |
| Operating revenues: | | | |
| Charges for services | \$ 1,552,063 | | \$ 1,552,063 |
| Miscellaneous | 23,764 | \$ 115,859 | 139,623 |
| Total Operating Revenues | <u>1,575,827</u> | <u>115,859</u> | <u>1,691,686</u> |
| Operating expenses: | | | |
| Personnel services | 763,819 | | 763,819 |
| Contractual services | 6,332 | 3,800 | 10,132 |
| Repairs and maintenance | 41,663 | 38,737 | 80,400 |
| Administrative | 121,443 | 15,177 | 136,620 |
| Materials and supplies | 189,441 | 18 | 189,459 |
| Utilities | 160,926 | 2,230 | 163,156 |
| Depreciation | 1,003,791 | 36,580 | 1,040,371 |
| Total Operating Expenses | <u>2,287,415</u> | <u>96,542</u> | <u>2,383,957</u> |
| Operating income (loss) | <u>(711,588)</u> | <u>19,317</u> | <u>(692,271)</u> |
| Non-operating revenues (expenses): | | | |
| Loss on disposal of assets | | (179,792) | (179,792) |
| Interest revenue | 2,627 | 194 | 2,821 |
| Interest expense | (185,592) | | (185,592) |
| Net non-operating revenues (expenses) | <u>(182,965)</u> | <u>(179,598)</u> | <u>(362,563)</u> |
| Loss before capital contributions and transfers | (894,553) | (160,281) | (1,054,834) |
| Capital contributions | 1,253,414 | | 1,253,414 |
| Transfers in | | 121,346 | 121,346 |
| Transfers out | | (587,011) | (587,011) |
| Change in net position | 358,861 | (625,946) | (267,085) |
| Total net position at beginning of year | <u>25,457,030</u> | <u>1,245,149</u> | <u>26,702,179</u> |
| Total net position at end of year | <u>\$ 25,815,891</u> | <u>\$ 619,203</u> | <u>\$ 26,435,094</u> |

EXHIBIT G
CITY OF BERLIN, NEW HAMPSHIRE
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013

| | Business-type Activities | | |
|--|--------------------------|---------------------------------|---------------------|
| | Sewer Fund | Nonmajor Enterprise Funds | Totals |
| Cash flows from operating activities: | | | |
| Cash received from customers | \$ 1,740,593 | \$ 105,470 | \$ 1,846,063 |
| Cash paid to suppliers | (714,333) | (62,122) | (776,455) |
| Cash paid to employees | (544,750) | | (544,750) |
| Other cash receipts | | 5,814 | 5,814 |
| Net cash provided by operating activities | <u>481,510</u> | <u>49,162</u> | <u>530,672</u> |
| Cash flows from noncapital financing activities: | | | |
| Transfer in from other fund | | 121,346 | 121,346 |
| Net cash provided for noncapital financing activities | <u>-</u> | <u>121,346</u> | <u>121,346</u> |
| Cash flows from capital and related financing activities: | | | |
| Proceeds from other long-term obligations | 7,552,572 | | 7,552,572 |
| Principal paid on bonds payable | (139,380) | | (139,380) |
| Principal paid on note payable | | (72,920) | (72,920) |
| Interest paid on long-term debt | (187,320) | | (187,320) |
| Capital contributions | 1,699,991 | | 1,699,991 |
| Proceeds from sale of capital assets | | 289,800 | 289,800 |
| Purchases of capital assets | (7,725,447) | | (7,725,447) |
| Net cash provided for capital and related financing activities | <u>1,200,416</u> | <u>216,880</u> | <u>1,417,296</u> |
| Cash flows from investing activities: | | | |
| Interest on investments | 2,627 | 194 | 2,821 |
| Net cash provided by investing activities | <u>2,627</u> | <u>194</u> | <u>2,821</u> |
| Net increase in cash and cash equivalents | 1,684,553 | 387,582 | 2,072,135 |
| Cash and cash equivalents at beginning of year | <u>3,518,365</u> | <u>401,518</u> | <u>3,919,883</u> |
| Cash and cash equivalents at end of year | <u>\$ 5,202,918</u> | <u>\$ 789,100</u> | <u>\$ 5,992,018</u> |
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | | |
| Operating income (loss) | \$ (711,588) | \$ 19,317 | \$ (692,271) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | |
| Depreciation expense | 1,003,791 | 36,580 | 1,040,371 |
| Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources: | | | |
| Accounts receivable | 164,766 | (2,818) | 161,948 |
| Due from other governments | | 8,278 | 8,278 |
| Prepaid expenses | (1,855) | | (1,855) |
| Inventory | 2,023 | | 2,023 |
| Accounts payable | (14,588) | 3,444 | (11,144) |
| Accrued expenses | 3,238 | | 3,238 |
| Unearned revenue | | (3,189) | (3,189) |
| Compensated absences payable | 28,023 | | 28,023 |
| Other post-employment benefits payable | 7,700 | | 7,700 |
| Estimated liability for landfill postclosure care costs | | (12,450) | (12,450) |
| Net cash provided by operating activities | <u>\$ 481,510</u> | <u>\$ 49,162</u> | <u>\$ 530,672</u> |
| Non-cash transactions affecting financial position: | | | |
| Capital asset additions included in year end liabilities | \$ 1,262,742 | | \$ 1,262,742 |
| Net book value of disposed capital assets | | \$ 469,592 | 469,592 |
| Net book value of transferred capital assets | | 587,011 | 587,011 |
| | <u>\$ 1,262,742</u> | <u>\$ 1,056,603</u> | <u>\$ 2,319,345</u> |

EXHIBIT H
CITY OF BERLIN, NEW HAMPSHIRE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

| | Private- Purpose <u>Trusts</u> | Agency <u>Fund</u> |
|---------------------------------------|--------------------------------------|-----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 2,043 | \$ 225,451 |
| Investments | <u>116,370</u> | |
| Total Assets | <u>118,413</u> | <u>\$ 225,451</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Total Deferred Outflows of Resources | <u>-</u> | |
| LIABILITIES | | |
| Due to other funds | 250 | |
| Due to student groups | <u></u> | <u>\$ 225,451</u> |
| Total Liabilities | <u>250</u> | <u>\$ 225,451</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Total Deferred Inflows of Resources | <u>-</u> | |
| NET POSITION | | |
| Held in trust | <u>118,163</u> | |
| Total Net Position | <u>\$ 118,163</u> | |

EXHIBIT I
CITY OF BERLIN, NEW HAMPSHIRE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2013

| | Private- Purpose <u>Trusts</u> |
|----------------------------------|--------------------------------------|
| ADDITIONS: | |
| Investment earnings: | |
| Investment income | \$ 783 |
| Total Additions | <u>783</u> |
| DEDUCTIONS: | |
| Benefits | <u>5,805</u> |
| Total Deductions | <u>5,805</u> |
| Change in Net Position | (5,022) |
| Net Position - beginning of year | <u>123,185</u> |
| Net Position - end of year | <u><u>\$ 118,163</u></u> |

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

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 its charter.

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

Governmental Accounting Standards Board Statement No. 14 (as amended by GASB No. 39 and No. 61) requires that all component units for which the City maintains financial oversight and a financial benefit or burden relationship 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 by the Berlin Water Works 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 position 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, 2013

During the year ended June 30, 2013, the City implemented GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*". Under Statement 63, the City has segregated previously reported assets and liabilities as deferred outflows of resources and deferred inflows of resources, respectively. This statement also identifies net position as the residual of all other elements presented in the statement of financial position. Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources.

1. Government-Wide Financial Statements:

The statement of net position 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 position 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 deferred outflows of resources less liabilities and

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013

deferred inflows of resources is reported as fund balance. The following is the City's sole major governmental fund:

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

2. Proprietary Funds:

Proprietary fund reporting focuses on the determination of operating income, changes in net position, 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 sole 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 position and changes in net position. 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, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the City and its component unit are included on the Statement of Net Position.

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, deferred outflows of resources, current liabilities, and deferred inflows of resources 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.

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013

Like the government-wide statements, the proprietary fund type is accounted for on a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

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

Basis of Accounting

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

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. Unearned Revenue:

Unearned 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 unearned revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as unearned revenue.

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013

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, 2013, the City applied \$1,680,000 of its unappropriated fund balance to reduce taxes.

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:

| | |
|---------------------------|---------------------------------|
| | <i>Due from other funds</i> |
| Proprietary Funds: | |
| Sewer Fund | \$ 5,202,918 |
| Nonmajor Enterprise Funds | 789,100 |
| | <u>\$ 5,992,018</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.

Taxes Receivable

Taxes levied during the current fiscal year and prior and uncollected at June 30, 2013 are recorded as receivables net of reserves for estimated uncollectible taxes of \$458,740.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2013 are recorded as prepaid items. Prepaid expenses reported on the modified accrual basis of accounting in the General Fund at June 30, 2013 in the amount of \$210,513, represent a prepayment on capital lease obligations.

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013

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. 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 position, 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. Vacation leave accrued and unused at year end, must be taken within the following year or is forfeited.

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

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013

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 Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets 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 position is 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. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

The City's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is 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 the governmental fund types. Under Statement 54, the City has segregated fund balance into five classifications: Nonspendable, Restricted, Committed, Assigned, and Unassigned. The components of fund balance are defined as follows:

- *Nonspendable Fund Balance*: Amounts that are not in a spendable form or are required to be maintained intact.
- *Restricted Fund Balance*: Amounts that can only be spent for specific purposes stipulated by external resource providers or by enabling legislation. Restrictions may be changed or lifted only with the consent of the external resource providers or the enabling legislation.
- *Committed Fund Balance*: Amounts that can only be used for the specific purposes determined by a formal action of the City's 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.
- *Assigned Fund Balance*: Amounts the City intends to use for a specific purpose. 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'.

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013

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.

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 amounts and unassigned amounts.

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

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). The City Council has the authority to apply the City's beginning unassigned fund balance in order to balance the budget and to reduce the subsequent fiscal year property tax rate.

Interfund Activity

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

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Sewer Fund, these revenues represent 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.

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013

Significant estimates include depreciation expense, the liability for other post-employment benefits, the allowance for uncollectible taxes and the 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 (\$432,170,216 as of April 1, 2012) and are due in two installments on July 3, 2012 and December 26, 2012. Taxes paid after the due dates accrue interest at 12% per annum. On the modified accrual basis of accounting, property taxes are recognized as revenue when received in cash or if available to finance current period operations (within sixty days of year end).

