City Of Berlin, NH

Annual Report

Fiscal Year July 1, 2015 to June 30, 2016







TABLE OF CONTENTS

	Page Number
Table of Contents	2
City Manager's Report	4-5
Assessing Department Report	6-7
City Clerk's Report	8
Berlin Housing Authority (HUD)	9
Planning Department Report	11
Recreation Department Report	12-13
Public Library	14-15
Police Department Report	16-18
Health Department & Nursing Services	19-21
Fire Department Report	22-23
Public Works & Engineering	24-26
Waste Water Treatment Report	27
Berlin Public Schools	28-30
Berlin Water Works	31-35
Berlin Regional Airport	36
Finance/Tax Collector	37-38
FINANCIAL STATEMENTS	**39**
Management Discussion and Analysis	**43-54**
Audited Financial Statements & Notes	**55-92**
Schedules	**93-103**
Internal Controls & Schedules	**104-112**
Supplemental Schedules	**113-116**
Mayors of the City of Berlin Since 1897	117

Photo credits to: Eric Kaminsky, Barbara Tetreault, NH Department of Resources & Economic Development, Paula Kinney, Mary Jo Landry, Henry Noel, Pamela Laflamme, Terry Letarte, Denise Jensen, Kirstan Knowlton, MA;

Berlin City Council

Fiscal Year July 1, 2015 to June 30, 2016

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, has been undergoing optimization work over the past several months in FY16. The operators of the plant indicate that the facility is operating more consistently than when first put on line. The facility is capable of producing maximum output when the electrical grid is capable of receiving it. Contrary to the last audit period, the price for whole tree chips has decreased significantly creating a purchasing and production advantage for the plant. The fiscal year included Year 6 of the City's 20 year pilot agreement with Berlin Station.

Jericho Wind Power (recently acquired by LS 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. The first payment in lieu of taxes made by agreement to the City occurred in June of 2016. The agreement will provide increasing revenues to the City over the next 20 year period.

Capone Iron Corporation expanded their fabrication space and has added 13jobs and will add approximately another 13 jobs over the next 12 months.

The Gorham Paper Mill continues to operate and improve product lines and actively seek employees. They continue to operate with approximately 123 employees.

Androscoggin Valley Hospital is continuing to develop its association with the other 3 North Country hospitals in order to improve the quality of services while decreasing costs. AVH currently employs 374 individuals.

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 to acquire a 215 acre parcel that is situated immediately north of the current industrial park. BIDPA intends to utilize the parcel to attract private development. They have made significant progress in discussions with a commercial agricultural enterprise.

The Federal Corrections Institution is maintaining its current staff of 300+ employees and is consistently seeking new employees as staff move throughout the federal system.



Northern NH Correctional Facility (Eric Kaminsky)

The City saw a decline in the number of tax deeded properties in 2016 over prior years. The total numbers of properties with buildings on them taken by tax deed was 5. This is a relatively small number compared to past years. We hope that this is a trend that continues into the future. 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 that the City seeks to reverse by demolishing tax deeded properties in target neighborhoods.

The City completed a much needed upgrade of Hutchins Street from Napert Village to Turcotte Street. The upgrade was predominantly paid for through a federal allocation made with the assistance of Senator Jeanne Shaheen. It includes a new sidewalk on a stretch of road that did not previously contain a sidewalk but was often used by residents as a walking route.

The City also began construction of the Route 16 upgrade project which is an approximately six million dollar re-construction project designed to upgrade the deteriorated road and sidewalks with features that meet current standards to enhance both vehicular and pedestrian safety. The project has been in the City's capital plans for many years and includes connections to a riverwalk along the Androscoggin where none currently exists. The new features of the project are designed to support the operations of the festivals and activities that occur in this area, such as the Riverfire event which attracts several thousand visitors each year. The City's funding strategy for paying the debt on this project includes the use of increasing revenues from the City's Pilot agreements.

The State of New Hampshire is continuing the development of its multi-use Jericho Mountain State Park. Included in this development is 300 acres around Jericho Lake that the City donated to the State. The park is a regional attraction. The park has a campground with 20 primitive campsites, including 5 cabins, 6 tent sites and 9 RV sites. The campground now has a new bath house available for visitors. The campground connects to the 75 miles of OHRV trails at the park and serves as the gateway to the 1,000 miles of trails in Coos County known as Ride the Wilds. 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 City ordinance which allows OHRV traffic on all City streets continues to be successful. The OHRV friendly atmosphere has also led to the sale of residential properties in the City as second homes. The City is an active partner in the extremely popular, annual Jericho ATV/OHRV Festival. Each year, the event continues to break attendance records. The Chamber of Commerce and the NH Bureau of Trails entered into discussions with OHRV manufacturer Polaris about hosting Polaris' premier event, "Camp RZR", at the park in September of 2016 and 2017. The event is expected to be on the scale of, or bigger than, the annual Jericho ATV Festival by drawing in 6,000 or more attendees.

Further significant developments, which are occurring on Route 110, include a proposed 170 RV site campground, the demolition of a large old manufacturing plant and the active solicitation for new development of this site as well as the purchase and renovation of another old vacant building in the same area into available rental retail space.

Berlin's redefinition continues. As evident from the statements above, the City is focused on further developing a new economy. The City is not inhibited by memories of past successes. It has clearly moved on to build a diverse economic fabric with the ultimate goal of a bountiful and sustainable future. The City has several large governmental and non-profit employers which are vitally important to the foundation the economy. In addition, the City's and area's compliment of private electrical power production, steel fabrication, forest products, paper products, tourism and now a high potential for high tech agriculture are bringing the foundation out of the ground and into sight for many to see and be part of.

Respectfully, James A. Wheeler
City Manager

Assessing

The Board of Assessors is comprised of three members, each serving a term of three years. Each member is appointed by the Mayor with City Council approval. Pierre Morin was appointed to the Board in order to fill the vacancy that was created when Bob Pelchat stepped down after the October 21, 2015 meeting. Mr. Morin's tenure was short-lived, as he left the group in order to join the Berlin Police Commission after the November 17, 2015 meeting. His successor, Mark Eastman, was sworn-in on November 20, 2015, filling the empty position and rounding out the current form of the Board.

The Board of Assessors holds meetings every third Tuesday of the month or as needed. Notification of the meetings are posted and the public is welcome to attend the open sessions. Some of the Board's duties include maintaining property records, ensuring that all parcels are being accurately reported and properly assessed, the issuance of warrants for the collection of taxes, and tax abatements for any adjustments to assessed valuation that the group determines to be necessary. The group also reviews applications for current use, yield tax, elderly and blind exemptions, and veteran tax credits. The Board makes every attempt to stay informed of changes to the RSA laws that govern this office. The Board of Assessors will continue to maintain their open-door policy for taxpayers with questions or problems regarding assessments and assessment procedures.

In December 2014 KRT Appraisal of Haverhill, Massachusetts was contracted by the City of Berlin to perform assessing duties within the municipality. A city-wide statistical update was successfully completed for the 2015 tax year. Overall, the City saw a decrease in assessed valuation of approximately $58 million as a result of this calibration. The tax rate consequently increased from $33.354 to $39.19 per thousand dollars of valuation.

Every year all sales from October to the following September 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, scholastic aid, and other forms of state financial assistance to towns and cities in New Hampshire. The 2015 equalized ratio is 101.2 and is the most up-to-date measure that has been established. The New Hampshire Department of Revenue Administration now considers the assessed values in Berlin to be a much better representation of the current market values than they were prior to the statistical update.

CGIS Mapping of Marion, Massachusetts has updated the City's tax maps to reflect changes that occurred prior to April 1, 2016. This is the eighth year CGIS has served the City in this capacity. These maps are used by City staff throughout various departments. The maps are also available for public use either in the office or via our online mapping site, which has proven to be an extremely valuable tool for those whom utilize it.

The Board of Assessors is committed to quality service and excellence in government and will continue to adapt to the dynamic environment that is inherent to the nature of assessing.

Respectfully Submitted,
Bryan Chevarie, Assessing Coordinator

City of Berlin's Board of Assessors
Robert Goddard, Chair
Kem Rozek, Member
Mark Eastman, Member

Assessing

SUMMARY INVENTORY OF TAXABLE PROPERTY - APRIL 1, 2015 & APRIL 1, 2016

	APRIL 1, 2015	APRIL 1, 2016
Land	28,273,506	28,280,239
Building	225,861,900	227,549,330
Public Utilities	145,608,200	142,321,900
GROSS VALUATION	**399,743,606**	**398,151,469**
Blind Exemptions	59,300	74,300
Elderly Exemptions	2,191,800	1,897,600
Imp. To Assist Persons w/Disabilities	40,990	40,990
Water/Air Poll. Cont. Exem.	650,000	657,800
TOTAL EXEMPTIONS	**2,942,090**	**2,670,690**
NET VALUATION W/UTILITIES	**396,801,516**	**395,480,779**

EXEMPTIONS GRANTED

	APRIL 1, 2015		APRIL 1, 2016	
TYPE	**#**	**Tax Amount**	**#**	**Tax Amount**
Elderly	73	85,897	66	74,367
Blind	4	2,324	5	2,912
Physically Handicap	3	1,606	3	1,606
Water/Air Poll. Cont.	1	25,474	1	25,779
Veterans	492	85,825	468	83,325

OTHER ACTIVITIES

TYPE	**4-1-2014 to 3-31-2015**		**4-1-2015 to 3-31-2016**	
Yield Tax	5	6,103.44	6	7,073.88
Excavation Tax	4	274.12	3	232.88
Property Transfers Processed	310		357	

2016 Tax Rates (per thousand):

Municipal	$17.74
Local Education	$14.79
County	$4.17
State Education	$2.49
Total Tax Rate:	**$39.19**

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

City Clerk's Department

This year, long-time City Clerk Debra Patrick retired after 32 years of service to the City. Best of luck Deb, may you and Gerry enjoy your time together.

Elections

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

Municipal Election:
November 3, 2015 – 33% Total City Votes

Presidential Primary Election:
February 9, 2016 – 61% Total City Votes

The following Ordinances and Resolutions which govern City Policy were passed:

Ordinances

2015

2015-09: Ch. 17 Definitions: Lodging House, Hotel, Inn

2016

2016-01: Ch.17 Establish BG Zone: Hutchins St
2016-02: Ch 15 Amend No Parking to Include New Street Names
2016-03: Ch 13 Amend OHRV Riding on Streets
2016-04: Ch 9 Sec 9-236 Hours of Sales of Alcohol (2:00 AM) Restaurants

Resolutions

2015

2015-18: Health Trust Membership Agreement
2015-19: Riverwalk Phase 1 North. Border Regional Comm. Grant
2015-20: Primex Premium Holiday $179,000 Street Rehab, etc.
2015-21: Carry Over $1,169,386.03 Segregate Funds
2015-22: Carry Over $73,198.37 Grant Segregate Funds
2015-23R1: 218 Jericho Rd Sold to Robert Chapman, Sr ($50,000)
2015-24: Fire Dept UTV $2,100 Donation from BEMS & E Watson
2015-25: CDBG Holiday Center $12,000 Feasibility Study
2015-26: CDBG St Joseph School 618 3rd Ave $12,000 Feas Study
2015-27: CDBG Ec. Dev. $500,000 Capone Iron 12 Industrial Pk Dr
2015-28: Riverside Dr P/S Agrmnt White Mtn Lumber BWW Easement
2015-29: Fire Dept $666,000 SAFER Grant
2015-30: School FEMA $20,000 Grant Safety/Security Equipment
2015-31: Repurpose Surplus Bonds $3.5mil for Street Repairs
2015-32: $200,000 Housing Initiative for Demolition

Resolutions Cont

2015-33R1: $52,000 School Dept Capital Budget Primex Premium Holiday
2015-34: Rename Route 110 First Ave/Green St to Wight Street
2015-35: Police $6,240 Emergency Mgt Performance Grant NH DOS

2016

2016-01: FD Firefighter Grant Ladder Truck Replace 10% COB match
2016-02: LS Power Dev Donate $6,578 to FD Rescue UTV Equip
2016-03: 121 Main/Pleasant St sold to AHEAD $45,000 for BIDPA
2016-04: 175 Washington St sold to Ed & Laurie Bryant for $7,600
2016-05: PSNH Highway Safety Project Grants FY 2017
2016-06: Donation $1,000 to Fire Dept for Radios
2016-07: $70,147 from Salt/Sand Storage Shed to Hutchins St Rehab
2016-08: $2m Bonds & Res 2015-31 = $5.5m for Street Improvement
2016-09: Amend 2016 School Budget Add $239,267 Project AWARE
2016-10: School $100,000 Dropout Prevention Grant Applic
2016-11: Re-appropriating $15,000 Airport CRF to AIP Project
2016-12R1: Appropriate $39,625,842 to 2017 Budget
2016-13: Recreation Department Appropriations
2016-14: Authorize Northern Boards App up to $25,000 for Riverwalk
2016-15: Refinance Bond
2016-16: Re-appropriate $175,000 for School Fire Alarm Replacement

The following Licenses were issued by the City Clerk's Department from 7/1/2015 – 6/30/2016

Dog Licenses: 914

Vital Records

The following vital statistics were recorded:

YEARS	2012/13	2013/14	2015/16
Marriage	49	41	40
Birth	68	62	64
Death	135	147	152

Respectfully submitted,
Elaine Riendeau
Berlin City Clerk

Berlin Housing Authority

Berlin Housing Authority has triumphed over challenging real estate trends and a struggling economy to sell the home at 55 Maynesboro that was donated by the City of Berlin as an experiment in redevelopment. The sale was handled by a local real estate firm and the buyer was a local nurse in the target income bracket. Her mother came with her to the closing and it was wonderful to see a previously underperforming property go back on to the tax rolls and ultimately end up as a productive, environmentally sound property.



Julie Renaud Evans presents a "Modern Wood Heating" plaque to Paul Croteau.

On the Public Housing side we were chosen to participate in a Modern Wood Heat Study that was conducted with assistance from the Northern Forest Center who has been critical in the adaptation of alternative heat sources for both residential and commercial properties in the City of Berlin. Even better, to further celebrate BHA's willingness to explore locally grown fuels a Modern Wood Heating plaque was awarded to the Commissioners which will be installed on the office building. This plaque celebrates the installation of 2 commercial pellet boilers that provide community heating for 31 units of housing and an office building.

Major staff changes brought the retirement of Lucille St Onge Hickey and the hiring of Eric Mortenson who is very familiar with housing in Berlin having been the Tri CAP Construction Manager in the Neighborhood Stabilization Program.

A rare and welcome visit by US Department of HUD Regional office occurred in September 2016. It has been decades since an on-site visit and it was wonderful to have such experienced staff conducting a round table at our facility.

The Housing Choice Voucher Program is regularly inviting people on the program and at the same time working with City Welfare and a host of other agencies to see that residents and landlords in Berlin enter into a mutually beneficial relationship. Berlin Housing has been an ABLE training site for many years and is currently training its 10th participant in as many years. BHA continues to get inquiries from the City website and thanks the City for the positive exposure.

Utilization of Assisted Housing Programs at June 30, 2015		
	Units Allowed	Units Under Lease
Public Housing	55	55
St Regis Housing	42	40
Vouchers	285	250
TOTALS	382	345
PH utilization on 6/30 was 100%		
Voucher utilization on 6/30 was 88%		

Public Housing and St. Regis Turnover			
	2016	2015	2014
Public Housing	10 units	14	13
St Regis Housing	14 units	9	5

Our Commissioners welcomed a new Chair with Paul Croteau a retired Berlin firefighter and John DeChamplain as a new member. Our commission consists of community members and consumers to keep us in touch with those we serve. We thank the City of Berlin for its support and technical assistance in all of our projects!

Respectfully Submitted,

Mary Jo Landry, Executive Director
Berlin Housing Authority

Berlin Housing Authority Combined Balance Sheet			
	June 30, 2014	June 30, 2015	June 30, 2016
ASSETS			
Cash	$ 511,697	$ 381,604	$ 456,958
Security Deposits	17,596	16,526	17,247
Accounts Receivable	11,099	2,424	2,367
Investments	-	-	-
Prepaid Insurance	13,890	8,753	11,803
Accrued Interest Receivable	-	-	-
Capital Assets (Net)	1,273,800	1,362,039	1,274,789
Other Assets	112,780	152,625	55,018
TOTAL ASSETS	$ 1,940,862	$ 1,923,971	$ 1,818,182
LIABILITIES			
Accounts Payable	11,139	47,712	9,518
Other Liabilities	355,597	667,904	687,959
TOTAL LIABILITIES	366,736	715,616	697,477
EQUITY/NET ASSETS			
Invested in Capital Assets, Net of Related Debt	1,019,320	1,107,559	1,020,309
Restricted Net Assets	115,942	11,387	13,034
Unrestricted Net Assets	438,864	89,409	87,362
TOTAL EQUITY/NET ASSETS	1,574,126	1,208,355	1,120,705
TOTAL LIABILITIES AND EQUITY/NET ASSETS	$ 1,940,862	$ 1,923,971	$ 1,818,182
COMPONENTS OF TOTAL EQUITY/NET ASSETS			
Liquid Equity:			
Cash	$ 511,697	$ 381,604	$ 456,958
Investments	-	-	-
Other working capital components	(211,371)	(280,808)	(356,562)
Net Liquid Equity	300,326	100,796	100,396
Non Liquid Equity:			
Land, Structures, and Equipment	1,273,800	1,362,039	1,274,789
Less: Long-Term Liability	-	254,480	254,480
Total Non Liquid Equity	1,273,800	1,107,559	1,020,309
Total Equity/Net Assets	$ 1,574,126	$ 1,208,355	$ 1,120,705
Changes in Equity-Year ended 6/30/14			-
Equity, 6/30/15	$ 1,208,355		
Net Income (Loss) from Operations:			
Public Housing and Capital Fund Programs	(83,981)		
All other programs	(3,669)		
Equity, 6/30/16	$ 1,120,705		
Public Housing Portion of Equity			
Public Housing	$ 969,136		
All other programs	151,569		
Total Equity	$ 1,120,705		
NOTE-Public Housing funds can only be used for Public Housing related improvements or expenditures. Public Housing capital expenditures must have HUD approval.			

