

# City Of Berlin, NH

## Annual Report

Fiscal Year July 1, 2014 to June 30, 2015



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# Berlin City Council

*Fiscal Year July 1, 2014 to June 30, 2015*

## Mayor

Paul Grenier

## **Councilors:**

Russell Otis

Lucie Remillard

Michael Gentili

Denise Morgan-Allain

Michael Rozek

Peter Higbee

Diana Nelson

Roland Théberge



## **CITY MANAGER'S REPORT**

The Burgess BioPower biomass plant, completed in late 2013 is now in operation. The owners continue to work on maximizing output from the facility. The demand for whole tree chips created by the biomass plant consumption has caused an increase in chip prices. The need to keep the facility supplied with fuel has led to discussions of potential rail expansion to bring chips in by rail car. To date, this has not taken place.

Jericho Wind Power completed construction of its 5 tower wind farm in 2015. The 2.85 mega-watt towers are now on line and are producing power to the grid. This project has added approximately 3 to 4 permanent jobs and had increased the City's utility tax base.

The City has Payment in Lieu of Taxes Agreement with both Jericho Power and Burgess Biomass as renewable energy projects. Both agreements assure the City increasing revenues over the 20 year terms of the agreements. This has allowed the City to plan for capital bonding for a much needed reconstruction project of a significant portion of Route 16 through the City.

The Gorham Paper Mill continues to operate and produce paper. The reduction in fossil fuel prices and electricity has had a positive impact on operating costs and profitability.

The Federal Corrections Institution has been coming on line over the past year. It is now near capacity with the inmate population. Staffing has come up to approximately 300 employees over this past year with approximately another 45 that remain to be hired. These added jobs to the local economy have added a significant amount of economic value to the area.

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. Over the past year BIDPA has worked Capone Steel, a Massachusetts based company, to expand its operation at the Berlin Industrial Park. Current employment is 307 staff.

As evidenced by the City 5 year statistical update of its property valuations the City continues to face a challenging housing market. Overall housing values decreased based on actual property sale prices. The City has made significant strides with its housing program by removing surplus housing stock. Continued depressed prices are likely the result of low demand and a continued oversupply of housing.

Phase II of the Rte. 110 improvement project, is now largely constructed. The last segment will be constructed during the summer of 2015. The construction to date has had a dramatic effect on this transportation corridor. While improving general traffic and truck traffic flow through the City it also improves the adjacent quality of the neighborhoods by removing traffic. It also improves 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. Included in this development is 300 acres Jericho Lake that the City donated to the State. The park is a New England-wide, and beyond, attraction. The park has a campground with 20 primitive campsites, including 5 cabins, 6 tent sites and 9 RV sites, and offers only water and portable toilets this season. The campground connects to the 75 miles of OHRV trails at the park, as



well as connecting with the 1,000 miles of trails in Coos County. The park also has a day-use area with a beach for swimming, pavilion and boat launch. This development is having a very significant impact on the City's image and economic base. The first of its kind in the State OHRV connection between this Park and the many trails in Success on the east side of the City has gone very smoothly and this connection now exists to support continued growth of the industry. The City ordinance which allows OHRV traffic on all City streets continues to be successful and the City has decided to continue this into the future. It is known that the OHRV friendly atmosphere has also led to the sale of some residential properties in the City as second homes. The City participates in the annual ATV/OHRV Festival. This past year, again, the festival was the most attended yet.

Like the granite that surrounds it, Berlin has weathered everything that has been thrown at it. In spite of this, Berlin is in the process of redefining itself in a way that is leading to economic growth and opportunity. While growth and momentum may not be as rapid as some would like, the annual incremental steps in a positive direction are very clear. In addition to the long established hydroelectric industry and more recent biomass industry, we now make electricity from wind power as well. The ATV Park and the new Coos Coalition ATV trail continue to attract expanding recreation activity. There has been additional significant interest from the private sector in developing another campground on Route 110 to service the ATV/OHRV population. There has also been the purchase and initial redevelopment of two significant properties on Route 110. One involves the demolition of a very large abandoned warehouse and factory property which will be marketed for new construction. The other is the purchase and re-development

of the old Knights of Columbus building into a commercial space. While the City's economy has been stabilized by several larger employers including the Federal Prison, it is as encouraging to consider the City's successful foray into the tourism industry by way ATV/OHRV recreation.

I want to take this opportunity to thank City employees for providing the best service possible to the citizens of Berlin.

Respectfully Submitted,

James A. Wheeler  
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 Goddard was reappointed by the Mayor and approved by Council at their March 2, 2015 meeting. He was appointed to the Board of Assessors in August 2011 to complete Mr. Jonathan Edwards' term and then was reappointed in March 2012 for a three year term. Mr. Goddard has served as chairperson of the Board since September 2011. His expertise in the appraisal field has been of great benefit to the Board. This term will expire on March 31, 2018.

As a rule, the Board of Assessors holds meetings every third Tuesday of the month or as needed. 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 need 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.

Every year all sales from October of one year to September of the following year are

reviewed. The equalized ratio study is completed and all qualified sales are included. This study compares the assessed valuation and sale price as a means to establish that all properties are fairly assessed. The ratio that is established from this study affects the basis for distribution of County Taxes, School Foundation Aid and other forms of state financial assistance to towns and cities in New Hampshire. The 2014 equalized ratio is 142.2%.

Avitar has been contracted by the City to perform the Assessing functions until June 30, 2015. They have served as the City assessing firm since January 2000. All permits were reviewed and corrections that Avitar employees noted on the cards were done in-house using the Avitar CAMA system.

Every five years municipalities undergo an assessment review by the State of New Hampshire, Department of Revenue Administration. A State representative examines the City procedures, property record cards, exemption forms and veteran tax credits that have been granted as well as yield tax and excavation tax. The State has started their review of assessing practices used by the City of Berlin. As part of their review, the State spots checks various parcels in the City, they examine elderly exemption and veteran tax credit as well as properties receiving property tax exemption for religious, charitable or educational purposes. They will also be reviewing current use applications and land use change tax. In December 2014, the City signed a contract with KRT Appraisal, an Assessing Firm from Haverhill, MA, to conduct a statistical update for tax year 2015. A contract was also signed in December 2014 with Vision Government Solutions for their

Assessing software. The data conversion process from the Avitar CAMA system to the Vision CAMA system started shortly thereafter. The 2015 Statistical Update will be conducted using the Vision CAMA system.

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, 2015. This is the seventh 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 <http://www.mapsonline.net/berlinnh/index.html>, 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 all 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

**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](#)

**SUMMARY INVENTORY OF TAXABLE PROPERTY - APRIL 1, 2014 & APRIL 1, 2015**

	<b>APRIL 1, 2014</b>	<b>APRIL 1, 2015</b>
Land	50,128,006	28,273,506
Building	278,462,103	225,861,900
Public Utilities	132,801,600	145,608,200
<b>GROSS VALUATION</b>	<b>461,391,709</b>	<b>399,743,606</b>
Blind Exemptions	60,000	59,300
Elderly Exemptions	2,441,900	2,191,800
Imp. To Assist Persons w/Disabilities	43,470	40,990
Water/Air Poll. Cont. Exem.	5,584,700	650,000
<b>TOTAL EXEMPTIONS</b>	<b>8,130,070</b>	<b>2,942,090</b>
<b>NET VALUATION W/UTILITIES</b>	<b>453,261,639</b>	<b>396,801,516</b>

**EXEMPTIONS GRANTED**

	<b>APRIL 1, 2014</b>		<b>APRIL 1, 2015</b>	
<b>TYPE</b>	<b>#</b>	<b>Tax Amount</b>	<b>#</b>	<b>Tax Amount</b>
Elderly	77	81,437.	73	85,897
Blind	4	2,001.	4	2,324
Physically Handicap	4	1,450.	3	1,606
Water/Air Poll. Cont.	2	186,250.	1	25,474
Veterans	511	88,125.	492	85,825

**OTHER ACTIVITIES**

<b>TYPE</b>	<b>4-1-2013 to 3-31-2014</b>		<b>4-1-2014 to 3-31-2015</b>	
Yield Tax	6	5,147.94	5	6,103.44
Excavation Tax	3	158.12	4	274.12
Property Transfers Processed	319		310	

**2015 Tax Rates (per thousand):**

Municipal	\$18.59
School	\$13.76
County	\$3.92
State Education	\$2.92
<b>Total Tax Rate:</b>	<b>\$39.19</b>

\*Utilities valuations are not taxed locally for the State Education portion.



## CITY CLERK'S DEPARTMENT

### ELECTIONS

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

#### State Primary Election:

September 9, 2014 – 15% Total City Votes

#### State General Election:

November 4, 2014 - 56% Total City Votes

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

### ORDINANCES

#### 2014

2014.05: Ch. 15 Traffic – 4-Way Stop Burgess/Strafford

2014.06: Ch 13 Streets Amend OHRV Oper. Sec13-112

2014.07: Ch.13 Streets Add Sec 13-95 Mt. Jasper

#### 2015

2015.01: Ch.15 No Park. 1<sup>st</sup>Ave; Clark; Mt Forist; Shepard; School; Willard certain designated locations.

2015.02: Ch 7 Health New Art. 4 Prohibit Cannabinoids

2015.03: Ch 13 OHRV Sunset Clause extend 2/15/16

2015.04: Ch 9 Licenses Alcohol Beverage sunset 3/7/16

2015.05: Ch 8 Amend Disorderly Non-Owner Occupied

2015.06: Ch 2 Admin Elaine Hardie Scholar. Fund

2015.07: Ch 9 Licenses Alcohol Beverage sunset 3/7/16

2015.08: Ch 8 Amend Disorderly Non-Owner Occupied

### RESOLUTIONS

#### 2014

2014.14: BIDPA sold land to Presby Steele M404L29

2014.15: BIDPA sold land to Presby Steele M404L32

2014.16: Recreation Dept accepts \$4,447 Donations

2014.17: \$10k PD surplus to offset ATV Festival exp.

2014.18: FD \$7,500 Hazard Mitigation Grant Funds

2014.19: Updated 2013 COB Operations Plan

2014.20: Hamlin/Gilbert St changed to Bartlett Ct

2014.21: \$71,977 Grant Funds Carryover Defer FY14

2014.22: \$1,332,956 Carryover Cap Imp. Funds FY14

2014.23: App. \$110,000 School Dept FY15 Budget

2014.24:CDBG \$500k Grant N. Lights Housing .AHEAD

### RESOLUTIONS

#### 2015

2015.01: \$33k NH Char. Fund.Grant Dept Head Train.

2015.02:Rt110 Green St/1<sup>st</sup> Ave Name Change: Wight St.

2015.03:PD \$5k NH DOJ Project Safe Neighbor Grant

2015.04: PD \$274,553 NH DOS Homeland Sec. Grant

2015.05: School \$2,206,495 Project AWARE Grant

2015.06: Reform State Ed Fund Support to reduce taxes

2015.07: Restore State Aid Grant Funds Program Support

2015.08:\$779,200 Fed Highway Admin for Hutchins St

2015.09: PWD Vac Sewer Jet Cap Fund Transfer

2015.10:PD Highway Safety Project Grant FY 16

2015.11: \$5k Harvard Pilgrim Healthy Food Fund Grant

2015.12:\$20k Burgess BioPower Donate to Comm Field

2015.13: BAA sold land to Robert Chapman \$35k

2015.14: Cates Hill Speed Limit Reduced to 30 MPH

2015.15:\$40k Added to School Dept FY'15 Grant Funds 2015.16R1: FY'2016 Budget

2015.17: \$3k Donate Funds add Rec Dept FY'15 Budget

The following Licenses were issued by the City Clerk's Department from 7/1/2014-6/30/2015:

DOG LICENSES: 953

### VITAL RECORDS

The following vital statistics were recorded:

YEARS	2012/13	2013/14	2014/15
Marriage	47	49	41
Birth	81	68	62
Death	124	135	147

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

## HOUSING COORDINATOR

The challenge of being in the “forest” is that we often miss the “trees”. It’s easy to focus on the work that still remains and forget that we’ve made some pretty good strides. Last year I presented a 10-year overview of the progress in Housing. It’s always good though, to look back and remember the original goals of the housing program. In 1999, Applied Economic Research out of Laconia, NH provided a report entitled “**Enhancing and Preserving Berlin’s Residential Tax Base: A Housing Revitalization Strategy**”. In their summary they highlighted 6 major recommendations:

1. *Encourage new middle and upper-income housing.*
2. *Avoid building new subsidy units*
3. *Seek out rehabilitation subsidies*
4. *Reduce density in existing neighborhoods*
5. *Implement Neighborhood Improvement effort*
6. *Enforce Housing Code*



*1051 Main Street (before)*

The Study identified that more than 58% of the City’s Housing Units were structures rated as in fair or poor condition. They recommended that 500 units be removed and land sold and merged to abutting property owners to reduce densification of neighborhoods.

**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, **\$3,108,240.00** from these combined sources have contributed to the removal of **68 blighted buildings** (representing **210 Units**). Additionally, the reconstruction of Route 110, involved the demolition of an additional **31 buildings / 56 units, for a total of 99 buildings/ 266 units at the end of FY 2105 in Berlin!**



*1051 Main Street (after)*



*155 Willow Street during demo*



*155 Willow Street (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. Land from buildings that have been demolished, continue to be purchased and merged by abutters, and other properties sold for re-development; many by local neighbors and contractors, as well as qualified regional investors. Required improvements and oversight on properties sold by the City have resulted in the addition of high quality units to the existing housing stock. A stabilizing trend in the rental market is evidenced through rising rental rates throughout the city. In this period, twelve (12) land parcels and eight (8) single & multi-family homes were sold, improved and put back on the tax rolls.

### **Historic and Commercial Properties:**

Berlin continues to assess innovative solutions to address some of our larger historic and commercial properties. Working with BIDPA, the City Manager and Community Development Director, we continue to pursue economic & recreation opportunities and re-investment in sites such as the old City Court House, former Bass Shoe industrial site, Brown Research Buildings and Dummer Yard.

In addition to the completion of the former Notre Dame High School into 33 adult living units, we are pleased to see the near-completion of another site originally on this list: the former Bartlett School. The efforts of a private investment company will contribute 13 additional high quality, 1 and 2-bedroom housing units to the rental market.

### **Berlin Neighborhood Revitalization Project**

The City has been extremely fortunate to receive its' third Community Development Block Grant to support the Revitalization of individual homes. These much needed repairs, especially as they relate to improving energy efficiency and safety, have enabled many of our citizens to remain in their homes. To date these funds have contributed to the revitalization of 86 homes with a projection of an additional 12 before the

end of the grant in June: a projected total of **98 homes!**

#### **LAND**

Map/Lot	Address	Acres	Assessment	Min. Bid	Bid Amount
130-261	432 Burgess St.	0.11	\$6,700.00	\$1,000.00	\$1,250.00
130-278	349 Burgess St.	0.27	\$8,600.00	\$2,000.00	\$2,000.00
130-135	246 Burgess St.	0.13	\$6,400.00	\$1,000.00	\$3,005.00
131-069	325 Burgess St.	0.19	\$11,500.00	\$1,500.00	\$10,000.00
131-064	288 Burgess St.	0.11	\$6,400.00	\$1,000.00	\$1,000.00
125-064	Dustin St.	0.13	\$7,400.00	\$1,000.00	\$1,000.00
125-065	Dustin St.	0.13	\$7,400.00	\$1,000.00	\$1,000.00
117-093	613 Western Ave	0.34	\$9,000.00	\$1,000.00	\$1,000.00
130-276	376 Burgess St.	0.09	\$6,300.00	\$1,000.00	\$1,105.49
119-326	645 First Ave.	0.10	\$9,000.00	\$1,500.00	\$1,500.00
120-279	320 High St.	0.31	\$14,200	\$15,000.00	\$15,100.00
105-017	155 Jericho Rd	2.67	\$15,900.00	*\$6,590.00	\$2,000.00

**\$39,960.49**

#### **PROPERTIES**

110-003	110 York St.	0.09	\$24,000.00	\$4,800.00	\$5,000.00
110-041	616 Third Ave	0.23	\$89,000.00	\$15,000.00	\$16,150.00
120-024	212 Willow St.	0.22	\$101,000.00	\$15,150.00	\$15,555.10
120-339	306 Church St.	0.14	\$79,800.00	\$9,975.00	\$12,383.00
120-355	127 Prospect St.	0.27	\$65,100.00	\$8,138.00	\$8,554.00
130-398	511 Goebel St.	0.11	\$87,900.00	\$10,988.00	\$21,000.00
129-006	323 School St.	0.23	\$30,900.00	\$7,725.00	\$10,011.00
119-189	158 Willard St.	0.11	\$76,300.00	\$11,445.00	\$18,018.00

**\$106,677.10**

#### **FY 14' & FY15' REVENUE FROM PROPERTY & LAND**

**SALES: \$146,631.59**

We often look for those dramatic indicators to measure improvement in a City or town: a large business or commercial venture, a major building project etc. But sometimes the smallest things are the most important indicators of hope: properties being painted, rental prices going up, neighbors paying attention to crime in their neighborhood, flowers planted in yards, people picking up trash, and a community that continues to be invested in its' roots and heritage.

Thank you for the opportunity to participate in the great work that happens every day here in Berlin!

Respectfully submitted,

*Linda White*

Housing Coordinator

## PLANNING & COMMUNITY DEVELOPMENT

Route 110 is looking good! With only a couple months left to completion, the project after several decades is finally wrapping up and providing much needed relief to the neighborhood that had the previous alignment running right through its center. There are still finishing touches to be done including landscaping and the historic mitigation measures including markers, benches, and a book about Berlin history being steered by the Berlin Coos County Historical Society.

The Berlin Industrial Development and Park Authority (BIDPA) has kept busy behind the scenes with potential development projects that they are hoping to bring to fruition. They continue to keep busy with community and economic development efforts throughout the City.



*Planning Board Members Dec 2014-staff photo*

The Planning Board is continuing to work and review the City's 2010 Master Plan and other outdated regulations. There is a plan to seek funding to completely overhaul the City's Zoning Ordinance in the 2017 fiscal year which hasn't been revised in its entirety since 1999. The board will also seek input from the City Council and the public as their review progresses.

Several projects around the City are in active development and there is increased interest in the area around Jericho Mountain State Park. Work is being done on both the Northern Lights Housing property and Brookside Park property. Both housing developments are getting energy efficient upgrades. The new apartments at the former Bartlett School are nearing completion and looking great. It will be good to have this school occupied by families in this neighborhood. The windmills for Jericho Mountain are scheduled to be delivered and erected by the end of summer.

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.

Pamela E Laflamme  
Community Development Director

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

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

Zoning/Code Enforcement Officer: Joseph Martin

Planning Board Chair: Ernest Allain

Zoning Board of Adjustment Chair: Dana Hoyt

Berlin Industrial Development and Park Authority  
Chair: Michael Caron



## BERLIN HEALTH DEPARTMENT AND HOME HEALTH SERVICES

The City of Berlin Health Department has had a busy year serving our community in multiple ways. The City was granted a \$5,000 Harvard-Pilgrim Food Fund Grant (a one-time grant) meant to help communities promote fresh fruits and vegetables and their health benefits in areas where there is little access to healthy food choice or a “food desert” if you will. With this grant, a gardener was able to work in newly developed garden spots at Brookside Park and Community Field and the existing sites at Brown School and Friendship Park were used as well to bring the fun, exercise and healthy choices of fresh vegetables to children making use of the USDA Summer Lunch Program and the Recreation Program. Children helped plant, care for and eat the vegetables grown.



*The garden at Brown School – staff photo*

Brookside Park partnered with the City to offer 18 garden sites in all so their residents could plant vegetables as well. The grant allowed monies to buy sheds to store tools, hand tools, rakes, rain barrels and other gardening items. The Berlin Fire Department helped with filling rain barrels when the weather was not cooperating. Granite United Way used a grant to promote underfunded needs in the community to purchase seedling

and seeds and Roundtable Farms donated many different types of tomatoes, squash, artichokes and other vegetable that children and others planting gardens for the first time might not have ever tried before. We will soon be having a class at Brookside Park to show healthy ways to use some veggies and to preserve veggies for later use.

The Public Health Clinic and Homecare Services provided many health services to the community. During the flu season 193 flu shots were issued to our homebound patients, their caregivers, employees and community members at large. We provided the following services in our community and the surrounding areas:

Physical Therapy	664
Occupational Therapy	138
Speech Therapy	15
Home Health Aides	1661
Skilled Nursing Visits	3639
B12 Injections	63
Cholesterol testing	122
Blood Pressure Screening	132
Office Medication Injections	20
TB tests	44
Foot Clinic	349
<b>Total</b>	<b>6768</b>

We look forward to working with consumers and community partners in the coming Fiscal Year.

Angela Martin-Giroux  
Director of Health & Welfare

## RECREATION

While Berlin Recreation is extremely gratified for the continual success of such standbys as Ski & Snowboard, Easter “Eggstravaganza,” Summer Soccer, and our playground activities just to name a few, space does not allow discussion of all 30 + programs offered. Permit me to highlight just a few new endeavors Berlin Recreation undertook June 30, 2014 to July 01, 2015.



*Bone Builders' participants (staff photo)*

RSVP (Retired Senior Volunteer Program) and their enthusiastic volunteer Ms. Jackie Gagne began conducting exercise classes in the Recreation gym called Bone Builders. This program is open to anyone that understands the importance of maintaining muscle strength and flexibility and would like to do so in a low-impact, fun environment.

Berlin Recreation and Berlin Youth Hockey Mite Development League merged resources and coaching talent during the winter of 2015 enabling participants extra skating time at no extra cost. The Sunday youth hockey group was invited to practice on Saturdays and the Saturday recreation group was encouraged to skate with the Sunday youth hockey players to hone their skills. When we join forces, many people benefit and we plan to do so again in 2016!



*Photo courtesy of Mallory Patry*

Berlin Recreation was awarded a Community Facilities Grant enabling us to build permanent shelters at Community/Central Park and Brown School. This was aesthetically more pleasing and definitely more practical than the canopies we were having to replace yearly due to weather and/or vandalism. Taking advantage of the skilled Recreation maintenance labor pool and supplies available at the local hardware stores, the two shelters were quickly built just in time for our summer playground program.



*Community/Central Park Shelter*



*Brown School Shelter  
(Recreation Staff photos)*

An additional fortunate outcome to being awarded the Community Facilities grant was AHEAD (Affordable Housing, Economic, & Development) saw the benefit to such a structure and covered the cost and assisted with volunteers to also build a shelter at Friendship Park. The public now has many wonderful places to relax in the comfort of the shade while enjoying Berlin parks!



*Friendship Park Shelter (staff photo)*

The British Are Coming! The British Are Coming!



*Mini Kickers (Recreation staff photo)*

Actually they came and we couldn't be happier!

Challenger Sports offered Berlin Recreation a chance to provide their British Soccer Program, Mini Kickers, at a discounted price and the response was great! Nine two & three

year olds and 12 four & five year olds took advantage of this unique opportunity - a week long introduction to soccer (or as the British say – football) for the very young in early June, 2015. The weather was great with the children laughing and learning from wonderful teachers Mr. Louis McCarten and Ms. Becky Hannelty. We enthusiastically look forward to a return visit!



*Leighton Theberge Photo courtesy of Leighton's mom Meghan.*

In closing, we are always open to new developments and encourage anyone with ideas on how to better the community to certainly give us a call at 752-2010.