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. Total taxes appropriated to Coos County for the year ended June 30, 2013 were \$1,665,902. The City bears responsibility for uncollected taxes.

NOTE 3—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

At June 30, 2013, the Airport Authority Fund, a Nonmajor Governmental Fund, had a deficit unassigned fund balance of (\$163,303).

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, 2013, the City participated in public entity risk pools (Trusts) for property and liability insurance and worker's compensation coverage. Coverage has not been significantly reduced from the prior year and settled claims have not exceeded coverage in any of the past three years.

The Trust agreements permit the Trusts 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 Trusts foresee 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, 2013.

Property and Liability Insurance

The Trust provides certain property and liability insurance coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. As a member of the Trust, 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, up to an aggregate of \$5,000,000.

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013

Each property loss is subject to a \$1,000 deductible. All losses over the aggregate are covered by insurance policies.

Worker's Compensation

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

NOTE 5—DEPOSITS AND INVESTMENTS

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

Deposits and investments as of June 30, 2013 are classified in the accompanying financial statements as follows:

| | |
|--------------------------------------|----------------------|
| Statement of net position: | |
| Cash and cash equivalents | \$ 15,006,570 |
| Investments | 369,182 |
| Statement of fiduciary net position: | |
| Cash and cash equivalents | 227,494 |
| Investments | 116,370 |
| Total deposits and investments | <u>\$ 15,719,616</u> |

Deposits and investments as of June 30, 2013 consist of the following:

| | |
|--------------------------------------|----------------------|
| Cash on hand | \$ 2,999 |
| Deposits with financial institutions | 15,713,915 |
| Investments | 2,702 |
| Total deposits and investments | <u>\$ 15,719,616</u> |

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, 2013, City investments totaling \$2,702 in the NHPDIP, a state investment pool, are unrated.

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013

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. 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, \$16,717,481 was collateralized by securities held by the bank in the bank's name and \$2,957 was uninsured and uncollateralized.

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—CAPITAL ASSETS

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

| | (As Restated) Balance 07/01/12 | Additions | Reductions | Balance 06/30/13 |
|---|--------------------------------------|--------------|--------------|---------------------|
| Governmental activities: | | | | |
| Capital assets not depreciated: | | | | |
| Land | \$ 711,156 | | | \$ 711,156 |
| Construction in progress | 5,993,156 | \$ 1,235,621 | \$ (355,682) | 6,873,095 |
| Total capital assets not being depreciated | 6,704,312 | 1,235,621 | (355,682) | 7,584,251 |
| Other capital assets: | | | | |
| Infrastructure | 8,785,651 | | | 8,785,651 |
| Land improvements | 5,172,964 | 97,735 | | 5,270,699 |
| Buildings and improvements | 10,681,226 | 695,107 | | 11,376,333 |
| Vehicles and equipment | 8,308,310 | 535,189 | (97,613) | 8,745,886 |
| Total other capital assets at historical cost | 32,948,151 | 1,328,031 | (97,613) | 34,178,569 |
| Less accumulated depreciation for: | | | | |
| Infrastructure | (4,662,501) | (270,935) | | (4,933,436) |
| Land improvements | (2,765,777) | (184,295) | | (2,950,072) |
| Buildings and improvements | (4,915,228) | (212,688) | | (5,127,916) |
| Vehicles and equipment | (5,393,996) | (457,591) | 87,221 | (5,764,366) |
| Total accumulated depreciation | (17,737,502) | (1,125,509) | 87,221 | (18,775,790) |
| Total other capital assets, net | 15,210,649 | 202,522 | (10,392) | 15,402,779 |
| Total capital assets, net | \$ 21,914,961 | \$ 1,438,143 | \$ (366,074) | \$ 22,987,030 |

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013

The balance of the assets acquired through capital leases as of June 30, 2013 is as follows:

| | |
|--------------------------------|---------------------|
| Buildings and improvements | \$ 1,652,511 |
| Less: Accumulated depreciation | <u>(198,301)</u> |
| | <u>\$ 1,454,210</u> |

Depreciation expense was charged to governmental functions as follows:

| | |
|--|---------------------|
| General government | \$ 21,442 |
| Public safety | 133,830 |
| Airport/Aviation center | 208,624 |
| Highways and streets | 390,946 |
| Health and welfare | 1,850 |
| Sanitation | 17,904 |
| Culture and recreation | 64,320 |
| Education | 282,475 |
| Food service | <u>4,118</u> |
| Total governmental activities depreciation expense | <u>\$ 1,125,509</u> |

During the year ended June 30, 2013, 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 Position and the Statement of Activities, \$968,173 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 07/01/12 | Additions | Reductions | Balance 06/30/13 |
|---|----------------------|---------------------|-----------------------|----------------------|
| Business-type activities: | | | | |
| Capital assets not depreciated: | | | | |
| Land | \$ 107,787 | | \$ (12,600) | \$ 95,187 |
| Construction in progress | <u>2,975,438</u> | <u>\$ 8,130,871</u> | | <u>11,106,309</u> |
| Total capital assets not being depreciated | <u>3,083,225</u> | <u>8,130,871</u> | <u>(12,600)</u> | <u>11,201,496</u> |
| Other capital assets: | | | | |
| Infrastructure | 21,105,618 | 51,404 | | 21,157,022 |
| Buildings and improvements | 24,986,139 | | (1,175,971) | 23,810,168 |
| Vehicles and equipment | <u>877,243</u> | <u>17,776</u> | <u>(35,086)</u> | <u>859,933</u> |
| Total other capital assets at historical cost | <u>46,969,000</u> | <u>69,180</u> | <u>(1,211,057)</u> | <u>45,827,123</u> |
| Less accumulated depreciation for: | | | | |
| Infrastructure | (6,653,604) | (529,381) | | (7,182,985) |
| Buildings and improvements | (16,118,882) | (499,036) | 131,968 | (16,485,950) |
| Vehicles and equipment | <u>(821,514)</u> | <u>(11,954)</u> | <u>35,086</u> | <u>(798,382)</u> |
| Total accumulated depreciation | <u>(23,594,000)</u> | <u>(1,040,371)</u> | <u>167,054</u> | <u>(24,467,317)</u> |
| Total other capital assets, net | <u>23,375,000</u> | <u>(971,191)</u> | <u>(1,044,003)</u> | <u>21,359,806</u> |
| Total capital assets, net | <u>\$ 26,458,225</u> | <u>\$ 7,159,680</u> | <u>\$ (1,056,603)</u> | <u>\$ 32,561,302</u> |

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013

Depreciation expense was charged to proprietary funds as follows:

| | |
|---|---------------------|
| Sewer Fund | \$ 1,003,791 |
| Nonmajor Enterprise Funds: | |
| Industrial Development and Park Authority Fund | 36,580 |
| Total business-type activities depreciation expense | <u>\$ 1,040,371</u> |

NOTE 7—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 19.95%, 22.89%, 11.30% and 8.80%, respectively. 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, 2013, 2012, and 2011 were \$1,738,558, \$1,736,938, and \$1,378,805, respectively, equal to the required contributions for each year.

NOTE 8—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 and their spouses are allowed to continue medical coverage under the City plan for the lifetime by paying the required medical premium rates. The following groups of retirees qualify for these benefits. School employees hired before July 1, 2011 are eligible for benefits after (1) attaining age 60 or (2) attaining age 50 with 10 or more years of service or (3) age plus service is at least 70 with 20 or more years of service. School employees hired on or after July 1, 2011 are eligible for benefits after (1) attaining age 65 or (2) attaining age 60 with 30 or more years of service. Employees who are members of OPEIU/Local 345 or the Teamsters and Non-Union Supervisory Employees/Local 633 are eligible at age 62 with 10 years of service. Employees who are members of Local 1444 are eligible at age 62. Police and Fire employees are eligible for benefits after 20 years of service.

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013

Retired employees contribute 100% of the total premium cost, except for the following groups. For members of OPEIU/Local 345 and the Teamsters and Non-Union Supervisory Employees/Local 633 the City pays the full cost of single coverage from age 62 to 65. For members of Local 1444 the City pays 80% of coverage from age 62 to 65.

The benefits, benefit levels, employee contributions and employer contributions are governed by RSA 100-A:50. As of July 1, 2012, the most recent actuarial valuation date, approximately 42 retirees, 16 spouses and 279 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

Annual OPEB Costs

The City's fiscal year 2013 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 equals the Normal Cost plus a provision for amortizing the unfunded actuarial accrued liability. The City assumed increasing dollar amortization over the maximum acceptable amortization period of thirty years. The City's annual OPEB cost for the year ending June 30, 2013, 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, 2012, is as follows:

| | |
|---|--------------------------|
| Annual Required Contribution (ARC) | \$ 482,725 |
| Interest on net OPEB obligation | 8,548 |
| Amortization of net OPEB obligation | <u>(6,816)</u> |
| Annual OPEB cost | 484,457 |
| Contributions made | <u>(292,977)</u> |
| Increase in net OPEB obligation | 191,480 |
| Net OPEB obligation - beginning of year | <u>196,864</u> |
| Net OPEB obligation - end of year | <u><u>\$ 388,344</u></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, 2013, 2012 and 2011 are as follows:

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|----------------------|---------------------|--|------------------------|
| 6/30/2013 | \$ 484,457 | 59.0% | \$ 388,344 |
| 6/30/2012 | \$ 417,206 | 97.3% | \$ 196,864 |
| 6/30/2011 | \$ 397,165 | 91.1% | \$ 185,501 |

The City's total net OPEB obligation as of June 30, 2013 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, 2012, the date of the most recent actuarial valuation, is as follows:

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013

| | |
|---|---------------------|
| Actuarial Accrued Liability (AAL) | \$ 5,702,638 |
| Actuarial value of plan assets | - |
| Unfunded Actuarial Accrued Liability (UAAL) | <u>\$ 5,702,638</u> |
| Funded ratio (actuarial value of plan assets/AAL) | 0% |
| Covered payroll (active plan members) | \$ 13,739,039 |
| UAAL as a percentage of covered payroll | 42% |

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

Actuarial Methods and Assumptions for OPEB

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

For the July 1, 2012 actuarial valuation the Projected Unit Credit cost method was applied. The actuarial value of assets was not determined as the City has not advance funded its obligation. The City employs the Pay-as-you-go basis to fund the plan. The actuarial assumptions included a 4.0% investment rate of return (discount rate) and an initial annual healthcare cost trend rate of 9.0% which decreases to a 5.0% long-term rate for all medical benefits after four years. The amortization costs for the initial Unfunded Actuarial Accrued Liability (UAAL) is an increasing dollar amortization for a period of thirty years on an open amortization period for pay-as-you-go. This has been calculated assuming the amortization payment increases at a rate of 4.0% per year.