PLANNING & COMMUNITY

DEVELOPMENT DEPARTMENT

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 a couple 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.



Capone Iron Works Groundbreaking on Expansion

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.

Respectfully submitted,
Pamela E Laflamme
Community Development Director

Planning Department Web Page
City of Berlin Facebook Page

Zoning/Code Enforcement Officer: Michel Salek
Planning Board Chair: Ernest Allain

Zoning Board of Adjustment Chair: Dana Hoyt

Berlin Industrial Development and Park Authority Chair: Michael Caron

RECREATION DEPARTMENT

Berlin Recreation can once again say their successful year was due in large part to joining forces with other departments and area volunteers to enrich the community as a whole.



Playground program gardens at Brookside Park & Brown School (Staff photo)

With Health and Welfare Director Angela Martin- Giroux taking the lead, a Harvard Pilgrim Food Fund Grant was awarded to the city in the summer of 2015. This allowed Berlin Recreation to add gardening projects to our summer playground program. Employee and talented gardener Elizabeth Ruediger motivated playground participants to create gardens at Friendship Park, Community/Central Park, Brown School and Brookside Park. The children watched their gardens flourish, learned about proper gardening methods, and were rewarded with being able to eat and share their bounty with friends and families.

Berlin City Departments, Recreation included, became very involved in the "No More" Campaign to End Domestic Violence. Activities included displaying banners on city vehicles and at Heritage Park, wearing purple on Thursdays in October as a show of support for the cause, fund raising during Homecoming and collecting and donating items to sell at Berlin Recreation's Annual Fall Yard Sale. City workers raised a total of $579.70 during Homecoming and Recreation's Yard Sale; gladly donating all proceeds to Response.



Summer Recreation employee Elisabeth Ruediger proclaiming "No More" to Domestic Violence because "Everyone Deserves to be Safe." (Staff photo)

Berlin Recreation witnessed the final year of long time employee Mrs. Sylvia Ramsey executing her many skills to aid this department in providing quality programs to the community. Mrs. Ramsey was a central part of the Recreation Department and all it offered. Sylvia worked tirelessly whether it was teaching craft classes, overseeing the Summer Playground Program, creating the



Mrs. Sylvia Ramsay with participants of the "Little Tykes Program"

ambiance for Easter "Eggstravaganza" or as many know her and may even had a lesson or two with her, instructing the Little Tykes Playground program. She retired knowing her contribution had a meaningful impact on many citizens of Berlin. After over 30 years with Berlin Recreation, she deserves to enjoy time with her family!

This report would not be complete without mentioning the explosion of interest in Berlin Recreation Hockey. Forward thinking Mike and Missy Wedge and their group of dedicated parents and volunteers collaborated with this Department to offer a quality program at a reasonable cost and without the commitment of endless traveling. Berlin Recreation Developmental Hockey was formed and 50 children joined the first season! With parents having the option of one or two days of lessons, players received the right mix of a fun, but still competitive league.

Players not only had their weekend instruction, but thanks to the Wedges' devotion to the program, children were invited to meet the River Drivers, Berlin's newest hockey team, as well as travel to Manchester to have their picture taken with the Stanley Cup. Berlin Recreation Hockey Development will act as a feeder program to prepare athletes to either move on to Youth or School Hockey or simply to have experienced a wonderful opportunity to learn the sport of hockey under the direction of caring and committed teachers.



Nikki Downs proudly wearing her new hockey jersey Berlin Recreation Hockey Development Players in Action (Staff photo)



(Courtesy photos provided by Mr. M. Santy)



Respectfully Submitted,

Terry Letarte, Berlin Recreation Program 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. Internet access, WiFi, local newspapers on microfilm, audio books, and a movie collection, are all available to the community. We provide access to downloadable books through the New Hampshire State Library and Overdrive. Each department has a computer dedicated for patrons to access the library catalog, which can also be accessed remotely. 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 Humanities Series at the WMCC Fortier Library.

The Children's 2015 Summer Reading Program theme was "Every Hero Has a Story". Funding for the Kids, Books and Arts is provided by Jack and Dorothy Byrne Foundation, CHILIS, Cogswell Benevolent Trust and is supported in part by 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 25, 2015 kick-off program, a musical program by Steve Blunt held at the Berlin Recreation Building, attracted 71 children, and 84 adults. The Summer Reading Program consisted of 10 programs, with 362 children and 217 adults in attendance. The 6 week program themes included visits with Rangers, Chris and Jenna, an outdoor adventure with Berlin Fire Dept. tours, and a Clif Books closing party at Community Field. As in past years, trustees, Ms. Yvonne Thomas and Mr. Paul Tardiff, who read stories on heroes throughout the SPR, helped Kathy Godin with her programs. Adding to the success of the Summer Reading Program was a donation of tickets from Storyland for the children to enjoy. The library thanks Storyland for their continued generosity.



Library Trustee Yvonne Thomas, Blades, Library Director Denise Jensen, Historian "Poof" Tardiff

The Children's Librarian conducted a total of 40 weekly Story Hours for young children from September to June, serving 239 children and 229 adults. In addition, there were 7 School Visits, a Halloween program, a place for 310 Safe Visits, as well as an Afterschool Program for 501 children. The total attendance of all Kathy's programs was 1748 children and 854 adults for a grand total of 602 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 Fall 2015 series entitled, "The Abenaki: Then and Now." The series was

led by Bob Goodby with his lecture "Digging into Native American History", followed by a presentation and beadwork workshop entitled "Crafts and Cultural History" by Rhonda Besaw, an Evening of Abenaki Storytelling with Jesse Bruchac and a lecture "Town by Town: Current Native History of Local Area by Donna and John Moody.



In looking at statistics for the FY2016, we found an increase in the number of items checked out at the library. There were 27,976 items checked out, which is an increase of 3,541 over the previous year. In this age of electronics, this statistic shows that patrons at our library still do read books. However, the yearly subscription to the ebook service from the NH State Library Consortium remains very popular with 1245 checkouts.

Many BPL patrons and staff, current and former, have fond memories of Mrs. Inez Hamlin who passed away last February at the age of 94. Mrs. Hamlin worked at the Berlin Public Library from 1962 to 1986, as Children's Librarian and later as Head Librarian. Also passing this last year was longtime former Trustee, Mrs. Nathalie Savchick, 94, who was a Library Trustee from 1973 to 2006.

Staff changes came with the addition of four Per Diem staff: Cheryl Nolan, Jean Lemieux, Claire Stiles and Tina Schlie.

TOPICS	ADULT	JUVENILE	TOTAL
000 - Generalities	26	75	101
100 - Philosophy	238	31	269
200 - Religion	139	21	160
300 - Social Science	291	265	556
400 - Language	35	31	66
500 - Pure Science	76	653	729
600 - Technology	405	250	655
700 - The Arts	226	505	731
800 - Literature	367	69	436
900 - Geography & History	342	206	548
910 - Travel	0	31	31
BIO - Biography	246	105	351
FIC - Fiction	7,918	7,553	15,471
MAG - Periodical	156	70	226
DVD - Movies	4,179	0	4,179
VHS - Movies	288	0	288
AC - Audio Books	3,142	18	3,160
CD - Compact Disk Music	18	1	19
TOTALS	18,092	9,884	27,976
PKB - Paperbacks	96	0	96

We are grateful to the Public Works Dept. for helping the library with maintenance during the year, including help with bathroom repair, light fixture replacement and window repair to name a few. We are also grateful to our neighbors, the Berlin Fire Dept., who are always there to help us with our Children's Programs or when we need backup for minor problems.

Walk in Patrons	13729	11222	24,951
Phone Inquiries	1376	326	1,702
Computer Users	4098	624	4,722
Copier Patrons	2846	0	2,846
Fax Patrons	461	0	461
Microfilm Patrons	102	0	102
Interlibrary Loaned	708	0	708
Interlibrary Borrowed	194	0	194

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

Respectfully Submitted,
Denise Jensen, Library Director

Police Department

Retirements/Promotions/Appointments: Fiscal Year 2016 was one of great transition. The Berlin Police Department saw the retirements of Deputy Chief Brian Valerino and Lieutenant Steven Arsenault. Their contributions and experience will be missed; however, the area will continue to be the recipients of their years of experience and expertise. Deputy Chief Valerino was hired by the Coös County Sheriff's Department and is running for the position of Coös County Sheriff. Lieutenant Arsenault filled the position of School Resource Officer in the Berlin Public School system, made possible by a Project AWARE (Advancing Wellness and Resilience Education) grant.



Law Enforcement Partners of the Year

With retirement also comes opportunity for advancement and growth. Lieutenant Daniel Buteau promoted to the rank of deputy chief; he is well respected by his peers and is a valued asset to the Department and City. Sergeants Donald Gendron, Kerry Theriault, Corey Riendeau, and Timothy Godin promoted to the rank of lieutenant; Lieutenant Riendeau is also the Department's prosecutor. Corporal Geoff Bardeen promoted to the rank of sergeant, and Officer Joseph Priest to the rank of corporal. Each of these promotions strengthens our bridge to the future, and we look forward to the impact these individuals will have on the Department while moving it ahead.

Retirements not only bring opportunity to those within the Department but also to those who wish to become part of it. This year greeted three new hires: Philip Pelletier, Eric Benjamin and Myles Chouinard. Officers Pelletier and Benjamin came to us as veterans of the Gorham Police Department. Officer Chouinard completed 16 weeks of training at the New Hampshire Police Standards and Training Academy, graduating with top honor in his academy class. We are proud to have these officers on board and look forward to their continued growth as valued members of the Department. We are also proud to announce that Officer Adam Marsh completed an extensive training program and is now a certified polygraph examiner. We look forward to utilizing his expertise in our mission to make Berlin a safer place.

It is with regret that we saw the resignation of long-time Police Commissioner Tony Urban. He was a dedicated commissioner who held the best interests of the Department and citizens close at heart. His larger than life personality and presence within the community are sorely missed, and we wish him well in the future. Former Coös County Attorney Pierre Morin was selected to fill the vacancy created by Commissioner Urban's resignation. Commissioner Morin brings with him a vast knowledge of the police profession; his knowledge and experience are valuable assets, and the Department looks forward to working with him on the path forward.

Community: This year was also one of great challenge. While the Department has always partnered with the community, we have strengthened our resolve and are working more closely than ever to form an integral

bond with community and its citizens. The opioid crisis is an epidemic affecting Berlin and so many of its citizens in a tragic way. We are working with and partnering in many aspects of this crisis, including involvement with NH Listens and heroin forums conducted by members of the US Congress. We look to the local Center of Hope as a way forward for individuals fighting this dangerous addiction, and we have taken steps to partner in the PAARI (Police Assisted Addiction and Recovery Initiative) program. This is a program through which law enforcement assist opioid drug users who contact police departments seeking to fight their addiction; they are encouraged to seek recovery, connected with treatment programs, and transported facilities where further services can be accessed.

Many schools in the United States have fallen victim to serious acts of violence. The Department partnered with the Berlin Public School System and introduced COPsync. This system enables school personnel to immediately relay information about serious situations by computer, directly notifying all police vehicles in the area. By this direct notification, critical time spent contacting dispatch agencies is eliminated, and officers are able to immediately respond. Time saved can mean lives saved.

The Department continues to partner with local businesses and City Government. We offer to train employees throughout the community in ways to make themselves and others safe when dealing with people who are somehow agitated. MOAB (Managing Violent and Aggressive Behavior) teaches the principles and techniques to reduce aggressive behavior and provides humane and compassionate methods to deal with such behavior in and out of the workplace. This year, the Department received recognition for its community involvement endeavors from the New Hampshire Retail Association and was presented with their prestigious, "Partnership of the Year Award," in recognition of efforts made to work with citizens and businesses on various programs and projects within the community. We are thankful for their recognition as we continue to strengthen ties with our community.

ATV's: The City was the site of several large ATV events, and we continue to work with all partners to make such festivities a success. These events introduced people from all over the country and world to our area, many of whom praised the beauty of the area and hospitality of our City. The continued success of these events will draw many new visitors to Berlin, creating new tourist possibilities for area businesses, and leading to even more successful future events.

"Call to Duty" Memorial: This year's Memorial Golf Tournament was a great success. Many area businesses and citizens contributed and/or attended and are commended for their participation. The tournament gives those involved an opportunity to meet and mingle with members of the Department, and the camaraderie results in increased resources for the memorial's perpetual care and the ability to further fund and even increase scholarship opportunities for area students entering the criminal justice field.

Building: The Berlin High School Building Trades program continued renovations in its endeavor to improve our physical structure. We were able to move into vacated areas of the Recreation Department, improving our ability to house equipment, increase and enhance our evidence area and file storage capacity, and giving our facility a needed facelift.

Crossing Guards: Steps were taken to upgrade our School Crossing Guard program. An evaluation of pedestrian traffic around the community and schools was conducted, and

crossing guards were re-deployed. The result is a program that best meets the needs of students who walk to school, enhancing safety at key high-traffic areas.

Department: The role of the police officer continues to evolve. One area that consumes much time is report writing. Well documented reports are vital for proper presentation of evidence and other information to bring cases to court on the district and county level. Victims of crime are better served when reports are clear and completed in a timely fashion; to that end, the Department acquired audio recorders and voice recognition software. Not only will this technology result in creating more timely and accurate reports, it will allow officers to spend less time in the office and more time engaging in regular and directed patrol. Increased visibility is often tied to a decrease in both crime and bad behavior. Our efforts to make the City and its citizens safer continue and will thus be advanced.



Facing Heroin – Strengthening Community held at Berlin High School, November 18, 2015

STATISTICS July 2015-June 2016

Total Calls for Service	19,168
Accidents	180
Accidents Within an Intersection	53
Animal Complaints	180
Assaults	132
Assist to Berlin Ambulance	906
Assists from Gorham PD	62
Assists to Gorham PD	74
Assists to other Berlin Departments	476
Burglaries	84
Criminal Threatening	161
Dog Complaints	471
Domestic Violence Incidents	225
DWI Violations	34
Felonies	235
Juvenile Arrests	44
Juvenile Incidents	199
Milan Calls for Service	665
Misdemeanors	958
Motor Vehicle Stops	2,901
Motor Vehicle Violations	296
Motor Vehicle Warnings	2,224
Parking Tickets	513
Protective Custody Arrests	63
Restraining/Stalking Orders	106
Sexual Assaults	40
Thefts	360
Total Arrests	696
Vandalism/Criminal Mischief	208
Verbal Arguments	89

Respectfully submitted,
Peter Morency
Chief of Police

BERLIN HEALTH DEPARTMENT & NURSING SERVICES

The City of Berlin Health Department serves several functions for the community. As a self-inspecting community Berlin has the responsibility of protecting the public by ensuring that food establishments are following best practices. Each establishment is licensed on a yearly basis and any complaints are inspected and if needed plans of correction are issued to ensure safety. Any person or place of business that serves food to the public more than four times a month (not including those who provide only prepackaged foods such as chips or soda in individual sealed containers) is required to have a food license.

At this time a license is $50. Any person or place serving food less than four times a month is still expected to follow safe handling guidelines and is given handouts on how to maintain safety. New Hampshire has Farmer's Markets laws and Homestead laws governing making foods in the home for sale to the public which means the Health Officer also spends time educating individuals on those laws in addition to safe food handling education and inspections. Should anybody have a concern about any food vendor they can contact the Health Department at 752-1272.

The Health Officer also responds to complaints on nuisances to the health of the public such as infestations, unsanitary conditions, and threats such as conditions that could cause mosquitoes, rodents, and other harmful vectors to breed. The City is charged with enforcing health and safety laws to protect the public. In addition the Health Officer works with other community partners to win grants to promote the overall mental, physical and financial health of the citizens. One example of how the public benefits from community partners working together is our ability to once again provide vegetable seedlings to the Berlin Recreation Department's Summer Program so children could experience the fun of growing their own vegetables and could eat the healthy produce they grew. This was made possible this past summer through a partnership with WREN and The Roundtable Green House. WREN, while working on a grant to teach gardening and cooking, heard of the city's desire to once again have gardens for the children participating in summer programs and worked with The Roundtable Green House for donations of vegetable plants for the children.