Terry Letarte  
Berlin Recreation Director



## **BERLIN PUBLIC LIBRARY**

The Berlin Public Library maintains an organized collection of books and related materials for both educational and recreational use by the community. Computers with internet access, WiFi, 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. Each department has a computer dedicated for patrons to access the library catalog. This can also be accessed remotely at: <http://berlinlibrary.dyndns.org:81/opac/bpl/> 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 offers a Children's Summer Reading Program and a weekly Story Hour. Grants from the New Hampshire Humanities Council enable the Berlin Public Library working together with the White Mountains Community College, Fortier Library and the Gorham Public Library to offer the Humanities Series at the WMCC Fortier Library.

The Children's 2014 Summer Reading Program theme was "Fizz, Boom, Read". Funding for the Kids, Books and Arts is provided by the Saul O. Sidore Memorial Foundation in memory of Rebecca Lee Spitz, a grant from the NH State Council on the Arts and the National Endowment for the Arts as well as funds administered by the NH State Library and provided by the Institute of Museum and Library Services. The June 17, 2014 kick-off program was Magic by Scott Jameson, held at the Berlin Recreation Building, attracted 71 children, 84 adults. The Summer Reading Program consisted of 13 programs, with 270 children and 197 adults in attendance. The 6 week program themes included fun with science, extreme

weather, visit with Rangers, an outdoor adventure, and a Clif Books closing party at Community Field. As in past years, trustees, Ms. Yvonne Thomas and Mr. Paul Tardiff, helped Kathy Godin with her programs. Also helping with the success of the Summer Reading Program was a donation of tickets from Storyland. The library thanks Storyland for their continued generosity.

The Children's Librarian Kathy Godin, conducted a total of 29 weekly Story Hours for young children from September to June, serving 168 children and 142 adults. In addition, there were 6 School Visits, 9 Kiwanis Kids visits, a Halloween program, Cub Scouts, as well as a place for safe visits. The total attendance of all Kathy's programs was 1699 children and 780 adults for a grand total of 2479 patrons.

Grants from the New Hampshire Humanities Council made it possible for the Berlin Public Library in conjunction with the White Mountains Community College, Fortier Library and the Gorham Public Library to hold a lecture entitled, "New Hampshire on Skis" presented by E. John B. Allen at the Fortier Library in March 2015. In the fall 2014, "New Hampshire and the Revolutionary War" theme was presented. The 4 program series included "Trading Partners or Enemies?", "Bunker Hill" a book discussion, a living history portrayal "If I am Not for Myself, Who Will Be for Me" and New Hampshire Voices from the Revolution.

In July 2014, the library began to issue barcoded library cards. While barcoding all library items is not completed, we began using the Atrium system to check out items from the library. In April, through much work on the part of City Planner, Pamela Laflamme who last year procured a \$4,000 grant for public computers, new patron computers were installed, 5 in the Adult



Dept. and 3 in the Children's Dept. Pamela's work continued with the IT project, and the library was connected to the City Hall server, some equipment was upgraded as well as a new printer and fax machine. Service to the public has been greatly improved with all the computer changes.

We are grateful to the Public Works Dept. for helping the library with maintenance during the year, including help with bathroom and water pump repair, light fixture replacement to name a few. The library purchased a rug cleaner. The janitor will use the rug cleaner in different areas of the library on a rotation basis in order to keep the rugs in good clean condition.

There were no changes in the library staff or Library Trustees during this year.

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.

Respectfully Submitted,  
Denise Jensen  
Library Director

BERLIN PUBLIC LIBRARY			
JULY 1, 2014 THROUGH JUNE 30, 2015			
TOPICS	ADULT	JUVENILE	TOTAL
000 - Generalities	35	53	88
100 - Philosophy	158	19	177
200 - Religion	67	16	83
300 - Social Science	257	137	394
400 - Language	19	20	39
500 - Pure Science	103	634	737
600 - Technology	335	222	557
700 - The Arts	140	358	498
800 - Literature	119	75	194
900 - Geography & History	273	131	404
910 - Travel	0	14	14
BIO - Biography	274	97	371
FIC - Fiction	7,631	6,261	13,892
MAG - Periodical	110	88	198
DVD - Movies	2,934	0	2,934
VHS - Movies	174	0	174
AC - Audio Books	3,661	10	3,671
CD - Compact Disk Music	9	1	10
TOTALS	16,299	8,136	24,435
PKB - Paperbacks	13	0	13
Walk in Patrons	14228	12959	27,187
Phone Inquiries	1559	187	1,746
Computer Users	4369	280	4,649
Copier Patrons	3049	0	3,049
Fax Patrons	398	0	398
Microfilm Patrons	145	0	249
Interlibrary Loaned	812	0	812
Interlibrary Borrowed	235	0	235



## 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. This year, Berlin was ranked the fifth safest place to live in New Hampshire.

### **Retirements/Promotions/Appointments:**

July 2014 sadly saw the resignation of Officer Matt Carter; he was an integral part of the organization and was well respected by his colleagues. He chose to return to his career with the Berlin Water Works but remains with the Police Department as a part-time officer. To fill the vacancy, Adam Labonte was hired. Officer Labonte is a life-long resident of Berlin who came to the Department as a fully-certified officer from the New Hampshire State Police. We are excited to have him on our roster.

Long-time Police Commission Chair Steve Griffin resigned after nearly 15 years of service to the City. He was a dedicated commissioner who had the best interests of the Department and the citizens at heart. The vacancy was filled by Commissioner Marc Tremblay, who was a certified officer with the Department years ago. We look forward to working with Commissioner Tremblay and believe his professionalism and insight will prove invaluable as the Department continues to move forward.

### **“Call to Duty”**

**Memorial:** In the past, the Berlin Police Department hosted several “Call to Duty” Memorial Ball fundraisers to support the



memorial’s perpetual care and scholarship fund. This year, the event was changed to a golf tournament and was even more successful. It was supported by many area businesses and citizens and was very well attended. The Department is comfortable in knowing that the memorial will be cared for, and the community’s students will have the ability to receive grant funding for years to come.

### **NH Police Standards & Training Academy**

**Expansion:** The Academy’s basic training semester increased to 16 weeks from the previously-established 14. Law enforcement duties have expanded tremendously, and as such, more training is needed to handle the many facets of the job.

**Body Cameras:** During the past year, controversial issues generated the confrontation of law enforcement officers by masses of citizens. This resulted in the public demand that officers wear body cameras. The Berlin Police Department recognized the need for body cameras years ago, at which time several were purchased. The Department is pleased to report that now every patrol officer wears a body camera. This has tremendously enhanced the resolution of investigations, arrests, and complaints, as the cameras provide proof and the opportunity to view exactly what the officers have observed.

**Building:** After many years of trying to expand the Department’s facility, it was decided that a new garage would be built for the Recreation Department, and the Police Department would extend into the existing

Recreational Department garage. The Berlin High School Building Trades program has erected the new building, and the Police Department is in the process of expanding operations into the Recreation Department's vacated space.

**Drug Task Force:** The Department had an assigned officer to the NH Attorney General's Drug Task Force for the last twenty years. This year, it was determined that we would no longer participate in their program, and the officer was brought back and reassigned to the uniformed division so that efforts could be concentrated locally.

<b>2015 Report of City Council Contingency Fund Expenses per RSA 31:98-a</b>	
Purpose	Amount
Election Expenses	29.00
PSNH (Relocation of poles for snowmobile trail)	1000.00
Northland Dairy Bar - Bedbug Forum	500.00
Total	1529.00

### **STATISTICS      July 2014-June 2015**

Total Calls for Service	17,324
Accidents	206
Accidents Within an Intersection	60
Animal Complaints (bear, cat etc...)	168
Assaults	110
Assist to Berlin Ambulance	921
Assists from Gorham PD	53
Assists to Gorham PD	81
Assists to other Berlin Departments	546
Burglaries	49
Criminal Threatening	89
Dog Complaints	394
Domestic Violence Incidents	248
DWI Violations	37
Felonies	212
Juvenile Arrests	39
Juvenile Incidents	172
Milan Calls for Service	631
Misdemeanors	949
Motor Vehicle Stops	2,448
Motor Vehicle Violations	207
Motor Vehicle Warnings	1,777
Parking Tickets	360
Protective Custody Arrests	64
Restraining/Stalking Orders	80
Sexual Assaults	39
Thefts	322
Total Arrests	680
Vandalism/Criminal Mischief	201
Verbal Arguments	71

Respectfully submitted,  
*Peter Morency*  
 Chief of Police

## WELFARE DEPARTMENT

*People Helping People*



The City of Berlin Welfare Department is charged with “assisting those who are poor and unable to support themselves” as per NH RSA 165. To carry out this mission, the department must balance the needs of those unable to support their basic needs with those of the taxpayers. To do so guidelines are used to outline what type of assistance is offered, what items are not counted as basic needs, what cannot be assisted with and what those who accept assistance are required to do in return. The most basic needs are allowed such as rent, food, electric, medication cost, personal/household needs and all income and assets are subtracted. Assistance is approved only if those basic needs are more than income and assets and only with the difference between the two.

The city works closely with other agencies and charitable groups to meet the community needs and to help people plan for meeting their needs long term. The department requires those receiving assistance to apply for programs such as Medicaid, HUD, Food Stamps (SNAP), WIC, Fuel Assistance, Temporary Assistance to Needy Families and Social Security programs if it is believed the individual would qualify. Individual budgets are made to help people regain their financial footing and prioritize need over wants. Per state law all abled individuals are required to do a job search and work the Work Program

after receiving assistance in order to be eligible to receive additional assistance in the future. If an individual has income of some sort they are also required to show receipts for portions of the basic needs as directed by the department.

The Work Program is used not only as a way of repaying the taxpayers for the support given but also as a way for those who work to gain a local reference source and in some cases job experiences they have not had before. 1,707 hours were worked on the work program which translates into \$12,375 returned to the taxpayers through work done in the community. Those that receive assistance are assigned to City Departments and local non-profits or to work community events such as Downtown Day of caring. The office fielded over 1,700 contacts during the fiscal year.

Assistance was granted to 90 families. Of those assisted 30 were single males, 28 were single females and 32 were multi-person households. Assistance was issued as follows:

Type of Assistance	Total Assistance	# of Families Assisted-Unduplicated
Cremations /Incidentals	\$ 6,374.50	8
Bus Ticket	\$ 49.00	1
Electric	\$ 2,300.44	18
Rent	\$31,570.37	57
Medical	\$ 127.52	3
Groceries/ Personal Household	\$ 3,812.40	39
Fuel	\$ 995.70	3
<b>Total</b>	<b>\$45,180.93</b>	<b>129</b>

Respectfully Submitted,

Angela Martin Giroux  
Health & Welfare Director



## FIRE DEPARTMENT

On behalf of the members of the City of Berlin Fire Department, I am pleased to present the fiscal-year 2015 Annual Report.

### Mission

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, to people who visit or traverse, and to businesses that make Berlin a special unique place. The fire department greatly appreciates the support provided to us from the residents, businesses and our local government.

### Response Information

During the fiscal year 2015 from July 1, 2014 to June 30, 2015, the City of Berlin Fire Department responded to 536 calls for service from our citizens.



### Calls for Service Fiscal Year 2015

	# of calls	% of all calls
Building Fires	9	2%
Cooking Fires	3	1%
Chimney	5	1%
Trash Fires	4	1%
Vehicle Fires	5	1%
Outside Fires	18	3%
Hazardous Conditions	28	5%
Rescue / Emergency Medical	86	16%
Service Incident		
Vehicle Accident	37	7%
Leak Spill / Hazardous Materials	17	3%
Carbon Monoxide Emergencies	20	4%
Building Collapse Emergencies	1	0%
Service Call	88	16%
Good Intent	28	5%
False Alarm System Malfunction	110	21%
False Alarm Malicious	6	1%
Electrical Issues	15	3%
Water Problem	8	1%
DHART	34	6%
Sprinkler	4	1%
Police Assist	2	0%
Bomb	0	0%
Severe Weather	1	0%
Reported as Other	7	1%
<b>Total Calls to March 2014</b>	<b>536</b>	

## **Fire Prevention / Training**

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.

We have also participated in the following Public Relations events (Touch a Truck, Parade of Lights, Berlin High School Home Coming, Fire Extinguisher Training to Local Businesses and Schools, Fire Safety Talks to Community, Participant in the NH Division of Fire Safety Third Annual Third Grade Fire and Life Safety Calendar Contest) during the year as well.

<b>Inspection for FY 2015</b>	
<b>Place of Assembly</b>	<b>36</b>
<b>Oil Burner</b>	<b>39</b>
<b>L.P. Gas</b>	<b>38</b>
<b>New Construction</b>	<b>1</b>
<b>Wood Burner/Pellet/ Chimney</b>	<b>7</b>
<b>Health Care</b>	<b>4</b>
<b>Complaints Investigated</b>	<b>5</b>
<b>Foster Care</b>	<b>11</b>
<b>Day Care</b>	<b>6</b>
<b>Fire Alarm / Sprinkler Inspections</b>	<b>8</b>
<b>Miscellaneous</b>	<b>55</b>
<b>Public Education</b>	<b>16</b>
<b>Multi Family</b>	<b>51</b>
<b>Plan Reviews</b>	<b>17</b>
<b>Certificate of Occupancy</b>	<b>4</b>
<b>Blasting Permits</b>	<b>2</b>
<b>Total:</b>	<b>304</b>



The City of Berlin has been very active in applying for grants; in the fiscal year 2015 the fire department applied for five FEMA Grants. The fire department applied for a staffing grant in the amount of \$686,037.22, a Ladder Truck Grant in the amount of \$900,000, a vehicle exhaust extraction system for the fire station in the amount of \$31,772 and a grant to replace hose in the amount of \$6,540.00.



In 2015 the fire department only received funds to install the Vehicle Exhaust Extraction System and the hose. The Fire Department has reapplied for the Staffing Grant and the Ladder Truck Grant.

Respectfully Submitted,

*Randall Trull*

Chief Randall Trull



## Berlin Housing Authority

Berlin Housing Authority is happy to announce that 3 generators went live in the summer of 2015 giving peace of mind and protection to 97 seniors and those with disabilities. Ray's Electric was the bid winner and provided coordination of the other vendors. Oversight from the FEMA program and the NH Homeland Security Emergency Management program made for smooth sailing. Other subsidized housing programs have inquired about how to install these generators. It is important to note that being able to remain in place during a catastrophe frees the time of rescue personnel to attend to those without power.

BHA was happy to be asked to participate in the City's Mitigation Plan and this was an extremely valuable event. Much was learned about flood patterns, fire incidents, and communication flow among many other things. The Authority was grateful to be able to express its view and advocate for its seniors and challenges in the discussions.

This year a meeting of many of the programs that serve the homeless or those in danger of homelessness was held at our office to share access points and program requirements. In this way we hope to stay current so that our referrals are accurate. It was a pleasure to meet the new VA employee that will be stationed in Colebrook NH after training. BHA participates in the "Ask the Question" Program that urges all service providers to ask if anyone in the family has served in the military so that service connected referrals are made.

This Spring BHA helped facilitate a listening session held in Berlin so that Berlin's Welfare and Housing Department heads, USDA, NH Department of Human Services Continuum of Care, NH Housing

Finance Authority and others could solicit and provide feedback from local programs so that the NH Consolidated Plan was written as inclusively as possible with North Country input.

Current trends suggest higher than normal turnover this year due to a number of reasons. A new subsidized housing facility has come online, a slight uptick in residents aging into medically appropriate nursing facilities, and other factors have impacted resident status.

Berlin Housing Authority's 5 Commissioners continue to serve in a volunteer capacity every month of the year giving guidance to staff and consistently being a source of support and new ideas. BHA injects close to a million dollars in landlord subsidies on a yearly basis. This money provides critical capacity for building upkeep and property tax payments. BHA is happy to support the City in this way and through its payment in lieu of taxes. It is a pleasure serving the residents of Berlin and beyond providing shelter where it is most needed.

UTILIZATION OF ASSISTED HOUSING PROGRAMS AT JUNE 30, 2014				
	Units Allocated	Units Under Lease		
Public Housing	55	54		
St Regis House	42	42		
Vouchers	285	244		
TOTALS	382	340		
Public Housing utilization was 98% on 6/30				
Voucher utilization on 6/30 was 86%				
Public Housing and St Regis Turnover in 2015				
Public Housing	(13 units in 2014 12 units in 2013)			
St Regis House	(5 units in 2014, 9 units in 2013)			

Mary Jo Landry  
Executive Director, Berlin Housing Authority

<b>Berlin Housing Authority Combined Balance Sheet</b>				
	<b>As of June 30, 2013</b>	<b>As of June 30, 2014</b>	<b>As of June 30, 2015</b>	
<b>ASSETS</b>				
Cash	\$ 393,414	\$ 511,697	\$ 381,604	
Security Deposits	16,825	17,596	16,526	
Accounts Receivable	47,237	11,099	2,424	
Investments	-	-	-	
Prepaid Insurance	8,387	13,890	8,753	
Accrued Interest Receivable	-	-	-	
Capital Assets (Net)	1,385,438	1,273,800	1,362,039	
Other Assets	110,658	112,780	152,625	
<b>TOTAL ASSETS</b>	<b>\$ 1,961,959</b>	<b>\$ 1,940,862</b>	<b>\$ 1,923,971</b>	
<b>LIABILITIES</b>				
Accounts Payable	9,608	11,139	47,712	
Other Liabilities	357,850	355,597	667,905	
<b>TOTAL LIABILITIES</b>	<b>367,458</b>	<b>366,736</b>	<b>715,617</b>	
<b>EQUITY/NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	1,130,958	1,019,320	1,083,199	
Restricted Net Assets	18,561	115,942	11,387	
Unrestricted Net Assets	444,982	438,864	113,768	
<b>TOTAL EQUITY/NET ASSETS</b>	<b>1,594,501</b>	<b>1,574,126</b>	<b>1,208,354</b>	
<b>TOTAL LIABILITIES AND EQUITY/NET ASSETS</b>	<b>\$ 1,961,959</b>	<b>\$ 1,940,862</b>	<b>\$ 1,923,971</b>	
<b><u>COMPONENTS OF TOTAL EQUITY/NET ASSETS</u></b>				
<b><u>Liquid Equity:</u></b>				
Cash	\$ 393,414	\$ 511,697	\$ 381,604	
Investments	-	-	-	
Other working capital components	(184,351)	43,109	(280,809)	
Net Liquid Equity	209,063	554,806	100,795	
<b><u>Non Liquid Equity:</u></b>				
Land, Structures, and Equipment	1,385,438	1,273,800	1,362,039	
Less: Long-Term Liability	-	254,480	254,480	
Total Non Liquid Equity	1,385,438	1,019,320	1,107,559	
<b>Total Equity/Net Assets</b>	<b>\$ 1,594,501</b>	<b>\$ 1,574,126</b>	<b>\$ 1,208,354</b>	
<b><u>Changes in Equity-Year ended 6/30/14</u></b>				
Equity, 6/30/14	\$ 1,574,126			
Prior year audit adjustments	-			
Net Income (Loss) from Operations:				
Public Housing and Capital Fund Programs	(9,258)			
All other programs and GASB 65 Costs	(356,514)			
Equity, 6/30/15	<b>\$ 1,208,354</b>			
<b><u>Public Housing Portion of Equity</u></b>				
Public Housing	\$ 1,261,224			
All other programs and GASB 65 Costs	(52,870)			
<b>Total Equity</b>	<b>\$ 1,208,354</b>			
<b>NOTE-Public Housing funds can only be used for Public Housing related improvements or expenditures. Public Housing capital expenditures must have HUD approval.</b>				

## 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 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.

The past winter was a very challenging with over 100 inches of snow compiled with low temperatures we have not seen in decades. The average high from December through March was 24.8F with an average low of 1.08. Temperatures above freezing were rare last winter!

## Transportation

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

## Projects in progress/completed in the 2014-2015 Season

- Replaced retaining walls and railings on Sweden Street and Prospect Streets. Project constructed with PWD crews.
- Hutchins Street Re-Construction was completed August 2014, which re-constructed this street and up-graded the drainage system between Wood & Bridge Streets.
- The Phase 2 Route 110 Project is still in progress and plans are to reach substantial completion fall of FY16 and final completion Spring F16.
- The Engineering Phases for Hutchins Street from Napert and Turcotte Streets are complete with plans to construct FY15-FY16.

## Solid Waste

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

The Cates Hill Landfill Closure project was completed in August of 2006. The project was awarded to the low bidder, Paragon Construction, Inc. of Orford, NH. Paragon's bid for the work was \$572,020. Work was started in the spring of 2003. Groundwater quality and methane gas production is being monitored in accordance with the program. The costs for Engineering Services, Certified Lab Testing



Services, Gas Monitoring, Administrative Services and Grounds Maintenance is almost \$18,000.

The Public Works Department does curbside pickup of household garbage. Recycling became Mandatory September 2012 and solid waste tonnages went from 4200 tons per year to approximately 3300 tons per year at a cost saving of \$60,000. We continue to increase efforts to reduce the household garbage tonnage to the landfill. The Public Works Department collects paper, glass, plastics, tin, aluminum and cardboard for recycling and we worked with local media to inform and educate the public for the need to improve our recycling efforts.

We have eliminated curbside bulky waste pick-up to have residents use the AVRDD transfer station with a permit. We have also been working with the school system to inform students on the solid waste collection process and the benefits of recycling.

#### Sanitary Sewer & Storm Collection Systems;

Completed Phase 1 Contract 3. The scope of this project was replacement of sanitary sewer line and manholes on Hutchins Street between Wood and Bridge Streets to reduce inflow and infiltration. The project also went into the homes to remove inflow sources such as sump pumps and floor drains which were connected to the Storm water Collection System.



## **Recreation and Parks Maintenance**

The maintenance crew for Recreation and Parks is now being directed by the Public Works Director. We have overcome the major issues with bug infestation and fertilization on our major fields (Memorial, High School and Community College). We still have been closely working with Northeast Agriculture to guide us to keep up the good field conditions. In working with Northeast, we also have gained the valuable knowledge that will help us avoid the reoccurrence of these issues in the future and the fields are currently in great shape. The demand has also increased with the addition of high school aged (Gladiators) football and high school women's soccer and youth football (Lumberjacks) being added.

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

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

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



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

- All equipment is inspected and repaired, painted, or replaced. As snow melts, the crew gets outside and starts to “spring clean” (litter pick up, leaves, sweep, and sod repairs) all areas that we take care of. High School baseball and softball games, Boys and Girls Tennis are first on the schedule. They play and practice on the 2 Little League Fields at Community and at Memorial and at the Glen Ave. and Horne Field tennis courts. JV and Varsity play about 20 home ball games not counting playoffs
- Grass mowing starts and the cemetery crew from Northern Human Services starts in May. We equip them, service the equipment, 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 at their fields and Jr. High games at Community and Horne Fields finish up their schedules. Grass mowing and trimming are everyday tasks. All places we maintain are: Track field, Memorial and Memorial Annex, Green St., Veterans Park, all downtown (Vadoukus, PSNH, Gill, Library, St. Anne, Dead River, all Pleasant St., Green St., and Cole St. islands, Tondreau,) parks, Cleveland Bridge road and Botanical gardens, Central Playground, Community Fields, Hutchins park, the ball field at Horne field and playground, Rotary Park, Brown School playground, Ramsey Park playground.
- Full schedule of girls’ softball (Bobcats) games at Horne Field, Cal Ripken at Community, and their respective tournaments.
- Summer Soccer league games at Community
- Summer playgrounds program and free lunches. Ongoing field maintenance at all fields that include, 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.)** - Very busy fall schedule of High School field hockey and soccer games and practices that start in August. Every day practices at Community Field and Community College field for JV and Varsity teams, with 10 home games for each team at the Track field.