NOTE 9—LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

The changes in the City's long-term obligations for the year ended June 30, 2013 are as follows:

| | Balance 07/01/12 | Additions | Reductions | Balance 06/30/13 | Due Within One Year |
|-------------------------------|---------------------|-------------------|----------------------|---------------------|------------------------|
| Governmental activities: | | | | | |
| Bonds payable | \$ 683,516 | | \$ (456,704) | \$ 226,812 | \$ 56,703 |
| Notes payable | 4,058,707 | | (573,914) | 3,484,793 | 591,444 |
| Capital leases payable | 1,043,275 | \$ 218,808 | (463,278) | 798,805 | 41,139 |
| Compensated absences payable | <u>1,625,735</u> | <u>74,198</u> | <u>(11,640)</u> | <u>1,688,293</u> | <u>30,000</u> |
| Total governmental activities | <u>\$ 7,411,233</u> | <u>\$ 293,006</u> | <u>\$(1,505,536)</u> | <u>\$ 6,198,703</u> | <u>\$ 719,286</u> |

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013

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

| | Balance 07/01/12 | Additions | Reductions | Balance 06/30/13 | Due Within One Year |
|--------------------------------|---------------------|---------------------|---------------------|----------------------|------------------------|
| Business-type activities: | | | | | |
| Bonds payable | \$ 4,439,443 | | \$ (139,380) | \$ 4,300,063 | \$ 145,369 |
| Note payable | 198,076 | | (72,920) | 125,156 | 86,178 |
| Other long-term obligations | 1,804,581 | \$ 7,659,948 | | 9,464,529 | - |
| Compensated absences payable | 88,641 | 28,489 | (466) | 116,664 | - |
| Total business-type activities | <u>\$ 6,530,741</u> | <u>\$ 7,688,437</u> | <u>\$ (212,766)</u> | <u>\$ 14,006,412</u> | <u>\$ 231,547</u> |

Payments on the general obligation bonds and note payable of the business-type activities are paid out of the Sewer Fund and Industrial Development and Park Authority Fund, respectively. The compensated absences will be paid from the Sewer Fund.

| | Balance 07/01/12 | Additions | Reductions | Balance 06/30/13 | Due Within One Year |
|----------------------|---------------------|-------------|----------------------|---------------------|------------------------|
| Component unit: | | | | | |
| Bonds payable | \$ 9,952,924 | | \$(1,179,398) | \$ 8,773,526 | \$ 1,242,196 |
| Total component unit | <u>\$ 9,952,924</u> | <u>\$ -</u> | <u>\$(1,179,398)</u> | <u>\$ 8,773,526</u> | <u>\$ 1,242,196</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, 2013 is comprised of the following individual issue:

| | |
|---|-------------------|
| \$1,134,062 Landfill Closure Bonds due in annual principal installments of \$56,703 through November 2016; interest at 4.48% | <u>\$ 226,812</u> |
|---|-------------------|

Debt service requirements to retire general obligation bonds for governmental activities at June 30, 2013 are as follows:

| Year Ending June 30, | Principal | Interest | Totals |
|-------------------------|-------------------|------------------|-------------------|
| 2014 | \$ 56,703 | \$ 10,161 | \$ 66,864 |
| 2015 | 56,703 | 7,621 | 64,324 |
| 2016 | 56,703 | 5,081 | 61,784 |
| 2017 | 56,703 | 2,540 | 59,243 |
| | <u>\$ 226,812</u> | <u>\$ 25,403</u> | <u>\$ 252,215</u> |

The State of New Hampshire annually reimburses the City for its share of landfill related debt service payments. For the year ended June 30, 2013, the landfill closure reimbursement was recorded in the General Fund in the amount of \$10,454.

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013

As included on the Statement of Activities (Exhibit B) as 'Debt service' expense, interest expense for the year ended June 30, 2013 was \$21,680 on general obligation debt for governmental activities.

Business-type Activities:

Bonds payable at June 30, 2013 is comprised of the following individual issue:

| | |
|--|---------------------|
| \$5,000,000 Sewer Fund Wastewater Treatment Facility Bond due in semi-annual installments of \$163,350 including interest, through September 2032; interest at 4.25% | <u>\$ 4,300,063</u> |
|--|---------------------|

Debt service requirements to retire general obligation bonds for business-type activities at June 30, 2013 are as follows:

| Year Ending June 30, | Principal | Interest | Totals |
|-------------------------|---------------------|---------------------|---------------------|
| 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 | 172,009 | 154,691 | 326,700 |
| 2019-2023 | 977,465 | 656,035 | 1,633,500 |
| 2024-2028 | 1,206,291 | 427,209 | 1,633,500 |
| 2029-2033 | <u>1,324,262</u> | <u>144,813</u> | <u>1,469,075</u> |
| | <u>\$ 4,300,063</u> | <u>\$ 2,069,512</u> | <u>\$ 6,369,575</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, 2013, the sewer related reimbursement was \$50,546.

As included on the Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds (Exhibit F), interest expense for the year ended June 30, 2013 was \$185,592 on general obligation debt for business-type activities.

Component Unit:

Bonds payable at June 30, 2013 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% | \$ 150,000 |
| Bond payable due in annual installments of \$150,000 through August 2014; interest at 6.125% - 7.0% | 300,000 |
| Bond payable due in annual installments of \$305,000 through August 2015; interest at 5.25% - 5.625% | 915,000 |
| State revolving loan payable due in variable annual installments of \$142,470 to \$18,479 through November 2020; interest at 3.8% | 721,699 |

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013

| | |
|---|---------------------|
| State revolving loan payable due in variable annual installments of \$110,477 to \$14,462 through December 2020; interest at 3.8% | 559,745 |
| State revolving loan payable due in variable annual installments of \$56,016 to \$6,934 through December 2021; interest at 3.704% | 328,384 |
| State revolving loan payable due in variable annual installments of \$137,384 to \$17,007 through December 2021; interest at 3.704% | 805,390 |
| State revolving loan payable due in variable annual installments of \$103,859 to \$53,742 through May 2023; interest at 3.728% | 1,135,745 |
| State revolving loan payable due in variable annual installments of \$132,242 to \$100,537 through September 2024; interest at 3.688% | 1,134,093 |
| Bond payable due in variable annual installments through December 2040; interest at 2.25% | 222,783 |
| State revolving loan payable due in variable annual installments through October 2031; interest at 1.10% | 1,499,980 |
| Bond payable due in variable annual installments through October 2041; interest at 2.25% | <u>1,000,707</u> |
| | <u>\$ 8,773,526</u> |

Debt service requirements to retire general obligation bonds for the component unit at June 30, 2013 are as follows:

| Year Ending June 30, | Principal | Interest | Totals |
|-------------------------|---------------------|---------------------|----------------------|
| 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 | 634,901 | 158,090 | 792,991 |
| 2019-2023 | 2,381,668 | 475,516 | 2,857,184 |
| 2024-2028 | 754,008 | 198,264 | 952,272 |
| 2029-2033 | 615,595 | 97,979 | 713,574 |
| 2034-2038 | 250,053 | 40,777 | 290,830 |
| 2039-2042 | <u>210,212</u> | <u>11,597</u> | <u>221,809</u> |
| | <u>\$ 8,773,526</u> | <u>\$ 1,944,607</u> | <u>\$ 10,718,133</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, 2013, the reimbursement was \$700,644, which consists of \$605,000 in principal and \$95,644 in interest.

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013

Interest expense for the year ended June 30, 2013 was \$429,447 for the Berlin Water Works.

Notes Payable

Governmental Activities:

Notes payable for governmental activities at June 30, 2013 is comprised of the following individual issue:

\$5,000,000 Notes payable for various capital projects due in
semi-annual installments of \$346,335 including interest, through
December 2018; interest at 2.99% \$ 3,484,793

Debt service requirements to retire notes payable for governmental activities at June 30, 2013 are as follows:

| Year Ending June 30, | Principal | Interest | Totals |
|-------------------------|---------------------|-------------------|---------------------|
| 2014 | \$ 591,444 | \$ 101,226 | \$ 692,670 |
| 2015 | 609,510 | 83,160 | 692,670 |
| 2016 | 627,964 | 64,706 | 692,670 |
| 2017 | 647,309 | 45,361 | 692,670 |
| 2018 | 667,081 | 25,589 | 692,670 |
| 2019 | 341,485 | 5,213 | 346,698 |
| | <u>\$ 3,484,793</u> | <u>\$ 325,255</u> | <u>\$ 3,810,048</u> |

As included on the Statement of Activities (Exhibit B) as 'Debt service' expense, interest expense for the year ended June 30, 2013 was \$118,756 on notes payable for governmental activities.

Business-type Activities:

Notes payable for business-type activities at June 30, 2013 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% \$ 125,156

Debt service requirements to retire notes payable for business-type activities at June 30, 2013 are as follows:

| Year Ending June 30, | Principal |
|-------------------------|-------------------|
| 2014 | \$ 86,178 |
| 2015 | 38,978 |
| | <u>\$ 125,156</u> |

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013

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, 2013:

| | |
|--|-------------------|
| Equipment, due in annual installments of \$210,513, including interest at 4.295%, through July 2016 | \$ 579,997 |
| Equipment, due in annual installments of \$47,901, including interest at 3.090%, through August 2017 | 218,808 |
| | <u>\$ 798,805</u> |

Debt service requirements to retire capital lease obligations outstanding for governmental activities at June 30, 2013 are as follows:

| Year Ending <u>June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Totals</u> |
|--------------------------------|-------------------|------------------|-------------------|
| 2014 | \$ 41,139 | \$ 6,761 | \$ 47,900 |
| 2015 | 227,516 | 30,897 | 258,413 |
| 2016 | 236,935 | 21,478 | 258,413 |
| 2017 | 246,750 | 11,663 | 258,413 |
| 2018 | 46,465 | 1,436 | 47,901 |
| | <u>\$ 798,805</u> | <u>\$ 72,235</u> | <u>\$ 871,040</u> |

Other Long-Term Obligations

The City has drawn \$9,464,529 of approximately \$17,200,000 in funds under the State of New Hampshire Water Pollution Control Revolving Loan Fund Program for an improvement project for 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 \$9,464,529 has been reported as 'Other long-term obligations' in the business-type activities.