It is our hope that we will inspire another generation to garden and to enjoy fresh produce. Fresh fruit and vegetables are essential in helping to maintain a healthy body mass index and healthy blood sugar levels. Gardening is a wonderful way to exercise as well. Unfortunately, Coos County has repeatedly scored poorly in Community Health Indexes in areas of obesity, diabetes, high blood pressure and smoking. Establishing healthy eating and fun ways to exercise at a young age carries over as a lifestyle as adults.



A large function of the Health Department is the Home Health Nursing Program and Public Health Clinic. The Home Health Program provides skilled nursing in Berlin, Gorham, Randolph, Milan, Dummer and Shelburne. Services provided include medication preparation and reorder assistance, IV therapy, wound vacuum

therapy, home health aides, and end of life palliative care, wound dressing changes, lab draws, foot care and head to toe assessments, physical therapy, occupational therapy and speech therapy. The Public Health Clinic provides services such as cholesterol testing, Blood Glucose testing, blood pressure readings, flu shots, head checks, foot clinics and so much more.

Service Type	Quantity
B12 injection	83
Blood Pressure Check	127
Cholesterol Screening	94
Service Type	**Quantity**
Flu Vaccine	38
Home Health Aid Visits	111
Medicare	3,601
Private Insurance	55
Physical Therapy Only	17
Private pay RN	247
TB test	55
Toe Nail Clinics	300
VA visits	415
Occupational Therapy	30
Other	752
Totals	5,925

WELFARE DEPARTMENT

The City of Berlin Welfare Department is charged with the dual purpose of meeting the basic needs of the poorest in our community and responsibly accounting for the taxpayers' money. New Hampshire requires each of its municipalities to have general assistance to help "those who are poor and unable to support themselves". This mandate is balanced against keeping taxes low. In order to maintain that balance the City maintains great relationships with social service agencies, church assistance programs, food pantries, the Berlin Housing Authority, the New Hampshire Department of Health and Human Services and other groups in the community who help low income individuals meet their basic needs of shelter, food, medication, utilities to maintain heat, water and electricity, clothing and personal/household needs. By working together we can ensure the best use of all funding sources in order to help as many people as possible. The City maintains written guidelines per RSA 165 so that members of the public know what assistance is available and what requirements must be met.

The City, when it assists with basic needs, files a lien on property owned in New Hampshire if property is owned by an assisted person. If the assistance is not paid back within a year interest is charged at a rate of 6% per year. This ensures that the tax payers' money is returned to the general fund to support other community needs. If an individual does not own property and is physically/psychologically capable of doing so, the City requires assisted people to work on the Work Program either at a City office or a social service provider location in the city to "repay" the tax payers.

This serves the additional purpose of providing people with additional skills to list on a resume and someone to list as a reference. Oftentimes those who receive assistance do not have enough skills, work experience or local references which makes it more difficult to find employment that can cover their basic needs. More and more "working poor" are serviced by the department. Those who work 20 to 40 hours a week but still cannot earn enough to cover basic needs. Those who work places where

there is no paid sick time or paid family leave so if they or a family member become ill they are unable to meet the basic needs. Families served include those who experience a medical emergency that put them out of work, those applying for disability, those leaving harmful family situations, those who are homeless and those who work but still cannot afford all their basic needs.

The department provides case management, negotiates payment plans on the client's behalf, provides budgeting and referral services to other programs that can assist long term with alleviating some expenses such as Medicaid, SNAP (Food Stamps), HUD, etc. The overall goal is to help get the basic needs met in the long term and to promote personal responsibility as well. The Health and Welfare Director has, in conjunction with NH Catholic Charities, worked hard to bring financial fitness classes to the area so that community members can learn better ways of managing their finances and be proactive financially.

The average number of months a family was receiving assistance was 1.73 months. 63 vouchers were issued.

Assistance was provided to 41 families in the following areas and amounts:

Assistance Type	Amount Issued
Rent	$16,136.05
Bus ticket	$0
Shelter	$0
Food	$ 1,244.45
Personal/household need	$ 442.89
Medication	$0
Burials/Cremations	$ 3,750.00
Electricity	$ 798.35
Heating Fuel	$0
Property tax	$0
Totals	$22,371.74

Nine Hundred hours were worked on the Work Program which translates into $7,200 in assistance "repaid" through community work. $1,733.63 was reimbursed through lien repayment and other repayment. 1,098 office contacts were made to answer questions, refer or assist clients. The City Welfare Office works closely with other area providers to ensure that basic needs are met and that the money available to help those in need goes as far as possible.

Angela Martin Giroux, Health & Welfare Director



Deborah Haynes, RESPONSE receives a donation of $579.40 from fundraisers held by City employees.

Berlin Fire Department

On behalf of the members of the City of Berlin Fire Department, I am pleased to present the fiscal-year 2016 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.





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.

The Fire Prevention Bureau is tasked with a variety of life safety code enforcement, fire reporting and inspection, duties regulating and inspecting construction of new buildings and inspection of existing buildings for compliance with the State of New Hampshire Fire Code.

The methods employed by the Bureau in completing these tasks focus on fire inspections, plan reviews and fire safety education sessions. Improved customer service, enhanced operational continuity, increased opportunities for completing inspections and plan reviews and superior coordination of services with other city departments. This proactive and customer service oriented approach to completing the tasks required of the office and our commitment to ensure the daily life safety of our residents and visitors to the City will be at the forefront of our future endeavors and goals.

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.

Training Division

The nature of firefighting is dangerous and no matter how much training and education one obtains, the danger will always exist. However, the risks can be minimized through an effective and aggressive training program. The Training Division provides professional development to our firefighters through education, instruction and preparation so our staff can provide quality customer service to those in need.

The training division establishes standards, writes schedules for fire department personnel and identifies needs to ensure that personnel are adequately prepared to perform their duties.

The Division also prepares and conducts in-service programs to improve performance

and evaluate the progress of fire department employees. It is the primary goal of the training division to ensure that all personnel have the knowledge and skills to proficiently perform their duties as emergency responders in a safe manner to reduce the likelihood of injury or death.

Response Information

During the fiscal year 2016 from July 1, 2015 to June 30, 2016, the City of Berlin Fire Department responded to 499 calls for service from our citizens.

Calls for Service Fiscal Year 2016	Calls	Percentage
Building Fires	12	2%
Cooking Fires	2	0%
Chimney	0	0%
Trash Fires	4	1%
Vehicle Fires	1	0%
Outside Fires	23	5%
Hazardous Conditions	49	10%
Rescue /Emergency	81	16%
Medical Service Incident		
Vehicle Accident	26	5%
Leak Spill / Hazardous Materials	22	4%
Carbon Monoxide Emergencies	12	2%
Building Collapse emergencies	0	0%
Service Call	100	20%
Good Intent	5	1%
False Alarm System	101	20%
Malfunction		
False Alarm Malicious	2	0%
Electrical Issues	8	2%
Water Problem	4	1%
DHART	36	7%
Sprinkler	3	1%
Police assist	2	0%
Bomb	2	0%
Severe Weather	1	0%
Reported as Other	3	1%
Total CALLS 2015	499	

New Personnel

The City of Berlin Fire Department welcomed to the Fire Department in Fiscal Year 2016 call members Brandon Bisson, Scott Litvin, Derek Patry and Teegan Paulin. Also welcomed to the career staff are Gregory Auger, Zachary Kenney, Kristopher Saunders and Shane Warren.

The City of Berlin has been very active in applying for grants in the fiscal year 2015 the fire department applied for the Fire Fighters Assistance Grant for Safe Staffing and was awarded $668,000.00 to hire two firefighters to fill two vacant positions created through attrition and an additional two firefighters for a period of two years.

Inspections for Fiscal Year 2016

	Inspections
Place of Assembly	40
Oil Burner	37
L.P. Gas	50
New Construction	3
Wood Burner/Pellet/ Chimney	2
Health Care	3
Complaints Investigated	25
Foster Care	4
Day Care	3
Fire Alarm / Sprinkler Inspections	3
Miscellaneous	67
Public Education	18
Multi Family	26
Plan Reviews	25
Certificate of Occupancy	9
Blasting Permits	5
Total:	322

Respectfully Submitted,

Randall Trull

Chief Randall Trull



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 Berlin Municipal Airport. We maintain a gas and fuel distribution system for all City Departments. We also provide and maintain151 sand and salt barrels for winter use. We periodically seal concrete sidewalks, retaining walls and bridge abutments. Members of the Department also provided utility information and project inspection for water and sewer capital improvement projects.

Transportation - Street Markings

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

Projects in progress/completed the 2015-2016 Season

- Replaced/repaired retaining walls and railings on Denmark and Cheshire Streets. Project was constructed with PWD crews.
- The Phase 2 Route 110 Project was completed early this summer.



Route 16 Planning Phase Public Meeting

- Hutchins Street Re-Construction was started April 2016, which re-constructed this street, up-graded drainage system and constructing new sidewalk between Napert and Turcotte Streets.

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.

The Cates Hill Landfill Closure project was completed in August of 2006. The costs for Engineering Services, Certified Lab Testing Services, Gas Monitoring, Administrative Services and Grounds Maintenance is almost $18,000. Groundwater quality and methane gas production is being monitored on both landfills in accordance with the program.

The Public Works Department does curbside pickup of household garbage. Recycling became mandatory in 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.

The Public Works Department collects paper, glass, plastics, tin, aluminum and cardboard for recycling. We continue to increase efforts to reduce the household garbage tonnage to the landfill by working 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 in favor of having residents use the AVRRDD transfer station.

Sanitary Sewer & Storm Collection Systems

The planning phase of gathering data for our long term combined sewer overflow program has begun. We will be conducting video inspections of the sanitary sewer collection systems in the suspected areas of higher levels of Inflow and Infiltration. These areas we selected from a previous 18 month flow monitoring study conducted throughout the City of Berlin. House inspections will also be conducted to seek out other sources of I&I such as sump pumps, roof and perimeter drains that currently are connected to the sanitary sewer system. We plan have another project ready for the next construction season.

Recreation and Parks Maintenance

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 and Diamond Turf to guide us to keep up the good field conditions. In working with Diamond Turf we continue to gain the valuable knowledge that will help us avoid



the reoccurrence of these issues in the future. The fields are currently in tremendous shape even with the increased demands of the high school aged (Gladiators) football and high school women's soccer and youth football (Gladiators) for the past three seasons.

Projects in progress/completed the 2015-2016 Season included two new buildings, the new Recreation and Parks maintenance building at 52 Gilbert Street and a new building at Central Park/Community Field. These two buildings were constructed by the Berlin High School Trades Program over a two year period.

The Rec. & Parks Maintenance crew constructed three new shelters with tables at Community Field, Friendship Park on Granite Street and at Brown School. These are the three sites where the youth Summer Food Program is conducted.

The Community Field Baseball Field was re-constructed with the help of a $20,000 donation from Burgess BioPower. The whole infield was replaced, outfield grades were repaired, the backstop was replaced and a collapsible outfield fence was purchased.

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-Rec. center, 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 Rec. Center, and the building is maintained for all winter programs. Equipment maintenance, usually performed during springtime, is started in the garage when the weather is not favorable 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 and leaves are picked up, areas are swept, and sod repairs completed) all areas that we take care of. High School baseball and softball games, are played and practiced on the two Little League Fields at Community Field, at Memorial Field. 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 them, and they do a great job. The Community Gardens are tilled and staked out.

Summer :(June, July, & Aug.)

–High School athletic seasons wind down with playoffs at their fields and Jr. High games at Community and Horne Fields. Grass mowing and trimming are everyday tasks. All places we maintain are: Track field, Memorial and Memorial Annex, Green St., Veterans Park, all downtown (Vodoukis, 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, and 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
–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 and go on every day with practices at Community Field and Community College field for JV and Varsity teams.
–7^{th} and 8^{th} grade soccer and field hockey games and practices at Horne field and Memorial Annex field
–5^{th} and 6^{th} grade soccer and field hockey games and practices at Memorial and Community fields.
–Rec. Dept. Soccer program at Green St. Field
–Worn areas of all fields were repaired and we continue the field maintenance program
–All bleachers, nets, benches, picnic tables, summer equipment, etc. are put away for the winter.

Respectfully Submitted by,

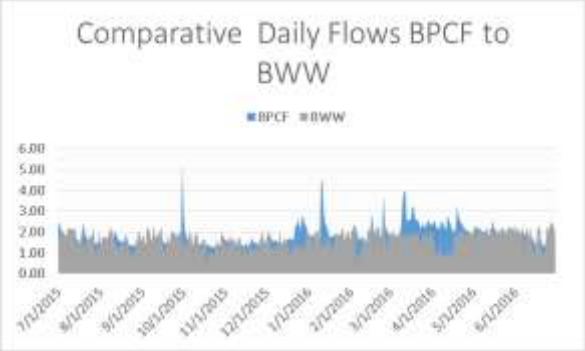
Michael P. Perreault

Public Works Director

WASTEWATER TREATMENT

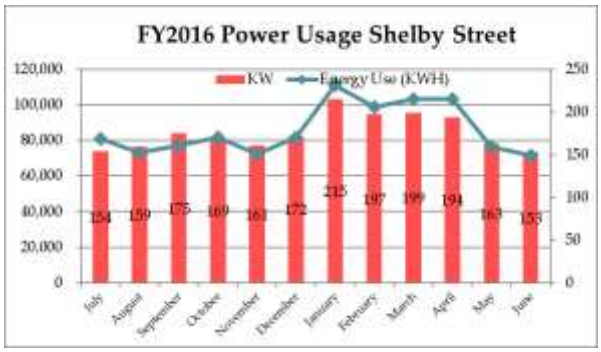
Last fiscal year, Berlin's Pollution Control Facility processed 669.3 million gallons of sewerage from the City and another 23.3 million gallons of Leachate from the Mt Carberry Landfill; our new Customer Berlin Biomass added another 34.1 million gallons. On top of which we accepted and treated almost 356,530 gallons of septage waste from outlying communities not on their own sewer systems (ie, septic tanks). All of these quantities have come down from the previous year.

A comparison we like to make is that the amount of water Berlin Water Works (BWW) supplies to the City each day should be approximately the amount of water Berlin Pollution Control Facility (BPCF) treats after traveling through the Sewer Collection System. Last year (FY2016) BWW produced about 612 million gallons of water for use in the City; BPCF on the other hand had to treat 669 million gallons of City Sewerage, or 109% more than BWW produced.

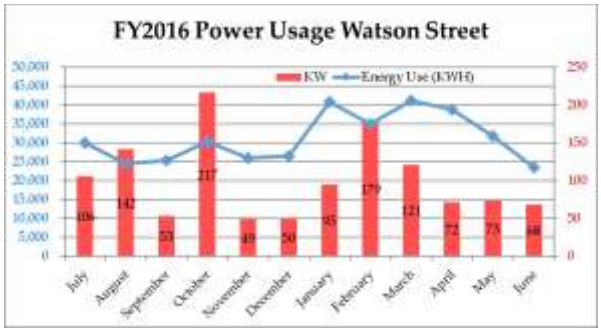


As part of our process we produced 1,405.0 tons of dried municipal sludge that we trucked up to the AVRRDD landfill for disposal. The treatment process removed 92.6% of the BOD (Biochemical Oxygen Demand) and 97.1% of the TSS (Total Suspended Solids) which came in with the sanitary sewer flows.

Average monthly power usage at the Main Plant (Shelby Street) decreased to 85,897 kWH (96%) and at our main pump station at Watson Street it decreased to 31,183 kWH (95%). Average monthly energy usage at the Main Plant (Shelby Street) decreased to 176 KW(98%) and at our main pump station at Watson Street it increased to 102 KW (111%).



The energy usage (KW) follows the peak flows and is a measure of the success of the City's program to reduce Inflow and Infiltration into the Sewer System. The moderate decrease in power usage (KWH) at the Main Plant reflects our increasing familiarity with the new control systems installed with the Upgrade and the mild Winter and Spring we had this year; Watson Street's decrease reflects the reduced energy demand reflects the diminished extremes of flow driven by the weather.



We started taking daily flows from the Berlin Biomass Plant of just under 100,000 gallons per day since the Spring of 2015 and have not encountered any difficulties either with plant chemistry or higher water temperatures.

Henry Noel, Wastewater Superintendent

BERLIN PUBLIC SCHOOLS

Demographics - Berlin Public Schools opened the 2015-2016 school year with an enrollment of 1183 in grades K-12. Kindergarten was offered as a full day program. The district hired 250 employees.

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: 138,549 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. Enrollment was 224 students K-8.

Instruction & Assessment - In the spring of 2016, all N.H. schools administered a statewide assessment called Smarter Balanced Assessment Consortium (SBAC). SBAC is administered to students via an electronic platform. Though Brown School did not have a required testing, grade 2 students began practice and preparations for the 3rd grade assessment process with academic progress measured using NWEA /MAPS testing. Students showed marked growth in math, an increase of 31% proficient from the previous year, and 12% increase proficiency in reading. Hillside School also showed marked progress in math. The district completed a revision of the five-year Master Professional Development Plan which is based on individual professional growth needs and coordinated with a professional staff performance evaluation process. The district committee members of teachers provided training and help sessions for teachers to develop their individual 3-year professional development plans.