- 7<sup>th</sup> and 8<sup>th</sup> grade soccer and field hockey games and practices at Horne field and Memorial Annex field
- 5<sup>th</sup> and 6<sup>th</sup> grade soccer and field hockey games and practices at Memorial and Community fields. New addition this fall was the addition of high school level football which had daily practices at Memorial Annex Field and for home games at Memorial Field. The Berlin Gladiators had a successful season making it into the play-off finals for the third year in a row. This play-off game was held at the High School Track Field.
- Rec. Dept. Soccer program at Green St. Field
- Repair worn areas of all fields and continue field maintenance program
- Put away all bleachers, nets, benches, picnic tables, summer equipment, etc. for winter. Crew does the downtown Christmas decorating and assists Main St. Program with their decorations. We prepare areas for the five skating rinks.

Respectfully Submitted by,

*Michael P. Perreault*

Public Works Director

## WASTEWATER TREATMENT PLANT

From July 1, 2014 through June 30, 2015 Berlin's Pollution Control Facility took in and processed 705.77 million gallons of sanitary sewer flows, and received another 24.284 million gallons of leachate from the AVRDD Landfill last year. We also accepted 547,025 gallons of septage waste from outlying communities and residents not connected to City Sewers.

As part of the process (=Activated Sludge) we produced 1,682.85 tons of dried municipal sludge, which we trucked up to the AVRDD Landfill for disposal.

The Activated Sludge Process removed 94.8% of the BOD (= Biological Oxygen Demand, ie, material dissolved in water that consumes Oxygen) and 97.1% of the TSS (= Total Suspended Solids, ie, material insoluble in water) measured at the point where it comes into our facility and where we discharge it to the River. The whole of our treatment process is driven by the conditions imposed by the Permit-to-Discharge issued to us by the EPA.

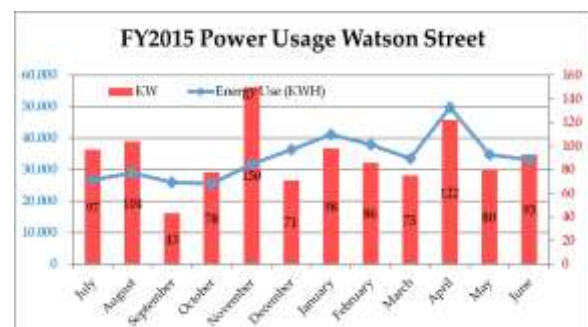
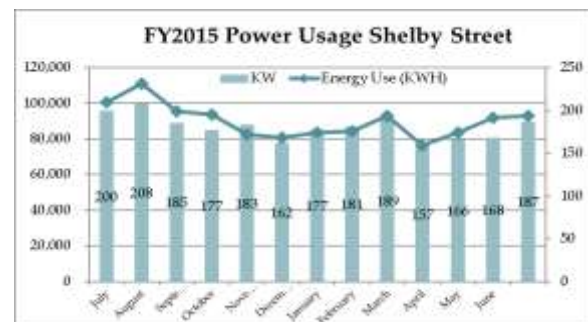
Our 2+year project achieved Substantial Completion this Fiscal Year and we have taken operational control of these changed processes. Computer controls promise to streamline and coordinate operations, but have been complicated to master. Our new Screw Press is a good example of a complex process requiring much trial and error (and patience and understanding) of our operators. Punch list items are being worked down, but new ones have come up that we want addressed.

Average monthly power usage at the Main Plant 89,936.5kWH and at our main pump station at Watson Street 32,916.7kWH; average monthly kW at the Main Plant was 180.0kW and at Watson Street 92.1kW. Power usage is up about 112% at the Main Plant but

down to 99% of last year at Watson Street; demand at the Main Plant increased 106% and at Watson Street decreased to 87% of the previous year's.

Energy demand (kW) follows the peak flows through the sewers and is a measure of the success of the City's program to reduce Inflow and Infiltration. Actual power usage continues to increase due to all the new control equipment remaining live around the clock, high-power consumption to pump oxygen into the water, and new equipment online.

We started to accept flow from the Burgess Biomass in this fiscal year and flows peaked out from the new Federal Prison (FCI-Berlin). These new flows and the associated loadings are important to the performance of our upgraded Facility. We have additional capacity built in to accept new flows and loadings and we need to keep these up for optimal Treatment.



Respectfully Submitted:

Henry Noel  
Wastewater Superintendent



## **BERLIN SCHOOL DEPARTMENT**

**Demographics** - Berlin Public Schools opened the 2014-2015 school year with an enrollment of 1224 students K-12 and closed the school year with an enrollment of 1185. Kindergarten was offered in six half-day sessions. Class sizes ranged from 14-24 students in grades K-8. The district hired 256 employees. The district has 57% low socio-economically deprived. 23% of the students are identified as students with disabilities, state average is 16%.

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 and pupil services offices are at the Marston School building. The district's central office is in the Hillside School building. The district's bus fleet of 10 is at a leased garage on Hutchins St. Total miles travelled: 138,209 miles.

An After-School Program in partnership with the Family Resource Center saw a 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. The program staff collaborates with classroom teachers to ensure students increase academic achievement in the regular classroom. An estimated number of participants is 135 students. Funding is primarily through 21<sup>st</sup> Century Community of Learners federal grant. After-school program has been offered in the Berlin schools since 2004.

**Instruction & Assessment** - In the spring of 2015, all N.H. schools administered a new state assessment, in English language arts

and math, called Smarter Balanced Assessment Consortium (SBAC). To date, there are no results. It was the first time administered to students via an electronic platform.

Under the guidelines of a state waiver to No Child Left Behind (NCLB), schools are given a designation of "priority school" and "focus school". Based on N.H. assessment results, schools that did not have a testing grade were designated as "priority schools". Schools that did not make adequate yearly progress in each student subgroup: race, disabilities, low socio-economic and gender, were designated "focus schools". Brown School is identified as a "priority school" and Hillside is identified as a "focus school". These designations apply to Title I schools only. Both schools were required to complete a restructuring plan for improvement. Title I Schoolwide Schools at Brown and Hillside, grades Kdg. – 5, is a supplemental reading and math intervention program.

Data teams are established in each building. Our district goal is to actively review and discuss student data to drive instruction. Both formative and summative assessments are viewed to assist in the decision making process if a student needs an intervention to reach the benchmarks. Benchmarks are based on curriculum alignment with N.H. College and Career Ready Standards which are inclusive of Common Core State Standards.

Teams of teachers in all schools have developed unit design plans that clearly identify what students will learn, what they will be able to do and how we will assess what they know. The unit design planning is carried out in all grades, all subject areas. Teachers aligned the instruction vertically and continue to develop common assessments to measure student progress.

Professional development was provided for all staff focusing on district and school goals which include: a) Increase academic achievement, b) Effective data teams, and c) Increase parent engagement and involvement. Building level professional development was conducted for better techniques in behavior management and de-escalating violent behaviors, use of technology for instructional practices, strategies for math instruction, trainings on assessments, and using data. District administrators developed a common process for educator effectiveness evaluations. The team developed a professional eportfolio for educators to show evidence of practice. It will be piloted in the fall, 2015. The Middle School implemented 1:1 technology with the use of KUNO tablets to support equitable access for all students.

Berlin Regional Career & Technical Center offered the following programs: Accounting, Automotive Technology, Building Trades, Drafting/CAD, Early Childhood Education, Family and Consumer Sciences, Graphic Arts, Health Science Technology (HST), Pre-engineering and Welding.

Industry certifications were earned by students in Automotive Technology, Health Science Technology, and Welding. Building trades program, under the instruction of teacher Matthew Lambert, constructed 2 municipal buildings: 1) Recreation and parks storage and office building, 2) Public restrooms at Community Field. The projects will be completed in the next school year.

**Staff Accomplishments** - The Berlin District Leadership Team worked with specific K-12 goals. The action plans that were implemented 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

As a district, all buildings have revised emergency management plans. Additional surveillance systems have been installed both in and out of school buildings. All school busses are equipped with video and audio surveillance systems. All teachers participated in the National Incident Management System (NIMS). Physical building assessments were conducted by Sean Heichlinger from the N.H. Dept. of Safety, Homeland Security and Emergency Management.

Technology committees worked to: assess the needs of staff and students, purchase technology equipment, ensure 21<sup>st</sup> century learning, increase access to technology, evaluate and refine one-to-one middle school tablet initiative, supply trainings to staff, provide support for student use and preparation for web-based, electronic state testing with Smarter Balanced and NWEA assessments. The district has been proactive in increasing the use of technology for staff and students. Our inventory is currently 800 PCs, 375 Ipads, 190 Chromebooks and 340 Android Tablets. We have upgraded our district-wide wireless infrastructure from 40 access points to 92 and will be expanding to 150 in preparation for our transition to a digital platform of one-to-one computing at the high school.

This past year all of our students grades five through eight were assigned a district owned

device and in the upcoming 2015-2016 school year all of our students in grade nine through twelve will be assigned a school owned Chromebook. In preparation for this transition we have been meeting bi-weekly with our high school technology committee to prepare for our new initiative and to evaluate our technology as we move to a one-to-one computing environment for high school students.

**Parent/Community/Board Involvement** A parent/teacher/student conference day was scheduled Dec. 5, 2014 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 90%, Hillside School 95%, Berlin Middle School 94%. A student-led conference was scheduled at Berlin High School May 22, 2015.

Family nights were held at Brown and Hillside schools. Brown School held a math event and Hillside School held a literacy event with the theme “Camping”. These events were sponsored by the local Title I Program.

Berlin Middle School students participated in a financial literacy fair assisted by Northeast Credit Union and Service Credit Union. Middle School students also participated in a Health-O-Rama sponsored by Androscoggin Valley Hospital. Eighth grade students participated in Discover U at White Mt. Community College. This is an annual event to focus on college awareness and education. Thirteen students participated in North Country Youth Leadership and Kids in Prevention Youth Leadership.

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.

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 in pre-engineering that are offered at Berlin High School are: 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 Board of Education members are: Nicole Plourde, Chair, Donald Labrecque, Vice-Chair, Secretary, Lynn Moore, Louise Valliere and Denise Valerino.

The city funded the FY15 school budget at \$17,685,049. The School Board members and district administrators carefully examined all its programs and operational expenses in the year-long process of developing the school department budget. A five-year capital improvement plan is submitted annually to the city. The goal is to maintain N.H. Approved Schools, to maintain High School Accreditation, 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.

Corinne E. Cascadden  
Superintendent of Schools





## **BERLIN WATER WORKS**

Water Commissioners for this report period were Michael Caron, Paul W. Poulin, Lucien F. Langlois, and Paul Ingersoll; Ex-officio member was Mayor Paul R. Grenier.

The BWW has not increased water rates in eighteen 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 to offset operating cost by performing capital improvement projects with BWW resources. The 55 Willow Street Office solar system has produced a 50% savings on electric bills. We received a check dated May 12, 2015 in the amount of \$950.00 from Revolution Energy LLC for carbon credits. We pay about \$30,000 for yearly electricity at the Treatment Plant. The new Hydro will soon begin to generate enough power to supply the plant and generate carbon credits.

The 1995 Bond continues to be a major financial burden on the BWW’s resources. The 1993 Bond was paid off in July of 2013. The 1994 Bond was paid off in August 2014 and the 1995 bond will close in FY 2016, the payment was approved at the June 17, 2015 Board Meeting. 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.

BWW has sold two of our original “Force Account” dump trucks and plan to sell more equipment as the work load decreases. A sewer camera was purchased for “Force Account” work and repair work and will be charged out at \$100.00 per day. The final payment on the CAT 420C was paid in FY 2015, and there is only one more payment due on the magnum hammer in FY 2017.

BWW continues to offer on line bill paying for customers. Customers can pay their bills by going to the City of Berlin Website [berlin.nh.gov](http://berlin.nh.gov). Invoice Cloud and Northern Data Systems are providing electronic bill presentment and online payment service. The system allows the office clerks to enter credit card payments for customers here at the office or over the phone. The system also allows customers to choose paperless billing. Approximately 599 or 17% 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.

There are 3400 BWW accounts requiring metering and protective devices. BWW has installed 1843 backflow devices to-date at customer’s homes. BWW has installed 1150 radio read units to-date. BWW is currently upgrading old brass meters by replacing them with poly Sensus Iperl meters. FY 2015 BWW replaced 67 meters of the total replaced 63 were Sensus Iperl meters.

BWW celebrated Drinking Water Week from May 3, 2015 to May 9, 2015 with open house at the Ammonoosuc Treatment Plant Monday through Friday. Mayor Grenier signed a proclamation for Drinking Water Week. The turnout was strong for National Water Week, 180 students and a few residents visited the plant for the tour.

During the severely cold and long winter of 2014/2015, we had 258 people running

water to prevent service line freeze-up. Some of these customers started running water on February 4, 2015 until shut-off on April 24, 2015, the first in ground freeze-up was on January 9, 2015 because of frost in the ground and lack of early snow. The balance of the 167 running water customers did not have to run the water in winter 2013/2014.. We had 230 freeze-ups that required thawing. Of the 230 thaws, 171 froze curb to main, and 59 froze curb to house. We recorded 17 freeze-up inside thawed by property owner. Gorham Water Works, AD Excavating and temporary help were used in our efforts to keep up with the frozen water pipe customers Berlin Water Works had 11 Customers on Temporary Water lines this past winter due to frozen mains and services that could not be thawed. The last frozen water main on Jericho Road thawed on May 8, 2015. Efforts continue to reduce the number of running water customers, of which there were 1003 of 3500 customers in the winter of 2000-2001. Berlin Water Works had a major water break that occurred Sunday night February 15<sup>th</sup>, 2015 on Jericho Road; the cost for the break has been determined to be \$26,000 for labor and outside services and approximately \$172k for 5.5mm gallons of water using our quarterly rates. Craig said that we followed our city isolation procedures in trying to locate the break. The leak was finally located off the road. The cracked water main was about eighteen (18) feet in length and water loss of approximately 14,000 gallons of water per minute. The backup well on the East Milan Road were activated adding about 1,000 gallons back into the system. Dave Patry, Superintendent of Gorham Water Works came out on Sunday night, to offer assistance. Gorham crews assisted BWW on Monday to help with customer freeze-ups. Bryan Lamirande, Administrator for the School System and Mike Perreault,

Public Works Director were also out helping to locate the leak. The Public Works Department crew was instrumental in helping thaw valves for the shutdown with their boiler. The community support was fantastic. People were bringing crews food and drinks. There was a lot of positive feedback from the public.

Berlin Water Works hosted a Flagging Training Seminar held on May 18<sup>th</sup>, 2015 put on by Primex to recertify the full and part time employees for traffic control. We included our four summer hires, six PWD employees and one BFD employee. Donny Labrecque attended a two-day seminar in Keene on Trident Filters, the type of filter system that we have at the plant. Berlin Water Works hired a full time mechanic utility person in training Grade III and the Water Works garage has been permitted for vehicle inspections by the State of New Hampshire.

	<b>FY 2014</b>	<b>FY 2015</b>
Total Flow	409,947,806	591,225,440
Difference from previous year	+30%	+44%
Gallons per day	1.123 million gals	1.62 million gals
Running Water Customers	124	
Running Water Start-early	1/2/2014	2/4/2015
Running Water Finish	5/6/2014	4/24/2015
Frozen Water Calls outside	70	230
Frozen Water Calls inside	1	7
Hydrant Flushing	8/26 to 9/13/2013	9/2 to 10/10/2014
Main Line Breaks	3	10
Service Line Breaks	3	6

Berlin Water Works has helped the School Department with work at the High School and at the Middle School. The entrance to the High School has been repaved and BWW will be installing the new service line for the Middle School from State Street into the school as well as work on the entrance to the school. The School Department pays BWW for the work and we have also been contacted about inspecting the School buses for the School Department. Berlin Water Works also contracted with Lancaster Water and Sewer to fuse 2000 feet of HDPE Pipe.

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 2014 was distributed to all water customers as a bill stuffer in the May 2015 Billing. Paperless customers received an internet address to view the Water Quality Report.

The outside garage retaining wall is 95 percent complete. To date December 17, 2014 \$5,210 (Est. \$11,450) has been spent on redi-rock wall blocks from Coleman Concrete. Crews put the top layer of blocks on the outside wall as of January 21, 2015. Tri State Curbing was contacted for a quote

to complete the granite curbing installation for the Berlin Water Works office building. This is the same company that is working in Berlin on the NHDOT Route 110 Bypass Project. City Manager Jim Wheeler has told Berlin Water Works that we can use some of the granite curbing at the Public Works Department to use on the sidewalk in front of the office building. A flag pole has been ordered for the office building. Also in other building upgrades The Androscoggin Facility roof repairs Phase II were completed in September. At the Ammonoosuc Treatment Plant facility, a new vacuum lifting system was installed to aid in the addition of 50 pound bags of Sodium Bicarbonate to the water treatment process. Dave Witham did a plant inspection and reviewed the Vacuum Lifting System and was very pleased. He also commented on how clean the plant is and that there were no safety issues seen.

Improvements to the Distribution System included four out of seven PLC units were replaced by Charlie Fritz of Electrical Installations, Inc. The RACO alarm system that is used as protocol to keep the on-duty person updated if an alarm should sound off was replaced in October. With the replacement of the RACO system we also had to update the SCADA system, the update was completed by Charlie Fritz, the upgrade to the SCADA system was planned for in the Berlin Water Works Budget. All upgrade was completed by January 21, 2015. The NHDES completed the Sanitary Survey, which is completed every three years on December 3, 2013; they did not identify any significant deficiencies and thanked Superintendent Viens and System Operator Steven Lefebvre for their assistance.

Melanson, Heath & Co PC was accepted by the Board to perform the Water Works financial report for period ending June 30,

2015 (FY2015). Water Works re-signed our Engagement Letter dated May 28, 2015 with Melanson-Heath Accounts & Auditors Firm for services from FY15 – FY17. The FY 2014 was completed and FY 2015 is currently in progress. Our FY 2016 budget of \$3,395,465 was presented by the Board on May 27, 2015 at the budget hearing providing \$2,380,667 for operations and \$1,014,798 for water bond and loan debt payments. The proposed budget was approved June 17, 2015. This budget represents the seventeenth consecutive year with no water rate increase for its customers.

### **IMPROVEMENT PROJECTS:**

BWW 15-1 NHSRL #11 – In FY 2015 Berlin Water Works applied and was approved for a \$2,000,000 State Revolving Loan. The Environmental Review has been completed and the first pay request was submitted on June 2, 2015. Work has started on Main Street from Peavey Lane to Eighth Street, Berlin Water Works is removing services, hydrants and intersections from the discontinued 1892 vintage 10” CI water main to the new 16” HDPE water main. This work is a prerequisite for the City of Berlin Road Rebuild and Paving Project from St. Anne’s Church to the Community College.

BWW 12-1 NHSRL #10 –In FY 2015 the water main line work was completed on Alpine Street, Pine Island Avenue and finish work on Riverside Drive from Twelfth Street to Noury.

BWW 11-3 NHSRL #9 –In FY 2015 he building for the Hydro project at the Ammonoosuc Treatment Plant has been completed. The header for the hydro has been installed and the turbine is in place. Electrical and Instrumentation work is also complete. Start-up of the Hydro is scheduled for July 2015. The completion

date for this project was extended from December 2013 to December 2015. BWW knew that the Green Energy funding would not be enough to cover all the costs but as it stands today we will be short by \$18,500 which is less than we estimated at the beginning of the project.

BWW 11-2 NHSRL #8 the total project includes the carryover streets from BWW 09-2 NHSRL #7 as well as NHDOT project on Route 110. – In FY 2015 BWW replaced the 6” cast iron water main on Summer Street from Elm Street to Cedar Street, a miner leak on the 6” cast iron main was discovered on Summer Street when we shut down for the project. Grafton Street water main replacement was completed from Lancaster Street to Sullivan Street. BWW is working with NHDOT to obtain a permit to install the new high pressure line on Jericho Road. The completion date for this project was extended from December 2013 to December 2015.

BWW 09-1 Rural Development Loan #3 – Water Main Replacement Project was completed with the last pay request in November 2014. Water main replacement work on Third Avenue was completed by BWW. Water main replacement of 6” cast iron water main with a 12” HDPE main and the installation of an 8” HDPE high pressure line on Grafton Street from Lancaster Street to Cheshire Street was completed eliminating 24 low pressure customers.

BWW 12-2 Rural Development Loan #5 – Godfrey Transmission Line Project-BWW completed work in the amount of \$450,000 on the Godfrey Transmission Line Project. BWW closed the Rural Development Loan at \$450,000; funds were received July 28, 2014. On September 9<sup>th</sup>, 2014, we were notified by Anne Getchell of RUD that the interest rate is 2.50% and not originally signed off on for 2.375%. They will issue

revised paperwork. The Board agreed to pay an extra \$100,000 on the loan with the first payment of \$5,671.23 due in January 2015. The balance due on the loan was paid before June 30, 2015 and has now been paid in full.

NHDOT Route 110 Phase II Project – BWW and NHDOT negotiated a contract to perform all water main and water service work on the Route Phase II Road Improvement Project. The contract is a time and material contract with fixed scope. A large portion of the work is due to existing water main and proposed drain system location conflicts. BWW started work in the summer of 2013 and work is on-going. At this writing water work was nearly completed from Green Street RR Bridge to beyond Duguay Street. BWW work on NHDOT project should be completed in FY 2016.

<b>WORK COMPLETED</b>	<b>Total FY2014</b>	<b>FY 2014</b>	<b>FY 2015</b>
Curb-to-curb street paving (includes	10.80 miles	0	0
Number of New Meters	3584 total in system	92	67
Number of New hydrants	420 total in system	10	0
Number of Replaced services	3500 total in system	65	25
New water main installed – since 1990	28.35 Miles	1.60	.82

The BWW installed 4,349 feet of water main. 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 2015) and 1890 thru 1920's vintage

unlined cast iron mains (29,741 feet remaining as of June 2015) with the highest frequency problems corrected first. As the streets for replacement of water mains are selected for design, improved fire protection flow capabilities are considered. The results of these increased efforts will be a much improved distribution system.

Raymond Raposa from the NEWWA (New England Water Works Association) sent a letter August 9, 2014 to congratulate Berlin Water Works as being selected to receive this year's Utility of the Year Award. Steve Lefebvre attended the NEWWA meeting on January 15, 2014 in Concord to receive the "Utility of the Year" award presented to BWW for making significant improvements to the water system infrastructure, customer service, staff training and operations dated September 23, 2014.

Superintendent Roland Viens retired from the Berlin Water Works on January 25, 2015 after fourteen years and eight months. At the December 17, 2014 Board meeting, Superintendent Viens thanked the Board and staff for all the years of support and stated that all things can be accomplished with a "GOOD TEAM". Craig Carrigan was appointed Superintendent on December 17, 2014 and Steven Lefebvre was promoted to General Foreman on April 15, 2015.