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.

Authorized and Unissued Debt

The following debt was authorized and unissued as of June 30, 2013:

| | |
|---|----------------------|
| Sewer Wastewater Treatment Facility Phase II | \$ 7,735,471 |
| Industrial Development Revenue Bonds - Greenova Project | 10,000,000 |
| | <u>\$ 17,735,471</u> |

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013

NOTE 10—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 \$432,100 as of June 30, 2013. The estimated liability for the post-closure care costs of the East Milan landfill (\$158,200) and the Cates Hill landfill (\$273,900) have been reported as a liability of the Governmental Activities and the Cates Hill Landfill Proprietary Fund, respectively. The East Milan landfill was capped during fiscal year 1997, and the Cates Hill landfill was capped during fiscal year 2005. The estimated total current cost of the landfill post-closure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor and maintain the landfills were acquired as of June 30, 2013. 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 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, 2013:

| | Governmental activities | Business-type activities | Totals |
|---|----------------------------|-----------------------------|-------------------|
| Balance - July 1, 2012 | \$ 169,500 | \$ 286,350 | \$ 455,850 |
| Current year expenditures | (5,215) | (5,604) | (10,819) |
| Net change in estimated liability for postclosure care costs | (6,085) | (6,846) | (12,931) |
| Balance - June 30, 2013 | <u>\$ 158,200</u> | <u>\$ 273,900</u> | <u>\$ 432,100</u> |

NOTE 11—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, 2013 are as follows:

| | Due from | | | Totals |
|-----------------------------|---------------------|-----------------------------------|--------------------|---------------------|
| | General Fund | Nonmajor Governmental Funds | Fiduciary Funds | |
| General Fund | | \$ 889,607 | \$ 250 | \$ 889,857 |
| Nonmajor Governmental Funds | \$ 1,799,163 | 16,380 | | 1,815,543 |
| Sewer Fund | 5,202,918 | | | 5,202,918 |
| Nonmajor Enterprise Funds | 789,100 | | | 789,100 |
| | <u>\$ 7,791,181</u> | <u>\$ 905,987</u> | <u>\$ 250</u> | <u>\$ 8,697,418</u> |

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013

During the year, several interfund transactions occurred between funds. The various transfers were made in accordance with budgetary authorizations, except for the transfers noted in the paragraph following the table below. Interfund transfers for the year ended June 30, 2013 are as follows:

| | Transfer out | | | Totals |
|-----------------------------|-------------------|-----------------------------------|---------------------------------|-------------------|
| | General Fund | Nonmajor Governmental Funds | Nonmajor Enterprise Funds | |
| Transfer in | | | | |
| Governmental Activities | | | \$ 587,011 | \$ 587,011 |
| General Fund | | \$ 9,222 | | 9,222 |
| Nonmajor Governmental Funds | \$ 11,500 | | | 11,500 |
| Nonmajor Enterprise Funds | 121,346 | | | 121,346 |
| | <u>\$ 132,846</u> | <u>\$ 9,222</u> | <u>\$ 587,011</u> | <u>\$ 729,079</u> |

Included within the transfers in the above table, the General Fund transferred \$121,346 to the Courthouse Fund, a Nonmajor Proprietary Fund, to satisfy all obligations of the fund and close it out. As part of the Courthouse Fund's closure at July 1, 2012, the net book value of the Courthouse Fund's capital assets was transferred to the Governmental Activities in the amount of \$115,592. In addition, the Industrial Development and Park Authority Fund, a Nonmajor Proprietary Fund, transferred capital assets with a net book value of \$471,419 to the Governmental Activities, as it was determined during the year that the use of the assets being transferred had been modified and no longer served the purpose of the fund.

NOTE 12—RESTRICTED NET POSITION

Net position is restricted for specific purposes as follows:

| | |
|---|---------------------|
| Permanent Funds - Endowments | \$ 150,003 |
| Permanent Funds - Income | 223,236 |
| Capital Projects - Unexpended Debt Proceeds | 1,780,032 |
| School Private Grants and Contributions | 1,710 |
| | <u>\$ 2,154,981</u> |

NOTE 13—COMPONENTS OF FUND BALANCE

The components of the City's fund balance for its governmental funds at June 30, 2013 are as follows:

| | General Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|-----------------|-----------------------------------|--------------------------------|
| <u>Fund Balances</u> | | | |
| Nonspendable: | | | |
| Prepaid expenses | \$ 227,644 | \$ 35,445 | \$ 263,089 |
| Tax deeded property | 443,870 | | 443,870 |
| Inventory | | 12,864 | 12,864 |
| Permanent funds - Endowments | | 150,003 | 150,003 |
| Restricted for: | | | |
| Permanent funds - Income | | 223,236 | 223,236 |
| Capital projects | | 1,780,032 | 1,780,032 |
| School private grants and contributions | | 1,710 | 1,710 |

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013

| | | |
|----------------------------------|---------------------|---------------------|
| Committed for: | | |
| Recreation and parks programs | 18,820 | 18,820 |
| Assigned for: | | |
| Continuing appropriations | 485,146 | 485,146 |
| Encumbrances | 50,294 | 50,294 |
| Food service operations | 20,149 | 20,149 |
| Health department | 2,060 | 2,060 |
| Unassigned (deficit): | | |
| Unassigned - General operations | 1,887,920 | 1,887,920 |
| Airport Authority Fund (deficit) | (163,303) | (163,303) |
| | <u>\$ 3,094,874</u> | <u>\$ 2,081,016</u> |
| | | <u>\$ 5,175,890</u> |

NOTE 14—TOP TAXPAYERS

The following are the five major property owners as they relate to the City's total assessed property valuation of \$432,170,216 (as of April 1, 2012):

| <u>Taxpayer</u> | <u>Property Valuation</u> | <u>Percentage of Total Valuation</u> |
|---------------------------------|-------------------------------|--|
| Public Service of New Hampshire | \$ 57,679,000 | 13.35% |
| Great Lakes Hydro America, LLC | 36,800,000 | 8.52% |
| Portland Natural Gas | 15,363,000 | 3.55% |
| Fisher, L GP | 2,227,300 | 0.52% |
| Berlin Falls Real Estate LLC | 1,628,800 | 0.38% |

NOTE 15—COMMITMENTS

Ambulance Services 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. In June 2013, the City extended this contract for an additional three years through June 30, 2016. The terms of the extended contract include minimum monthly payments of \$25,917. These monthly payments may be adjusted based on future Medicare or Medicaid reimbursement rates. For the year ended June 30, 2013, the City expended \$246,000 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, 2013, the City recognized revenue in the amount of \$850,000 for the sewer line connections substantial completion. As of June 30, 2013, the City has recognized the total contract proceeds of \$8,500,000, with \$850,000 reported as an intergovernmental receivable from the Federal Bureau of Prisons at year end.

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013

Guaranteed Debt - Component Unit

Debt issued by Berlin Water Works (a component unit of the City) is backed by the full faith and credit of the City. Berlin Water Works has been experiencing decreasing operating revenues since the May 2006 shutdown of the Fraser Pulp Mill and will likely continue to experience cash flow pressures in the near-term. Management of Berlin Water Works plans to rectify liquidity issues through additional revenues from the Federal prison and the newly constructed Bio-mass Facility, as well as the refinancing of seven outstanding loans with total approximate debt service savings of \$600,000.

NOTE 16—CONTINGENT LIABILITIES

Litigation

There may be various claims and suits pending against the City, which arise in the normal course of the City's activities. In the opinion of legal counsel and City management, any potential claims against the City which are not covered by insurance are immaterial and would not affect the financial position of the City.

Federal Grants

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

NOTE 17—RESTATEMENT OF NET POSITION

Government-Wide Financial Statements

During the year ended June 30, 2013, it was determined that capital assets of the governmental activities were overstated. Net Position of the governmental activities as of July 1, 2012 has been restated as follows:

| | Governmental Activities |
|--|----------------------------|
| Net Position - July 1, 2012 (as previously reported) | \$ 20,993,899 |
| Amount of restatement due to: | |
| Overstatement of capital assets | (238,784) |
| Net Position - July 1, 2012, as restated | <u>\$ 20,755,115</u> |

NOTE 18—SUBSEQUENT EVENTS

During July 2013, the City issued general obligation bonds in the amount of \$3,971,500 with a premium of \$528,500 (total proceeds of \$4,500,000) for the purpose of current refunding the outstanding principal of governmental activities debt for various capital improvement projects and to finance additional street improvements on a "new money" basis. The general obligation bonds have an interest rate ranging from 4.10% to 5.60% and mature on August 2025.

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, 2013

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget - Favorable (Unfavorable) |
|---|-------------------------|---------------------|---------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> | |
| Revenues: | | | | |
| Taxes | \$ 14,293,919 | \$ 14,293,919 | \$ 14,232,827 | \$ (61,092) |
| Licenses and permits | 1,132,950 | 1,132,950 | 1,199,175 | 66,225 |
| Intergovernmental | 12,918,486 | 12,918,486 | 13,014,828 | 96,342 |
| Charges for services | 2,097,709 | 2,040,098 | 2,256,009 | 215,911 |
| Interest income | 5,000 | 5,000 | 8,965 | 3,965 |
| Miscellaneous | 305,046 | 305,046 | 767,915 | 462,869 |
| Total Revenues | <u>30,753,110</u> | <u>30,695,499</u> | <u>31,479,719</u> | <u>784,220</u> |
| Expenditures: | | | | |
| Current operations: | | | | |
| General government | 2,066,463 | 2,008,852 | 2,003,890 | 4,962 |
| Public safety | 5,165,792 | 5,165,792 | 4,924,930 | 240,862 |
| Highways and streets | 1,849,432 | 1,849,432 | 1,942,129 | (92,697) |
| Health and welfare | 606,206 | 606,206 | 594,520 | 11,686 |
| Sanitation | 853,376 | 853,376 | 793,087 | 60,289 |
| Culture and recreation | 555,279 | 555,279 | 560,794 | (5,515) |
| Education | 16,731,124 | 16,731,124 | 16,333,323 | 397,801 |
| Capital outlay | 1,208,287 | 820,391 | 811,888 | 8,503 |
| Debt service: | | | | |
| Principal retirement | 1,608,861 | 1,608,861 | 1,635,618 | (26,757) |
| Interest and fiscal charges | 253,520 | 253,520 | 246,751 | 6,769 |
| Lease payments | 329,700 | 329,700 | 329,700 | - |
| Intergovernmental | 1,665,902 | 1,665,902 | 1,665,902 | - |
| Total Expenditures | <u>32,893,942</u> | <u>32,448,435</u> | <u>31,842,532</u> | <u>605,903</u> |
| Excess of revenues over (under) expenditures | <u>(2,140,832)</u> | <u>(1,752,936)</u> | <u>(362,813)</u> | <u>1,390,123</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 7,645 | 7,645 | 9,222 | 1,577 |
| Transfers out | (11,500) | (11,500) | (132,846) | (121,346) |
| Total Other Financing Sources (Uses) | <u>(3,855)</u> | <u>(3,855)</u> | <u>(123,624)</u> | <u>(119,769)</u> |
| Net change in fund balance | (2,144,687) | (1,756,791) | (486,437) | 1,270,354 |
| Fund balance at beginning of year | | | | |
| - Budgetary Basis | <u>4,173,746</u> | <u>4,173,746</u> | <u>4,173,746</u> | <u>-</u> |
| Fund balance at end of year | | | | |
| - Budgetary Basis | <u>\$ 2,029,059</u> | <u>\$ 2,416,955</u> | <u>\$ 3,687,309</u> | <u>\$ 1,270,354</u> |