Professional development was provided for all staff focusing on district and school goals. A North Country regional training was held in October, 2015 to establish professional learning communities as a model for professional growth and collaboration of teachers. Based on the revised district master professional development plan, in-service days were coordinated across the district. All teachers trained in a culture and climate framework known as Positive Behavioral Interventions and Supports (PBIS), and evidenced-based process to increase consistent expectations of student behavior. The staff also received trainings in Youth Mental Health First Aid, CPR/AED, and how to develop individual student learning objectives. Guest speakers included employees from the Bureau of Federal Prison system to discuss drug and alcohol abuse and recovery. 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. Teachers participated in training to increase skills with building curriculum in the cloud and to be proficient integrating technology , with deployment of 1:1 computers and tablets for all students in grades 5-12, . Chromebook laptops were distributed to all students, grades 9-12. Parents and students were provided with digital citizenship guidelines to maximize use for learning.

District administrators developed a common process for educator effectiveness evaluations. The principals used a timeline

for new and veteran teachers as they conducted performance evaluations. The team developed a professional eportfolio for educators to show evidence of practice. By the end of the school year, teachers were required to upload in their eportfolio, a current resume, a 3-year professional development plan, and a parent communication log. Administrators worked together on walk-throughs of all classrooms using an electronic platform they created for Ipads.

New courses were offered at Berlin High School, they included: Advanced Placement (AP) Statistics, AP English Composition, Introduction to Criminal Justice, Poetry, and Creative Writing. There were increases in the number of courses that were duel credit, high school and community college credit, known as Running Start classes. This is in partnership with White Mt. Community College.

Berlin Regional Career & Technical Education Center (CTE) offers 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. The building trades program completed construction of 2 municipal buildings: 1) Recreation and parks storage and office building, 2) Public restrooms at Community Field.

Staff Accomplishments - The district leadership team with feedback from staff developed a revised vision and mission statement.

School and district committees met to address: Professional Development, Wellness, District and School Goals, School Climate and Culture, Behavioral and Mental Health Supports, Emergency Management, Technology Integration, and Project A.W.A.R.E. (Advancing Wellness and Resilience Education). The district has been proactive in increasing the use of technology for staff and students. Hardware was standardized to Chromebooks. We have continued to increase our district-wide bandwidth in all schools to support our final step in our transition to a digital platform of one-to-one computing for all our students. In the upcoming 2016-2017 school year, all of our students from Kindergarten through twelfth grade will be assigned a district owned Chromebook. We will continue to evaluate the technology needs of the district to stay up-to-date with current technologies and provide our students with the tools necessary for college and career readiness. We will also continue to provide quality and timely support, and seamless integration.

Project A.W.A.R.E. (Advancing Wellness and Resiliency in Education) was a federal grant award. Training was provided for 136 staff and community members in Youth Mental Health First Aid. Through grant funding, a School Resource Officer (SRO) was contracted in partnership with the Berlin Police Department. The SRO responded to 1,085 calls for service and needs within the schools. The service calls included: home visits, school visits, students counseled, classroom presentations, field trips arrests/summons, incident reports, school meetings, and school patrol. Youth Leadership through Adventure (YLTA) groups were formed in both the middle and high schools to empower and support students through youth leadership development strategies and service learning

projects. With over 70 students belonging to these chem-free, pro-social, experiential education based groups, they are the largest school-based youth leadership groups in the North Country. The schools developed a framework and protocols for school based mental-health treatment, violence and substance abuse prevention activities. Positive Behavioral Interventions and Supports (PBIS) were implemented to foster positive school climate and culture, with a district-wide rollout of supports scheduled for September 2016. The project was awarded for five years. An outcome of the project was to establish behavioral health teams at all schools that meet weekly on a referral basis and the addition of school-based mental health services.

Parent/Community/Board Involvement -
Of most significance during the 2015-16 school year was a community-wide focus on drug abuse awareness and prevention strategies. Two community events, sponsored by North Country Listens held forums at Berlin High School. The first held in November, Facing the Heroin Crisis, had over 250 community participants. The second forum was held in May. This event was facilitated by student leaders who led small groups in creating a local resources assessment. These events contributed to a strong community alliance formed as a coalition called Stand Up Androscoggin Valley.

In December a round table discussion was held at Berlin High School with U.S. Senator Jeanne Shaheen who met with community and student leaders about the reported heroin use among our youth based on the 2013 Youth Risk Behavior Survey. This drew national attention culminating in a web-based newscast with www.the74million.org, two stories with NH Public Radio, and an article in a national education magazine, DAdministrator, May, 2016.

Berlin Board of Education members are: Chairperson, Nicole Plourde, Vice-Chair, Lynn Moore, Secretary, Denise Valerino, Louise Valliere, and Scott Losier. The School Board held an annual joint meeting in October with Milan and Dummer school boards. The school board successfully negotiated three collective bargaining agreements with Berlin Education Association, Berlin Education Support Staff, and AFSCME Local #1444 custodians and bus drivers.

The Board members were proactive with drug and alcohol prevention by being the first school district in N.H. to approve a medications policy that included Narcan/Naloxone within schools, during school hours for administration by school nurses. School Board chair, Nicole Plourde was the recipient of this year's Sylvia Evans Award for her volunteerism and contributions to women and families. Berlin High School student Kayleigh Eastman was also a recipient of the same award.

The city funded the FY16 school budget at $17,823,718. 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.

Respectfully Submitted,
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 Berlin Water Works (BWW) has not increased water rates in nineteen years. The NHDES 2015 Water Rate Survey was published and Berlin Water Works ranks17th highest in the State for an average of $615.84/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 16, 2016 in the amount of $1,216.80 from Revolution Energy LLC for carbon credits. Berlin Water Works signed a contract with First Point Power for one year with a savings of approximately $7,600 or 15% of the electrical budget. The normal cost for yearly electricity at the Ammonoosuc Treatment Plant was about $30,000 before the Hydro was installed. The Hydro at the Ammonoosuc Treatment Facility began operation on August 27, 2015; we have since learned that we will not qualify for energy credits because the date to qualify would have been January 1, 2006. However, we have seen a substantial drop in cost for electric power at the Ammonoosuc Treatment Facility. After some review and changes to the original Hydro system, the process is running smoothly and generating electricity for the treatment facility.

The 1995 Bond was paid off on August 4, 2015. The 1993 Bond was paid off in July of 2013. The 1994 Bond was paid off in August 2014. 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 one of our original "Force Account" dump trucks this Fiscal Year and we plan to sell more equipment as the work load decreases. The final payment on the magnum hammer was paid in FY 2016.

BWW continues to offer on line bill paying for customers. Customers can pay their bills by going to the City of Berlin Website berlinnh.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 688 or 20% 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. The Berlin Water Works updated the server for the business

system in the office, through the local company Tech Pro's.

There are 3405 BWW accounts requiring metering and protective devices. BWW has installed 1903 backflow devices to-date at customer's homes. BWW has installed 1369 radio read units to-date. BWW is currently upgrading old brass meters by replacing them with poly Sensus iperl meters. FY 2016 BWW replaced 102 meters of the total replaced all were Sensus iperl meters.

BWW celebrated Drinking Water Week from May 1, 2016 to May 7, 216 with open house at the Ammonoosuc Treatment Plant Monday through Friday. Mayor Grenier signed a proclamation for Drinking Water Week. National Water Week tours included an elementary class and a few other residents visited the plant.

During the mild winter of 2015/2016, we had 0 people running water to prevent service line freeze-up. Efforts continue to reduce the number of running water customers, of which there were 1003 of 3500 customers in the winter of 2000-2001.

The School Department contracted with Berlin Water Works to have the School Dump Truck repaired. Berlin Water Works also contracted with Lancaster Water and Sewer to fuse additional HDPE Pipe. Berlin Water Works assisted the Androscoggin Valley Chamber of Commerce with hydro seeding at Jericho Park and also loam for the ATV Festival. Wade Pelham contacted the Berlin Water Works following his visit to the New Hampshire Department of Corrections on East Milan Road, the correctional facility wants to contract with Berlin Water Works to do the monthly bacteria testing, backflow testing. Berlin Water Works signed a contract with the Northern NH Correctional Facility to do the monthly bacteria testing of the water and the testing of the backflow devices at the facility.

	FY 2015	**FY 2016**
Total Flow	591,225,440	626,419,382
Difference from previous year	44% increase	6% increase
Gallons per Day	1.62 million gallons	1.72 million gallons
Running Water Customers		0
Running Water Start - early	2/4/2015	-
Running Water Start - regular	–	-
Running Water Finish	April 24, 2015	-
Frozen Water Calls - outside	230	0
Frozen Water Calls - inside	7	1
Hydrant Flushing	9/2/14 to 10/10/14	8/3/15 to 9/11/15
Number of main line breaks	10	8
Number of service line breaks	6	5

Our lead and copper water sampling program passed the last seven rounds of testing in June of 2006, December of 2006, September 2007, September 2008, September 2009, September 2012 and September 2015. The testing results from September 2015 showed all passed for copper and one failed for lead. The State of NH Department of Environmental Services dropped the number of test sites required from 60 sample sites 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 2018. Water Quality Report for calendar year 2015 was distributed to all water customers as a bill stuffer in the May 2016 Billing. Paperless customers received an internet address to view the Water Quality Report.

A Waste oil heater was purchased for the Maintenance Garage to help offset the cost of propane for heat in the garage. The Staff set up a trailer with the steam jenny that BWW purchased from the State Surplus, the process with the seam jenny allows BWW to thaw a frozen valve in about two minutes; it takes only three minutes to get to temperature for thawing the valves. The concrete block wall at the garage, fencing with slats and paving at the entrance gate has been completed for the maintenance Garage. Cedar Trees and rhododendrons from the Union Street Pathway were transplanted to the 55 Willow Street



property. The curbing was completed by Tri State Curb at the property on 55 Willow Street, the sidewalks were completed by staff and then the parking lot was paved by Morency Paving. The office parking lot was painted with lines, handicap sign and parking space marked and stop sign at exit of parking lot were installed.

Berlin Water Works has signed a contract with Androscoggin Valley Hospital for rental of their communication tower for the BWW SCADA system, the previous tower we used was sold to another company. Improvements to the Distribution System included using Blue Earth to clean the filters at the Ammonoosuc Treatment Facility one of the filters was cleaned it had not been cleaned since it was installed in 1995. BWW staff plans to clean the second filter sometimes next year.

The City of Berlin invited Berlin Water Works to begin using the People GIS system. Berlin Water Works has started using People GIS to locate all water lines, valves, hydrants. BWW purchased a Leica Zeno 20 Data Collector it is an android based operating system. Staff has been using the People GIS system work orders to record all work completed during construction as well as day to day activities including reading meters for property sales. All information is available as soon as it is entered in one of the many forms created to be used for the Berlin Water Works and the BWW map on line.

Melanson, Heath & Co PC was accepted by the Board to perform the Water Works financial report for period ending June 30, 2016 (FY2016). Water Works re-signed our Engagement Letter dated May 28, 2015 with Melanson-Heath Accounts & Auditors Firm for services from FY15 – FY17. The FY 2015 was completed and FY 2016 is currently in progress. Our FY 2017 budget of $3,272,834 was presented by the Board on May 25, 2016 at the budget hearing providing$2,349,671 for operations and $923,162 for loan debt payments. The proposed budget was approved June 15, 2016. This budget represents the nineteenth 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. Work has been completed on Main Street from Peavey Lane to Eighth Street, Berlin Water Works relocated services, hydrants and valves at intersections from the discontinued 1892 vintage 10" CI water main to the new 16" HDPE water main. This work was a prerequisite for the City of Berlin Road Rebuild and Paving Project from St. Anne's Church to the Community College. Approximately 2900 feet of old 10" cast iron main was eliminated on Main Street from Peavey Lane to Eighth Street. The six inch cast iron main on Birch Street was slip lined with a 4" hdpe water main. We also eliminated the old cross lot line near Cambridge from School Street to Main Street. Work was started on Cedar Street between Prospect Street and Hillside Avenue to be completed FY 2017.

BWW 12-1 NHSRL #10 –In FY 2016 Berlin Water Works lowered the pavement in all the trenches across Riverside Drive from Twelfth Street to the White Mountain Community College in preparation of the City of Berlin repaving project from Twelfth Street to the College.

BWW 11-3 NHSRL #9 The final pay request was submitted on December 14, 2015.

BWW 11-2 NHSRL #8 The final pay request was submitted on November 5, 2015.

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. The final payment on the Rural Development Loan was made in April 2016.

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 was increased to $114,158 to cover several new conflicts on Wight Street. The conflicts were resolved and Coleman paved the project area.

	Total FY2016	**FY 2015**	**FY 2016**
Curb-to-curb street paving (includes overlay)	11.17 miles	0	.38
Number of New Meters	3405 total in system	67	102
Number of New hydrants	420 total in system	0	0
Number of Replaced services	3405 total in system	25	20
New water main installed – since 1990	28.35 Miles	.82	.62

The BWW installed 3,265 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 2016) and 1890 thru 1920's vintage unlined cast iron mains (28,679 feet remaining as of June 2016) 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

Berlin Water Works applied for the amount of $16,666 that was set aside for the Berlin Water Works as a result of the Critical Infrastructure Vulnerable Assessment Study that was completed in August 2015 via the Homeland Security Grant Program. Grant application forms were sent out in November. Staff received a letter on December 3, 2015 stating that Berlin Water

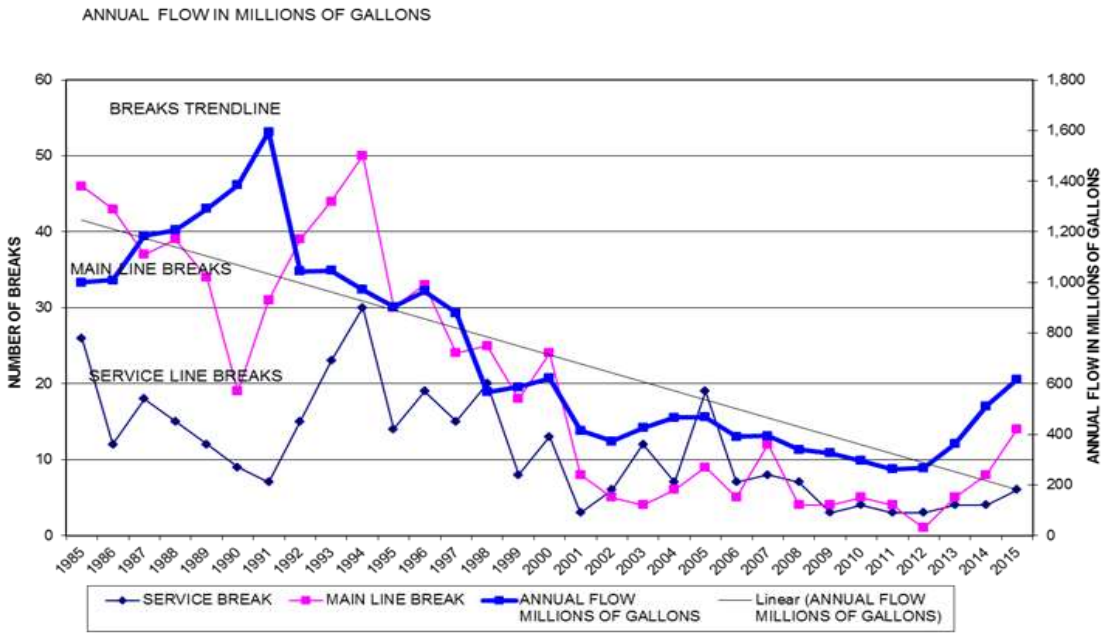
Works was awarded $25,000 based on the grant application. The security upgrades at the Ammonoosuc Treatment facility were completed in June 2016 and included security cameras, fencing and additional lighting.

Richard Skarinka of NHDES suggested that Berlin Water Works apply for an Asset Management Grant through NHDES to assist us with the GIS Mapping System through People GIS. The grant application was submitted in November 2015. On January 21, 2016 Berlin Water Works was notified that the New Hampshire Department of Environmental Services intends to award a 50% grant up to $15,000, final approval for the grant was issued May 4, 2016. The funds are available until May 31, 2017. Berlin Water Works is in the process of tracking expenses and labor charges for the GIS Mapping System.

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



Berlin Regional Airport

One more year passed and one more Capital Improvement Project is in the works. This year we are working on the replacement of our rotating beacon light and wind cone. The initial plan for the rotating beacon was to have the Beacon head reconditioned and to reuse the steel structure. I really wanted to save the head because it contained Fresnel style lens which is the same type of lens used in some older light houses.



As important information was collected for the project, it was determined that this approach would not be possible and that total replacement of the beacon and structure was the way to proceed. The wind cone structure will also be replaced along with any associated site and electrical work. This project will be put out to bid in July of this year.