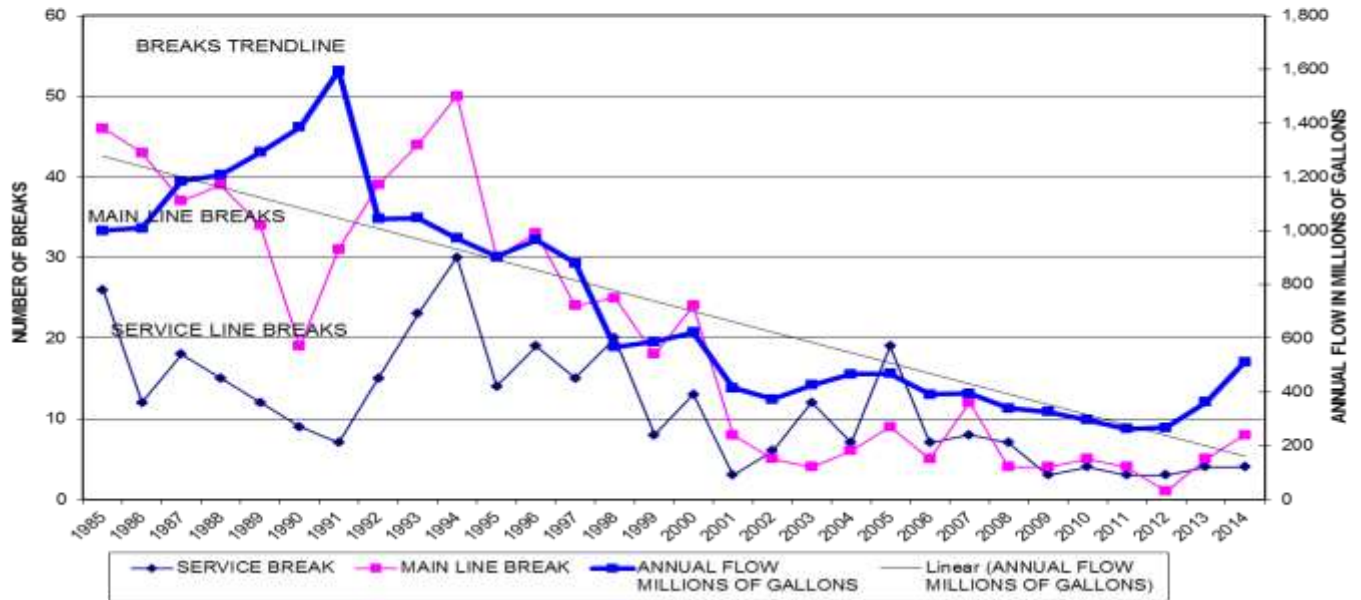
Thanks to all BWW employees, Water Works Commissioners, the Honorable Mayor Paul Grenier, the City of Berlin and the NHDES Drinking Water staff for their continued support. The BWW has completed and is continuing work on significant improvements that will improve our water system and reduce our operating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

Craig Carrigan  
Water Works Superintendent



# WATER LINE BREAK HISTORY CALENDAR YEAR

ANNUAL FLOW IN MILLIONS OF GALLONS





With all hands on deck and all eyes on the future, everyone is anxiously waiting for the Balsam's project to move forward. The rebirth of the Balsam's will have a positive impact on our North Country with new jobs coupled with tourism growth. I expect starting with the summer of 2016, the Berlin Airport will see an increase in activity that we must continue to prepare for. Replacing our Snow Removal Equipment Storage Building and upgrading our snow removal equipment will prove to have been an essential step in being ready for what is expected to follow.

The Balsams ski expansion has already begun the design and planning phase of the project and are poised to begin construction in the upcoming year. We anticipate the new activity to have an impact on the Berlin Regional Airport.

The Berlin Airport was finally able to wrap up the Jet-A Storage Tank Project which has been ongoing for several years. Every one of our Capital Improvement Projects has presented unique challenges and this one was no exception. This winter was brutally cold which brought about concerns with cold weather operation of the fuel pump.

Our next project will include the rehabilitation of the rotating beacon's steel structure and replacement of the wind cone.

The rotating beacon has a Fresnel lens which is very similar to the type of lens used on older lighthouses. We intend to preserve this piece of history so it will continue to shine for many years to come. In 2017 the Berlin Regional Airport will be 75 years old and plans are in the works now to do something special to tie in with what is happening in Dixville Notch. Stay tuned.

I would like to take a moment to thank everyone involved with the Berlin Airport for your continued support as we move forward together.



Chief Pilot Floyd DePhillips shows children from the White Mts. Community College Daycare Program the inside of a Falcon 2000

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. The Collection's Department is now accepting online credit card payments which can be accessed on the City website.

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

During fiscal year 2015, the Finance Department issued 4,253 semi-annual real estate tax bills totaling \$14,938,487.50. The Department also issued 3,185 sewer bills which totaled \$1,704,808.00. The number of motor vehicle registrations issued by the City increased this year by 14 registrations to 9,722 registrations. The City collected

\$1,169,911.50 which is \$44,958.00 more than the amount collected last fiscal year.

There were a total of 1,246 dump passes issued during fiscal year 2015. 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: Kris Davis  
Collections Clerk: Sherry Young  
Payroll/Benefits: Elaine Gamache  
Accounts Payable Clerk: Natalie Croteau

Respectfully submitted,

Patricia A. Chase  
Finance Director/Tax Collector

TAX COLLECTOR'S REPORT				
Debits:		2013	2014	2015
<b>Uncollected Taxes - Beginning of Year:</b>			\$ 1,879,844.02	
Property Taxes				
Land Use Change Tax				
Yield Taxes				
Utility Charges		\$ 261,533.89		
Property Tax Credits			\$ (23,393.72)	
<b>Taxes Committed:</b>				
Property Taxes			\$ 7,568,312.50	\$ 7,370,175.50
Special Taxes			\$ 31,411.76	
Land Use Change Penalties				
Yield Taxes			\$ 827.81	\$ 6,103.44
Excavation Activity Tax				\$ 274.12
Utility Charges			\$ 2,239,714.94	
Uncommitted Utility Charges				
<b>Overpayment:</b>				
Property Taxes			\$ 9,406.00	
Utility		\$ 150.00	\$ 604.00	
Interest - Late Tax			\$ 33,904.44	
Interest - Late Sewer		\$ 19,934.85		
Total Debits		\$ 281,618.74	\$ 11,740,631.75	\$ 7,376,553.06

<b>Credits:</b>			<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Remitted to the Treasurer:</b>					
Property Taxes				\$ 8,726,041.67	\$ 3,759,854.04
Land Use Change Penalties					
Yield Taxes				\$ 827.81	\$ 1,894.66
Excavation Activity Tax					\$ 274.12
Interest		\$ 19,934.85	\$ 33,904.44		
Utility Charges			\$ 1,613,682.17		
Conversion to Liens		\$ 78,079.05	\$ 686,276.22		
Taxes					
Utility Charges		\$ 182,353.84			
<b>Abatements made:</b>					
Property Taxes				\$ 44,965.07	\$ 2,382.00
RSA Liens (Deferrals)		\$ 1,251.00			
Yield Taxes					
Utility Charges				\$ 90.00	
Uncommitted Taxes					
Current Levy Deeded					
<b>Uncollected Taxes - End of Year:</b>					
Property Taxes				\$ 2,192.00	\$ 3,617,979.33
Yield Taxes					\$ 4,208.78
Sewer				\$ 636,251.11	
Utility Charges					
Property Tax Credits				\$ (3,598.74)	\$ (10,039.87)
Land Use Change Tax					
Total Credits			\$ 281,618.74	\$ 11,740,631.75	\$ 7,376,553.06

			<b>2013</b>	<b>2014</b>
<b>Debits:</b>			<b>Levy</b>	<b>Levy</b>
Unredeemed Liens Balance at Beg. of Fiscal Year:			\$ 609,312.41	\$ -
Liens Executed during Fiscal Year			\$ -	\$ 830,132.69
Interest & costs Collected after Lien			\$ 46,019.76	\$ 5,130.10
Total Debits			\$ 655,332.17	\$ 835,262.79
			<b>2013</b>	<b>2014</b>
<b>Credits:</b>			<b>Levy</b>	<b>Levy</b>
Remitted to Treasurer:				
Redemptions			\$ 204,451.55	\$ 116,094.87
Interest & Costs Collected after Lien			\$ 46,019.76	\$ 5,130.10
RSA Liens/Deferrals			\$ 7,110.19	\$ 1,255.01
Abatement of Unredeemed Taxes			\$ 862.53	\$ 447.00
Liens Deeded to Municipality			\$ 46,035.47	\$ 46,538.40
Unredeemed Liens Balance End of Year			\$ 350,852.67	\$ 665,797.41
Total Credits			\$ 655,332.17	\$ 835,262.79

**CITY OF BERLIN, NEW HAMPSHIRE**  
**Financial Statements**  
**With Schedule of Expenditures of Federal Awards**  
**June 30, 2015**  
**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, 2015, 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, 2015, 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, the schedule of funding progress for other post-employment benefits, the schedule of changes in the City's proportionate share of the net pension liability, and the schedule of City contributions on pages i-xiii and 36-41 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 March 8, 2016 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 Clutkey & Company PC

Manchester, New Hampshire  
March 8, 2016

**City of Berlin, New Hampshire  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2015**

This section of the City of Berlin, New Hampshire's (the City) financial statements is prepared to comply with the requirements of GASB Statement 34 which requires management of 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, 2015. 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**

**New Standards Implemented:**

- During the year ended June 30, 2015, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 68 - *Accounting and Financial Reporting for Pensions*. Under GASB Statement 68, the City is required to report its proportional share of the New Hampshire Retirement Systems unfunded pension liability as 'Net Pension Liability' on the government-wide and proprietary fund financial statements. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013. See the notes to the basic financial statements for further information.

**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, 2015 by \$33.7 million, an increase of \$5.2 million 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 decreased from the prior year with an ending deficit balance of (\$13.2) million. Restricted net position of \$400 thousand was restricted for permanent funds principal and income, food service operations, police forfeitures and various unexpended grants and donations. The net investment in capital assets increased from the prior year with an ending balance of \$46.5 million.
- **Changes in Net Position:** The City's total net position increased from last fiscal year's \$28.5 million to \$33.7 million in fiscal year 2015. Net position of governmental activities increased by \$2.8 million or 187%, and net position of the business-type activities increased by \$2.4 million or 9%. 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 2015, the City's governmental funds reported a decrease of (\$1.9) million in the combined ending fund balance of \$4.9 million, compared to last fiscal year. Included in the combined governmental fund balance is the activity of the City's General Fund and the Nonmajor Governmental Funds. The General Fund ended the fiscal year with an unassigned fund balance of \$1,439,334, which is a decrease of (\$803) thousand from the previous fiscal year.

- **Proprietary Funds – Net Position:** As of the close of fiscal year 2015, the City’s proprietary funds reported an increase of \$2.4 million in the combined ending net position of \$29.4 million, compared to last fiscal year. Included in the combined proprietary funds net position is the activity of the City’s Sewer Fund and the Nonmajor Proprietary Funds. The Sewer Fund ended the fiscal year with an unrestricted net position of \$7.3 million, which is an increase of \$100 thousand from the prior 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 the following three components:

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

This report also contains certain required and other supplementary information in addition to the basic financial statements.

### Government-wide Financial Statements

The government-wide financial statements provide a broad view of the City’s finances. These statements (Statement of Net 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, and 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
- **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 government-wide financial statements. Reconciliations are provided between the Governmental Fund Statements and the Government-Wide Statements, which can also be found on pages 3-4.

The City's only major governmental fund is the General Fund. Individual fund data for each of the City's nonmajor governmental funds is provided as supplementary information in the combining statements found on pages 53-56. The nonmajor governmental funds are:

- Federal Projects Fund
- Food Service Fund
- Airport Authority Fund
- Health Department Fund
- Recreation and Parks Programs Fund
- Grants Fund



- Neighborhood Stabilization Grants Fund
- CDBG Fund
- Bond Issue Capital Projects Fund
- Hutchins Street 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, the Sewer Fund, and two nonmajor proprietary funds -
  - Cates Hill Landfill Fund
  - Berlin Industrial Park and Development Authority (BIDPA) 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 propriety fund 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 57-59.

- 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
  - Elaine Hardy Scholarship 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 10-35.

#### Required Supplementary Information

The basic financial statements and accompanying notes are followed by a section of required supplementary information. This section includes a budgetary comparison schedule for each of the City's major governmental funds and includes a reconciliation between the reported activity of the revenues, expenditures and other financing sources and uses for budgetary purposes (Schedule 1, page 36) and the activity as presented in the governmental fund financial statements (Exhibit D, page 4). The City's only major governmental fund is the General Fund. Also, included in the required supplementary information is the schedule of funding progress for other post-employment benefits, the schedule of changes in the City's proportionate share of the net pension liability, and the schedule of City contributions (Schedules 2-4, pages 37-39). The notes to the required supplementary information can be found on pages 40-41.

### Other Supplementary Information

Other supplementary information includes the schedule of expenditures of federal awards and combining financial statements for nonmajor governmental and proprietary funds.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

#### Statement of Net Position

The City's Primary Government combined net position (governmental and business-type activities) totaled \$33.7 million at the end of fiscal year 2015, an increase of \$5.2 million compared to the end of the previous fiscal year.

Net position of the City as of June 30, 2015 and 2014 is as follows:

	Governmental Activities (Restated)		Business-type Activities (Restated)		Total Primary Government (Restated)	
	2015	2014	2015	2014	2015	2014
Capital assets, net	\$ 28.3	\$ 24.4	\$ 38.0	\$ 38.2	\$ 66.3	\$ 62.6
Other assets	10.1	13.5	9.5	10.2	19.6	23.7
Total Assets	<u>38.4</u>	<u>37.9</u>	<u>47.5</u>	<u>48.4</u>	<u>85.9</u>	<u>86.3</u>
 Total Deferred Outflows of Resources	<u>2.5</u>	<u>1.9</u>	<u>0.1</u>	<u>0.1</u>	<u>2.6</u>	<u>2.0</u>
 Long-term liabilities	29.1	32.0	17.5	20.1	46.6	52.1
Other liabilities	1.0	1.0	0.6	1.4	1.6	2.4
Total Liabilities	<u>30.1</u>	<u>33.0</u>	<u>18.1</u>	<u>21.5</u>	<u>48.2</u>	<u>54.5</u>
 Total Deferred Inflows of Resources	<u>6.5</u>	<u>5.3</u>	<u>0.1</u>	<u>-</u>	<u>6.6</u>	<u>5.3</u>
 Net position:						
Net investment in capital assets	25.3	21.9	21.2	19.2	46.5	41.1
Restricted	0.4	0.4	-	-	0.4	0.4
Unrestricted (Deficit)	(21.4)	(20.8)	8.2	7.8	(13.2)	(13.0)
Total Net Position	<u>\$ 4.3</u>	<u>\$ 1.5</u>	<u>\$ 29.4</u>	<u>\$ 27.0</u>	<u>\$ 33.7</u>	<u>\$ 28.5</u>

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 a decrease in unrestricted net position of (\$200) thousand from the prior fiscal year. The significant deficit unrestricted net position balance of the governmental activities at year end is due to the implementation of GASB Statement 68 during the current year. A deficit unrestricted net position balance is expected to continue into subsequent years.

## Statement of Activities

The City's total net position increased \$5.2 million during this fiscal year. Property and other taxes brought in \$15.6 million in revenue. 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 years ending June 30, 2015 and 2014 are as follows:

	Governmental Activities (Restated)		Business-type Activities (Restated)		Total Primary Government (Restated)	
	2015	2014	2015	2014	2015	2014
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 2.5	\$ 2.8	\$ 2.2	\$ 1.8	\$ 4.7	\$ 4.6
Operating grants and contributions	13.7	14.8	-	-	13.7	14.8
Capital grants and contributions	3.2	1.8	3.4	1.9	6.6	3.7
General revenues:						
Property and other taxes	15.6	15.1	-	-	15.6	15.1
Licenses and permits	1.3	1.3	-	-	1.3	1.3
Intergovernmental	0.5	0.4	-	-	0.5	0.4
Interest and investment earnings	-	-	-	-	-	-
Miscellaneous	0.4	1.1	0.1	0.1	0.5	1.2
Total revenues	<u>37.2</u>	<u>37.3</u>	<u>5.7</u>	<u>3.8</u>	<u>42.9</u>	<u>41.1</u>
<b>Expenses</b>						
General government	2.0	2.8	-	-	2.0	2.8
Public safety	5.5	5.6	-	-	5.5	5.6
Airport/Aviation center	0.4	0.4	-	-	0.4	0.4
Highways and streets	2.3	2.5	-	-	2.3	2.5
Health and welfare	0.7	0.7	-	-	0.7	0.7
Sanitation	0.8	0.8	-	-	0.8	0.8
Culture and recreation	0.7	0.7	-	-	0.7	0.7
Economic development	0.2	0.3	-	-	0.2	0.3
Education	18.9	18.5	-	-	18.9	18.5
Food service	0.6	0.6	-	-	0.6	0.6
Debt service	0.6	0.8	-	-	0.6	0.8
Intergovernmental	1.7	1.6	-	-	1.7	1.6
Sewer	-	-	3.2	2.5	3.2	2.5
Nonmajor enterprise funds	-	-	-	0.1	-	0.1
Total expenses	<u>34.4</u>	<u>35.3</u>	<u>3.2</u>	<u>2.6</u>	<u>37.6</u>	<u>37.9</u>
Excess (Deficiency) before contributions to permanent fund principal and net loss on disposal of capital assets	2.8	2.0	2.5	1.2	5.3	3.2
Contributions to permanent fund principal	-	-	-	-	-	-
Net loss on disposal of capital assets	<u>-</u>	<u>-</u>	<u>(0.1)</u>	<u>-</u>	<u>(0.1)</u>	<u>-</u>
Change in net position	2.8	2.0	2.4	1.2	5.2	3.2
Net position, beginning of year	1.5	21.8	27.0	26.4	28.5	48.2
Restatement due to implementation of GASB Statement #68	<u>-</u>	<u>(22.3)</u>	<u>-</u>	<u>(0.6)</u>	<u>-</u>	<u>(22.9)</u>
Net position, end of year	<u>\$ 4.3</u>	<u>\$ 1.5</u>	<u>\$ 29.4</u>	<u>\$ 27.0</u>	<u>\$ 33.7</u>	<u>\$ 28.5</u>

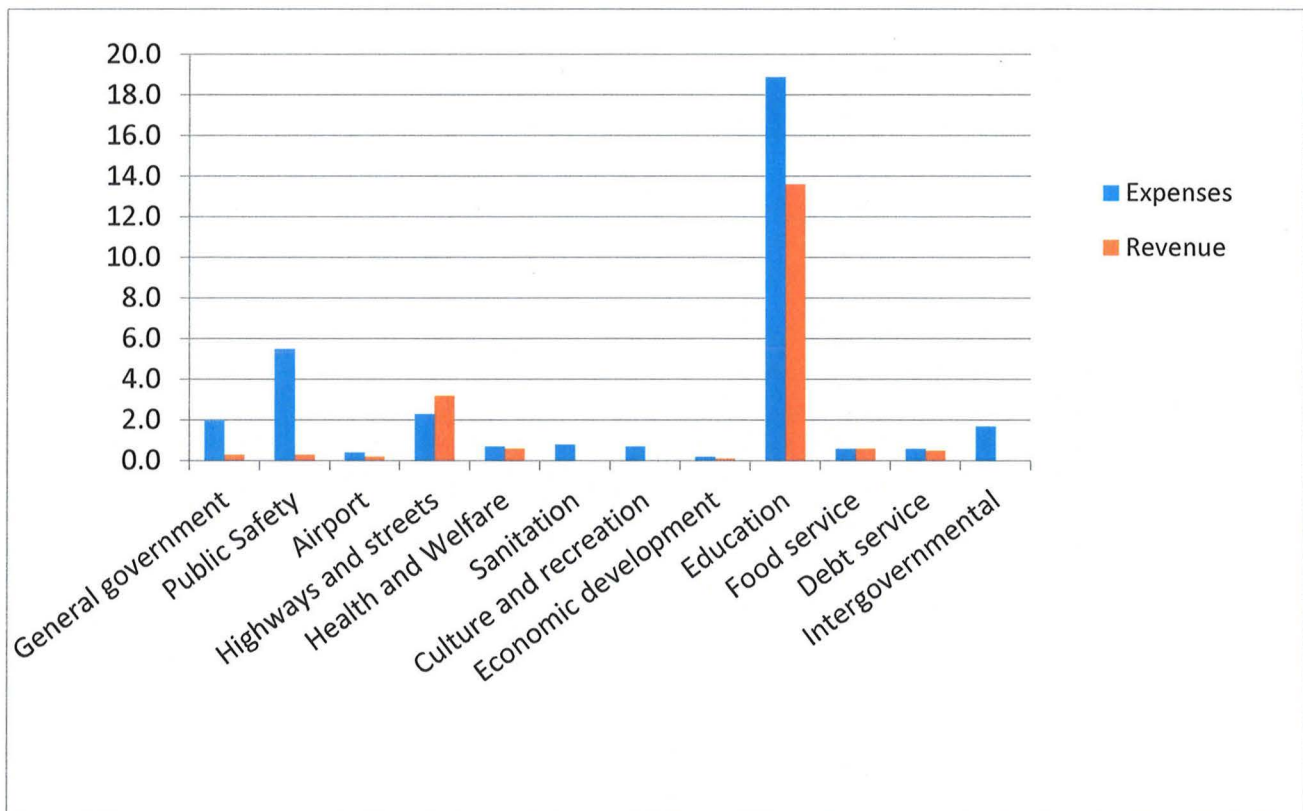
The City's expenses cover a range of services. The largest governmental expenses were for education (55%), public safety (16%), highways and streets (7%) and general government (6%), which accounted for roughly 84% of total governmental expenditures.

### Governmental Activities

Governmental activities total revenue and contributions to permanent fund principal totaling \$37.2 million exceeded expenses of \$34.4 million in fiscal year 2015, thereby increasing the City's governmental activities net position by \$2.0 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 some of the largest expenses for the City (Education, Public Safety and General Government) also represent the activities that have the largest gap between expenses and program revenues. Since program revenues do not offset these expenses, the difference is made up from property taxes.

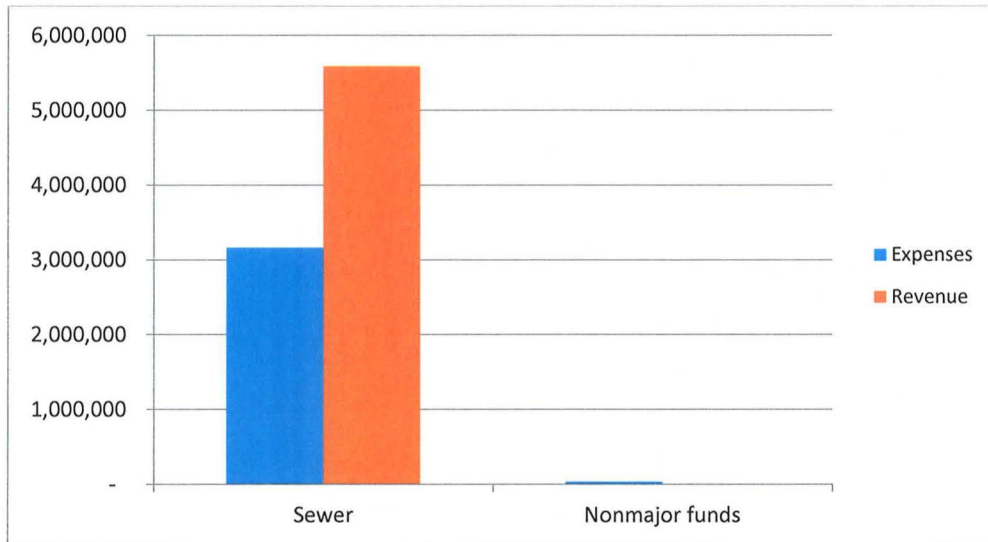
Expenses and Program Revenues – Governmental Activities  
Fiscal Year Ending June 30, 2015



### 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, which includes depreciation expense. However, this does not include the inflows of capital from State-Aid Grants provided to offset Sewer Debt, Federal Grant Programs and State Revolving Loan Fund Program proceeds used toward the significant sewer improvements currently being undertaken.