SCHEDULE 2
CITY OF BERLIN, NEW HAMPSHIRE
Schedule of Funding Progress for Other Post-Employment Benefits
For the Year Ended June 30, 2013

| <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% |
| 7/1/2012 | \$ - | \$ 5,702,638 | \$ 5,702,638 | 0.0% | \$ 13,739,039 | 42% |

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2013

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 revenues and other financing sources and expenditures and other financing uses were adjusted for encumbrances and capital lease proceeds as follows:

| | Revenues and Other Financing <u>Sources</u> | Expenditures and Other Financing <u>Uses</u> |
|---|--|---|
| Per Exhibit D | \$ 31,789,631 | \$ 32,229,429 |
| Difference in property taxes meeting susceptible to accrual criteria | (81,882) | |
| Encumbrances, June 30, 2013 | | 50,294 |
| Encumbrances, June 30, 2012 | | (85,537) |
| Capital lease proceeds | (218,808) | (218,808) |
| Per Schedule 1 | <u>\$ 31,488,941</u> | <u>\$ 31,975,378</u> |

NOTE 2—BUDGETARY FUND BALANCE

The components of the budgetary fund balance for the General Fund at June 30, 2013 are as follows:

| | |
|---------------------------------|---------------------|
| <i>Nonspendable:</i> | |
| Prepaid expenses | \$ 227,644 |
| Tax deeded property | 443,870 |
| <i>Assigned for:</i> | |
| Continuing appropriations | 485,146 |
| <i>Unassigned:</i> | |
| Unassigned - General operations | 2,530,649 |
| | <u>\$ 3,687,309</u> |

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
June 30, 2013

**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 been presented for the three most recent actuarial valuation reports.

SCHEDULE I
CITY OF BERLIN, NEW HAMPSHIRE
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

| Federal Granting Agency/Recipient State Agency/Grant Program/State Grant Number | Federal Catalogue Number | Expenditures |
|---|--------------------------------|----------------|
| DEPARTMENT OF AGRICULTURE | | |
| Pass Through Payments from the New Hampshire Department of Education School Breakfast Program | 10.553 | \$ 70,388 |
| National School Lunch Program | 10.555 | 322,461 |
| Special Milk Program for Children | 10.556 | 2,265 |
| Fresh Fruit and Vegetable Program | 10.582 | 31,609 |
| Total Department of Agriculture | | <u>426,723</u> |
| DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | |
| Pass Through Payments from the New Hampshire Community Development Finance Authority Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii | 14.228 | |
| #09-053-CDHS | | 179,549 |
| #09-053-NSPH | | 103,711 |
| #11-053-NSP3 | | 221,012 |
| #013-053-CDHS | | 1,302 |
| #B-09-SP-NH-0089 | | 23,075 |
| | | <u>528,649</u> |
| Total Department of Housing and Urban Development | | <u>528,649</u> |
| DEPARTMENT OF JUSTICE | | |
| Received directly from U.S. Treasury Department Public Safety Partnership and Community Policing Grants #2010-UM-WX-0212 | 16.710 | 75,608 |
| Enforcing Underage Drinking Laws Program #2011-AH-FX-0008 | 16.727 | 13,768 |
| Pass Through Payments from the New Hampshire Department of Justice Edward Byrne Memorial Justice Assistance Grant Program #2010-DJ-BX-0128 | 16.738 | 79,542 |
| Total Department of Justice | | <u>168,918</u> |

SCHEDULE I
CITY OF BERLIN, NEW HAMPSHIRE
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2013

| Federal Granting Agency/Recipient State Agency/Grant Program/State Grant Number | Federal Catalogue Number | Expenditures |
|---|--------------------------------|--|
| DEPARTMENT OF TRANSPORTATION | | |
| Pass Through Payments from the New Hampshire Department of Transportation Airport Improvement Program #SBG-01-04-2012 | 20.106 | <u>12,062</u> |
| Pass Through Payments from the New Hampshire Highway Safety Agency State and Community Highway Safety #314-12B-004 #314-13B-007 #315-12B-032 #315-12B-126 #315-12B-127 #315-12B-128 #315-13B-056 #315-13B-147 #315-13B-148 | 20.600 | 5,068 438 596 3,860 3,829 5,967 2,775 1,720 1,010 <u>25,263</u> |
| Alcohol Impaired Driving Countermeasures Incentive Grants I #308-12B-055 #308-12B-056 #308-13B-058 #308-13B-059 | 20.601 | 8,951 3,336 2,225 895 <u>15,407</u> |
| Safety Belt Performance Grants #304-13B-025 | 20.609 | <u>2,630</u> |
| Total Department of Transportation | | <u>55,362</u> |
| ENVIRONMENTAL PROTECTION AGENCY | | |
| Pass Through Payments from the New Hampshire Department of Environmental Services Capitalization Grants for Clean Water State Revolving Funds #CS-330111-06 | 66.458 | <u>1,567,007</u> |
| Total Environmental Protection Agency | | <u>1,567,007</u> |

SCHEDULE I
CITY OF BERLIN, NEW HAMPSHIRE
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2013

| Federal Granting Agency/Recipient State Agency/Grant Program/State Grant Number | Federal Catalogue Number | Expenditures |
|---|--------------------------------|---|
| DEPARTMENT OF ENERGY | | |
| Pass Through Payments from the New Hampshire Office of Energy and Planning Energy Efficiency and Conservation Block Grant Program (EECBG), Recovery Program #DE-EE0003576 | 81.128 | <u>90,472</u> |
| Total Department of Energy | | <u>90,472</u> |
| DEPARTMENT OF EDUCATION | | |
| Pass Through Payments from the New Hampshire Department of Education Title I Grants to Local Educational Agencies #20012 #20174 #20175 #20900 #20901 #30012 #30174 #30175 #31512 #31513 | 84.010 | 36,203 14,083 11,893 4,000 4,000 746,062 8,921 6,865 3,192 <u>3,192</u> 838,411 |
| Special Education - Grants to States #32545 | 84.027 | <u>359,609</u> |
| Career and Technical Education - Basic Grants to States #25011 | 84.048 | <u>1,994</u> |
| Special Education - Preschool Grants #32545 | 84.173 | <u>10,003</u> |
| Twenty-First Century Community Learning Centers #36282 | 84.287 | <u>189,034</u> |
| Rural Education #16242 #26242 #36470 | 84.358 | 8,707 8,474 174 <u>17,355</u> |

SCHEDULE I
CITY OF BERLIN, NEW HAMPSHIRE
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2013

| Federal Granting Agency/Recipient State Agency/Grant Program/State <u>Grant Number</u> | Federal Catalogue <u>Number</u> | <u>Expenditures</u> |
|--|---------------------------------------|---------------------|
| DEPARTMENT OF EDUCATION (CONTINUED) | | |
| Improving Teacher Quality State Grants | 84.367 | |
| #24798 | | 5,607 |
| #25393 | | 4,000 |
| #25394 | | 5,500 |
| #25395 | | 5,500 |
| #25434 | | 15,000 |
| #34798 | | 137,859 |
| | | <u>173,466</u> |
| Total Department of Education | | <u>1,589,872</u> |
| DEPARTMENT OF HOMELAND SECURITY | | |
| Pass Through Payments from the New Hampshire Department of Safety | | |
| Emergency Management Performance Grants | 97.042 | |
| #EMPG-10-2012-05 | | <u>5,000</u> |
| Pass Through Payments from the New Hampshire Department of Homeland Security and Emergency Management | | |
| Homeland Security Grant Program | 97.067 | <u>22,097</u> |
| Total Department of Homeland Security | | <u>27,097</u> |
| Total Expenditures of Federal Awards | | <u>\$ 4,454,100</u> |

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2013

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, \$42,231 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:

| | |
|---------------------------------------|---------------------|
| Nonmajor Governmental Funds: | |
| Federal Projects Fund | \$ 1,589,872 |
| Food Service Fund | 384,492 |
| Airport Authority Fund | 12,062 |
| Grants Fund | 331,089 |
| CDBG Fund | 179,549 |
| Neighborhood Stabilization Grant Fund | 347,798 |
| | <u>\$ 2,844,862</u> |

Additionally, the recognition of expenditures of federal awards in the amount of \$1,567,007 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***

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, 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, 2013, and the related notes to the financial statements, which collectively comprise the City of Berlin, New Hampshire's basic financial statements, and have issued our report thereon dated April 14, 2014. Our report includes a reference to other auditors who audited the financial statements of Berlin Water Works, the discretely presented component unit, 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 auditors 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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Manchester, New Hampshire
April 14, 2014

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

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, 2013. 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.

The City of Berlin, New Hampshire's basic financial statements include the operations of the Berlin Water Works, a component unit of the City, which received federal awards which are not included in the schedule during the year ended June 30, 2013. Our audit, described below, did not include the operations of the Berlin Water Works because the component unit engaged other auditors to perform an audit in accordance with OMB Circular A-133.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Berlin, New Hampshire's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Berlin, New Hampshire's compliance.