As spring turns into summer we look forward to our high activity season. During the summer months we generally get a real healthy mix of general aviation and corporate air traffic with the corporate side really picking up. Also this summer we will be hosting a pancake breakfast in the terminal building on August 28th as part of the Milan Old Home Days celebration. As summer fades into fall, our focus will shift once again to preparing for the winter plowing season. Our once new Volvo front end loader and Freightliner plow truck are now 6 and 5 years old respectively. Both pieces of equipment have worked out well for us.



The Berlin Regional Airport continues to serve not only the Citizens of Berlin but the whole of New Hampshire's North Country. Many thanks to the Berlin Airport Authority, airport staff and aviation community for your continued support.

Respectfully Submitted,
Eric Kaminsky
Airport Manager

FINANCE/COLLECTIONS

The Tax Collection Department continues to offer property taxpayers the ability to have tax and sewer payments automatically 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 also accepts 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 year-end audit again this year.

During fiscal year 2016, the Finance Department issued 4,232 semi-annual real estate tax bills totaling $15,063,870.00. The Department also issued 3,176 annual sewer bills which totaled $1,754,932.00. The number of motor vehicle registrations issued by the City decreased this year by 108 registrations to 9,614 registrations. The City collected $1,268,123.50 which is $98,212.00 more than the amount collected last fiscal year.

There was a total of 1,606 dump passes issued during fiscal year 2016.

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**
Uncollected Taxes - Beginning of Year:		$ 1,879,844.02	
Property Taxes			
Land Use Change Tax			
Yield Taxes			
Utility Charges	$ 261,533.89		
Property Tax Credits		$ (23,393.72)	
Taxes Committed:			
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			
Overpayment:			
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

Credits:	2013	2014	2015
Remitted to the Treasurer:			
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		
Abatements made:			
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			
Uncollected Taxes - End of Year:			
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

Debits:	2013 Levy	2014 Levy
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

Credits:	2013 Levy	2014 Levy
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, 2016

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 Required by the Uniform Guidance

Schedule of Findings and Questioned Costs

VACHON CLUKAY
& COMPANY PC

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

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, 2016, 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, 2016, 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 39-44 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.

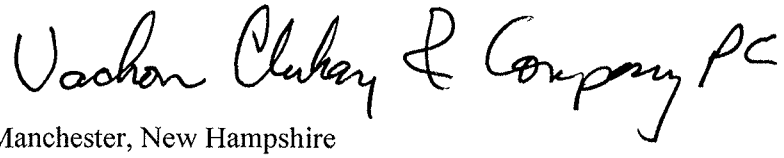
Supplementary Information

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 *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 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 24, 2017 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.



Manchester, New Hampshire
March 24, 2017

City of Berlin, New Hampshire
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016

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, 2016. 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, 2016, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 72 -*Fair Value Measurement and Application.* Under GASB Statement No. 72, the City is required to disclose additional information related to all assets and liabilities subject to fair value measurement. The adoption of GASB Statement No. 72 has no impact on ending net positon (fund balance) or the changes thereto for the year ended June 30, 2016.

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, 2016 by $35 million, an increase of $1.7 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 ($14.2) million. Restricted net position of $875 thousand was restricted for permanent funds principal and income, food service operations, police forfeitures, various unexpended grants and donations, and short-lived sewer asset replacement reserves. The net investment in capital assets increased from the prior year with an ending balance of $48.3 million.

- Changes in Net Position: The City's total net position increased from last fiscal year's $33.3 million to $35 million in fiscal year 2016. Net position of governmental activities increased by $2 million or 6%, and net position of the business-type activities decreased by ($346) thousand or 1%. 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 2016, the City's governmental funds reported an increase of $5.4 million compared to last fiscal year, with a combined ending fund balance of $10.2 million, compared to last fiscal year. Included in the combined governmental fund balance is the activity of the City's General Fund, Bond Issue Capital Projects Fund, and the Nonmajor Governmental Funds. The General Fund ended the fiscal year with an unassigned fund balance of $1.2 million, which is a decrease of ($194) thousand from the previous fiscal year. The Bond Issue Capital Projects Fund ended the fiscal year with a restricted fund balance of $7.1 million, which is an increase of $5.6 million from the previous fiscal year. This increase includes $5.5 million of unspent bond proceeds received during the current fiscal year.

- Proprietary Funds – Net position: As of the close of fiscal year 2016, the City's proprietary funds reported a decrease of ($346) thousand when compared to last fiscal year, with a combined ending net position of $29.1 million. Included in the combined proprietary funds net position is the activity of the City's Sewer Fund and the Nonmajor Enterprise Funds. The Sewer Fund ended the fiscal year with an unrestricted net position of $6.3 million, which is a decrease of ($1) million 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, and 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 governmental-wide financial statements. Reconciliations are provided between the Governmental Fund Statements and the Government-Wide Statements, which can also be found on pages 3-6.

  The City has two major governmental funds; the General Fund and the Bond Issue Capital Projects 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 56-59. The nonmajor governmental funds are:
    - Federal Projects Fund
    - Food Service Fund
    - Airport Authority Fund
    - Health Department Fund
    - Recreation and Parks Programs Fund

- Grants Fund
- CDBG 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 proprietary fund financial statements can be found on pages 7-9, with individual fund data for each of the City's nonmajor proprietary funds provided as supplementary information in the combining statements found on pages 60-62.

- 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 10-11 include the:
    - Berlin Trust Fund
    - Home Nursing Trust Fund
    - Miles Scholarship Trust Fund
    - Elaine Hardy Scholarship Fund
    - Library Trust Fund
    - Student Activities Agency Fund
    - Jericho Wind-power 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 12-38.

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 with a legally adopted budget and includes a reconciliation between the reported activity of the revenues, expenditures and other financing sources and uses for budgetary purposes (Schedule 1, page 39) and the activity as presented in the governmental fund financial statements (Exhibit D, page 5). The City's only major governmental fund with a legally adopted budget 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 40-42). The notes to the required supplementary information can be found on pages 43-44.

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 $35 million at the end of fiscal year 2016, an increase of $1.7 million compared to the end of the previous fiscal year.

Net position of the City as of June 30, 2016 and 2015 is as follows (amounts reported in millions):

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015 restated	2016	2015	2016	2015 restated
Capital assets, net	$ 28.9	$ 27.9	$ 37.3	$ 38.0	$ 66.2	$ 65.9
Other assets	15.4	10.1	9.0	9.5	24.4	19.6
Total Assets	44.3	38.0	46.3	47.5	90.6	85.5
Total Deferred Outflows of Resources	2.5	2.5	0.1	0.1	2.6	2.6
Long-term liabilities	34.2	29.1	16.4	17.5	50.6	46.6
Other liabilities	1.6	1.0	0.8	0.6	2.4	1.6
Total Liabilities	35.8	30.1	17.2	18.1	53.0	48.2
Total Deferred Inflows of Resources	5.1	6.5	0.1	0.1	5.2	6.6
Net position:						
Net investment in capital assets	26.9	24.9	21.4	21.2	48.3	46.1
Restricted	0.4	0.4	0.5	-	0.9	0.4
Unrestricted (Deficit)	(21.4)	(21.4)	7.2	8.2	(14.2)	(13.2)
Total Net Position	$ 5.9	$ 3.9	$ 29.1	$ 29.4	$ 35.0	$ 33.3

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 ($1) million from the prior fiscal year. The most significant component affecting the deficit unrestricted net position of the governmental activities at year end is due to the recognition of the City's proportionate share of the New Hampshire Retirement System's net pension liability and related deferred outflows and inflows of resources in accordance with GASB Statement No. 68. A deficit unrestricted net position balance is expected to continue into subsequent years as a result of Statement 68.

Statement of Activities

The City's total net position increased $1.7 million during this fiscal year. Property and other taxes brought in $15.9 million in revenue. Other major revenues consisted of charges for services, operating grants and contributions, capital grants and contributions, and miscellaneous revenues. Changes in net position for the years ending June 30, 2016 and 2015 are as follows:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	restated 2015	2016	2015	2016	restated 2015
Revenues						
Program revenues:						
Charges for services	$ 2.4	$ 2.5	$ 2.6	$ 2.2	$ 5.0	$ 4.7
Operating grants and contributions	15.2	13.7	-	-	15.2	13.7
Capital grants and contributions	1.6	3.2	-	3.4	1.6	6.6
General revenues:						
Property and other taxes	15.9	15.6	-	-	15.9	15.6
Licenses and permits	1.4	1.3	-	-	1.4	1.3
Intergovernmental	0.5	0.5	-	-	0.5	0.5
Miscellaneous	0.4	0.4	0.1	0.1	0.5	0.5
Total revenues	37.4	37.2	2.7	5.7	40.1	42.9
Expenses						
General government	2.2	2.0	-	-	2.2	2.0
Public safety	5.6	5.5	-	-	5.6	5.5
Airport/Aviation center	0.4	0.4	-	-	0.4	0.4
Highways and streets	2.2	2.3	-	-	2.2	2.3
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	1.0	0.2	-	-	1.0	0.2
Education	19.2	18.9	-	-	19.2	18.9
Food service	0.6	0.6	-	-	0.6	0.6
Debt service	0.4	0.6	-	-	0.4	0.6
Intergovernmental	1.6	1.7	-	-	1.6	1.7
Sewer	-	-	3.0	3.2	3.0	3.2
Total expenses	35.4	34.4	3.0	3.2	38.4	37.6
Excess (Deficiency) before net loss on disposal of capital assets	2.0	2.8	(0.3)	2.5	1.7	5.3
Net loss on disposal of capital assets	-	-	-	(0.1)	-	(0.1)
Change in net position	2.0	2.8	(0.3)	2.4	1.7	5.2
Net position, beginning of year	3.9	1.1	29.4	27.0	33.3	28.1
Net position, end of year	$ 5.9	$ 3.9	$ 29.1	$ 29.4	$ 35.0	$ 33.3

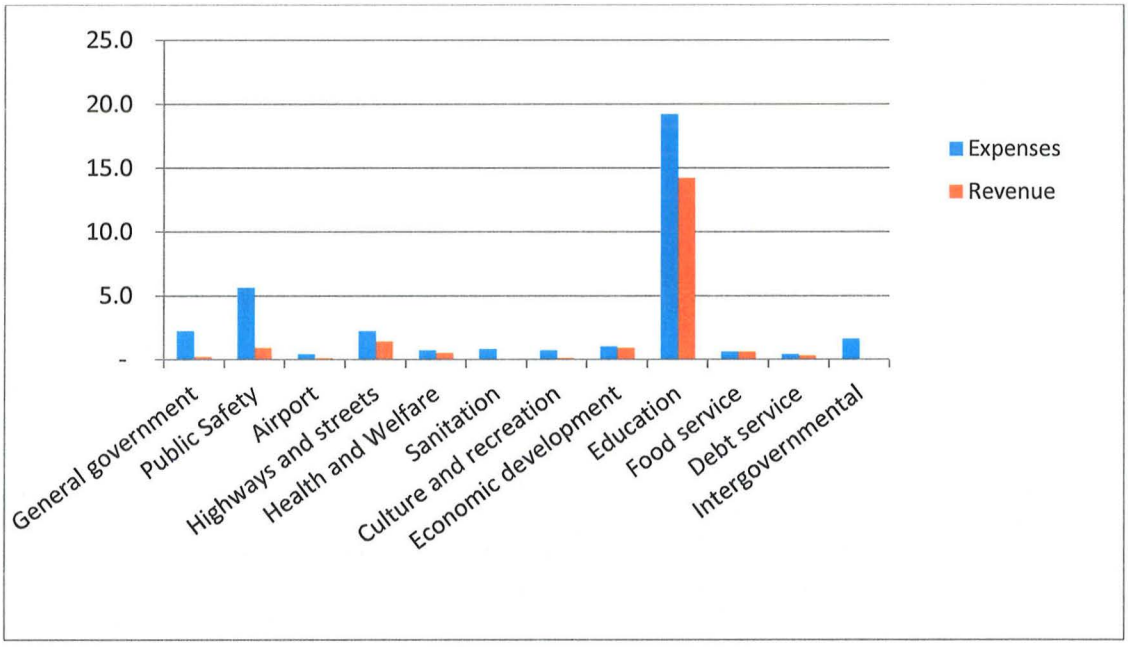
The City's expenses cover a range of services. The largest governmental expenses were for education (54%), public safety (16%), highways and streets (6%) and general government (6%), which accounted for roughly 84% of total governmental expenditures.

Governmental Activities

Governmental activities revenues of $37.4 million exceeded expenses of $35.4 million in fiscal year 2016, 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.

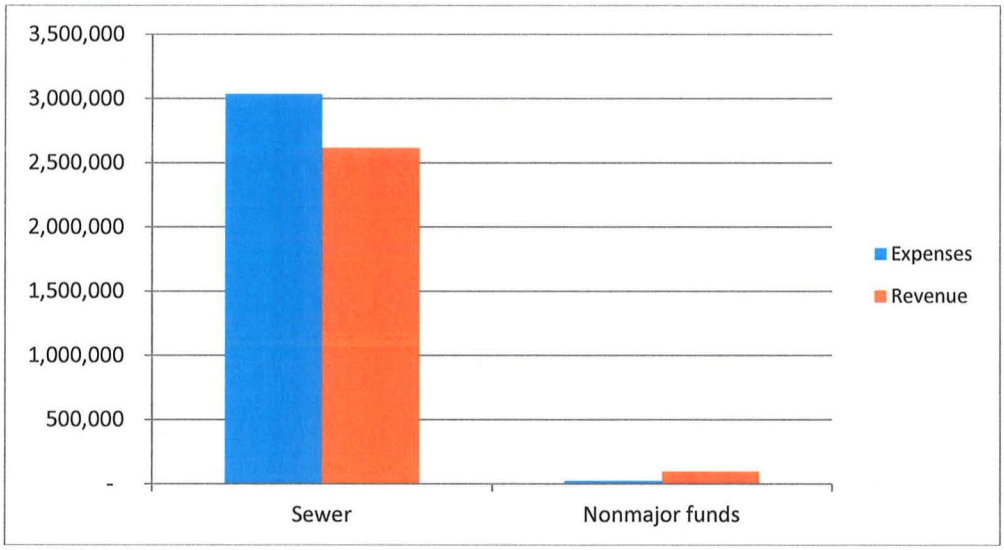
Expenses and Program Revenues – Governmental Activities
Fiscal Year Ending June 30, 2016



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, 2016

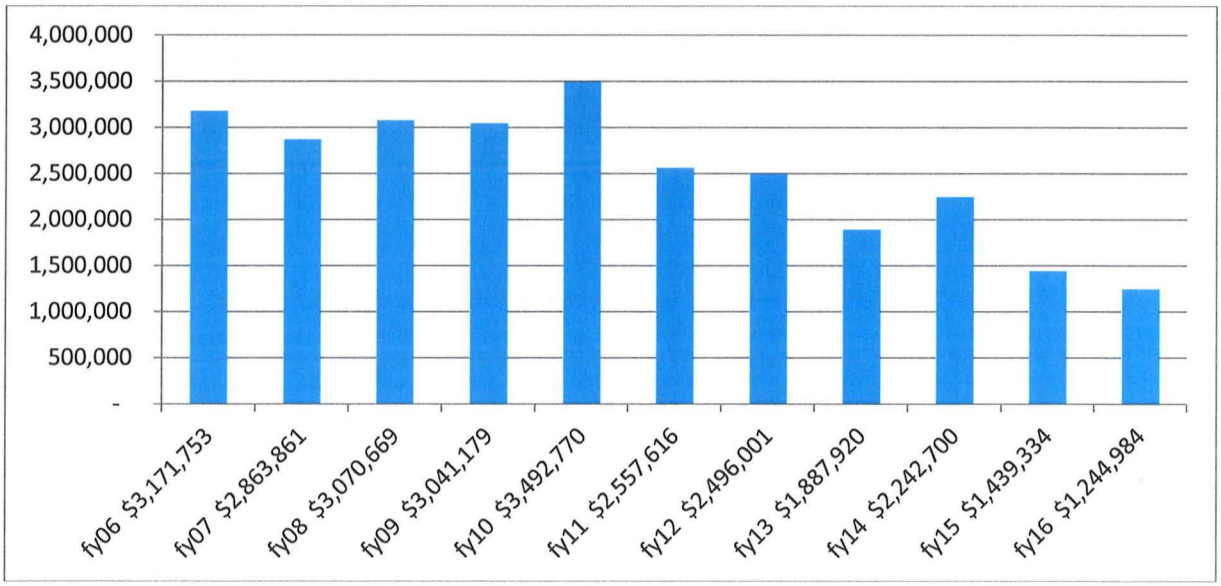


FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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 2006 through 2016 are as follows:

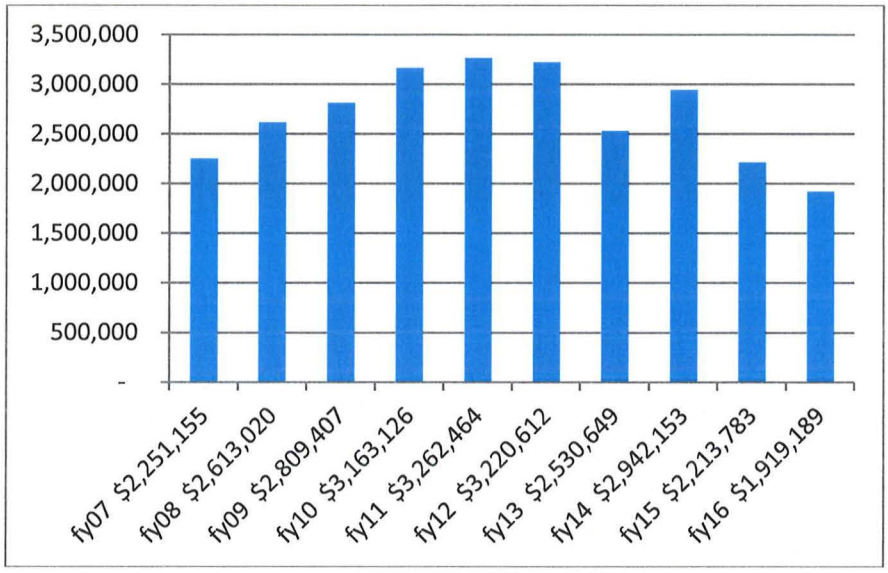


General Fund

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 $1,244,984, while total fund balance was $2,812,353. 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 ($194,350) 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 2016, the General Fund Unassigned Fund Balance has decreased to $1,919,189, with $1,150,000 being applied to reduce the 2015 tax rate.