Expenses and Program Revenues – Business Type Activities  
Fiscal Year Ending June 30, 2015

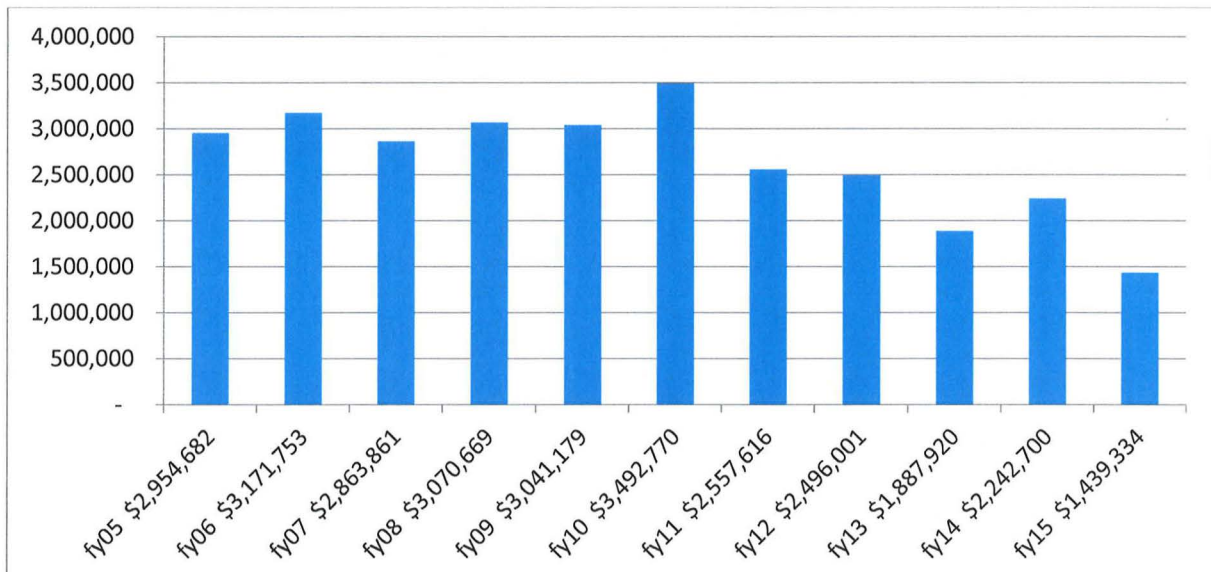


FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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 fiscal years 2005 through 2015 are as follows:



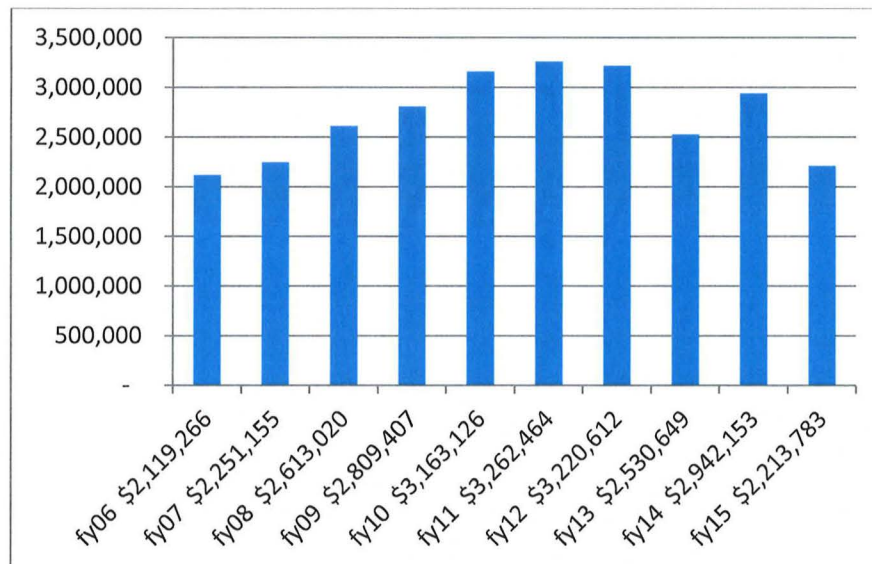


## General Fund

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 \$1,439,334, while total fund balance was \$3,175,268. The total fund balance 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 (\$803,366) from the previous year.

## Budgetary Basis

The above analysis done in this review has been based on modified accrual accounting basis 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 ten 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 in past years to increase its Unassigned Fund Balance was generally successful. However, the difficulty in maintaining that balance becomes greater every year, as the City has applied a significant amount of the balance to reduce the tax rate in each of the past two years. For the fiscal year 2015, the General Fund Unassigned Fund Balance has decreased to \$2,213,783, with \$1,450,000 being applied to reduce the 2014 tax rate.

## Other Governmental Funds

The combined fund balances of the nonmajor governmental funds decreased during the year by (\$972,740) to a fiscal year end balance of \$1,697,726. The decrease was primarily a result of the current year expenditure of remaining unspent bond proceeds in the Bond Issue Capital Projects Fund.



### Proprietary Funds

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements (accrual basis). 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 increased by \$2,448,790 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 determining sewer rates. The Sewer Fund itself had an increase of net position of \$2,182,477. The increase in net position is due to capital contributions of \$3.4 million during fiscal year 2015. The Nonmajor Proprietary Funds had a combined net position increase of \$266,313 in fiscal year 2015. This increase was due to the sale of land in the BIDPA Fund which resulted in a gain on sale of \$285 thousand.

### GENERAL FUND BUDGETARY HIGHLIGHTS

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

Actual budgetary revenues were more than the budgeted estimated revenues by \$420,458. There was a favorable variance of \$274,560 in actual property taxes received from the amount budgeted. Intergovernmental revenues were significantly more than budgeted due to increased Medicaid reimbursements during the year. Actual budgetary expenditures at fiscal year-end were \$305,744 less than the final budgeted appropriations. Several City Departments were over budget, while several were under budgeted amounts. The City made a concerted effort to control costs resulting in savings on certain budgeted items. The Schools spent \$225,356 less than budgeted. General government was \$135,050 less than budgeted and Public safety spent \$83,210 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, 2015, amounted to \$111.9 million. Accumulated depreciation was \$45.6 million leaving a net book value of \$66.3 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 21-22 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 \$20.6 million. This amount does not include bonded debt outstanding by the Berlin Water Works, its component unit. The City may 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 direct payments made on its behalf for annual principal and interest on such debt. Borrowings on the State of New Hampshire Revolving Loan totaled \$192 thousand at year end and are solely attributable to the Sewer Fund. There was a significant reduction in the State of New Hampshire Revolving Loan balance during the current year as the City issued general obligation bonds totaling \$12.5 million to current refund the outstanding balance with an additional \$2 million of the principal balance forgiven under a federal grant program. In addition, the City had outstanding capital leases payable totaling \$500 thousand at year end. Capital lease obligations are entered into for the financing of equipment acquisitions and these contracts are cancelable if funds are not appropriated to meet payment obligations. Additional information regarding the City's long-term debt obligations can be found in Note 9 on pages 28-32 of the Notes to the Basic Financial Statements.

#### Net Pension Liability and Other Post-Employment Benefits

As noted previously in this narrative, during the year the City implemented GASB Statement 68 which requires the City to recognize a liability for its proportionate share of the New Hampshire Retirement System's net pension liability. Under GASB Statement 68, the City recognizes pension expense and reports deferred outflows and inflows of resources related to pension for its proportionate share of collective pension expense and collective deferred outflows and inflows of resources related to pension. At year end, the City had a net pension liability of \$22.4 million, with deferred outflows and inflows of resources related to pension in the amounts of \$2.6 million and \$2.9 million, respectively. Additional information regarding the City's net pension liability can be found in Note 7 on pages 22-26 of the Notes to the Basic Financial Statements.

GASB Statement 45, requires the City 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, as well as life insurance, to its retirees, their spouses and dependents. Although, the City is not required to fund this contribution, it is required to be recognized as a liability in these financial statements. The net OPEB obligation as of June 30, 2015 is \$780 thousand. Additional information regarding the City's OPEB can be found in Note 8 on pages 26-28 of the Notes to the Basic Financial Statements.

#### ECONOMIC CONDITIONS

The Burgess BioPower biomass plant, completed in late 2013 is now in operation. The owners continue to work on maximizing output from the facility. The demand for whole tree chips created by the biomass plant consumption has caused an increase in chip prices. The need to keep the facility supplied with fuel has led to discussions of potential rail expansion to bring chips in by rail car. To date, this has not taken place.

Jericho Wind Power completed construction of its 5 tower wind farm in 2015. The 2.85 mega-watt towers are now on line and are producing power to the grid. This project has added approximately 3 to 4 permanent jobs and had increased the City's utility tax base.

The City has Payment in Lieu of Taxes Agreements with both Jericho Power and Burgess Biomass as renewable energy projects. Both agreements assure the City increasing revenues over the 20 year terms of the agreements. This has allowed the City to plan for capital bonding for a much needed reconstruction project of a significant portion of Route 16 through the City.

The Gorham Paper Mill continues to operate and produce paper. The reduction in fossil fuel prices and electricity has had a positive impact on operating costs and profitability.

The Federal Corrections Institution has been coming on line over the past year. It is now near capacity with the inmate population. Staffing has come up to approximately 300 employees over this past year with approximately another 45 that remain to be hired. These added jobs to the local economy have added a significant amount of economic value to the area.

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. Over the past year BIDPA has worked Capone Steel, a Massachusetts based company, to expand its operation at the Berlin Industrial Park. Current employment is 307 staff.

As evidenced by the City 5-year statistical update of its property valuations the City continues to face a challenging housing market. Overall housing values decreased based on actual property sale prices. The City has made significant strides with its housing program by removing surplus housing stock. Continued depressed prices are likely the result of low demand and a continued oversupply of housing.

Phase II of the Rte. 110 improvement project, is now largely constructed. The last segment will be constructed during the summer of 2015. The construction to date has had a dramatic effect on this transportation corridor. While improving general traffic and truck traffic flow through the City it also improves the adjacent quality of the neighborhoods by removing traffic. It also improves 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. Included in this development is 300 acres Jericho Lake that the City donated to the State. The park is a New England-wide, and beyond, attraction. The park has a campground with 20 primitive campsites, including 5 cabins, 6 tent sites and 9 RV sites, and offers only water and portable toilets this season. The campground connects to the 75 miles of OHRV trails at the park, as well as connecting with the 1,000 miles of trails in Coos County. The park also has a day-use area with a beach for swimming, pavilion and boat launch. This development is having a very significant impact on the City's image and economic base. The first of its kind in the State OHRV connection between this Park and the many trails in Success on the east side of the City has gone very smoothly and this connection now exists to support continued growth of the industry. The City ordinance which allows OHRV traffic on all City streets continues to be successful and the City has decided to continue this into the future. It is known that the OHRV friendly atmosphere has also led to the sale of some residential properties in the City as second homes. The City participates in the annual ATV/OHRV Festival. This past year, again, the festival was the most attended yet.

Like the granite that surrounds it, Berlin has weathered everything that has been thrown at it. In spite of this, Berlin is in the process of redefining itself in a way that is leading to economic growth and opportunity. While growth and momentum may not be as rapid as some would like, the annual incremental steps in a positive direction are very clear. In addition to the long established hydroelectric industry and more recent biomass industry, we now make electricity from wind power as well. The ATV Park and the new Coos Coalition ATV trail continue to attract expanding recreation activity. There has been additional significant interest from the private sector in developing another campground on Route 110 to service the ATV/OHRV population. There has also been the purchase and initial redevelopment of two significant properties on Route 110. One

involves the demolition of a very large abandoned warehouse and factory property which will be marketed for new construction. The other is the purchase and re-development of the old Knights of Columbus building into a commercial space. While the City's economy has been stabilized by several larger employers including the Federal Prison, it is as encouraging to consider the City's successful foray into the tourism industry by way ATV/OHRV recreation.

#### 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, 2015**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 14,172,226		\$ 14,172,226	\$ 681,447
Investments	377,320		377,320	345,415
Taxes receivable, net	839,554		839,554	
Accounts receivable, net	37,478	\$ 643,961	681,439	179,265
Due from other governments	1,366,663	345,609	1,712,272	254,708
Internal balances	(7,280,204)	7,280,204	-	
Prepaid expenses	56,711	6,289	63,000	
Inventory	12,563	70,140	82,703	374,867
Tax deeded property	492,750		492,750	
Total Current Assets	<u>10,075,061</u>	<u>8,346,203</u>	<u>18,421,264</u>	<u>1,835,702</u>
Noncurrent Assets:				
Due from other governments		1,145,599	1,145,599	
Capital assets:				
Non-depreciable capital assets	14,333,728	16,301,002	30,634,730	3,927,556
Depreciable capital assets, net	13,989,134	21,748,732	35,737,866	37,234,624
Total Noncurrent Assets	<u>28,322,862</u>	<u>39,195,333</u>	<u>67,518,195</u>	<u>41,162,180</u>
Total Assets	<u>38,397,923</u>	<u>47,541,536</u>	<u>85,939,459</u>	<u>42,997,882</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	2,498,027	72,805	2,570,832	100,960
Total Deferred Outflows of Resources	<u>2,498,027</u>	<u>72,805</u>	<u>2,570,832</u>	<u>100,960</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	283,949	51,348	335,297	75,941
Accrued expenses	591,241	177,703	768,944	55,086
Retainage payable		322,386	322,386	
Notes payable			-	5,320,842
Advances from grantors	73,199		73,199	
Unearned revenue	6,683	236	6,919	
Current portion of bonds payable	380,373	577,638	958,011	1,098,909
Current portion of capital leases payable	144,932		144,932	21,451
Current portion of compensated absences payable	91,346		91,346	30,049
Current portion of estimated liability for landfill postclosure care costs	11,300	12,450	23,750	
Total Current Liabilities	<u>1,583,023</u>	<u>1,141,761</u>	<u>2,724,784</u>	<u>6,602,278</u>
Noncurrent Liabilities:				
Bonds payable	3,874,579	15,727,371	19,601,950	5,127,202
State of New Hampshire revolving loan		192,292	192,292	
Capital leases payable	381,324		381,324	
Compensated absences payable	1,595,022	126,922	1,721,944	150,436
Net pension liability	21,728,378	638,993	22,367,371	975,555
Other post-employment benefits obligation	744,363	36,839	781,202	41,954
Estimated liability for landfill postclosure care costs	124,300	236,550	360,850	
Total Noncurrent Liabilities	<u>28,447,966</u>	<u>16,958,967</u>	<u>45,406,933</u>	<u>6,295,147</u>
Total Liabilities	<u>30,030,989</u>	<u>18,100,728</u>	<u>48,131,717</u>	<u>12,897,425</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes collected in advance	3,762,236		3,762,236	
Advance from grantor			-	83,812
Deferred inflows related to pension	2,780,163	81,760	2,861,923	124,823
Total Deferred Inflows of Resources	<u>6,542,399</u>	<u>81,760</u>	<u>6,624,159</u>	<u>208,635</u>
NET POSITION				
Net investment in capital assets	25,274,461	21,230,047	46,504,508	29,593,776
Restricted	383,550		383,550	
Unrestricted (Deficit)	(21,335,449)	8,201,806	(13,133,643)	399,006
Total Net Position	<u>\$ 4,322,562</u>	<u>\$ 29,431,853</u>	<u>\$ 33,754,415</u>	<u>\$ 29,992,782</u>

**EXHIBIT B**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Statement of Activities**  
**For the Year Ended June 30, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Governmental Activities:								
General government	\$ 1,983,554	\$ 286,528	\$ 10,068		\$ (1,686,958)		\$ (1,686,958)	
Public safety	5,476,723	208,193	61,372	\$ 40,827	(5,166,331)		(5,166,331)	
Airport/Aviation center	396,051	119,622		35,729	(240,700)		(240,700)	
Highways and streets	2,328,737	17,353	197,988	2,973,138	859,742		859,742	
Health and welfare	703,109	131,942	468,687		(102,480)		(102,480)	
Sanitation	811,721	30,777			(780,944)		(780,944)	
Culture and recreation	714,460	40,218	2,400		(671,842)		(671,842)	
Economic development	167,147		70,907		(96,240)		(96,240)	
Education	18,865,463	1,435,316	12,019,463	171,990	(5,238,694)		(5,238,694)	
Food service	643,283	213,428	410,723		(19,132)		(19,132)	
Debt service	609,412		495,162		(114,250)		(114,250)	
Intergovernmental	1,689,241				(1,689,241)		(1,689,241)	
Total governmental activities	<u>34,388,901</u>	<u>2,483,377</u>	<u>13,736,770</u>	<u>3,221,684</u>	<u>(14,947,070)</u>	<u>\$ -</u>	<u>(14,947,070)</u>	
Business-type activities:								
Sewer	3,166,476	2,213,947		3,373,022		2,420,493	2,420,493	
Nonmajor enterprise funds	34,097					(34,097)	(34,097)	
Total business-type activities	<u>3,200,573</u>	<u>2,213,947</u>	<u>-</u>	<u>3,373,022</u>	<u>-</u>	<u>2,386,396</u>	<u>2,386,396</u>	
Total primary government	<u>\$ 37,589,474</u>	<u>\$ 4,697,324</u>	<u>\$ 13,736,770</u>	<u>\$ 6,594,706</u>	<u>(14,947,070)</u>	<u>2,386,396</u>	<u>(12,560,674)</u>	
Component unit:								
Water	\$ 3,086,886	\$ 2,638,424		\$ 1,167,131				\$ 718,669
Total component unit	<u>\$ 3,086,886</u>	<u>\$ 2,638,424</u>	<u>\$ -</u>	<u>\$ 1,167,131</u>				<u>718,669</u>
General revenues:								
Property and other taxes					15,621,662		15,621,662	
Licenses and permits					1,294,533		1,294,533	
Grants and contributions:								
Rooms and meals tax distribution					464,704		464,704	
Interest and investment earnings					14,922	3,279	18,201	609
Miscellaneous					350,643	120,348	470,991	81,023
Contributions to permanent fund principal					700		700	
Net loss on disposal of capital assets					(9,120)	(61,233)	(70,353)	
Total general revenues, contributions to permanent fund principal and net loss on disposal of capital assets					<u>17,738,044</u>	<u>62,394</u>	<u>17,800,438</u>	<u>81,632</u>
Change in net position					2,790,974	2,448,790	5,239,764	800,301
Net Position at beginning of year, as restated					1,531,588	26,983,063	28,514,651	29,192,481
Net Position at end of year					<u>\$ 4,322,562</u>	<u>\$ 29,431,853</u>	<u>\$ 33,754,415</u>	<u>\$ 29,992,782</u>



**EXHIBIT C**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2015**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 14,166,707	\$ 5,519	\$ 14,172,226
Investments	2,274	375,046	377,320
Taxes receivable, net	839,554		839,554
Accounts receivable	28,694	8,257	36,951
Due from other governments	656,365	710,298	1,366,663
Due from other funds	884,247	1,568,004	2,452,251
Prepaid expenses	223,995	43,229	267,224
Inventory		12,563	12,563
Tax deeded property	492,750		492,750
Total Assets	<u>17,294,586</u>	<u>2,722,916</u>	<u>20,017,502</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Total Deferred Outflows of Resources	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 17,294,586</u>	<u>\$ 2,722,916</u>	<u>\$ 20,017,502</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 230,246	\$ 53,703	\$ 283,949
Accrued expenses	502,557	9,507	512,064
Advances from grantors		73,199	73,199
Unearned revenue	1,622	5,061	6,683
Due to other funds	8,848,208	883,720	9,731,928
Total Liabilities	<u>9,582,633</u>	<u>1,025,190</u>	<u>10,607,823</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes collected in advance	3,762,236		3,762,236
Unearned property tax revenue	774,449		774,449
Total Deferred Inflows of Resources	<u>4,536,685</u>	<u>-</u>	<u>4,536,685</u>
<b>FUND BALANCES</b>			
Nonspendable	716,745	206,845	923,590
Restricted		1,716,640	1,716,640
Committed		21,088	21,088
Assigned	1,019,189		1,019,189
Unassigned (Deficit)	1,439,334	(246,847)	1,192,487
Total Fund Balances	<u>3,175,268</u>	<u>1,697,726</u>	<u>4,872,994</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 17,294,586</u>	<u>\$ 2,722,916</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 28,322,862

Property taxes are recognized on an accrual basis in the statement of net position, not the modified accrual basis 774,449

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)

Deferred outflows of resources and deferred inflows of resources that do not require or provide the use of current financial resources are not reported within the funds:

Deferred outflows of resources attributable to net pension liability 2,498,027

Deferred inflows of resources attributable to net pension liability (2,780,163)

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 (4,254,952)

Capital leases payable (526,256)

Accrued interest on long-term obligations (79,177)

Compensated absences payable (1,686,368)

Net pension liability (21,728,378)

Other post-employment benefits obligation (744,363)

Estimated liability for landfill postclosure care costs (135,600)

Net Position of Governmental Activities \$ 4,322,562

EXHIBIT D

CITY OF BERLIN, NEW HAMPSHIRE

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2015

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 15,546,666		\$ 15,546,666
Licenses and permits	1,294,533		1,294,533
Intergovernmental	12,423,151	\$ 2,084,207	14,507,358
Charges for services	2,107,531	361,764	2,469,295
Interest income	9,959	4,963	14,922
Miscellaneous	257,548	116,477	374,025
Total Revenues	<u>31,639,388</u>	<u>2,567,411</u>	<u>34,206,799</u>
Expenditures:			
Current operations:			
General government	1,908,607	21,019	1,929,626
Public safety	5,335,435	101,702	5,437,137
Airport/Aviation center		183,235	183,235
Highways and streets	2,049,179		2,049,179
Health and welfare	708,138	3,548	711,686
Sanitation	799,969		799,969
Culture and recreation	603,219	53,096	656,315
Economic development		76,507	76,507
Education	17,461,756	1,455,381	18,917,137
Food service		639,165	639,165
Capital outlay	1,192,739	1,014,312	2,207,051
Debt service:			
Principal retirement	753,203		753,203
Interest and fiscal charges	233,862		233,862
Intergovernmental	1,689,241		1,689,241
Total Expenditures	<u>32,735,348</u>	<u>3,547,965</u>	<u>36,283,313</u>
Excess of revenues over (under) expenditures	<u>(1,095,960)</u>	<u>(980,554)</u>	<u>(2,076,514)</u>
Other Financing Sources (Uses):			
Proceeds from capital lease obligations	182,260		182,260
Transfers in	6,264	14,078	20,342
Transfers out	(14,078)	(6,264)	(20,342)
Total Other Financing Sources (Uses)	<u>174,446</u>	<u>7,814</u>	<u>182,260</u>
Net change in fund balances	(921,514)	(972,740)	(1,894,254)
Fund balances at beginning of year	<u>4,096,782</u>	<u>2,670,466</u>	<u>6,767,248</u>
Fund balances at end of year	<u>\$ 3,175,268</u>	<u>\$ 1,697,726</u>	<u>\$ 4,872,994</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, 2015