Basis for Qualified Opinion on the Community Development Block Grants/State's Program

As described in the accompanying schedule of findings and questioned costs, the City of Berlin, New Hampshire did not comply with requirements regarding CFDA 14.228 Community Development Block Grants/State's Program as described in finding numbers 2013-1 for Cash Management and 2013-2 for Period of Availability. Compliance with such requirements is necessary, in our opinion, for the City of Berlin, New Hampshire to comply with the requirements applicable to that program.

Qualified Opinion on the Community Development Block Grants/State's Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City of Berlin, New Hampshire complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Community Development Block Grants/State's Program for the year ended June 30, 2013.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the City of Berlin, New Hampshire complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2013.

Report on 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 types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Berlin, New Hampshire's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies and therefore, material

weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2013-1 and 2013-2, that we consider to be significant deficiencies.

The City of Berlin, New Hampshire's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City of Berlin, New Hampshire's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Vachon Clutzay & Company PC

Manchester, New Hampshire
April 14, 2014

City of Berlin, New Hampshire
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Section I—Summary of Auditor’s Results

Financial Statements

| | | |
|---|---|----------------------------|
| Type of auditor’s report issued: | <u>Unmodified – all reporting units</u> | |
| Internal control over financial reporting: | | |
| Material weakness(es) identified? | _____yes | <u> X </u> no |
| Significant deficiency(ies) identified | | |
| not considered to be material weaknesses? | _____yes | <u> X </u> none reported |
| Noncompliance material to financial statements noted? | _____yes | <u> X </u> no |

Federal Awards

| | | |
|---|------------------|---------------------|
| Internal Control over major programs: | | |
| Material weakness(es) identified? | _____yes | <u> X </u> no |
| Significant deficiency(ies) identified | | |
| not considered to be material weaknesses? | <u> X </u> yes | _____ none reported |

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

Qualified - CFDA #14.228 Community Development Block Grants/State's Program
Unmodified - Other Major Federal Programs

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

Identification of major programs:

| CFDA Number(s) | Name of Federal Program or Cluster |
|-------------------------|--|
| 10.553, 10.555 & 10.556 | Child Nutrition Cluster |
| 14.228 | Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii |
| 66.458 | Capitalization Grants for Clean Water State Revolving Funds |

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

| | | |
|--|----------|-----------------|
| Auditee qualified as low-risk auditee? | _____yes | <u> X </u> 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

The following findings and questioned costs as defined under OMB Circular A-133 .510(a) are required to be reported.

Finding #2013-01 Cash Management:

Department of Housing and Urban Development

CFDA #14.228 Community Development Block Grants/State's Program

Federal Award Number: 09-053-NSPH

Passed Through Payments from the New Hampshire Community Development Finance Authority

Criteria or specific requirement: Federal cash management regulations require that only immediate cash needs be draw down by the grantee. Grant recipients must follow procedures to minimize the time elapsing between the transfer of federal funds and disbursement.

Condition: During our testing of the federal program we noted two costs requested under the federal award with an inappropriate amount of time lapse between receipt of funds and disbursement.

Questioned costs: Known questioned costs of \$65,347.

Context: In reviewing the final claim report for the federal award paid in March 2013, it was noted that two of the costs requested in this claim were not disbursed by the City as of the fiscal year ended June 30, 2013. Additionally, the funds were still not fully disbursed as of the commencement of audit fieldwork in September 2013. No other significant time lapses between receipt and disbursement of funds were noted in our review of the claims for the federal program.

Effect: The City did not fulfill its cash requirement of timely disbursement of funds, as amounts were drawn down in excess of immediate cash needs. Actual expenditures may differ from the anticipated/claimed costs resulting in excess funding received by the City.

Cause: The City's Housing Coordinator, who is new to the position, included anticipated costs in the federal awards final funding claim for work which was delayed and funds were not disbursed within a reasonable time frame of receipt.

Recommendation: We recommend that future grant funding request claims only include costs which have already been incurred or are scheduled in the immediate future. Grant funding requests should be based upon actual immediate cash needs in accordance with Federal regulations.

Views of Responsible Officials and Planned Corrective Actions: The City Manager has met directly with both the Housing Coordinator and the Public Works Director to make certain they understand why the time lapse was inappropriate and that this activity should not occur in the future. The City Manager is absolutely convinced that the actions that were taken, while inappropriate from a Federal Grant perspective, were mistakenly undertaken with the best interest of the City in mind to preserve access to much needed project funds. The City Manager is currently working with Department Heads on the development of a curriculum of relevant training topics which includes Financial and Asset Management. The specific topic highlighted in this finding will be incorporated in this training and all department heads will participate in this training to occur in 2014. The above recommendation will be implemented.

Finding #2013-02 Period of Availability:

Department of Housing and Urban Development

CFDA #14.228 Community Development Block Grants/State's Program

Federal Award Number: 09-053-NSPH

Passed Through Payments from the New Hampshire Community Development Finance Authority

Criteria or specific requirement: Federal period of availability requirements specify that grant recipients may only charge costs resulting from obligations incurred during the funding period authorized by the Federal awarding agency. The Community Development Block Grants/State's Program federal award grant agreement states the period of availability to end on March 9, 2013.

Condition: During our testing of the federal program we noted two costs requested under the federal award where the liabilities/obligations were not incurred during the specified period of availability. The claimed funds remained unobligated and unspent as of the fiscal year ended June 30, 2013.

Questioned costs: Known questioned costs of \$65,347.

Context: In reviewing the final claim report for the federal award paid in March 2013, it was noted that two of the costs requested were for anticipated expenditures that were not incurred prior to the expiration of the period of availability. The questioned claimed costs were still not fully incurred as of the commencement of audit fieldwork in September 2013. A sample of 40 expenditures encompassing all the federal awards of the major federal program was selected for testing requirements of allowable costs and period of availability and no other deviations were noted.

Effect: Costs that were not incurred within the allowed period of availability were inappropriately charged to the grant.

Cause: The City's Housing Coordinator, who is new to the position, included anticipated costs in the federal awards final funding claim which had not been incurred within the grants allowable period. Additionally, no action was taken to report the matter to the granting agency regarding permission to spend the funds outside the original period of availability.

Recommendation: We recommend that future grant funding request claims be carefully reviewed to only include costs which have been incurred within the stated period of availability. Grant funds not spent within the allowed period of availability should be communicated directly to the granting agency in order to determine the appropriate treatment.

Views of Responsible Officials and Planned Corrective Actions: The City Manager has met directly with both the Housing Coordinator and the Public Works Director to make certain they understand why the time lapse was inappropriate and that this activity should not occur in the future. The City Manager is absolutely convinced that the actions that were taken, while inappropriate from a Federal Grant perspective, were mistakenly undertaken with the best interest of the City in mind to preserve access to much needed project funds. The City Manager is currently working with Department Heads on the development of a curriculum of relevant training topics which includes Financial and Asset Management. The specific topic highlighted in this finding will be incorporated in this training and all department heads will participate in this training to occur in 2014. The above recommendation will be implemented.

SCHEDULE A
CITY OF BERLIN, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Funds
June 30, 2013

| | Special Revenue Funds | Permanent Funds | Capital Projects Fund | Total Nonmajor Governmental Funds |
|--|-----------------------------|--------------------|-----------------------------|--|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 83,999 | \$ 6,509 | | \$ 90,508 |
| Investments | | 366,908 | | 366,908 |
| Due from other governments | 831,062 | | | 831,062 |
| Due from other funds | 35,511 | | \$ 1,780,032 | 1,815,543 |
| Prepaid expenses | 35,445 | | | 35,445 |
| Inventory | 12,864 | | | 12,864 |
| Total Assets | <u>998,881</u> | <u>373,417</u> | <u>1,780,032</u> | <u>3,152,330</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Total Deferred Outflows of Resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Assets and Deferred Outflows of Resources | <u>\$ 998,881</u> | <u>\$ 373,417</u> | <u>\$ 1,780,032</u> | <u>\$ 3,152,330</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 55,001 | | | \$ 55,001 |
| Accrued expenses | 6,141 | | | 6,141 |
| Due to other funds | 905,809 | \$ 178 | | 905,987 |
| Total Liabilities | <u>966,951</u> | <u>178</u> | <u>\$ -</u> | <u>967,129</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unearned grant revenue | <u>104,185</u> | | | <u>104,185</u> |
| Total Deferred Inflows of Resources | <u>104,185</u> | <u>-</u> | <u>-</u> | <u>104,185</u> |
| FUND BALANCES | | | | |
| Nonspendable | 48,309 | 150,003 | | 198,312 |
| Restricted | 1,710 | 223,236 | 1,780,032 | 2,004,978 |
| Committed | 18,820 | | | 18,820 |
| Assigned | 22,209 | | | 22,209 |
| Unassigned (Deficit) | <u>(163,303)</u> | | | <u>(163,303)</u> |
| Total Fund Balances (Deficit) | <u>(72,255)</u> | <u>373,239</u> | <u>1,780,032</u> | <u>2,081,016</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 998,881</u> | <u>\$ 373,417</u> | <u>\$ 1,780,032</u> | <u>\$ 3,152,330</u> |