Other Governmental Funds

The combined fund balances of the nonmajor governmental funds increased during the year by $131,987 to a fiscal year end balance of $345,570. The increase was primarily a result of a transfer into the Hutchins Street Capital Project 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 decreased by ($346,492) 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 a decrease of net position of ($421,894). The Nonmajor Proprietary Funds had a combined net position increase of $75,402 in fiscal year 2016.

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) required to report budgetary activity can be found in the Required Supplementary Information section on page 39.

Actual budgetary revenues were more than the budgeted estimated revenues by $240,193. There was an unfavorable variance of ($82,057) in actual property taxes revenue from the amount budgeted. There were favorable variances of $137,105 and $148,150 in actual licenses and permits and miscellaneous revenue from the amount budgeted, respectively. Actual budgetary expenditures at fiscal year-end were $714,734 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 $236,708 less than budgeted. General government was $270,165 less than budgeted and Highways and streets spent $155,310 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, 2016, amounted to $114 million. Accumulated depreciation was $47.8 million leaving a net book value of $66.2 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 Statement 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 4 on pages 22-23 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 $25.1 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 $239 thousand at year end and are solely attributable to the Sewer Fund. The City issued general obligation bonds totaling $5.5 million to fund the Bond Issue Capital Projects Fund. In addition, the City had outstanding capital leases payable totaling $180 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 5 on pages 23-27 of the Notes to the Basic Financial Statements.

Net Pension Liability and Other Post-Employment Benefits

During fiscal year 2015, 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 $23.2 million, with deferred outflows and inflows of resources related to pension in the amounts of $2.6 million and $1.5 million, respectively. Additional information regarding the City's net pension liability can be found in Note 6 on pages 27-31 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, 2016 is $972 thousand. Additional information regarding the City's OPEB obligation can be found in Note 7 on pages 31-33 of the Notes to the Basic Financial Statements.

ECONOMIC CONDITIONS

The Burgess BioPower biomass plant, completed in late 2013, has been undergoing optimization work over the last several months of FY16. The operators of the plant indicate that the facility is operating more consistently than when first put on line. The facility is capable of producing maximum output when the electrical grid is capable of receiving it. Contrary to the last audit period, the price for whole tree chips has decreased significantly creating a purchasing and production advantage for the plant. The current fiscal year included Year 6 of the City's 20 year pilot agreement with Berlin Station.

Jericho Wind Power (recently acquired by LS Power) completed construction of its 5-tower wind farm in 2015. The 2.85 mega-watt towers are now online and are producing power to the grid. The first payment in lieu of taxes made by agreement to the City occurred in July of 2016. The agreement will provide increasing revenues to the City over the next 20-year period.

Capone Iron Corporation expanded their fabrication space and has added 13 jobs and will add approximately another 13 jobs over the next 12 months.

The Gorham Paper Mill continues to operate and improve product lines and actively seek employees. They continue to operate with approximately 123 employees.

Further significant developments, which are occurring on Route 110, include a proposed 170 RV site campground, the demolition of a large old manufacturing plant and the active solicitation for new development of this site as well as the purchase and renovation of another old vacant building in the same area into available rental retail space.

Berlin's redefinition continues. As evident from the statements above, the City is focused on further developing a new economy. The City is not inhibited by memories of past successes. It has clearly moved on to build a diverse economic fabric with the ultimate goal of a bountiful and sustainable future. The City has several large governmental and non-profit employers which are vitally important to the foundation of the economy. In addition, the City's and area's compliment of private electrical power production, steel fabrication, forest products, paper products, tourism and now a high potential for high-tech agriculture are bringing the foundation out of the ground and into sight for many to see and be part of.

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, 2016

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 18,472,739		$ 18,472,739	$ 1,152,058
Investments	377,196		377,196	
Taxes receivable, net	759,729		759,729	
Accounts receivable, net	452,566	$ 489,856	942,422	237,856
Due from other governments	2,051,800	329,774	2,381,574	360,485
Internal balances	(7,178,762)	7,178,762	-	
Prepaid expenses	37,275	2,175	39,450	
Inventory	9,093	66,105	75,198	313,590
Tax deeded property	385,413		385,413	
Total Current Assets	15,367,049	8,066,672	23,433,721	2,063,989
Noncurrent Assets:				
Due from other governments		886,761	886,761	
Capital assets:				
Non-depreciable capital assets	14,435,406	154,152	14,589,558	3,529,458
Depreciable capital assets, net	14,429,611	37,204,701	51,634,312	37,358,222
Total Noncurrent Assets	28,865,017	38,245,614	67,110,631	40,887,680
Total Assets	44,232,066	46,312,286	90,544,352	42,951,669
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	2,519,250	68,991	2,588,241	85,489
Total Deferred Outflows of Resources	2,519,250	68,991	2,588,241	85,489
LIABILITIES				
Current Liabilities:				
Accounts payable	432,465	31,392	463,857	46,899
Accrued expenses	531,159	166,039	697,198	52,651
Advances from grantors	57,162		57,162	
Unearned revenue	8,688		8,688	
Current portion of bonds payable	326,703	594,455	921,158	919,464
Current portion of notes payable			-	2,526,229
Current portion of capital leases payable	106,878		106,878	
Current portion of compensated absences payable	93,781		93,781	29,339
Current portion of estimated liability for landfill postclosure care costs	9,900	11,400	21,300	
Total Current Liabilities	1,566,736	803,286	2,370,022	3,574,582
Noncurrent Liabilities:				
Bonds payable	9,047,876	15,132,916	24,180,792	8,002,744
State of New Hampshire revolving loan		239,340	239,340	
Capital leases payable	72,769		72,769	
Compensated absences payable	1,454,671	144,631	1,599,302	146,385
Net pension liability	22,542,589	686,179	23,228,768	1,026,099
Other post-employment benefits liability	935,121	36,795	971,916	46,924
Estimated liability for landfill postclosure care costs	99,000	205,200	304,200	
Total Noncurrent Liabilities	34,152,026	16,445,061	50,597,087	9,222,152
Total Liabilities	35,718,762	17,248,347	52,967,109	12,796,734
DEFERRED INFLOWS OF RESOURCES				
Property taxes collected in advance	3,703,826		3,703,826	
Deferred inflows related to pension	1,411,818	47,569	1,459,387	49,941
Total Deferred Inflows of Resources	5,115,644	47,569	5,163,213	49,941
NET POSITION				
Net investment in capital assets	26,891,159	21,392,142	48,283,301	29,439,243
Restricted	386,957	488,000	874,957	
Unrestricted (Deficit)	(21,361,206)	7,205,219	(14,155,987)	751,240
Total Net Position	$ 5,916,910	$ 29,085,361	$ 35,002,271	$ 30,190,483

EXHIBIT B
CITY OF BERLIN, NEW HAMPSHIRE
Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit
Governmental Activities:								
General government	$ 2,226,769	$ 179,223	$ 32,846		$ (2,014,700)		$ (2,014,700)	
Public safety	5,581,545	241,015	249,645	$ 274,488	(4,816,397)		(4,816,397)	
Airport/Aviation center	361,137	96,135	9,901	24,277	(230,824)		(230,824)	
Highways and streets	2,177,093	66,153	237,147	1,079,090	(794,703)		(794,703)	
Health and welfare	651,320	139,468	378,207		(133,645)		(133,645)	
Sanitation	808,561	30,427			(778,134)		(778,134)	
Culture and recreation	711,492	43,539	3,519		(664,434)		(664,434)	
Economic development	959,126		892,009		(67,117)		(67,117)	
Education	19,184,631	1,348,381	12,612,320	178,244	(5,045,686)		(5,045,686)	
Food service	643,114	221,783	412,678		(8,653)		(8,653)	
Debt service	445,753		321,672		(124,081)		(124,081)	
Intergovernmental	1,553,959				(1,553,959)		(1,553,959)	
Total governmental activities	35,304,500	2,366,124	15,149,944	1,556,099	(16,232,333)	$ -	(16,232,333)	
Business-type activities:								
Sewer	3,036,174	2,552,404		29,915		(453,855)	(453,855)	
Nonmajor enterprise funds	19,979					(19,979)	(19,979)	
Total business-type activities	3,056,153	2,552,404	-	29,915	-	(473,834)	(473,834)	
Total primary government	$ 38,360,653	$ 4,918,528	$ 15,149,944	$ 1,586,014	(16,232,333)	(473,834)	(16,706,167)	
Component unit:								
Water	$ 3,017,579	$ 2,775,737		$ 365,471				$ 123,629
Total component unit	$ 3,017,579	$ 2,775,737	$ -	$ 365,471				123,629
General revenues:								
Property and other taxes					15,946,998		15,946,998	
Licenses and permits					1,390,755		1,390,755	
Grants and contributions:								
Rooms and meals tax distribution					511,570		511,570	
Interest and investment earnings					7,668	6,009	13,677	23,728
Miscellaneous					396,732	121,333	518,065	50,344
Net loss on disposal of capital assets					(400)		(400)	
Total general revenues and net loss on disposal of capital assets					18,253,323	127,342	18,380,665	74,072
Change in net position					2,020,990	(346,492)	1,674,498	197,701
Net Position at beginning of year, as restated					3,895,920	29,431,853	33,327,773	29,992,782
Net Position at end of year					$ 5,916,910	$ 29,085,361	$ 35,002,271	$ 30,190,483

EXHIBIT C
CITY OF BERLIN, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	Bond Issue Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 18,469,365		$ 3,374	$ 18,472,739
Investments	2,281		374,915	377,196
Taxes receivable, net	759,729			759,729
Accounts receivable	420,880		29,396	450,276
Due from other governments	656,097		1,395,703	2,051,800
Due from other funds	1,175,001	$ 7,110,844	38,420	8,324,265
Prepaid expenses	223,468		24,320	247,788
Inventory			9,093	9,093
Tax deeded property	385,413			385,413
Total Assets	22,092,234	7,110,844	1,875,221	31,078,299
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows of Resources	-	-	-	-
Total Assets and Deferred Outflows of Resources	$ 22,092,234	$ 7,110,844	$ 1,875,221	$ 31,078,299
LIABILITIES				
Accounts payable	$ 132,805	$ 21,592	$ 277,568	$ 431,965
Accrued expenses	437,897		16,144	454,041
Advances from grantors			57,162	57,162
Unearned revenue	2,622		6,066	8,688
Due to other funds	14,328,526		1,172,711	15,501,237
Total Liabilities	14,901,850	21,592	1,529,651	16,453,093
DEFERRED INFLOWS OF RESOURCES				
Property taxes collected in advance	3,703,826			3,703,826
Uncollected property tax revenue	674,205			674,205
Total Deferred Inflows of Resources	4,378,031	-	-	4,378,031
FUND BALANCES				
Nonspendable	608,881		184,466	793,347
Restricted		7,089,252	235,904	7,325,156
Committed			183,833	183,833
Assigned	958,488			958,488
Unassigned (Deficit)	1,244,984		(258,633)	986,351
Total Fund Balances	2,812,353	7,089,252	345,570	10,247,175
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 22,092,234	$ 7,110,844	$ 1,875,221	$ 31,078,299

EXHIBIT C-1
CITY OF BERLIN, NEW HAMPSHIRE
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2016

Total Fund Balances - Governmental Funds (Exhibit C)	$ 10,247,175
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	28,865,017
Property taxes are recognized on an accrual basis in the statement of net position, not the modified accrual basis	674,205
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	2,519,250
Deferred inflows of resources attributable to net pension liability	(1,411,818)
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	(9,374,579)
Capital leases payable	(179,647)
Accrued interest on long-term obligations	(77,118)
Compensated absences payable	(1,548,452)
Net pension liability	(22,542,589)
Other post-employment benefits liability	(935,121)
Estimated liability for landfill postclosure care costs	(108,900)
Net Position of Governmental Activities (Exhibit A)	$ 5,916,910

EXHIBIT D
CITY OF BERLIN, NEW HAMPSHIRE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	General Fund	Bond Issue Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	$ 16,047,242			$ 16,047,242
Licenses and permits	1,390,755			1,390,755
Intergovernmental	12,197,334	$ 440,403	$ 4,236,582	16,874,319
Charges for services	2,000,829		352,127	2,352,956
Interest income	2,719		4,949	7,668
Miscellaneous	409,900		95,294	505,194
Total Revenues	32,048,779	440,403	4,688,952	37,178,134
Expenditures:				
Current operations:				
General government	1,981,028		32,861	2,013,889
Public safety	5,396,288		521,761	5,918,049
Airport/Aviation center			160,434	160,434
Highways and streets	1,866,216			1,866,216
Health and welfare	652,666		1,418	654,084
Sanitation	832,216			832,216
Culture and recreation	637,209		43,985	681,194
Economic development			888,881	888,881
Education	17,338,037		2,040,255	19,378,292
Food service			638,996	638,996
Capital outlay	1,141,152	319,294	429,112	1,889,558
Debt service:				
Principal retirement	616,703			616,703
Interest and fiscal charges	195,482	16,000		211,482
Intergovernmental	1,553,959			1,553,959
Total Expenditures	32,210,956	335,294	4,757,703	37,303,953
Excess of revenues over (under) expenditures	(162,177)	105,109	(68,751)	(125,819)
Other Financing Sources (Uses):				
Proceeds from bond issuance		5,500,000		5,500,000
Transfers in	6,115		206,853	212,968
Transfers out	(206,853)		(6,115)	(212,968)
Total Other Financing Sources (Uses)	(200,738)	5,500,000	200,738	5,500,000
Net change in fund balances	(362,915)	5,605,109	131,987	5,374,181
Fund balances at beginning of year	3,175,268	1,484,143	213,583	4,872,994
Fund balances at end of year	$ 2,812,353	$ 7,089,252	$ 345,570	$ 10,247,175

EXHIBIT D-1
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, 2016

Net Change in Fund Balances - Governmental Funds (Exhibit D)	$ 5,374,181
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.	721,197
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.	(400)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	147,756
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.	658,312
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.	68,670
Proceeds from bond issuances are other financing sources in the funds, but bond issuances increase long-term liabilities in the statement of net position.	(5,500,000)
In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due.	2,059
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.	575,357
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.	(26,142)
Change in Net Position of Governmental Activities (Exhibit B)	$ 2,020,990

EXHIBIT E
CITY OF BERLIN, NEW HAMPSHIRE
Statement of Net Position
Proprietary Funds
June 30, 2016

	Business-type Activities		
	Sewer Fund	Nonmajor Enterprise Funds	Totals
ASSETS			
Current Assets:			
Accounts receivable	$ 489,856		$ 489,856
Due from other governments	259,198	$ 70,576	329,774
Due from other funds	6,144,981	1,033,781	7,178,762
Prepaid expenses	2,175		2,175
Inventory	66,105		66,105
Total Current Assets	6,962,315	1,104,357	8,066,672
Noncurrent Assets:			
Due from other governments	886,761		886,761
Capital assets:			
Non-depreciable capital assets	57,949	96,203	154,152
Depreciable capital assets, net	37,204,701		37,204,701
Total Noncurrent Assets	38,149,411	96,203	38,245,614
Total Assets	45,111,726	1,200,560	46,312,286
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	68,991		68,991
Total Deferred Outflows of Resources	68,991	-	68,991
LIABILITIES			
Current Liabilities:			
Accounts payable	31,287	105	31,392
Accrued expenses	166,039		166,039
Current portion of bonds payable	594,455		594,455
Current portion of estimated liability for landfill postclosure care costs		11,400	11,400
Total Current Liabilities	791,781	11,505	803,286
Noncurrent Liabilities:			
Bonds payable	15,132,916		15,132,916
State of New Hampshire revolving loan	239,340		239,340
Compensated absences payable	144,631		144,631
Net pension liability	686,179		686,179
Other post-employment benefits liability	36,795		36,795
Estimated liability for landfill postclosure care costs		205,200	205,200
Total Noncurrent Liabilities	16,239,861	205,200	16,445,061
Total Liabilities	17,031,642	216,705	17,248,347
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	47,569		47,569
Total Deferred Inflows of Resources	47,569	-	47,569
NET POSITION			
Net investment in capital assets	21,295,939	96,203	21,392,142
Restricted for:			
Short-lived asset replacement reserve	488,000		488,000
Unrestricted	6,317,567	887,652	7,205,219
Total Net Position	$ 28,101,506	$ 983,855	$ 29,085,361