Change in Fund Balances - Total Governmental Funds	\$ (1,894,254)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	995,602
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.	(17,720)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	2,990,796
Repayment of principal on bonds and capital leases payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	606,746
Governmental funds report the effect of bond issuance premiums when debt is first issued, whereas these amounts are amortized in the statement of activities over the life of the related debt.	73,414
Proceeds from capital lease obligations are other financing sources in the funds, but capital lease obligations increase long-term liabilities in the statement of net position.	(182,260)
In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due.	6,036
Governmental funds report pension contributions as expenditures. However, in the statement of activities, pension expense reflects the change in net pension liability and related deferred outflows and inflows of resources, and does not require the use of current financial resources. This is the amount by which pension contributions exceeded pension expense in the current period.	308,154
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.	(95,540)
Change in Net Position of Governmental Activities	<u>\$ 2,790,974</u>

**EXHIBIT E**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2015**

	Business-type Activities		
	Sewer Fund	Nonmajor Enterprise Funds	Totals
<b>ASSETS</b>			
Current Assets:			
Accounts receivable	\$ 635,997	\$ 7,964	\$ 643,961
Due from other governments	258,403	87,206	345,609
Due from other funds	6,217,565	1,062,639	7,280,204
Prepaid expenses	6,289		6,289
Inventory	70,140		70,140
Total Current Assets	<u>7,188,394</u>	<u>1,157,809</u>	<u>8,346,203</u>
Noncurrent Assets:			
Due from other governments	1,145,599		1,145,599
Capital assets:			
Non-depreciable capital assets	16,301,002		16,301,002
Depreciable capital assets, net	<u>21,748,732</u>		<u>21,748,732</u>
Total Noncurrent Assets	<u>39,195,333</u>	<u>-</u>	<u>39,195,333</u>
Total Assets	<u>46,383,727</u>	<u>1,157,809</u>	<u>47,541,536</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pension	72,805		72,805
Total Deferred Outflows of Resources	<u>72,805</u>	<u>-</u>	<u>72,805</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	51,228	120	51,348
Accrued expenses	177,703		177,703
Retainage payable	322,386		322,386
Unearned revenue		236	236
Current portion of bonds payable	577,638		577,638
Current portion of estimated liability for landfill postclosure care costs		12,450	12,450
Total Current Liabilities	<u>1,128,955</u>	<u>12,806</u>	<u>1,141,761</u>
Noncurrent Liabilities:			
Bonds payable	15,727,371		15,727,371
State of New Hampshire revolving loan	192,292		192,292
Compensated absences payable	126,922		126,922
Net pension liability	638,993		638,993
Other post-employment benefits obligation	36,839		36,839
Estimated liability for landfill postclosure care costs		236,550	236,550
Total Noncurrent Liabilities	<u>16,722,417</u>	<u>236,550</u>	<u>16,958,967</u>
Total Liabilities	<u>17,851,372</u>	<u>249,356</u>	<u>18,100,728</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pension	81,760		81,760
Total Deferred Inflows of Resources	<u>81,760</u>	<u>-</u>	<u>81,760</u>
<b>NET POSITION</b>			
Net investment in capital assets	21,230,047		21,230,047
Unrestricted	7,293,353	908,453	8,201,806
Total Net Position	<u>\$ 28,523,400</u>	<u>\$ 908,453</u>	<u>\$ 29,431,853</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, 2015**

	Business-type Activities		
	Sewer Fund	Nonmajor Enterprise Funds	Totals
Operating revenues:			
Charges for services	\$ 2,213,947		\$ 2,213,947
Miscellaneous	105,420	\$ 14,928	120,348
Total Operating Revenues	<u>2,319,367</u>	<u>14,928</u>	<u>2,334,295</u>
Operating expenses:			
Personnel services	889,878		889,878
Contractual services	5,650	160	5,810
Repairs and maintenance	51,559	20,846	72,405
Administrative	124,347	10,766	135,113
Materials and supplies	227,590	3	227,593
Utilities	231,066	478	231,544
Depreciation	1,043,518	1,844	1,045,362
Total Operating Expenses	<u>2,573,608</u>	<u>34,097</u>	<u>2,607,705</u>
Operating loss	<u>(254,241)</u>	<u>(19,169)</u>	<u>(273,410)</u>
Non-operating revenues (expenses):			
Gain (Loss) on disposal of capital assets	(346,450)	285,217	(61,233)
Interest income	3,014	265	3,279
Interest expense	<u>(592,868)</u>		<u>(592,868)</u>
Net non-operating revenues (expenses)	<u>(936,304)</u>	<u>285,482</u>	<u>(650,822)</u>
Income (Loss) before capital contributions	(1,190,545)	266,313	(924,232)
Capital contributions	<u>3,373,022</u>		<u>3,373,022</u>
Change in net position	2,182,477	266,313	2,448,790
Net Position at beginning of year, as restated	<u>26,340,923</u>	<u>642,140</u>	<u>26,983,063</u>
Net Position at end of year	<u>\$ 28,523,400</u>	<u>\$ 908,453</u>	<u>\$ 29,431,853</u>

**EXHIBIT G**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2015**

	Business-type Activities		
	Sewer Fund	Nonmajor Enterprise Funds	Totals
Cash flows from operating activities:			
Cash received from customers	\$ 2,071,095	\$ 607	\$ 2,071,702
Cash paid to suppliers	(856,689)	(40,398)	(897,087)
Cash paid to employees	(638,266)		(638,266)
Other operating cash receipts		13,881	13,881
Net cash provided (used) by operating activities	<u>576,140</u>	<u>(25,910)</u>	<u>550,230</u>
Cash flows from capital and related financing activities:			
Proceeds from bond issuance	12,508,000		12,508,000
Proceeds from State of New Hampshire revolving loan	1,066,722		1,066,722
Principal paid on bonds payable	(357,685)		(357,685)
Principal paid on note payable		(38,978)	(38,978)
Principal paid on State of New Hampshire revolving loan	(12,852,859)		(12,852,859)
Interest paid on long-term debt	(509,532)		(509,532)
Capital contributions	1,629,958		1,629,958
Proceeds from sale of capital assets		336,062	336,062
Purchases of capital assets	(2,158,296)		(2,158,296)
Net cash provided (used) for capital and related financing activities	<u>(673,692)</u>	<u>297,084</u>	<u>(376,608)</u>
Cash flows from investing activities:			
Interest on investments	3,014	265	3,279
Net cash provided by investing activities	<u>3,014</u>	<u>265</u>	<u>3,279</u>
Net increase (decrease) in cash and cash equivalents	(94,538)	271,439	176,901
Cash and cash equivalents at beginning of year	6,312,103	791,200	7,103,303
Cash and cash equivalents at end of year	<u>\$ 6,217,565</u>	<u>\$ 1,062,639</u>	<u>\$ 7,280,204</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating loss	\$ (254,241)	\$ (19,169)	\$ (273,410)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation expense	1,043,518	1,844	1,045,362
Change in deferred outflows related to pension	(17,577)		(17,577)
Change in deferred inflows related to pension	81,760		81,760
Changes in assets and liabilities:			
Accounts receivable	(248,272)	(7,357)	(255,629)
Due from other governments		13,772	13,772
Prepaid expenses	2,743		2,743
Inventory	11,991		11,991
Accounts payable	(10,031)	(2,550)	(12,581)
Accrued expenses	6,981		6,981
Compensated absences payable	15,305		15,305
Net pension liability	(75,779)		(75,779)
Other post-employment benefits obligation	19,742		19,742
Estimated liability for landfill postclosure care costs		(12,450)	(12,450)
Net cash provided (used) by operating activities	<u>\$ 576,140</u>	<u>\$ (25,910)</u>	<u>\$ 550,230</u>
Non-cash transactions affecting financial position:			
Capital asset additions included in year end liabilities	\$ 343,284		\$ 343,284
Net book value of disposed capital assets	346,450	\$ 87,844	434,294
Principal forgiveness on State of New Hampshire revolving loan	2,000,000		2,000,000
	<u>\$ 2,689,734</u>	<u>\$ 87,844</u>	<u>\$ 2,777,578</u>

**EXHIBIT H**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2015**

	Private- Purpose <u>Trusts</u>	Agency <u>Fund</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 11,134	\$ 237,576
Investments	<u>113,545</u>	
Total Assets	<u>124,679</u>	<u>\$ 237,576</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Total Deferred Outflows of Resources	<u>-</u>	
<b>LIABILITIES</b>		
Accounts payable	220	
Due to other funds	527	
Due to student groups	<u></u>	<u>\$ 237,576</u>
Total Liabilities	<u>747</u>	<u>\$ 237,576</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Total Deferred Inflows of Resources	<u>-</u>	
<b>NET POSITION</b>		
Held in trust	<u>123,932</u>	
Total Net Position	<u>\$ 123,932</u>	



**EXHIBIT I**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2015**

	Private- Purpose <u>Trusts</u>
ADDITIONS:	
Contributions:	
Private donations	\$ 10,250
Total Contributions	<u>10,250</u>
Investment earnings:	
Investment income	<u>635</u>
Total Investment Earnings	<u>635</u>
Total Additions	<u>10,885</u>
DEDUCTIONS:	
Benefits	<u>747</u>
Total Deductions	<u>747</u>
Change in Net Position	10,138
Net Position at beginning of year	<u>113,794</u>
Net Position at end of year	<u>\$ 123,932</u>

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2015**

**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, 2015**

**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, and liabilities and 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.

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2015**

**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 Fund 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.

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

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2015**

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 property tax 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, charges for services and interest on investments.

Licenses and permits 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 received before the eligibility requirements are met are recorded as advances from grantors. On governmental fund financial statements, receivables that will not be collected within the available period have been reported as unearned revenue.

**3. Expenses/Expenditures:**

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

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2015**

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, 2015, the City applied \$1,450,000 of its unassigned 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:

	<u>Due from other funds</u>
Proprietary Funds:	
Sewer Fund	\$ 6,217,565
Nonmajor Enterprise Funds	<u>1,062,639</u>
Total cash and cash equivalents	<u>\$ 7,280,204</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, 2015 are recorded as receivables net of reserves for estimated uncollectible taxes of \$453,208.

***Due from Other Governments***

Receivables due from other governments at June 30, 2015 consist of various federal and state funding programs and reimbursements due from other local governmental units for services performed by the City. All receivables are considered collectible in full. Due from other governments in the Sewer Fund consist of state aid grant reimbursements which are to be received over the life of the related state debt, and as such, are classified as both current and noncurrent receivables in the amount of \$258,043 and \$1,145,959, respectively.

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2015**

***Prepaid Expenses***

Payments made to vendors for services that will benefit periods beyond June 30, 2015 are recorded as prepaid items. Prepaid expenses reported on the modified accrual basis of accounting in the General Fund at June 30, 2015 in the amount of \$210,513, represent a prepayment on a capital lease obligation.

***Inventory***

On government-wide and proprietary fund financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventory in governmental funds consists of food supplies held for consumption. The cost of inventory items is recorded as expenditures in the governmental fund types when purchased.

***Note Receivable***

During December 2013, the City was awarded a Community Development Block Grant, the purpose of which was to sub-grant the funds to a sub-recipient for renovation costs associated with converting a City property into affordable elderly housing. As part of the grant agreement, the City transferred the converted property to the sub-recipient in exchange for a note receivable in the amount of \$480,000. Annual interest will be at 0% for the entire term of the note. The principal balance of the note shall become due and payable in full the earlier of transfer of property to an entity not controlled by the sub-recipient or 20 years from the date on which the project is placed in service for federal tax purposes, but in no event later than December 31, 2034. Additionally, the note is secured by certain covenants that require 100% of persons or households residing in the property to be low and moderate income households. As of June 30, 2015, the City does not intend to collect on this balance and believes that payment in the event of default by the sub-recipient is unlikely. Accordingly, the City has recorded an allowance for uncollectible accounts in the governmental activities for the entire \$480,000 balance.

***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. In the government-wide financial statements, capital assets are reported in the applicable governmental or business-type activities column.

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:



**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2015**

	<u>Description</u>	<u>Years</u>
Infrastructure		15-50
Land improvements		5-30
Buildings and improvements		5-60
Vehicles and equipment		3-30

***Bond Premiums***

Bond premiums are amortized as a component of interest expense over the life of the related bond using the effective interest rate method. Bonds payable are reported in the accompanying financial statements gross of any applicable unamortized bond premiums.

***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 and proprietary fund financial statements.

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

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

***Pensions***

During the year ended June 30, 2015, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 68 - *Accounting and Financial Reporting for Pensions*. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Hampshire Retirement System (NHRS) and additions to/deductions from NHRS's fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

***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

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2015**

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***

Under GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City has segregated fund balance into five classifications: Nonspendable, Restricted, Committed, Assigned, and Unassigned. These 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; intent can be expressed by the City Council or City School Board or by an official or body to which the City Council or City School Board delegates the authority. For all governmental funds other than the General Fund, any remaining positive balances are to be classified as 'Assigned'.
- ***Unassigned Fund Balance:*** Amounts that are not obligated or specifically designated and is available for any purpose. The residual classification of any General Fund balance is to be reported here. Any deficit fund balance of another governmental fund is also classified as 'Unassigned'.

The City Council delegates to the City's Finance Director the authority to assign amounts to be used for specific purposes. The City's School Board delegates the authority to assign amounts to the Business Administrator.

**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.

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2015**

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.

**NOTE 2—PROPERTY TAXES**

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1 (\$453,261,639 as of April 1, 2014) and are due in two installments on July 3, 2014 and December 9, 2014. 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

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2015**

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, 2015 were \$1,689,241. The City bears responsibility for uncollected taxes.

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

***Deficit Fund Balance***

At June 30, 2015, the Airport Authority Fund, a Nonmajor Governmental Fund, had a deficit 'Unassigned' fund balance of (\$246,847) and total deficit fund balance of (\$203,618).

**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, 2015, the City was a member of and 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, 2015.

***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 \$200,000 for each and every covered property, crime and/or liability loss that exceeds \$1,000, up to an aggregate of \$1,000,000. 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.

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2015**

**NOTE 5—DEPOSITS AND INVESTMENTS**

Deposits and investments as of June 30, 2015 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and cash equivalents	\$ 14,172,226
Investments	377,320
Statement of fiduciary net position:	
Cash and cash equivalents	248,710
Investments	113,545
Total deposits and investments	<u>\$ 14,911,801</u>

Deposits and investments as of June 30, 2015 consist of the following:

Cash on hand	\$ 3,239
Deposits with financial institutions	14,905,860
Investments	2,702
Total deposits and investments	<u>\$ 14,911,801</u>

The City's investment policy for governmental and proprietary funds requires that deposits be made in federally insured banks chartered under the laws of the State of New Hampshire or the federal government with a branch within the State of New Hampshire. The City limits its investments to the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool in accordance with New Hampshire State law, and federally insured banks chartered under the laws of New Hampshire or the federal government with a branch within the State to the following investment types: money market accounts, certificates of deposit, repurchase agreements, all other types of interest bearing accounts, or obligations fully guaranteed as to principal and interest by the United States government.

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.

***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. The Trustees of Trust Funds do not have a specific policy regarding custodial credit risk.

Of the City's deposits with financial institutions at year end, \$14,464,853 was collateralized by securities held by the bank in the bank's name and \$8,545 was uninsured and uncollateralized.

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2015**

**NOTE 6—CAPITAL ASSETS**

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

	<u>Balance</u> <u>07/01/14</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/15</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 1,182,575			\$ 1,182,575
Construction in progress	9,082,916	\$ 4,223,258	\$ (155,021)	13,151,153
Total capital assets not being depreciated	<u>10,265,491</u>	<u>4,223,258</u>	<u>(155,021)</u>	<u>14,333,728</u>
Other capital assets:				
Infrastructure	8,785,651	282,394		9,068,045
Land improvements	5,297,189			5,297,189
Buildings and improvements	10,935,965	235,386	(154,400)	11,016,951
Vehicles and equipment	8,994,156	346,734	(96,300)	9,244,590
Total other capital assets at historical cost	<u>34,012,961</u>	<u>864,514</u>	<u>(250,700)</u>	<u>34,626,775</u>
Less accumulated depreciation for:				
Infrastructure	(5,203,345)	(277,532)		(5,480,877)
Land improvements	(3,134,049)	(151,248)		(3,285,297)
Buildings and improvements	(5,337,558)	(209,592)	146,680	(5,400,470)
Vehicles and equipment	(6,174,320)	(382,977)	86,300	(6,470,997)
Total accumulated depreciation	<u>(19,849,272)</u>	<u>(1,021,349)</u>	<u>232,980</u>	<u>(20,637,641)</u>
Total other capital assets, net	<u>14,163,689</u>	<u>(156,835)</u>	<u>(17,720)</u>	<u>13,989,134</u>
Total capital assets, net	<u>\$ 24,429,180</u>	<u>\$ 4,066,423</u>	<u>\$ (172,741)</u>	<u>\$ 28,322,862</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 13,238
Public safety	159,469
Airport/Aviation center	206,297
Highways and streets	323,823
Health and welfare	2,940
Sanitation	15,961
Culture and recreation	29,081
Education	266,422
Food service	4,118
Total governmental activities depreciation expense	<u>\$ 1,021,349</u>

The balance of capital assets acquired through capital leases as of June 30, 2015 is as follows:

Buildings and improvements	\$ 1,652,511
Vehicles and equipment	306,106
Less: Accumulated depreciation	<u>(288,913)</u>
	<u>\$ 1,669,704</u>

During the year ended June 30, 2015, the State of New Hampshire's Department of Transportation administered a major road reconstruction project on a City highway. The City is 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, \$2,915,800 has been included as an addition to capital assets and a capital contribution, respectively.

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**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2015**

The following is a summary of changes in capital assets of the business-type activities:

	<u>Balance 07/01/14</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 06/30/15</u>
Business-type activities:				
Capital assets not depreciated:				
Land	\$ 95,187		\$ (37,238)	\$ 57,949
Construction in progress	17,780,162	\$ 736,218	(2,273,327)	16,243,053
Total capital assets not being depreciated	<u>17,875,349</u>	<u>736,218</u>	<u>(2,310,565)</u>	<u>16,301,002</u>
Other capital assets:				
Infrastructure	21,168,330	2,429,695	(964,393)	22,633,632
Buildings and improvements	23,810,168		(674,600)	23,135,568
Vehicles and equipment	730,116	306,994	(142,480)	894,630
Total other capital assets at historical cost	<u>45,708,614</u>	<u>2,736,689</u>	<u>(1,781,473)</u>	<u>46,663,830</u>
Less accumulated depreciation for:				
Infrastructure	(7,714,080)	(565,836)	732,859	(7,547,057)
Buildings and improvements	(16,972,525)	(464,743)	626,285	(16,810,983)
Vehicles and equipment	(682,463)	(14,783)	140,188	(557,058)
Total accumulated depreciation	<u>(25,369,068)</u>	<u>(1,045,362)</u>	<u>1,499,332</u>	<u>(24,915,098)</u>
Total other capital assets, net	<u>20,339,546</u>	<u>1,691,327</u>	<u>(282,141)</u>	<u>21,748,732</u>
Total capital assets, net	<u>\$ 38,214,895</u>	<u>\$ 2,427,545</u>	<u>\$(2,592,706)</u>	<u>\$ 38,049,734</u>

Depreciation expense was charged to proprietary funds as follows:

Sewer Fund	\$ 1,043,518
Nonmajor Enterprise Funds:	
Industrial Development and Park Authority Fund	1,844
Total business-type activities depreciation expense	<u>\$ 1,045,362</u>

**NOTE 7—DEFINED BENEFIT PENSION PLAN**

***Plan Description***

The City contributes to the New Hampshire Retirement System (NHRS), a component unit of the State of New Hampshire, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*. The New Hampshire Retirement System is a public employee retirement system that administers a single cost-sharing multiple-employer defined benefit pension plan. 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.

Substantially all full-time state employees, public school teachers and administrators, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan.



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**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
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The Pension Plan is divided into two membership groups. State and local employees and teachers belong to Group I. Police and firefighters belong to Group II. All assets are held in a single trust and are available to pay retirement benefits to all members.

***Benefits Provided***

Group I members at age 60 or 65 (for members who commence service after July 1, 2011) qualify for a normal service retirement allowance based on years of creditable service and average final salary for the highest of either three or five years, depending on when their service commenced. The yearly pension amount is 1/60 or 1.667% of average final compensation (AFC), multiplied by years of creditable service. At age 65, the yearly pension amount is recalculated at 1/66 or 1.515% of AFC multiplied by years of creditable service.

Group II Members who are age 60, or members who are at least age 45 with at least 20 years of creditable service, can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years. Members commencing service on or after July 1, 2011 or members who have a non-vested status as of January 1, 2012 can receive a retirement allowance at age 52.5 with 25 years of service or age 60. The benefit shall be equal to 2% of AFC times creditable service up to 42.5 years. However, a member who commenced service on or after July 1, 2011 shall not receive a retirement allowance until attaining the age of 52.5, but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service where the allowance shall be reduced, for each month by which the benefit commencement date precedes the month after which the member attains 52.5 years of age by 1/4 of 1% or age 60.

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

***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 21.35%, 23.79%, 11.96%, and 10.44%, respectively. The City contributes 100% of the employer cost for police officers, fire employees, teachers, and general employees of the City.

Per RSA-100:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the NHRS Board of Trustees based on an actuarial valuation. The City's contributions to the NHRS for the year ending June 30, 2015 was \$1,967,282.

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

At June 30, 2015, the City reported a liability of \$22,367,371 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013. The City's proportion of the net pension liability was based on actual contributions by the City during the relevant

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2015**

fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2014, the City's proportion was approximately 0.5959 percent, which was an increase of 0.0171 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the City recognized pension expense of \$1,647,532. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Net difference between projected and actual earnings on pension plan investments		\$ 2,861,923
Changes in proportion and differences between City contributions and proportionate share of contributions	\$ 603,550	
City contributions subsequent to the measurement date	<u>1,967,282</u>	<u>                    </u>
Totals	<u>\$ 2,570,832</u>	<u>\$ 2,861,923</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to pensions is reflected as a decrease to unrestricted net position in the amount of \$291,091. The City reported \$1,967,282 as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended <u>June 30,</u>	
2015	\$ (584,491)
2016	(584,491)
2017	(584,491)
2018	(584,491)
2019	<u>79,591</u>
	<u><u>\$(2,258,373)</u></u>

***Actuarial Assumptions***

The total pension liability in the July 1, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Wage inflation	3.75 percent

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**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2015**

Salary increases	5.8 percent, average, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

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

Retirement rates were based on a table of rates that are specific to the type of eligibility condition, last updated in 2011 pursuant to an experience study of the period 2005-2010.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of weighted average long-term expected real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Net of inflation assumption of 3.0%)</u>
Fixed income	25%	(1.75)-2.0%
Domestic equity	30%	3.3%
International equity	20%	4.25-6.5%
Real estate	10%	3.3%
Private equity	5%	5.8%
Private debt	5%	5.0%
Opportunistic	5%	2.5%
Total	<u>100%</u>	

***Discount Rate***

The discount rate used to measure the collective pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the collective pension liability.

***Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

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**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
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	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's proportionate share of the net pension liability	\$ 29,461,465	\$ 22,367,371	\$ 16,382,439

**NOTE 8—OTHER POST-EMPLOYMENT BENEFITS**

In addition to providing pension benefits, the City provides medical and life insurance benefits to its eligible retirees and their covered spouses. 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. 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, 2014, the most recent actuarial valuation date, approximately 30 retirees, 13 covered spouses and 261 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

***Annual OPEB Costs***

For the year ended June 30, 2015, the City's 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, 2015, 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, 2014, is as follows:

Annual Required Contribution (ARC)	\$ 468,462
Interest on net OPEB obligation	24,177
Amortization of net OPEB obligation	(20,149)
Annual OPEB cost	472,490
Contributions made	(295,714)
Increase in net OPEB obligation	176,776
Net OPEB obligation - beginning of year	604,426
Net OPEB obligation - end of year	<u>\$ 781,202</u>

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
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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, 2015, 2014 and 2013 are as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
6/30/2015	\$ 472,490	62.6%	\$ 781,202
6/30/2014	\$ 504,392	57.2%	\$ 604,426
6/30/2013	\$ 484,457	59.0%	\$ 388,344

The City's total net OPEB obligation as of June 30, 2015 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, 2014, the date of the most recent actuarial valuation, is as follows:

Actuarial Accrued Liability (AAL)	\$ 5,755,837
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 5,755,837</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 14,763,591
UAAL as a percentage of covered payroll	39%

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, 2014 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). The initial annual healthcare cost trend rate is 8.0%, which decreases in 1% decrements to an ultimate long-term rate of 5.0% for all medical benefits after three years. The

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**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2015**

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, 2015 are as follows:

	<u>Balance</u> <u>07/01/14</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/15</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
Bonds payable	\$ 4,141,609		\$ (298,203)	\$ 3,843,406	\$ 311,703
Unamortized bond premium	484,960		(73,414)	411,546	68,670
Total Bonds payable	4,626,569	\$ -	(371,617)	4,254,952	380,373
Capital leases payable	652,539	182,260	(308,543)	526,256	144,932
Compensated absences payable	1,736,562	117,374	(167,568)	1,686,368	91,346
Total governmental activities	<u>\$ 7,015,670</u>	<u>\$ 299,634</u>	<u>\$ (847,728)</u>	<u>\$ 6,467,576</u>	<u>\$ 616,651</u>

Payments on the general obligation bonds and capital leases payable of the governmental activities are paid out of the General Fund. Amortization of the governmental activities bond premium is recognized as a component of interest expense on the Statement of Activities (Exhibit B). The compensated absences will be paid from the governmental fund where the employee's salary is paid.

	<u>Balance</u> <u>07/01/14</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/15</u>	<u>Due Within</u> <u>One Year</u>
Business-type activities:					
Bonds payable	\$ 4,154,694	\$ 12,508,000	\$ (357,685)	\$ 16,305,009	\$ 577,638
Note payable	38,978		(38,978)	-	
State of New Hampshire revolving loan	14,852,859	192,292	(14,852,859)	192,292	
Compensated absences payable	111,617	21,129	(5,824)	126,922	
Total business-type activities	<u>\$ 19,158,148</u>	<u>\$ 12,721,421</u>	<u>\$ (15,255,346)</u>	<u>\$ 16,624,223</u>	<u>\$ 577,638</u>

Payments on the general obligation bonds and State of New Hampshire revolving loan of the business-type activities are paid out of the Sewer Fund. The compensated absences are solely attributable to, and will be paid from, the Sewer Fund.

	<u>Balance</u> <u>07/01/14</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/15</u>	<u>Due Within</u> <u>One Year</u>
Component unit:					
Bonds payable	\$ 7,458,986		\$ (1,232,875)	\$ 6,226,111	\$ 1,098,909
Total component unit	<u>\$ 7,458,986</u>	<u>\$ -</u>	<u>\$ (1,232,875)</u>	<u>\$ 6,226,111</u>	<u>\$ 1,098,909</u>

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

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2015**

***General Obligation Bonds***

Governmental Activities:

Bonds payable at June 30, 2015 are comprised of the following individual issues:

<u>Description</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at June 30, 2015</u>
1997 Landfill Closure Bonds	\$ 1,134,062	4.48%	November 2016	\$ 113,406
2013 Series C Bonds	<u>3,971,500</u>	4.1-5.6%	August 2025	<u>3,730,000</u>
	<u>\$ 5,105,562</u>			3,843,406
		Add: <i>Unamortized bond premium</i>		411,546
		Total Bonds Payable		<u>\$ 4,254,952</u>

Debt service requirements to retire outstanding general obligation bonds for governmental activities at June 30, 2015 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2016	\$ 311,703	\$ 188,333	\$ 500,036
2017	326,703	171,730	498,433
2018	285,000	153,650	438,650
2019	300,000	137,270	437,270
2020	320,000	120,710	440,710
2021-2025	1,870,000	325,365	2,195,365
2026	<u>430,000</u>	<u>8,815</u>	<u>438,815</u>
Sub-total Bonds Payable	3,843,406	1,105,873	4,949,279
Add: <i>Unamortized Bond Premium</i>	<u>411,546</u>	-	<u>411,546</u>
Total Bonds Payable	<u>\$ 4,254,952</u>	<u>\$ 1,105,873</u>	<u>\$ 5,360,825</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, 2015, the landfill closure debt reimbursement was recorded in the General Fund in the amount of \$9,834.

As included on the Statement of Activities (Exhibit B) as 'Debt service' expense, interest expense for the year ended June 30, 2015 was \$123,871 on general obligation debt of the governmental activities.

Business-type Activities:

Bonds payable at June 30, 2015 is comprised of the following individual issues:

<u>Description</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at June 30, 2015</u>
2007 Rural Utilities Bond	\$ 5,000,000	4.25%	September 2032	\$ 4,003,079
2014 Rural Utilities Bond #R-1	6,508,000	2.375%	September 2037	6,400,780
2014 Rural Utilities Bond #R-2	<u>6,000,000</u>	2.375%	September 2037	<u>5,901,150</u>
	<u>\$ 17,508,000</u>			<u>\$ 16,305,009</u>



**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2015**

Debt service requirements to retire outstanding general obligation bonds for business-type activities at June 30, 2015 are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2016	\$ 577,638	\$ 458,266	\$ 1,035,904
2017	594,455	441,449	1,035,904
2018	611,803	424,101	1,035,904
2019	629,700	406,203	1,035,903
2020	648,168	387,737	1,035,905
2021-2025	3,539,146	1,640,374	5,179,520
2026-2030	4,098,289	1,081,231	5,179,520
2031-2035	3,901,280	460,414	4,361,694
2036-2038	1,704,530	61,027	1,765,557
	<u>\$ 16,305,009</u>	<u>\$ 5,360,802</u>	<u>\$ 21,665,811</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, 2015, the sewer related debt reimbursement was \$287,958.

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, 2015 was \$592,868 on general obligation debt of the business-type activities.

Component Unit:

Under state law, the City is required to issue certain 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 all direct payments made on its behalf for annual principal and interest on such debt. For the year ended June 30, 2015, the total reimbursement from Berlin Water Works was \$485,328, which consists of \$455,000 in principal and \$30,328 in interest.

Bonds payable for the Berlin Water Works at June 30, 2015 are comprised of the following individual issues:

<u>Description</u>	<u>Interest</u> <u>Rate</u>	<u>Maturity</u> <u>Date</u>	<u>Balance at</u> <u>June 30, 2015</u>
Water Bond	5.50%	August 2015	\$ 305,000
State Revolving Loan	0.00%	November 2017	448,387
State Revolving Loan	0.00%	December 2017	346,941
State Revolving Loan	0.00%	December 2017	203,381
State Revolving Loan	0.00%	December 2018	554,365
State Revolving Loan	0.00%	May 2021	875,563
State Revolving Loan	0.00%	September 2024	950,102
Rural Utilities Service - Godfrey Dam	2.25%	December 2040	211,056
State Revolving Loan	1.10%	October 2031	1,380,846
Rural Utilities Service - Water Facility	2.25%	October 2041	950,470
			<u>\$ 6,226,111</u>

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2015**

Debt service requirements to retire outstanding general obligation bonds for the component unit at June 30, 2015 are as follows:

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

Interest expense for the year ended June 30, 2015 was \$142,194 for the Berlin Water Works.

***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, 2015:

School Equipment, due in annual installments of \$210,513, including interest at 4.295%, through July 2016	\$ 201,678
School Equipment, due in annual installments of \$47,901, including interest at 3.090%, through August 2017	135,258
Police Equipment, due in annual installments of \$43,868, including interest at 6.40%, through December 2015	41,229
IT Equipment, due in monthly installments of \$5,300, including interest at 3.0%, through November 2017	<u>148,091</u>
	<u>\$ 526,256</u>

Debt service requirements to retire outstanding capital lease obligations for governmental activities at June 30, 2015 are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2016	\$ 144,932	\$ 10,441	\$ 155,373
2017	308,556	13,461	322,017
2018	72,768	1,634	74,402
	<u>\$ 526,256</u>	<u>\$ 25,536</u>	<u>\$ 551,792</u>

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2015**

*State of New Hampshire Revolving Loan*

The City has drawn \$15,045,151 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. During September 2014, the City issued general obligations bonds through the United States Rural Utilities Service in order to repay \$12,852,859 of the outstanding State of New Hampshire revolving loan balance. Additionally, as authorized by the Water Pollution Control Revolving Fund Program, the City was provided federal financial assistance, whereby a portion of the principal sum in the amount of \$2,000,000 was forgiven at the time of the repayment.

Payments on the remaining State of New Hampshire revolving loan balance 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. As of June 30, 2015, the total outstanding balance on the State of New Hampshire revolving loan has been reported as a long-term liability of the Sewer Fund in the amount of \$192,292.

**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. The East Milan landfill was capped during fiscal year 1997, and the Cates Hill landfill was capped during fiscal year 2005. Estimated liabilities have been recorded based on the future post-closure care costs that will be incurred for the two landfills. The total estimated liability for landfill post-closure care costs for the two landfills has a combined balance of \$384,600 as of June 30, 2015. The estimated liability for the post-closure care costs of the East Milan landfill (\$135,600) and the Cates Hill landfill (\$249,000) have been reported as a liability of the Governmental Activities and the Cates Hill Landfill Proprietary Fund, respectively. 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, 2015. 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. For the Cates Hill landfill, the City entered into an inter-municipal agreement with surrounding communities for the reimbursement of their share of the 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, 2015:

	Governmental activities	Business-type activities	Totals
Balance - July 1, 2014	\$ 146,900	\$ 261,450	\$ 408,350
Reductions (actual current year payments)	(4,337)	(5,595)	(9,932)
Change in estimated liability	(6,963)	(6,855)	(13,818)
Balance - June 30, 2015	<u>\$ 135,600</u>	<u>\$ 249,000</u>	<u>\$ 384,600</u>

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2015**

**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, 2015 are as follows:

	Due from			Totals
	General	Nonmajor	Fiduciary	
	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>	
Due to General Fund		\$ 883,720	\$ 527	\$ 884,247
Nonmajor Governmental Funds	\$ 1,568,004			1,568,004
Sewer Fund	6,217,565			6,217,565
Nonmajor Enterprise Funds	1,062,639			1,062,639
	<u>\$ 8,848,208</u>	<u>\$ 883,720</u>	<u>\$ 527</u>	<u>\$ 9,732,455</u>

During the year, several interfund transactions occurred between funds. The various transfers were made in accordance with budgetary authorizations.

Interfund transfers for the year ended June 30, 2015 are as follows:

	Transfers out		Totals
	General	Nonmajor	
	<u>Fund</u>	<u>Funds</u>	
Transfers in General Fund		\$ 6,264	\$ 6,264
Nonmajor Governmental Funds	\$ 14,078		14,078
	<u>\$ 14,078</u>	<u>\$ 6,264</u>	<u>\$ 20,342</u>

**NOTE 12—RESTRICTED NET POSITION**

Net position of the governmental activities is restricted for specific purposes as follows:

Permanent Funds - Principal	\$ 151,053
Permanent Funds - Income	220,403
School Private Grants and Contributions	1,710
Food Service Operations	3,045
Health Department Donations	1,636
Police Forfeiture Funds	5,703
	<u>\$ 383,550</u>

**NOTE 13—COMPONENTS OF FUND BALANCE**

The components of the City's fund balance for its governmental funds at June 30, 2015 are as follows:

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2015**

<u>Fund Balances</u>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Nonspendable:</b>			
Prepaid expenses	\$ 223,995	\$ 43,229	\$ 267,224
Tax deeded property	492,750		492,750
Inventory		12,563	12,563
Permanent funds - Principal		151,053	151,053
<b>Restricted for:</b>			
Permanent funds - Income		220,403	220,403
Capital projects		1,484,143	1,484,143
School private grants and contributions		1,710	1,710
Food service operations		3,045	3,045
Health department donations		1,636	1,636
Police forfeiture funds		5,703	5,703
<b>Committed for:</b>			
Recreation and parks programs		21,088	21,088
<b>Assigned for:</b>			
Continuing appropriations	953,323		953,323
Encumbrances	65,866		65,866
<b>Unassigned (Deficit):</b>			
Unassigned - General operations	1,439,334		1,439,334
Airport Authority Fund (Deficit)		(246,847)	(246,847)
	<u>\$ 3,175,268</u>	<u>\$ 1,697,726</u>	<u>\$ 4,872,994</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 \$453,261,639 (as of April 1, 2014):

<u>Taxpayer</u>	<u>Property Valuation</u>	<u>Percentage of Total Valuation</u>
Public Service of New Hampshire	\$ 82,099,100	18.11%
Great Lakes Hydro America, LLC	33,600,000	7.41%
Portland Natural Gas	16,500,200	3.64%
Fisher, L GP	2,227,300	0.49%
TKB Properties, LLC	2,007,900	0.44%

**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 original agreement was in effect from July 1, 2007 through June 30, 2010, with an automatic three year renewal expiring June 30, 2013. In June 2013, the City extended this contract for an additional three year period through June 30, 2016. The terms of the extended contract include minimum monthly payments of \$25,917 at the beginning of the agreement. These monthly payments may be adjusted based on future Medicare or Medicaid reimbursement rates. For the year ended June 30, 2015, the City expended \$290,583 under the terms of the emergency ambulance service agreement.

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended June 30, 2015**

***Guaranteed Debt - Component Unit***

Certain debt issued by Berlin Water Works (a component unit of the City) is backed by the full faith and credit of the City. In the event of a default on payments of such debt by the Berlin Water Works, the City would be responsible for making the payments.

**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**

During the year ended June 30, 2015, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 68 - *Accounting and Financial Reporting for Pensions*, as described in Note 1 of these financial statements. The impact on net position of the Governmental and Business-type Activities as of July 1, 2014 is as follows:

	Governmental <u>Activities</u>	Business-type <u>Activities</u>
Net Position, July 1, 2014 (as previously reported)	\$ 23,850,256	\$ 27,642,607
Amount of restatement due to:		
Net Pension Liability	(24,196,657)	(714,772)
Contributions subsequent to measurement date	<u>1,877,989</u>	<u>55,228</u>
Net Position, July 1, 2014 - as restated	<u>\$ 1,531,588</u>	<u>\$ 26,983,063</u>

***Proprietary Funds***

The impact of the above restatement on net position of the Sewer Fund as of July 1, 2014 is as follows:

	<u>Sewer Fund</u>
Net Position, July 1, 2014 (as previously reported)	\$ 27,000,467
Amount of restatement due to:	
Net Pension Liability	(714,772)
Contributions subsequent to measurement date	<u>55,228</u>
Net Position, July 1, 2014 - as restated	<u>\$ 26,340,923</u>

**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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Favorable</u>
				<u>(Unfavorable)</u>
Revenues:				
Taxes	\$ 15,347,102	\$ 15,347,102	\$ 15,621,662	\$ 274,560
Licenses and permits	1,253,055	1,253,055	1,294,533	41,478
Intergovernmental	12,312,669	12,312,669	12,423,151	110,482
Charges for services	2,234,616	2,130,400	2,107,531	(22,869)
Interest income	13,000	13,000	9,959	(3,041)
Miscellaneous	233,700	237,700	257,548	19,848
Total Revenues	<u>31,394,142</u>	<u>31,293,926</u>	<u>31,714,384</u>	<u>420,458</u>
Expenditures:				
Current operations:				
General government	2,135,693	2,031,477	1,896,427	135,050
Public safety	5,408,645	5,418,645	5,335,435	83,210
Highways and streets	1,966,581	1,966,581	2,049,179	(82,598)
Health and welfare	612,348	612,348	708,138	(95,790)
Sanitation	835,270	835,270	799,969	35,301
Culture and recreation	592,520	592,520	603,219	(10,699)
Education	17,656,006	17,656,006	17,430,650	225,356
Capital outlay	1,865,717	1,026,393	1,010,479	15,914
Debt service:				
Principal retirement	753,203	753,203	753,203	-
Interest and fiscal charges	233,862	233,862	233,862	-
Intergovernmental	<u>1,689,241</u>	<u>1,689,241</u>	<u>1,689,241</u>	<u>-</u>
Total Expenditures	<u>33,749,086</u>	<u>32,815,546</u>	<u>32,509,802</u>	<u>305,744</u>
Excess of revenues over (under) expenditures	<u>(2,354,944)</u>	<u>(1,521,620)</u>	<u>(795,418)</u>	<u>726,202</u>
Other Financing Sources (Uses):				
Transfers in	4,500	4,500	6,264	1,764
Transfers out	<u>(64,624)</u>	<u>(64,624)</u>	<u>(14,078)</u>	<u>50,546</u>
Total Other Financing Sources (Uses)	<u>(60,124)</u>	<u>(60,124)</u>	<u>(7,814)</u>	<u>52,310</u>
Net change in fund balance	(2,415,068)	(1,581,744)	(803,232)	778,512
Fund balance at beginning of year				
- Budgetary Basis	<u>4,687,083</u>	<u>4,687,083</u>	<u>4,687,083</u>	<u>-</u>
Fund balance at end of year				
- Budgetary Basis	<u>\$ 2,272,015</u>	<u>\$ 3,105,339</u>	<u>\$ 3,883,851</u>	<u>\$ 778,512</u>



**SCHEDULE 2**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Schedule of Funding Progress for Other Post-Employment Benefits**  
**For the Year Ended June 30, 2015**

<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>
7/1/2010	\$ -	\$ 5,335,764	\$ 5,335,764	0.0%	\$ 13,820,644	39%
7/1/2012	\$ -	\$ 5,702,638	\$ 5,702,638	0.0%	\$ 13,739,039	42%
7/1/2014	\$ -	\$ 5,755,837	\$ 5,755,837	0.0%	\$ 14,763,591	39%

**SCHEDULE 3**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Schedule of Changes in the City's Proportionate Share of the Net Pension Liability**  
**For the Year Ended June 30, 2015**

	<u>2014</u>	<u>2013</u>
City's proportion of the net pension liability (asset)	0.5959%	0.5788%
City's proportionate share of the net pension liability (asset)	\$ 22,367,371	\$ 24,911,429
City's covered-employee payroll	\$ 14,461,687	\$ 13,904,404
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	154.67%	179.16%
Plan fiduciary net position as a percentage of the total pension liability	66.32%	59.81%

**SCHEDULE 4**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Schedule of City Contributions**  
**For the Year Ended June 30, 2015**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 1,967,282	\$ 1,933,217	\$ 1,439,273
Contributions in relation to the contractually required contribution	<u>(1,967,282)</u>	<u>(1,933,217)</u>	<u>(1,439,273)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 14,750,588	\$ 14,461,687	\$ 13,904,404
Contributions as a percentage of covered-employee payroll	13.34%	13.37%	10.35%

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2015**

**NOTE 1—BUDGET TO ACTUAL RECONCILIATION**

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 obligation proceeds as follows:

	Revenues and Other Financing <u>Sources</u>	Expenditures and Other Financing <u>Uses</u>
Per Exhibit D	\$ 31,827,912	\$ 32,749,426
Difference in property taxes meeting susceptible to accrual criteria	74,996	
Encumbrances, June 30, 2015		65,866
Encumbrances, June 30, 2014		(109,152)
Capital lease obligation proceeds	(182,260)	(182,260)
Per Schedule 1	<u>\$ 31,720,648</u>	<u>\$ 32,523,880</u>

**NOTE 2—BUDGETARY FUND BALANCE**

The components of the budgetary fund balance for the General Fund at June 30, 2015 are as follows:

<b><i>Nonspendable:</i></b>	
Prepaid expenses	\$ 223,995
Tax deeded property	492,750
<b><i>Assigned for:</i></b>	
Continuing appropriations	953,323
<b><i>Unassigned:</i></b>	
Unassigned - General operations	2,213,783
	<u>\$ 3,883,851</u>

**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.

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**  
**For the Year Ended June 30, 2015**

**NOTE 4—SCHEDULE OF CHANGES IN THE CITY’S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY AND SCHEDULE OF CITY CONTRIBUTIONS**

In accordance with GASB Statement #68, *Accounting and Financial Reporting for Pensions*, the City is required to disclose historical information for each of the prior ten years within a schedule of changes in the City’s proportionate share of the net pension liability, and schedule of City contributions. The City implemented the provisions of GASB Statement #68 during the year ended June 30, 2015. Accordingly, the historic information has only been presented for those years which information was readily available. Additional disclosures will be made in future years as the information becomes available.