SCHEDULE A-1
CITY OF BERLIN, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Special Revenue Funds
June 30, 2013

| | Federal Projects Fund | Food Service Fund | Airport Authority Fund | Health Department Fund | Grants Fund | CDBG Fund | Neighborhood Stabilization Grant Fund | Recreation and Parks Programs Fund | Combining Totals |
|--|-----------------------------|-------------------------|------------------------------|------------------------------|-------------------|------------------|--|---|---------------------|
| ASSETS | | | | | | | | | |
| Cash and cash equivalents | | | | \$ 2,060 | | \$ 81,939 | | | \$ 83,999 |
| Due from other governments | \$ 422,038 | \$ 69,506 | \$ 54,297 | | \$ 93,190 | | \$ 192,031 | | 831,062 |
| Due from other funds | | | | | 16,381 | | | \$ 19,130 | 35,511 |
| Prepaid expenses | | | 35,445 | | | | | | 35,445 |
| Inventory | | 12,864 | | | | | | | 12,864 |
| Total Assets | <u>422,038</u> | <u>82,370</u> | <u>89,742</u> | <u>2,060</u> | <u>109,571</u> | <u>81,939</u> | <u>192,031</u> | <u>19,130</u> | <u>998,881</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | | | | |
| Total Deferred Outflows of Resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Assets and Deferred Outflows of Resources | <u>\$ 422,038</u> | <u>\$ 82,370</u> | <u>\$ 89,742</u> | <u>\$ 2,060</u> | <u>\$ 109,571</u> | <u>\$ 81,939</u> | <u>\$ 192,031</u> | <u>\$ 19,130</u> | <u>\$ 998,881</u> |
| LIABILITIES | | | | | | | | | |
| Accounts payable | | \$ 150 | \$ 1,304 | | \$ 34,024 | | \$ 19,253 | \$ 270 | \$ 55,001 |
| Accrued expenses | | | 3,640 | | 1,993 | | 468 | 40 | 6,141 |
| Due to other funds | <u>\$ 398,808</u> | <u>49,207</u> | <u>212,656</u> | | <u>47,377</u> | <u>\$ 81,939</u> | <u>115,822</u> | | <u>905,809</u> |
| Total Liabilities | <u>398,808</u> | <u>49,357</u> | <u>217,600</u> | <u>\$ -</u> | <u>83,394</u> | <u>81,939</u> | <u>135,543</u> | <u>310</u> | <u>966,951</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | | |
| Unearned grant revenue | <u>21,520</u> | | | | <u>26,177</u> | | <u>56,488</u> | | <u>104,185</u> |
| Total Deferred Inflows of Resources | <u>21,520</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>26,177</u> | <u>-</u> | <u>56,488</u> | <u>-</u> | <u>104,185</u> |
| FUND BALANCES | | | | | | | | | |
| Nonspendable | | 12,864 | 35,445 | | | | | | 48,309 |
| Restricted | 1,710 | | | | | | | | 1,710 |
| Committed | | | | | | | | 18,820 | 18,820 |
| Assigned | | 20,149 | | 2,060 | | | | | 22,209 |
| Unassigned (Deficit) | | | (163,303) | | | | | | (163,303) |
| Total Fund Balances (Deficit) | <u>1,710</u> | <u>33,013</u> | <u>(127,858)</u> | <u>2,060</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>18,820</u> | <u>(72,255)</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 422,038</u> | <u>\$ 82,370</u> | <u>\$ 89,742</u> | <u>\$ 2,060</u> | <u>\$ 109,571</u> | <u>\$ 81,939</u> | <u>\$ 192,031</u> | <u>\$ 19,130</u> | <u>\$ 998,881</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, 2013**

| | Special Revenue <u>Funds</u> | Permanent <u>Funds</u> | Capital Projects <u>Fund</u> | Total Nonmajor Governmental <u>Funds</u> |
|---|------------------------------------|---------------------------|------------------------------------|---|
| Revenues: | | | | |
| Intergovernmental | \$ 2,889,362 | | | \$ 2,889,362 |
| Charges for services | 381,317 | | | 381,317 |
| Interest income | 1 | \$ 4,891 | | 4,892 |
| Miscellaneous | 101,565 | 1,525 | | 103,090 |
| Total Revenues | <u>3,372,245</u> | <u>6,416</u> | <u>\$ -</u> | <u>3,378,661</u> |
| Expenditures: | | | | |
| Current operations: | | | | |
| General government | 111,177 | 675 | | 111,852 |
| Public safety | 247,252 | | | 247,252 |
| Airport/Aviation center | 184,621 | | | 184,621 |
| Health and welfare | 1,952 | | | 1,952 |
| Sanitation | 5,000 | | | 5,000 |
| Culture and recreation | 50,458 | | | 50,458 |
| Economic development | 527,347 | | | 527,347 |
| Education | 1,670,336 | | | 1,670,336 |
| Food service | 638,982 | | | 638,982 |
| Capital outlay | 14,216 | | 263,105 | 277,321 |
| Total Expenditures | <u>3,451,341</u> | <u>675</u> | <u>263,105</u> | <u>3,715,121</u> |
| Excess of revenues over (under) expenditures | <u>(79,096)</u> | <u>5,741</u> | <u>(263,105)</u> | <u>(336,460)</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 11,500 | | | 11,500 |
| Transfers out | (5,883) | (3,339) | | (9,222) |
| Total Other Financing Sources (Uses) | <u>5,617</u> | <u>(3,339)</u> | <u>-</u> | <u>2,278</u> |
| Net change in fund balances | (73,479) | 2,402 | (263,105) | (334,182) |
| Fund balances at beginning of year | <u>1,224</u> | <u>370,837</u> | <u>2,043,137</u> | <u>2,415,198</u> |
| Fund balances (deficit) at end of year | <u>\$ (72,255)</u> | <u>\$ 373,239</u> | <u>\$ 1,780,032</u> | <u>\$ 2,081,016</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, 2013

| | Federal Projects Fund | Food Service Fund | Airport Authority Fund | Health Department Fund | Carberry Fund | Grants Fund | CDBG Fund | Neighborhood Stabilization Grant Fund | Recreation and Parks Programs Fund | Combining Totals |
|---|-----------------------------|-------------------------|------------------------------|------------------------------|------------------|----------------|----------------|--|---|---------------------|
| Revenues: | | | | | | | | | | |
| Intergovernmental | \$ 1,619,456 | \$ 393,190 | \$ 12,397 | | | \$ 336,972 | \$ 179,549 | \$ 347,798 | | \$ 2,889,362 |
| Charges for services | | 215,260 | 132,049 | | | | | | \$ 34,008 | 381,317 |
| Interest income | | | | \$ 1 | | | | | | 1 |
| Miscellaneous | 50,880 | | 7,920 | 1,184 | | 41,581 | | | | 101,565 |
| Total Revenues | <u>1,670,336</u> | <u>608,450</u> | <u>152,366</u> | <u>1,185</u> | <u>\$ -</u> | <u>378,553</u> | <u>179,549</u> | <u>347,798</u> | <u>34,008</u> | <u>3,372,245</u> |
| Expenditures: | | | | | | | | | | |
| Current operations: | | | | | | | | | | |
| General government | | | | | | 111,177 | | | | 111,177 |
| Public safety | | | | | | 247,252 | | | | 247,252 |
| Airport/Aviation center | | | 184,621 | | | | | | | 184,621 |
| Health and welfare | | | | 1,161 | | 791 | | | | 1,952 |
| Sanitation | | | | | | 5,000 | | | | 5,000 |
| Culture and recreation | | | | | | 14,333 | | | 36,125 | 50,458 |
| Economic development | | | | | | | 179,549 | 347,798 | | 527,347 |
| Education | 1,670,336 | | | | | | | | | 1,670,336 |
| Food service | | 638,982 | | | | | | | | 638,982 |
| Capital outlay | | | 14,216 | | | | | | | 14,216 |
| Total Expenditures | <u>1,670,336</u> | <u>638,982</u> | <u>198,837</u> | <u>1,161</u> | <u>-</u> | <u>378,553</u> | <u>179,549</u> | <u>347,798</u> | <u>36,125</u> | <u>3,451,341</u> |
| Excess of revenues over (under) expenditures | <u>-</u> | <u>(30,532)</u> | <u>(46,471)</u> | <u>24</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(2,117)</u> | <u>(79,096)</u> |
| Other financing sources (uses): | | | | | | | | | | |
| Transfers in | | | 11,500 | | | | | | | 11,500 |
| Transfers out | | | | | (5,883) | | | | | (5,883) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>11,500</u> | <u>-</u> | <u>(5,883)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>5,617</u> |
| Net change in fund balances | - | (30,532) | (34,971) | 24 | (5,883) | - | - | - | (2,117) | (73,479) |
| Fund balances (deficit) at beginning 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> |
| Fund balances (deficit) at end of year | <u>\$ 1,710</u> | <u>\$ 33,013</u> | <u>\$ (127,858)</u> | <u>\$ 2,060</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 18,820</u> | <u>\$ (72,255)</u> |

SCHEDULE C
CITY OF BERLIN, NEW HAMPSHIRE
Combining Statement of Net Position
All Nonmajor Proprietary Funds
June 30, 2013

| | Industrial Development and Park Authority <u>Fund</u> | Cates Hill Landfill <u>Fund</u> | Combining <u>Totals</u> |
|---|---|---------------------------------------|----------------------------|
| ASSETS | | | |
| Current Assets: | | | |
| Accounts receivable | \$ 2,818 | | \$ 2,818 |
| Due from other governments | | \$ 116,610 | 116,610 |
| Due from other funds | 491,784 | 297,316 | 789,100 |
| Total Current Assets | <u>494,602</u> | <u>413,926</u> | <u>908,528</u> |
| Noncurrent Assets: | | | |
| Capital assets: | | | |
| Non-depreciable capital assets | 37,238 | | 37,238 |
| Depreciable capital assets, net | 76,568 | | 76,568 |
| Total Noncurrent Assets | <u>113,806</u> | <u>-</u> | <u>113,806</u> |
| Total Assets | <u>608,408</u> | <u>413,926</u> | <u>1,022,334</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Total Deferred Outflows of Resources | <u>-</u> | <u>-</u> | <u>-</u> |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts payable | 3,839 | | 3,839 |
| Current portion of note payable | 86,178 | | 86,178 |
| Current portion of estimated liability for landfill postclosure care costs | | 12,450 | 12,450 |
| Total Current Liabilities | <u>90,017</u> | <u>12,450</u> | <u>102,467</u> |
| Noncurrent Liabilities: | | | |
| Note payable | 38,978 | | 38,978 |
| Estimated liability for landfill postclosure care costs | | 261,450 | 261,450 |
| Total Noncurrent Liabilities | <u>38,978</u> | <u>261,450</u> | <u>300,428</u> |
| Total Liabilities | <u>128,995</u> | <u>273,900</u> | <u>402,895</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unearned revenue | 236 | | 236 |
| Total Deferred Inflows of Resources | <u>236</u> | <u>-</u> | <u>236</u> |
| NET POSITION | | | |
| Net investment in capital assets | 113,806 | | 113,806 |
| Unrestricted | 365,371 | 140,026 | 505,397 |
| Total Net Position | <u>\$ 479,177</u> | <u>\$ 140,026</u> | <u>\$ 619,203</u> |