EXHIBIT F
CITY OF BERLIN, NEW HAMPSHIRE
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2016

	Business-type Activities		
	Sewer Fund	Nonmajor Enterprise Funds	Totals
Operating revenues:			
Charges for services	$ 2,552,404		$ 2,552,404
Miscellaneous	26,024	$ 95,309	121,333
Total Operating Revenues	2,578,428	95,309	2,673,737
Operating expenses:			
Personnel services	907,890		907,890
Contractual services	15,945	265	16,210
Repairs and maintenance	54,560	13,090	67,650
Administrative	82,555	6,624	89,179
Materials and supplies	236,635		236,635
Utilities	207,973		207,973
Depreciation	1,077,218		1,077,218
Total Operating Expenses	2,582,776	19,979	2,602,755
Operating income (loss)	(4,348)	75,330	70,982
Non-operating revenues (expenses):			
Interest income	5,937	72	6,009
Interest expense	(453,398)		(453,398)
Net non-operating revenues (expenses)	(447,461)	72	(447,389)
Income (Loss) before capital contributions	(451,809)	75,402	(376,407)
Capital contributions	29,915		29,915
Change in net position	(421,894)	75,402	(346,492)
Net Position at beginning of year	28,523,400	908,453	29,431,853
Net Position at end of year	$ 28,101,506	$ 983,855	$ 29,085,361

EXHIBIT G
CITY OF BERLIN, NEW HAMPSHIRE
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

	Business-type Activities		
	Sewer Fund	Nonmajor Enterprise Funds	Totals
Cash flows from operating activities:			
Cash received from customers	$ 2,722,721	$ 81,746	$ 2,804,467
Cash paid to suppliers	(520,367)	(25,141)	(545,508)
Cash paid to employees	(954,029)		(954,029)
Other operating cash receipts	1,848	10,668	12,516
Net cash provided by operating activities	1,250,173	67,273	1,317,446
Cash flows from capital and related financing activities:			
Proceeds from State of New Hampshire revolving loan	47,048		47,048
Principal paid on bonds payable	(577,638)		(577,638)
Interest paid on long-term debt	(458,265)		(458,265)
Capital contributions	287,958		287,958
Purchases of capital assets	(627,797)	(96,203)	(724,000)
Net cash used for capital and related financing activities	(1,328,694)	(96,203)	(1,424,897)
Cash flows from investing activities:			
Interest on investments	5,937	72	6,009
Net cash provided by investing activities	5,937	72	6,009
Net decrease in cash and cash equivalents	(72,584)	(28,858)	(101,442)
Cash and cash equivalents at beginning of year	6,217,565	1,062,639	7,280,204
Cash and cash equivalents at end of year	$ 6,144,981	$ 1,033,781	$ 7,178,762
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	$ (4,348)	$ 75,330	$ 70,982
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	1,077,218		1,077,218
Change in deferred outflows related to pension	3,814		3,814
Change in deferred inflows related to pension	(34,191)		(34,191)
Changes in assets and liabilities:			
Accounts receivable	146,141	7,964	154,105
Due from other governments		16,630	16,630
Prepaid expenses	4,114		4,114
Inventory	4,035		4,035
Accounts payable	(4,664)	(15)	(4,679)
Accrued expenses	(6,797)		(6,797)
Unearned revenue		(236)	(236)
Compensated absences payable	17,709		17,709
Net pension liability	47,186		47,186
Other post-employment benefits liability	(44)		(44)
Estimated liability for landfill postclosure care costs		(32,400)	(32,400)
Net cash provided by operating activities	$ 1,250,173	$ 67,273	$ 1,317,446
Non-cash transactions affecting financial position:			
Capital asset additions included in year end liabilities	$ 5,621	$ -	$ 5,621

EXHIBIT H
CITY OF BERLIN, NEW HAMPSHIRE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	Private-Purpose Trusts	Agency Funds
ASSETS		
Cash and cash equivalents	$ 11,142	$ 244,888
Investments	113,421	
Due from other funds		500
Total Assets	124,563	$ 245,388
DEFERRED OUTFLOWS OF RESOURCES		
Total Deferred Outflows of Resources	-	
LIABILITIES		
Deposits		$ 500
Due to student groups		244,888
Due to other funds	2,290	
Total Liabilities	2,290	$ 245,388
DEFERRED INFLOWS OF RESOURCES		
Total Deferred Inflows of Resources	-	
NET POSITION		
Held in trust	122,273	
Total Net Position	$ 122,273	

EXHIBIT I
CITY OF BERLIN, NEW HAMPSHIRE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2016

	Private-Purpose Trusts
ADDITIONS:	
Contributions:	
Investment earnings:	
Investment income	$ 384
Total Additions	384
DEDUCTIONS:	
Benefits	2,043
Total Deductions	2,043
Change in Net Position	(1,659)
Net Position at beginning of year	123,932
Net Position at end of year	$ 122,273

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.

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 represent the City's major governmental funds:

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.

The *Bond Issue Capital Projects Fund* accounts for all financial transactions used for the acquisition or construction of major capital facilities, infrastructure and equipment. It accounts for any federal, state, and local financing of these projects and the related capital outlay expenditures.

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

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 12). 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 deferred inflows of resources.

3. **Expenses/Expenditures:**

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization are not recognized in governmental funds.

Budgetary Data

The City's budget represents functional appropriations as authorized by annual or special City Council meetings. The City Council may transfer funds between operating categories as they deem necessary. The City adopts its budget under State regulations, which differ somewhat from accounting principles generally accepted in the United States of America in that the focus is on the entire governmental unit rather than on the basis of fund types.

State law requires balanced budgets but permits the use of beginning fund balance to reduce the property tax rate. For the fiscal year ended June 30, 2016, the City applied $1,150,000 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:

	Due *from* other funds
Proprietary Funds:	
Sewer Fund	$ 6,144,981
Nonmajor Enterprise Funds	1,033,781
Total cash and cash equivalents	$ 7,178,762

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, 2016 are recorded as receivables net of reserves for estimated uncollectible taxes of $566,518.

Due from Other Governments

Receivables due from other governments at June 30, 2016 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 $259,198 and $886,761, respectively.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2016 are recorded as prepaid items. Prepaid expenses reported on the modified accrual basis of accounting in the General Fund at June 30, 2016 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, 2016, 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:

Description	Years
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

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 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.

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—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Balance

At June 30, 2016, the Airport Authority Fund, a Nonmajor Governmental Fund, had a deficit *'Unassigned'* fund balance of ($258,633) and total deficit fund balance of ($234,313).

NOTE 3—DEPOSITS AND INVESTMENTS

Deposits and investments as of June 30, 2016 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and cash equivalents	$ 18,472,739
Investments	377,196
Statement of Fiduciary Net Position:	
Cash and cash equivalents	256,030
Investments	113,421
Total deposits and investments	$ 19,219,386

Deposits and investments as of June 30, 2016 consist of the following:

Cash on hand	$ 3,353
Deposits with financial institutions	19,213,752
Investments	2,281
Total deposits and investments	$ 19,219,386

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, $18,609,875 was collateralized by securities held by the bank in the bank's name and $11,385 was uninsured and uncollateralized.

NOTE 4—CAPITAL ASSETS

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

	Balance (As Restated) 07/01/15	Additions	Reductions	Balance 06/30/16
Governmental activities:				
Capital assets not depreciated:				
Land	$ 1,189,275	$ 18,750		$ 1,208,025
Construction in progress	13,151,153	739,082	$ (662,854)	13,227,381
Total capital assets not being depreciated	14,340,428	757,832	(662,854)	14,435,406
Other capital assets:				
Infrastructure	9,068,045	380,252		9,448,297
Land improvements	5,297,189			5,297,189
Buildings and improvements	11,010,251	720,979		11,731,230
Vehicles and equipment	9,244,590	861,415	(336,015)	9,769,990
Total other capital assets at historical cost	34,620,075	1,962,646	(336,015)	36,246,706
Less accumulated depreciation for:				
Infrastructure	(5,480,877)	(278,272)		(5,759,149)
Land improvements	(3,285,297)	(144,702)		(3,429,999)
Buildings and improvements	(5,827,112)	(226,536)		(6,053,648)
Vehicles and equipment	(6,470,997)	(433,917)	330,615	(6,574,299)
Total accumulated depreciation	(21,064,283)	(1,083,427)	330,615	(21,817,095)
Total other capital assets, net	13,555,792	879,219	(5,400)	14,429,611
Total capital assets, net	$ 27,896,220	$ 1,637,051	$ (668,254)	$ 28,865,017

Depreciation expense was charged to governmental functions as follows:

General government	$ 49,690
Public safety	163,413
Airport/Aviation center	202,249
Highways and streets	328,952
Health and welfare	2,940
Sanitation	15,961
Culture and recreation	36,985
Education	279,119
Food service	4,118
Total governmental activities depreciation expense	$ 1,083,427

The balance of capital assets acquired through capital leases as of June 30, 2016 is as follows:

Vehicles and equipment	$ 182,260
Less: Accumulated depreciation	(36,452)
	$ 145,808

During the year ended June 30, 2016, 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, $248,000 has been included as an addition to capital assets and a capital contribution, respectively.

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

	Balance 07/01/15	Additions	Reductions	Balance 06/30/16
Business-type activities:				
Capital assets not depreciated:				
Land	$ 57,949	$ 96,203		$ 154,152
Construction in progress	16,243,053		$(16,243,053)	-
Total capital assets not being depreciated	16,301,002	96,203	(16,243,053)	154,152
Other capital assets:				
Infrastructure	22,633,632	16,513,491		39,147,123
Buildings and improvements	23,135,568	10,305		23,145,873
Vehicles and equipment	894,630	9,391	(39,232)	864,789
Total other capital assets at historical cost	46,663,830	16,533,187	(39,232)	63,157,785
Less accumulated depreciation for:				
Infrastructure	(7,547,057)	(574,879)		(8,121,936)
Buildings and improvements	(16,810,983)	(462,939)		(17,273,922)
Vehicles and equipment	(557,058)	(39,400)	39,232	(557,226)
Total accumulated depreciation	(24,915,098)	(1,077,218)	39,232	(25,953,084)
Total other capital assets, net	21,748,732	15,455,969	-	37,204,701
Total capital assets, net	$ 38,049,734	$ 15,552,172	$(16,243,053)	$ 37,358,853

Depreciation expense was charged to proprietary funds as follows:

Sewer Fund	$ 1,077,218
Total business-type activities depreciation expense	$ 1,077,218

NOTE 5—LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

The changes in the City's long-term obligations for the year ended June 30, 2016 are as follows:

	Balance 07/01/15	Additions	Reductions	Balance 06/30/16	Due Within One Year
Governmental activities:					
Bonds payable	$ 3,843,406	$ 5,500,000	$ (311,703)	$ 9,031,703	$ 326,703
Unamortized bond premium	411,546		(68,670)	342,876	
Total Bonds payable	4,254,952	5,500,000	(380,373)	9,374,579	326,703
Capital leases payable	526,256		(346,609)	179,647	106,878
Compensated absences payable	1,686,368	119,858	(257,774)	1,548,452	93,781
Total governmental activities	$ 6,467,576	$ 5,619,858	$ (984,756)	$ 11,102,678	$ 527,362

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.

	Balance 07/01/15	Additions	Reductions	Balance 06/30/16	Due Within One Year
Business-type activities:					
Bonds payable	$ 16,305,009		$ (577,638)	$ 15,727,371	$ 594,455
State of New Hampshire revolving loan	192,292	$ 47,048		239,340	
Compensated absences payable	126,922	21,549	(3,840)	144,631	
Total business-type activities	$ 16,624,223	$ 68,597	$ (581,478)	$ 16,111,342	$ 594,455

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.

	Balance 07/01/15	Additions	Reductions	Balance 06/30/16	Due Within One Year
Component unit:					
Bonds payable	$ 6,226,111	$ 4,000,000	$ (1,303,903)	$ 8,922,208	$ 919,464
Total component unit	$ 6,226,111	$ 4,000,000	$ (1,303,903)	$ 8,922,208	$ 919,464

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

General Obligation Bonds

Governmental Activities:

Bonds payable at June 30, 2016 are comprised of the following individual issues:

Description	Original Issue	Interest Rate	Maturity Date	Balance at June 30, 2016
1997 Landfill Closure Bonds	$ 1,134,062	4.48%	November 2016	$ 56,703
2013 Series C Bonds	3,971,500	4.1-5.6%	August 2025	3,475,000
2016 Series Bonds	5,500,000	2.65%	July 2036	5,500,000
	$ 10,605,562			9,031,703
			Add: *Unamortized bond premium*	342,876
			Total Bonds Payable	$ 9,374,579

Debt service requirements to retire outstanding general obligation bonds for governmental activities at June 30, 2016 are as follows:

Year Ending June 30,	Principal	Interest	Totals
2017	$ 326,703	$ 256,751	$ 583,454
2018	485,000	296,618	781,618
2019	520,000	274,606	794,606
2020	545,000	252,216	797,216
2021	565,000	229,066	794,066

2022-2026	3,205,000	762,645	3,967,645
2027-2031	1,420,000	356,425	1,776,425
2032-2036	1,615,000	155,621	1,770,621
2037	350,000	4,638	354,638
Sub-total Bonds Payable	9,031,703	2,588,586	11,620,289
Add: *Unamortized Bond Premium*	342,876	-	342,876
Total Bonds Payable	$ 9,374,579	$ 2,588,586	$ 11,963,165

The State of New Hampshire annually reimburses the City for its share of landfill related debt service payments. For the year ended June 30, 2016, the landfill closure debt reimbursement was recorded in the General Fund in the amount of $9,524.

As included on the Statement of Activities (Exhibit B) as 'Debt service' expense, interest expense for the year ended June 30, 2016 was $127,380 on general obligation debt of the governmental activities.

Business-type Activities:

Bonds payable at June 30, 2016 is comprised of the following individual issues:

Description	Original Issue	Interest Rate	Maturity Date	Balance at June 30, 2016
2007 Rural Utilities Bond	$ 5,000,000	4.25%	September 2032	$ 3,844,950
2014 Rural Utilities Bond #R-1	6,508,000	2.375%	September 2037	6,182,507
2014 Rural Utilities Bond #R-2	6,000,000	2.375%	September 2037	5,699,914
	$ 17,508,000			$ 15,727,371

Debt service requirements to retire outstanding general obligation bonds for business-type activities at June 30, 2016 are as follows:

Year Ending June 30,	Principal	Interest	Totals
2017	$ 594,455	$ 441,449	$ 1,035,904
2018	611,803	424,101	1,035,904
2019	629,701	406,203	1,035,904
2020	648,167	387,737	1,035,904
2021	667,221	368,682	1,035,903
2022-2026	3,643,982	1,535,538	5,179,520
2027-2031	4,221,231	958,289	5,179,520
2032-2036	3,678,973	357,097	4,036,070
2037-2038	1,031,838	24,515	1,056,353
	$ 15,727,371	$ 4,903,611	$ 20,630,982

The State of New Hampshire annually reimburses the City for its share of sewer related debt service payments. For the year ended June 30, 2016, 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, 2016 was $453,398 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, 2016, the total reimbursement from Berlin Water Works was $312,148, which consists of $305,000 in principal and $7,148 in interest.

Bonds payable for the Berlin Water Works at June 30, 2016 are comprised of the following individual issues:

Description	Interest Rate	Maturity Date	Balance at June 30, 2016
State Revolving Loan	0.00%	December 2017	$ 300,187
State Revolving Loan	0.00%	December 2017	232,272
State Revolving Loan	0.00%	December 2017	136,160
State Revolving Loan	0.00%	December 2018	417,876
State Revolving Loan	0.00%	May 2021	732,707
State Revolving Loan	0.00%	September 2024	862,816
State Revolving Loan	1.10%	October 2031	1,315,689
Rural Utilities Service - Water Facility	2.25%	October 2031	924,501
State Revolving Loan	2.46%	December 2035	3,000,000
State Revolving Loan	2.46%	December 2035	1,000,000
			$ 8,922,208

Debt service requirements to retire outstanding general obligation bonds for the component unit at June 30, 2016 are as follows:

Year Ending June 30,	Principal	Interest	Totals
2017	$ 919,464	$ 292,272	$ 1,211,736
2018	966,605	174,479	1,141,084
2019	642,555	160,880	803,435
2020	512,300	149,895	662,195
2021	522,959	140,116	663,075
2022-2026	1,912,781	558,375	2,471,156
2027-2031	1,729,606	339,729	2,069,335
2032-2036	1,715,938	149,318	1,865,256
	$ 8,922,208	$ 1,965,064	$ 10,887,272

Interest expense for the year ended June 30, 2016 was $113,190 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, 2016:

School Equipment, due in annual installments of $47,901, including interest at 3.090%, through August 2017	$ 91,537
IT Equipment, due in monthly installments of $5,300, including interest at 3.0%, through November 2017	88,110
	$ 179,647

Debt service requirements to retire outstanding capital lease obligations for governmental activities at June 30, 2016 are as follows:

Year Ending June 30,	Principal	Interest	Totals
2017	$ 106,878	$ 4,627	$ 111,505
2018	72,769	1,633	74,402
	$ 179,647	$ 6,260	$ 185,907

State of New Hampshire Revolving Loan

The City has drawn $15,092,199 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, 2016, 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 $239,340.