**SCHEDULE I**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2015**

Federal Granting Agency/Recipient State Agency/Grant Program/State Grant Number	Federal Catalogue Number	Expenditures
<b>DEPARTMENT OF AGRICULTURE</b>		
Pass Through Payments from the New Hampshire Department of Education <i>Child Nutrition Cluster:</i>		
School Breakfast Program	10.553	\$ 81,856
National School Lunch Program	10.555	330,966
Special Milk Program for Children	10.556	1,537
<i>Total Child Nutrition Cluster</i>		414,359
Fresh Fruit and Vegetable Program	10.582	25,298
Received directly from U.S. Treasury Department Water and Waste Disposal Systems for Rural Communities	10.760	1,342,000
Pass Through Payments from the New Hampshire Office of Energy and Planning Community Facilities Loans and Grants #NH140818.209	10.766	2,400
<b>Total Department of Agriculture</b>		<b>1,784,057</b>
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		
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	
#013-053-CDHS		6,512
#013-053-FSED		3,415
#014-053-CDHS		48,693
#015-053-CDHS		141
#B-09-SP-NH-0089		27,814
		86,575
<b>Total Department of Housing and Urban Development</b>		<b>86,575</b>
<b>DEPARTMENT OF JUSTICE</b>		
Received directly from U.S. Treasury Department Public Safety Partnership and Community Policing Grants #2010-UM-WX-0212	16.710	2,429

**SCHEDULE I**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**For the Year Ended June 30, 2015**

<u>Federal Granting Agency/Recipient State Agency/Grant Program/State Grant Number</u>	<u>Federal Catalogue Number</u>	<u>Expenditures</u>
Pass Through Payments from the New Hampshire Department of Justice Enforcing Underage Drinking Laws Program #2014-CD-25	16.727	<u>7,500</u>
<b>Total Department of Justice</b>		<u>9,929</u>
<b>DEPARTMENT OF TRANSPORTATION</b>		
Pass Through Payments from the New Hampshire Department of Transportation Airport Improvement Program #SBG-01-03-2010 #SBG-01-04-2013	20.106	<u>4,750</u> <u>30,664</u> <u>35,414</u>
Highway Planning and Construction #X-A001(088), 16019	20.205	<u>57,338</u>
Pass Through Payments from the New Hampshire Highway Safety Agency <i>Highway Safety Cluster:</i> State and Community Highway Safety #304-15B-023 #315-14B-063 #315-15B-050 #315-15B-109 #315-15B-115	20.600	<u>1,792</u> <u>1,018</u> <u>2,701</u> <u>4,292</u> <u>1,243</u> <u>11,046</u>
Alcohol Impaired Driving Countermeasures Incentive Grants I #308-14B-067 #308-14B-068	20.601	<u>5,831</u> <u>7,466</u> <u>13,297</u>
<i>Total Highway Safety Cluster</i>		<u>24,343</u>
<b>Total Department of Transportation</b>		<u>117,095</u>
<b>ENVIRONMENTAL PROTECTION AGENCY</b>		
Pass Through Payments from the New Hampshire Department of Environmental Services Capitalization Grants for Clean Water State Revolving Funds #CS-330111-11	66.458	<u>160,243</u>
<b>Total Environmental Protection Agency</b>		<u>160,243</u>



**SCHEDULE I**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**For the Year Ended June 30, 2015**

Federal Granting Agency/Recipient State Agency/Grant Program/State Grant Number	Federal Catalogue Number	Expenditures
<b>DEPARTMENT OF EDUCATION</b>		
Pass Through Payments from the New Hampshire Department of Education		
Title I Grants to Local Educational Agencies	84.010	
#40012		33,729
#40174		930
#40175		2,312
#40217		11,940
#50012		542,019
#50174		15,474
#50175		15,789
#50217		56,123
		<u>678,316</u>
<i>Special Education Cluster (IDEA):</i>		
Special Education - Grants to States	84.027	
#52569		320,378
#52625		1,518
		<u>321,896</u>
Special Education - Preschool Grants	84.173	
#52569		10,735
<i>Total Special Education Cluster (IDEA)</i>		<u>332,631</u>
Career and Technical Education - Basic Grants to States	84.048	
#45011		15,457
#55011		44,080
		<u>59,537</u>
Twenty-First Century Community Learning Centers	84.287	
#56282		<u>169,760</u>
Rural Education	84.358	
#46470		1,416
#56470		13,191
		<u>14,607</u>
Improving Teacher Quality State Grants	84.367	
#44798		47,480
#45371		10,000
#54798		24,036
		<u>81,516</u>

**SCHEDULE I**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**For the Year Ended June 30, 2015**

Federal Granting Agency/Recipient State Agency/Grant Program/State Grant Number	Federal Catalogue Number	Expenditures
Statewide Data Systems #58114	84.372	<u>5,400</u>
<b>Total Department of Education</b>		<u>1,341,767</u>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		
Pass Through Payments from the New Hampshire Department of Education Substance Abuse and Mental Health Services - Projects of Regional and National Significance #52625	93.243	<u>33,210</u>
<b>Total Department of Health and Human Services</b>		<u>33,210</u>
<b>DEPARTMENT OF HOMELAND SECURITY</b>		
Received directly from U.S. Treasury Department Assistance to Firefighters Grant #EMW-2013-FO-03020	97.044	<u>40,827</u>
Pass Through Payments from the New Hampshire Department of Safety Pre-Disaster Mitigation #072-500574	97.047	<u>3,650</u>
Homeland Security Grant Program	97.067	<u>18,879</u>
<b>Total Department of Homeland Security</b>		<u>63,356</u>
<b>Total Expenditures of Federal Awards</b>		<u><u>\$ 3,596,232</u></u>

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2015**

**NOTE 1—BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of the City of Berlin, New Hampshire (the City) under programs of the federal government for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

**NOTE 2—BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting for federal programs accounted for in the governmental funds and on the accrual basis of accounting for federal programs accounted for in the proprietary funds, which are 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, \$38,255 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 and capital contributions in the proprietary funds as follows:

Nonmajor Governmental Funds	\$ 2,055,734
Major Proprietary Fund:	
Sewer Fund	<u>1,342,000</u>
	<u>\$ 3,397,734</u>

Additionally, the recognition of expenditures of federal awards in the amount of \$160,243 represents 83.33% of the drawdowns from the Clean Water State Revolving Loan Fund Program. Federal financial assistance with the principal sum not to exceed \$7,738,433 or 83.33% of aggregate disbursements, whichever is less, is provided in the form of a federal loan through the program.

**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, 2015, 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 March 8, 2016. 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 Clutay & Company PC". The signature is written in a cursive, flowing style.

Manchester, New Hampshire  
March 8, 2016



**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, 2015. 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, 2015. 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.

106 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.

### ***Opinion on Each Major Federal Program***

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 major federal programs for the year ended June 30, 2015.

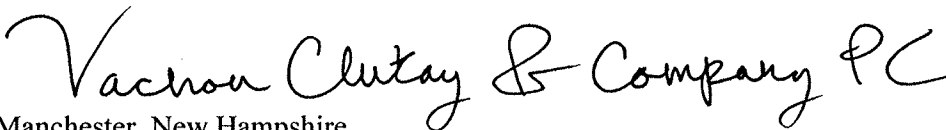
### **Report on Internal Control Over Compliance**

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



Manchester, New Hampshire  
March 8, 2016



**City of Berlin, New Hampshire  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2015**

**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?	_____yes	<u>  X  </u> none reported

Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>
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Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	_____yes	<u>  X  </u> no
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Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.760	Water and Waste Disposal Systems for Rural Communities
84.010	Title I Grants to Local Educational Agencies
84.027 & 84.173	Special Education Cluster (IDEA)

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
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## **Section II—Financial Statement Findings**

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

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

There were no findings and questioned costs required to be reported under OMB Circular A-133 .510(a).

**SCHEDULE A**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Combining Balance Sheet**  
**Governmental Funds - All Nonmajor Funds**  
**June 30, 2015**

	Special Revenue Funds	Permanent Funds	Bond Issue Capital Projects Fund	Hutchins Street Capital Projects Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,845	\$ 2,674			\$ 5,519
Investments		375,046			375,046
Accounts receivable	8,257				8,257
Due from other governments	682,656			\$ 27,642	710,298
Due from other funds	60,047		\$ 1,507,957		1,568,004
Prepaid expenses	43,229				43,229
Inventory	12,563				12,563
Total Assets	<u>809,597</u>	<u>377,720</u>	<u>1,507,957</u>	<u>27,642</u>	<u>2,722,916</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 809,597</u>	<u>\$ 377,720</u>	<u>\$ 1,507,957</u>	<u>\$ 27,642</u>	<u>\$ 2,722,916</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 26,735		\$ 23,814	\$ 3,154	\$ 53,703
Accrued expenses	9,507				9,507
Advances from grantors	73,199				73,199
Unearned revenue	5,061				5,061
Due to other funds	852,968	\$ 6,264		24,488	883,720
Total Liabilities	<u>967,470</u>	<u>6,264</u>	<u>23,814</u>	<u>27,642</u>	<u>1,025,190</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable	55,792	151,053			206,845
Restricted	12,094	220,403	1,484,143		1,716,640
Committed	21,088				21,088
Unassigned (Deficit)	(246,847)				(246,847)
Total Fund Balances (Deficit)	<u>(157,873)</u>	<u>371,456</u>	<u>1,484,143</u>	<u>-</u>	<u>1,697,726</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 809,597</u>	<u>\$ 377,720</u>	<u>\$ 1,507,957</u>	<u>\$ 27,642</u>	<u>\$ 2,722,916</u>

**SCHEDULE A-1**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Combining Balance Sheet**  
**Governmental Funds - All Nonmajor Special Revenue Funds**  
**June 30, 2015**

	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
<b>ASSETS</b>									
Cash and cash equivalents				\$ 2,845					\$ 2,845
Accounts receivable		\$ 7,387	\$ 870						8,257
Due from other governments	\$ 519,849	19,848	16,692		\$ 25,624	\$ 44,714	\$ 55,929		682,656
Due from other funds					38,748			\$ 21,299	60,047
Prepaid expenses			43,229						43,229
Inventory		12,563							12,563
Total Assets	<u>519,849</u>	<u>39,798</u>	<u>60,791</u>	<u>2,845</u>	<u>64,372</u>	<u>44,714</u>	<u>55,929</u>	<u>21,299</u>	<u>809,597</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>									
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>\$ 519,849</u>	<u>\$ 39,798</u>	<u>\$ 60,791</u>	<u>\$ 2,845</u>	<u>\$ 64,372</u>	<u>\$ 44,714</u>	<u>\$ 55,929</u>	<u>\$ 21,299</u>	<u>\$ 809,597</u>
<b>LIABILITIES</b>									
Accounts payable	\$ 21,714	\$ 174	\$ 2,856	\$ 127	\$ 1,541	\$ 112		\$ 211	\$ 26,735
Accrued expenses		29	5,960		3,086	432			9,507
Advances from grantors	19,157				54,042				73,199
Unearned revenue		5,061							5,061
Due to other funds	<u>477,268</u>	<u>18,926</u>	<u>255,593</u>	<u>1,082</u>		<u>44,170</u>	<u>\$ 55,929</u>		<u>852,968</u>
Total Liabilities	<u>518,139</u>	<u>24,190</u>	<u>264,409</u>	<u>1,209</u>	<u>58,669</u>	<u>44,714</u>	<u>55,929</u>	<u>211</u>	<u>967,470</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>									
Nonspendable		12,563	43,229						55,792
Restricted	1,710	3,045		1,636	5,703				12,094
Committed								21,088	21,088
Unassigned (Deficit)			(246,847)						(246,847)
Total Fund Balances (Deficit)	<u>1,710</u>	<u>15,608</u>	<u>(203,618)</u>	<u>1,636</u>	<u>5,703</u>	<u>-</u>	<u>-</u>	<u>21,088</u>	<u>(157,873)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 519,849</u>	<u>\$ 39,798</u>	<u>\$ 60,791</u>	<u>\$ 2,845</u>	<u>\$ 64,372</u>	<u>\$ 44,714</u>	<u>\$ 55,929</u>	<u>\$ 21,299</u>	<u>\$ 809,597</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, 2015**

	Special Revenue <u>Funds</u>	Permanent <u>Funds</u>	Bond Issue Capital Projects <u>Fund</u>	Hutchins Street Capital Projects <u>Fund</u>	Total Nonmajor Governmental <u>Funds</u>
Revenues:					
Intergovernmental	\$ 2,026,869			\$ 57,338	\$ 2,084,207
Charges for services	361,764				361,764
Interest income		\$ 4,963			4,963
Miscellaneous	115,777	700			116,477
Total Revenues	<u>2,504,410</u>	<u>5,663</u>	<u>\$ -</u>	<u>57,338</u>	<u>2,567,411</u>
Expenditures:					
Current operations:					
General government	21,019				21,019
Public safety	101,702				101,702
Airport/Aviation center	183,235				183,235
Health and welfare	3,548				3,548
Culture and recreation	53,096				53,096
Economic development	76,507				76,507
Education	1,455,381				1,455,381
Food service	639,165				639,165
Capital outlay	38,891		918,083	57,338	1,014,312
Total Expenditures	<u>2,572,544</u>	<u>-</u>	<u>918,083</u>	<u>57,338</u>	<u>3,547,965</u>
Excess of revenues over (under) expenditures	<u>(68,134)</u>	<u>5,663</u>	<u>(918,083)</u>	<u>-</u>	<u>(980,554)</u>
Other Financing Sources (Uses):					
Transfers in	14,078				14,078
Transfers out		(6,264)			(6,264)
Total Other Financing Sources (Uses)	<u>14,078</u>	<u>(6,264)</u>	<u>-</u>	<u>-</u>	<u>7,814</u>
Net change in fund balances	(54,056)	(601)	(918,083)	-	(972,740)
Fund balances (deficit) at beginning of year	<u>(103,817)</u>	<u>372,057</u>	<u>2,402,226</u>	<u>-</u>	<u>2,670,466</u>
Fund balances (deficit) at end of year	<u>\$ (157,873)</u>	<u>\$ 371,456</u>	<u>\$ 1,484,143</u>	<u>\$ -</u>	<u>\$ 1,697,726</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, 2015**

	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
Revenues:									
Intergovernmental	\$ 1,394,843	\$ 410,723	\$ 35,729		\$ 114,667	\$ 43,093	\$ 27,814		\$ 2,026,869
Charges for services		213,428	119,622					\$ 28,714	361,764
Miscellaneous	60,538		16,400	\$ 130	33,109	5,600			115,777
Total Revenues	<u>1,455,381</u>	<u>624,151</u>	<u>171,751</u>	<u>130</u>	<u>147,776</u>	<u>48,693</u>	<u>27,814</u>	<u>28,714</u>	<u>2,504,410</u>
Expenditures:									
Current operations:									
General government					21,019				21,019
Public safety					101,702				101,702
Airport/Aviation center			183,235						183,235
Health and welfare				1,208	2,340				3,548
Culture and recreation					22,219			30,877	53,096
Economic development						48,693	27,814		76,507
Education	1,455,381								1,455,381
Food service		639,165							639,165
Capital outlay			38,891						38,891
Total Expenditures	<u>1,455,381</u>	<u>639,165</u>	<u>222,126</u>	<u>1,208</u>	<u>147,280</u>	<u>48,693</u>	<u>27,814</u>	<u>30,877</u>	<u>2,572,544</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>(15,014)</u>	<u>(50,375)</u>	<u>(1,078)</u>	<u>496</u>	<u>-</u>	<u>-</u>	<u>(2,163)</u>	<u>(68,134)</u>
Other Financing Sources:									
Transfers in			14,078						14,078
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>14,078</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,078</u>
Net change in fund balances	-	(15,014)	(36,297)	(1,078)	496	-	-	(2,163)	(54,056)
Fund balances (deficit) at beginning of year	<u>1,710</u>	<u>30,622</u>	<u>(167,321)</u>	<u>2,714</u>	<u>5,207</u>	<u>-</u>	<u>-</u>	<u>23,251</u>	<u>(103,817)</u>
Fund balances (deficit) at end of year	<u>\$ 1,710</u>	<u>\$ 15,608</u>	<u>\$ (203,618)</u>	<u>\$ 1,636</u>	<u>\$ 5,703</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,088</u>	<u>\$ (157,873)</u>

**SCHEDULE C**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Combining Statement of Net Position**  
**All Nonmajor Proprietary Funds**  
**June 30, 2015**

	Industrial Development and Park Authority <u>Fund</u>	Cates Hill Landfill <u>Fund</u>	Combining <u>Totals</u>
<b>ASSETS</b>			
Current Assets:			
Accounts receivable	\$ 7,964		\$ 7,964
Due from other governments		\$ 87,206	87,206
Due from other funds	<u>752,710</u>	<u>309,929</u>	<u>1,062,639</u>
Total Current Assets	<u>760,674</u>	<u>397,135</u>	<u>1,157,809</u>
Noncurrent Assets:			
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>760,674</u>	<u>397,135</u>	<u>1,157,809</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	120		120
Unearned revenue	236		236
Current portion of estimated liability for landfill postclosure care costs		<u>12,450</u>	<u>12,450</u>
Total Current Liabilities	<u>356</u>	<u>12,450</u>	<u>12,806</u>
Noncurrent Liabilities:			
Estimated liability for landfill postclosure care costs		<u>236,550</u>	<u>236,550</u>
Total Noncurrent Liabilities	<u>-</u>	<u>236,550</u>	<u>236,550</u>
Total Liabilities	<u>356</u>	<u>249,000</u>	<u>249,356</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>			
Unrestricted	<u>760,318</u>	<u>148,135</u>	<u>908,453</u>
Total Net Position	<u>\$ 760,318</u>	<u>\$ 148,135</u>	<u>\$ 908,453</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, 2015**

	Industrial Development and Park Authority <u>Fund</u>	Cates Hill Landfill <u>Fund</u>	Combining <u>Totals</u>
Operating revenues:			
Miscellaneous	\$ 10,525	\$ 4,403	\$ 14,928
Total Operating Revenues	<u>10,525</u>	<u>4,403</u>	<u>14,928</u>
Operating expenses:			
Contractual services	160		160
Repairs and maintenance	20,846		20,846
Administrative	10,766		10,766
Materials and supplies	3		3
Utilities	478		478
Depreciation	<u>1,844</u>		<u>1,844</u>
Total Operating Expenses	<u>34,097</u>	<u>-</u>	<u>34,097</u>
Operating income (loss)	<u>(23,572)</u>	<u>4,403</u>	<u>(19,169)</u>
Non-operating revenues:			
Gain on disposal of capital assets	285,217		285,217
Interest income	<u>265</u>		<u>265</u>
Non-operating revenues	<u>285,482</u>	<u>-</u>	<u>285,482</u>
Change in net position	261,910	4,403	266,313
Net Position at beginning of year	<u>498,408</u>	<u>143,732</u>	<u>642,140</u>
Net Position at end of year	<u>\$ 760,318</u>	<u>\$ 148,135</u>	<u>\$ 908,453</u>

**SCHEDULE E**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Combining Statement of Cash Flows**  
**All Nonmajor Proprietary Funds**  
**For the Year Ended June 30, 2015**

	Industrial Development and Park Authority <u>Fund</u>	Cates Hill Landfill <u>Fund</u>	Combining <u>Totals</u>
Cash flows from operating activities:			
Cash received from customers	\$ 607		\$ 607
Cash paid to suppliers	(34,803)	\$ (5,595)	(40,398)
Other operating cash receipts	2,561	11,320	13,881
Net cash provided (used) by operating activities	<u>(31,635)</u>	<u>5,725</u>	<u>(25,910)</u>
Cash flows from capital and related financing activities:			
Principal paid on note payable	(38,978)		(38,978)
Proceeds from sale of capital assets	336,062		336,062
Net cash provided for capital and related financing activities	<u>297,084</u>	<u>-</u>	<u>297,084</u>
Cash flows from investing activities:			
Interest on investments	265		265
Net cash provided by investing activities	<u>265</u>	<u>-</u>	<u>265</u>
Net increase in cash and cash equivalents	265,714	5,725	271,439
Cash and cash equivalents at beginning of year	486,996	304,204	791,200
Cash and cash equivalents at end of year	<u>\$ 752,710</u>	<u>\$ 309,929</u>	<u>\$ 1,062,639</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (23,572)	\$ 4,403	\$ (19,169)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	1,844		1,844
Changes in assets and liabilities:			
Accounts receivable	(7,357)		(7,357)
Due from other governments		13,772	13,772
Accounts payable	(2,550)		(2,550)
Estimated liability for landfill postclosure care costs		(12,450)	(12,450)
Net cash provided (used) by operating activities	<u>\$ (31,635)</u>	<u>\$ 5,725</u>	<u>\$ (25,910)</u>
Non-cash transactions affecting financial position:			
Net book value of disposed capital assets	<u>\$ 87,844</u>	<u>\$ -</u>	<u>\$ 87,844</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

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

<b>CITY OFFICES</b>	<b>TEL.NUMBER</b>	<b>CONTACT</b>
<b>AIRPORT</b> 800 E. Side River Rd, Milan, NH 03588	603-449-2168	Eric Kaminsky, Airport Manager <a href="mailto:nhphotos@msn.com">nhphotos@msn.com</a>
<b>ASSESSOR'S</b> 168 Main Street, Berlin, NH 03570	603-752-5245	Bryan Chevarie, Assessor Supervisor <a href="mailto:bchevarie@berlinnh.gov">bchevarie@berlinnh.gov</a>
<b>CITY CLERK</b> 168 Main Street, Berlin, NH 03570	603-752-2340	Debra Patrick, City Clerk <a href="mailto:dpatrick@berlinnh.gov">dpatrick@berlinnh.gov</a>
<b>CITY MANAGER</b> 168 Main Street, Berlin, NH 03570	603-752-7532	James Wheeler, City Manager <a href="mailto:info@berlinnh.gov">info@berlinnh.gov</a>
<b>HEALTH</b> 168 Main Street, Berlin, NH 03570	603-752-1272	Yvette Leighton RN <a href="mailto:yleighton@berlinnh.gov">yleighton@berlinnh.gov</a>
<b>RECREATION</b> 672 First Avenue, Berlin, NH 03570	603-752-2010	Terry Letarte, Rec. Programmer <a href="mailto:tletarte@berlinnh.gov">tletarte@berlinnh.gov</a>
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<b>LIBRARY</b> 270 Main Street, Berlin, NH 03570	603-752-5210	Denise Jensen, Head Librarian <a href="mailto:djensen@berlinnh.gov">djensen@berlinnh.gov</a>
<b>PUBLIC WORKS OFFICE</b> 168 Main Street, Berlin, NH 03570	603-752-4450	Michael Perreault, PW Director <a href="mailto:mperreault@berlinnh.gov">mperreault@berlinnh.gov</a>
<b>PUBLIC WORKS GARAGE</b> 10 Jericho Road, Berlin, NH 03570	603-752-1460	Mark Lapointe, PW Supervisor <a href="mailto:mlapointe@berlinnh.gov">mlapointe@berlinnh.gov</a>
<b>FINANCE/COLLECTIONS</b> 168 Main Street, Berlin, NH 03570	603-752-1610	Patricia Chase, Finance Director <a href="mailto:pchase@berlinnh.gov">pchase@berlinnh.gov</a>
<b>FIRE DEPARTMENT</b> 263 Main Street, Berlin, NH 03570	603-752-3135 <b>EMERGENCY 911</b>	Randall Trull, Fire Chief <a href="mailto:rtrull@berlinnh.gov">rtrull@berlinnh.gov</a>
<b>BERLIN HOUSING AUTHORITY</b> Serenity Circle, Berlin, NH 03570	603-752-4240	Mary Jo Landry, Ex. Director <a href="mailto:executivedirector@berlinha.org">executivedirector@berlinha.org</a>
<b>HOUSING COORDINATOR</b> 168 Main Street, Berlin, NH 03570	603-752-1630	Linda White, Housing Coordinator <a href="mailto:lwhite@berlinnh.gov">lwhite@berlinnh.gov</a>
<b>INSPECTION DIVISION</b> 168 Main Street, Berlin, NH 03570	603-752-1630	Michel Salek, Code Enforcement Officer <a href="mailto:jmartin@berlinnh.gov">jmartin@berlinnh.gov</a>
<b>PLANNING</b> 168 Main Street, Berlin, NH 03570	603-752-8587	Pamela Laflamme, Community Development Director <a href="mailto:plaflamme@berlinnh.gov">plaflamme@berlinnh.gov</a>
<b>POLICE DEPT</b> 135 Green Street, Berlin, NH 03570	603-752-3131 <b>EMERGENCY 911</b>	Peter Morency, Police Chief <a href="mailto:bpdchief@berlinpolice.com">bpdchief@berlinpolice.com</a>
<b>SCHOOL DEPT</b> 183 Hillside Ave., Berlin, NH 03570	603-752-6500	Corinne Cascadden, Superintendent <a href="mailto:ccascadden@sau3.org">ccascadden@sau3.org</a>
<b>WASTE WATER TREATMENT</b> 10 Shelby Street, Berlin, NH 03570	603-752-8563	Henry Noel, Superintendent <a href="mailto:hnoel@berlinnh.gov">hnoel@berlinnh.gov</a>
<b>WATER WORKS</b> 55 Willow Street, Berlin, NH 03570	603-752-1677	Craig Carrigan, Superintendent <a href="mailto:craig@bwwberlinnh.org">craig@bwwberlinnh.org</a>