SCHEDULE D
CITY OF BERLIN, NEW HAMPSHIRE
Combining Statement of Revenues, Expenses and Changes in Net Position
All Nonmajor Proprietary Funds
For the Year Ended June 30, 2013

| | Industrial Development and Park Authority <u>Fund</u> | Courthouse <u>Fund</u> | Cates Hill Landfill <u>Fund</u> | Combining <u>Totals</u> |
|---|---|---------------------------|---------------------------------------|----------------------------|
| Operating revenues: | | | | |
| Miscellaneous | \$ 111,477 | | \$ 4,382 | \$ 115,859 |
| Total Operating Revenues | <u>111,477</u> | <u>\$ -</u> | <u>4,382</u> | <u>115,859</u> |
| Operating expenses: | | | | |
| Contractual services | 3,800 | | | 3,800 |
| Repairs and maintenance | 38,737 | | | 38,737 |
| Administrative | 15,177 | | | 15,177 |
| Materials and supplies | 18 | | | 18 |
| Utilities | 2,230 | | | 2,230 |
| Depreciation | <u>36,580</u> | | | <u>36,580</u> |
| Total Operating Expenses | <u>96,542</u> | <u>-</u> | <u>-</u> | <u>96,542</u> |
| Operating income | <u>14,935</u> | <u>-</u> | <u>4,382</u> | <u>19,317</u> |
| Non-operating revenues (expenses): | | | | |
| Loss on disposal of assets | (179,792) | | | (179,792) |
| Interest revenue | <u>194</u> | | | <u>194</u> |
| Net non-operating revenues (expenses) | <u>(179,598)</u> | <u>-</u> | <u>-</u> | <u>(179,598)</u> |
| Income (Loss) before transfers | (164,663) | - | 4,382 | (160,281) |
| Transfers in | | 121,346 | | 121,346 |
| Transfers out | <u>(471,419)</u> | <u>(115,592)</u> | | <u>(587,011)</u> |
| Change in net position | (636,082) | 5,754 | 4,382 | (625,946) |
| Total net position (deficit) at beginning of year | <u>1,115,259</u> | <u>(5,754)</u> | <u>135,644</u> | <u>1,245,149</u> |
| Total net position at end of year | <u>\$ 479,177</u> | <u>\$ -</u> | <u>\$ 140,026</u> | <u>\$ 619,203</u> |

SCHEDULE E
CITY OF BERLIN, NEW HAMPSHIRE
Combining Statement of Cash Flows
All Nonmajor Proprietary Funds
For the Year Ended June 30, 2013

| | Industrial Development and Park Authority Fund | Courthouse Fund | Cates Hill Landfill Fund | Combining Totals |
|---|--|--------------------|--------------------------------|---------------------|
| Cash flows from operating activities: | | | | |
| Cash received from customers | \$ 105,470 | | | \$ 105,470 |
| Cash paid to suppliers | (56,403) | \$ (115) | \$ (5,604) | (62,122) |
| Other cash receipts | | | 5,814 | 5,814 |
| Net cash provided (used) by operating activities | <u>49,067</u> | <u>(115)</u> | <u>210</u> | <u>49,162</u> |
| Cash flows from noncapital financing activities: | | | | |
| Transfer in from other fund | | 121,346 | | 121,346 |
| Net cash provided for noncapital financing activities | <u>-</u> | <u>121,346</u> | <u>-</u> | <u>121,346</u> |
| Cash flows from capital and related financing activities: | | | | |
| Principal paid on note payable | (72,920) | | | (72,920) |
| Proceeds from sale of capital assets | 289,800 | | | 289,800 |
| Net cash provided for capital and related financing activities | <u>216,880</u> | <u>-</u> | <u>-</u> | <u>216,880</u> |
| Cash flows from investing activities: | | | | |
| Interest on investments | 194 | | | 194 |
| Net cash provided by investing activities | <u>194</u> | <u>-</u> | <u>-</u> | <u>194</u> |
| Net increase in cash and cash equivalents | 266,141 | 121,231 | 210 | 387,582 |
| Cash and cash equivalents (deficiency) at beginning of year | 225,643 | (121,231) | 297,106 | 401,518 |
| Cash and cash equivalents at end of year | <u>\$ 491,784</u> | <u>\$ -</u> | <u>\$ 297,316</u> | <u>\$ 789,100</u> |
| Reconciliation of operating income to net cash provided (used) by operating activities: | | | | |
| Operating income | \$ 14,935 | \$ - | \$ 4,382 | \$ 19,317 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | | |
| Depreciation expense | 36,580 | | | 36,580 |
| Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources: | | | | |
| Accounts receivable | (2,818) | | | (2,818) |
| Due from other governments | | | 8,278 | 8,278 |
| Accounts payable | 3,559 | (115) | | 3,444 |
| Unearned revenue | (3,189) | | | (3,189) |
| Estimated liability for landfill postclosure care costs | | | (12,450) | (12,450) |
| Net cash provided (used) by operating activities | <u>\$ 49,067</u> | <u>\$ (115)</u> | <u>\$ 210</u> | <u>\$ 49,162</u> |
| Non-cash transactions affecting financial position: | | | | |
| Net book value of disposed capital assets | \$ 469,592 | | | \$ 469,592 |
| Net book value of transferred capital assets | 471,419 | \$ 115,592 | | 587,011 |
| | <u>\$ 941,011</u> | <u>\$ 115,592</u> | <u>\$ -</u> | <u>\$ 1,056,603</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.

CITY MANAGERS OF THE CITY OF BERLIN

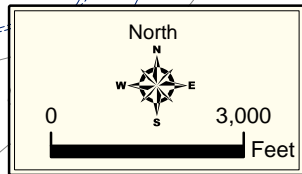
| | |
|-----------------------|-----------|
| Stanley Judkins | 1962-1966 |
| Joseph Burke | 1970-1973 |
| James C. Smith | 1973-1978 |
| Michael L. Donovan | 1978-1983 |
| Mitchell A. Berkowitz | 1983-1998 |
| George E. McMahon | 1998-1998 |
| Robert L. Théberge | 1999-2002 |
| Patrick MacQueen | 2002-2013 |
| James A. Wheeler | 2013- |

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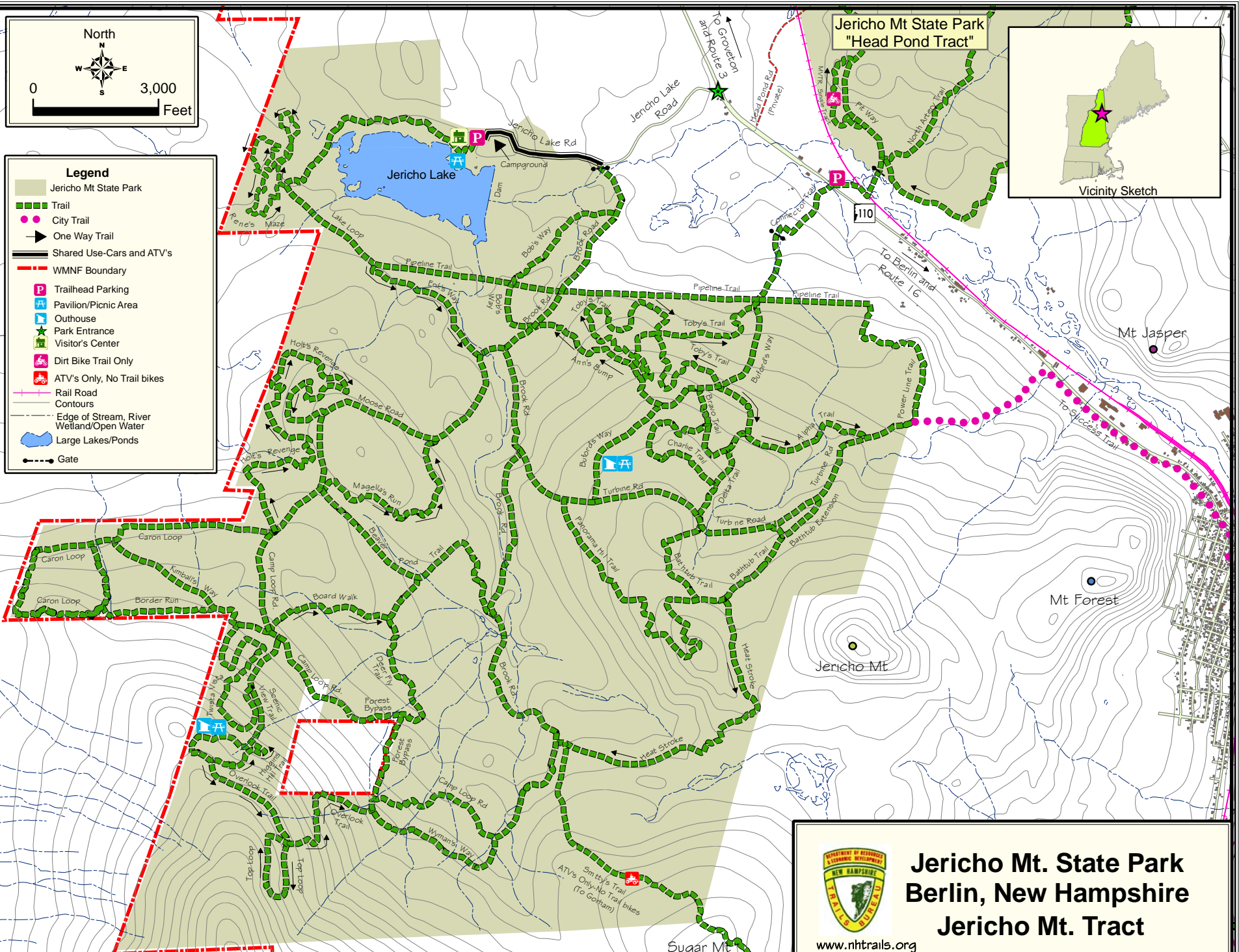
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The City of Berlin's Annual Report is available at www.berlinnh.gov

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



- Legend**
- Jericho Mt State Park
 - Trail
 - City Trail
 - One Way Trail
 - Shared Use-Cars and ATV's
 - WMNF Boundary
 - Trailhead Parking
 - Pavilion/Picnic Area
 - Outhouse
 - Park Entrance
 - Visitor's Center
 - Dirt Bike Trail Only
 - ATV's Only, No Trail bikes
 - Rail Road
 - Contours
 - Edge of Stream, River
 - Wetland/Open Water
 - Large Lakes/Ponds
 - Gate



Jericho Mt. State Park
Berlin, New Hampshire
Jericho Mt. Tract

www.nhtrails.org