NOTE 6—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 and local employees, public school teachers, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan.

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 22.54%, 25.32%, 12.72%, and 10.86%, 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, 2016 was $2,115,681.

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

At June 30, 2016, the City reported a liability of $23,228,768 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by a roll forward of the actuarial valuation from June 30, 2014. The City's proportion of the net pension liability was based on actual contributions by the City during the relevant 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, 2015, the City's proportion was approximately 0.5864 percent, which was a decrease of 0.0095 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the City recognized pension expense of $1,557,016. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		$ 509,732
Net difference between projected and actual earnings on pension plan investments		620,816
Changes in proportion and differences between City contributions and proportionate share of contributions	$ 472,560	328,839
City contributions subsequent to the measurement date	2,115,681	
Totals	$ 2,588,241	$ 1,459,387

The net amount of deferred outflows of resources and deferred inflows of resources related to pension is reflected as an increase to unrestricted net position in the amount of $1,128,854. The City reported $2,115,681 as deferred outflows of resources related to pension 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense for the measurement periods as follows:

Year ended June 30,	
2016	$ (391,062)
2017	(391,063)
2018	(391,065)
2019	261,570
2020	(75,207)
	$ (986,827)

Actuarial Assumptions

The total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to 2015 measurements:

Inflation	3.0 percent
Wage inflation	3.75 percent
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 July 1, 2005 – June 30, 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:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Net of inflation assumption of 3.0%)
Fixed income	25%	(1.00)-0.28%
Domestic equity	30%	3.00%
International equity	20%	4.00-6.00%
Real estate	10%	3.50%
Private equity	5%	5.50%
Private debt	5%	4.50%
Opportunistic	5%	2.75%
Total	100%	

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 to 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:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's proportionate share of the net pension liability	$ 30,577,655	$ 23,228,768	$ 16,963,801

NOTE 7—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, 2016, 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, 2016, 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)	$ 486,068
Interest on net OPEB obligation	31,249
Amortization of net OPEB obligation	(26,041)
Annual OPEB cost	491,276
Contributions made	(300,562)
Increase in net OPEB obligation	190,714
Net OPEB obligation - beginning of year	781,202
Net OPEB obligation - end of year	$ 971,916

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, 2016, 2015 and 2014 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2016	$ 491,276	61.2%	$ 971,916
6/30/2015	$ 472,490	62.6%	$ 781,202
6/30/2014	$ 504,392	57.2%	$ 604,426

The City's total net OPEB obligation as of June 30, 2016 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)	$ 5,755,837
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 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 8—LANDFILL POSTCLOSURE CARE COSTS

State and federal laws and regulations required 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 $325,500 as of June 30, 2016. The estimated liability for the post-closure care costs of the East Milan landfill ($108,900) and the Cates Hill landfill ($216,600) 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, 2016. 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, 2016:

	Governmental activities	Business-type activities	Totals
Balance - July 1, 2015	$ 135,600	$ 249,000	$ 384,600
Reductions (actual current year payments)	(4,554)	(5,147)	(9,701)
Change in estimated liability	(22,146)	(27,253)	(49,399)
Balance - June 30, 2016	$ 108,900	$ 216,600	$ 325,500

NOTE 9—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, 2016 are as follows:

		Due from			
		General Fund	Nonmajor Governmental Funds	Fiduciary Funds	Totals
Due to	General Fund		$ 1,172,711	$ 2,290	$ 1,175,001
	Bond Issue Capital Projects Fund	$ 7,110,844			7,110,844
	Nonmajor Governmental Funds	38,420			38,420
	Sewer Fund	6,144,981			6,144,981
	Nonmajor Enterprise Funds	1,033,781			1,033,781
	Fiduciary Funds	500			500
		$ 14,328,526	$ 1,172,711	$ 2,290	$ 15,503,527

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, 2016 are as follows:

		Transfers out		
		General Fund	Nonmajor Governmental Funds	Totals
Transfers in	General Fund		$ 6,115	$ 6,115
	Nonmajor Governmental Funds	$ 206,583		206,583
		$ 206,583	$ 6,115	$ 212,698

NOTE 10—RESTRICTED NET POSITION

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

Permanent Funds - Principal	$ 151,053
Permanent Funds - Income	219,222
School Private Grants and Contributions	1,710
Food Service Operations	1,980
Health Department Donations	1,789
Police Forfeiture Funds	8,075
CDBG Program Income	3,128
	$ 386,957

NOTE 11—COMPONENTS OF FUND BALANCE

The components of the City's fund balance for its governmental funds at June 30, 2016 are as follows:

Fund Balances	General Fund	Bond Issue Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepaid expenses	$ 223,468		$ 24,320	$ 247,788
Tax deeded property	385,413			385,413
Inventory			9,093	9,093
Permanent funds - Principal			151,053	151,053
Restricted for:				
Capital projects		$ 7,089,252		7,089,252
Permanent funds - Income			219,222	219,222
School private grants and contributions			1,710	1,710
Food service operations			1,980	1,980
Health department donations			1,789	1,789
Police forfeiture funds			8,075	8,075
CDBG program income			3,128	3,128
Committed for:				
Hutchins Street capital projects			169,002	169,002
Recreation and parks programs			14,831	14,831
Assigned for:				
Continuing appropriations	920,552			920,552
Encumbrances	37,936			37,936
Unassigned (Deficit):				
Unassigned - General operations	1,244,984			1,244,984
Airport Authority Fund (Deficit)			(258,633)	(258,633)
	$ 2,812,353	$ 7,089,252	$ 345,570	$ 10,247,175

NOTE 12—PROPERTY TAXES

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1 ($396,801,516 as of April 1, 2015) and are due in two installments on July 8, 2015 and January 5, 2016. Taxes paid after the due dates accrue interest at 12% per annum. On the modified accrual basis of accounting, property taxes are recognized as revenue when received in cash or if available to finance current period operations (within sixty days of year end).

Under State law, the Tax Collector obtains tax liens on properties which have unpaid taxes in the following calendar year after taxes were due for the amount of unpaid taxes, interest and costs. These priority tax liens accrue interest at 18% per annum. If the property is not redeemed within a two year redemption period, the property may be tax deeded to the City.

In accordance with State law, the City collects taxes for Coos County, an independent governmental unit, which are remitted to the County as required by law. Total taxes appropriated to Coos County for the year ended June 30, 2016 were $1,553,959. The City bears responsibility for uncollected taxes.

NOTE 13—TOP TAXPAYERS

The following are the five major property owners as they relate to the City's total assessed property valuation of $396,801,516 (as of April 1, 2015):

Taxpayer	Property Valuation	Percentage of Total Valuation
Eversource (formerly PSNH)	$ 93,458,000	23.55%
Great Lakes Hydro America, LLC	33,400,000	8.42%
Portland Natural Gas	18,145,800	4.57%
DWP Berlin Realty	1,871,800	0.47%
TKB Properties, LLC	1,823,000	0.46%

NOTE 14—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, 2016, 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, 2016.

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.

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, 2016, the City expended $323,000 under the terms of the emergency ambulance service agreement.

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

Government-Wide Financial Statements

During the year ended June 30, 2016, it was determined that capital assets of the governmental activities were overstated. Net Position of the Governmental Activities as of July 1, 2015 has been restated as follows:

	Governmental Activities
Net Position, July 1, 2015 (as previously reported)	$ 4,322,562
Amount of restatement due to:	
Overstatement of capital assets	(426,642)
Net Position, July 1, 2015 - as restated	$ 3,895,920

NOTE 18—SUBSEQUENT EVENTS

Debt Refunding

During July 2016, the City issued general obligation bonds in the amount of $3,670,000 with a premium of $233,498 (total proceeds of $3,903,498) for the purpose of current refunding the outstanding 2007 USDA debt in the Sewer Fund. The refunding bonds have an interest rate ranging from 2.0% to 4.0%, with a true interest cost of 1.85%, and mature on August 15, 2032.

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Favorable
	Original	Final	Amounts	(Unfavorable)
Revenues:				
Taxes	$ 16,029,055	$ 16,029,055	$ 15,946,998	$ (82,057)
Licenses and permits	1,253,650	1,253,650	1,390,755	137,105
Intergovernmental	12,169,631	12,169,631	12,197,334	27,703
Charges for services	1,981,256	1,981,256	2,000,829	19,573
Interest income	13,000	13,000	2,719	(10,281)
Miscellaneous	261,750	261,750	409,900	148,150
Total Revenues	31,708,342	31,708,342	31,948,535	240,193
Expenditures:				
Current operations:				
General government	2,235,136	2,231,201	1,961,036	270,165
Public safety	5,441,073	5,441,073	5,396,288	44,785
Highways and streets	2,021,526	2,021,526	1,866,216	155,310
Health and welfare	649,905	649,905	652,666	(2,761)
Sanitation	838,186	838,186	832,216	5,970
Culture and recreation	627,304	627,304	637,209	(9,905)
Education	17,566,807	17,566,807	17,330,099	236,708
Capital outlay	2,241,233	1,155,614	1,141,152	14,462
Debt service:				
Principal retirement	616,703	616,703	616,703	-
Interest and fiscal charges	195,482	195,482	195,482	-
Intergovernmental	1,553,959	1,553,959	1,553,959	-
Total Expenditures	33,987,314	32,897,760	32,183,026	714,734
Excess of revenues over (under) expenditures	(2,278,972)	(1,189,418)	(234,491)	954,927
Other Financing Sources (Uses):				
Transfers in	4,500	4,500	6,115	1,615
Transfers out	(37,851)	(206,853)	(206,853)	-
Total Other Financing Sources (Uses)	(33,351)	(202,353)	(200,738)	1,615
Net change in fund balance	(2,312,323)	(1,391,771)	(435,229)	956,542
Fund balance at beginning of year - Budgetary Basis	3,883,851	3,883,851	3,883,851	-
Fund balance at end of year - Budgetary Basis	$ 1,571,528	$ 2,492,080	$ 3,448,622	$ 956,542

SCHEDULE 2
CITY OF BERLIN, NEW HAMPSHIRE
Schedule of Funding Progress for Other Post-Employment Benefits
For the Year Ended June 30, 2016

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
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, 2016

	For the Measurement Period Ended June 30:		
	2015	2014	2013
City's proportion of the net pension liability (asset)	0.5864%	0.5959%	0.5788%
City's proportionate share of the net pension liability (asset)	$ 23,228,768	$ 22,367,371	$ 24,911,429
City's covered-employee payroll	$ 14,750,588	$ 14,461,687	$ 13,904,404
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	157.48%	154.67%	179.16%
Plan fiduciary net position as a percentage of the total pension liability	65.47%	66.32%	59.81%

SCHEDULE 4
CITY OF BERLIN, NEW HAMPSHIRE
Schedule of City Contributions
For the Year Ended June 30, 2016

	2016	2015	2014	2013
Contractually required contribution	$ 2,115,681	$ 1,967,282	$ 1,933,217	$ 1,439,273
Contributions in relation to the contractually required contribution	(2,115,681)	(1,967,282)	(1,933,217)	(1,439,273)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered-employee payroll	$ 14,905,786	$ 14,750,588	$ 14,461,687	$ 13,904,404
Contributions as a percentage of covered-employee payroll	14.19%	13.34%	13.37%	10.35%

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2016

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 expenditures were adjusted for encumbrances.

	Revenues and Other Financing Sources	Expenditures and Other Financing Uses
Per Exhibit D	$ 32,054,894	$ 32,417,809
Difference in property taxes meeting susceptible to accrual criteria	(100,244)	
Encumbrances - June 30, 2016		37,936
Encumbrances - June 30, 2015		(65,866)
Per Schedule 1	$ 31,954,650	$ 32,389,879

NOTE 2—BUDGETARY FUND BALANCE

The components of the budgetary fund balance for the General Fund at June 30, 2016 are as follows:

Nonspendable:	
Prepaid expenses	$ 223,468
Tax deeded property	385,413
Assigned for:	
Continuing appropriations	920,552
Unassigned:	
Unassigned - General operations	1,919,189
	$ 3,448,622

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.

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, 2016

Federal Granting Agency/Recipient State Agency/Grant Program/State Grant Number	Federal Catalogue Number	Passed Through to Subrecipients	Total Federal Expenditures
DEPARTMENT OF AGRICULTURE			
Pass Through Payments from the New Hampshire Department of Education			
Child Nutrition Cluster:			
School Breakfast Program	10.553	$ -	$ 81,179
National School Lunch Program	10.555		
- School Lunch (Cash)		-	299,453
- Commodities (Non-cash)		-	29,898
		-	329,351
Total Child Nutrition Cluster		-	410,530
Fresh Fruit and Vegetable Program	10.582	-	22,945
Total Department of Agriculture		-	433,475
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Pass Through Payments from the New Hampshire Community Development Finance Authority			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228		
#013-053-FSED		-	6,533
#014-053-CDHS		-	412,744
#015-053-CDED		473,500	473,655
#015-053-FSPF1		-	7,498
#015-053-FSPF2		-	141
		473,500	900,571
Total Department of Housing and Urban Development		473,500	900,571
DEPARTMENT OF TRANSPORTATION			
Pass Through Payments from the New Hampshire Department of Transportation			
Airport Improvement Program	20.106		
#SBG-01-03-2010		-	773
#SBG-01-04-2013		-	1,923
#SBG-01-05-2016		-	18,746
		-	21,442
Highway Planning and Construction	20.205		
#X-A001(088), 16019		-	390,687

SCHEDULE I
CITY OF BERLIN, NEW HAMPSHIRE
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2016

Federal Granting Agency/Recipient State Agency/Grant Program/State Grant Number	Federal Catalogue Number	Passed Through to Subrecipients	Total Federal Expenditures
Pass Through Payments from the New Hampshire Highway Safety Agency			
Highway Safety Cluster:			
State and Community Highway Safety	20.600		
#16-06, 01		-	161
#314-15B-011		-	4,464
#315-15B-050		-	661
#315-15B-115		-	3,964
#315-15B-140		-	4,352
#315-16B-034		-	7,841
		-	21,443
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601		
#308-15B-034		-	5,539
#308-15B-035		-	7,698
		-	13,237
National Priority Safety Programs	20.616		
#308-16B-031		-	6,783
Total Highway Safety Cluster		-	41,463
Total Department of Transportation		-	453,592
ENVIRONMENTAL PROTECTION AGENCY			
Pass Through Payments from the New Hampshire Department of Environmental Services			
Capitalization Grants for Clean Water State Revolving Funds	66.458		
#CS-330111-11		-	39,207
Total Environmental Protection Agency		-	39,207
DEPARTMENT OF EDUCATION			
Pass Through Payments from the New Hampshire Department of Education			
Title I Grants to Local Educational Agencies	84.010		
#50012		-	38,332
#51521		-	10,710
#60012		-	539,808
#60174		-	12,586
#60175		-	14,450
#60217		-	52,904
		-	668,790

SCHEDULE I
CITY OF BERLIN, NEW HAMPSHIRE
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2016

Federal Granting Agency/Recipient State Agency/Grant Program/State Grant Number	Federal Catalogue Number	Passed Through to Subrecipients	Total Federal Expenditures
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027		
#65232		-	303,681
Special Education - Preschool Grants	84.173		
#65232		-	9,974
Total Special Education Cluster (IDEA)		-	313,655
Career and Technical Education - Basic Grants to States	84.048		
#55011		-	8,937
#65011		-	61,971
		-	70,908
Twenty-First Century Community Learning Centers	84.287		
#66282		-	166,460
Rural Education	84.358		
#56470		-	4,193
#66470		-	13,215
		-	17,408
Improving Teacher Quality State Grants	84.367		
#44798		-	9,440
#54798		-	88,375
#55371		-	8,330
#64798		-	41,273
		-	147,418
Total Department of Education		-	1,384,639
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Pass Through Payments from the New Hampshire Department of Education			
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243		
#52625		-	106,513
#62576		-	412,094
		-	518,607
Total Department of Health and Human Services		-	518,607

SCHEDULE I
CITY OF BERLIN, NEW HAMPSHIRE
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2016

Federal Granting Agency/Recipient State Agency/Grant Program/State Grant Number	Federal Catalogue Number	Passed Through to Subrecipients	Total Federal Expenditures
DEPARTMENT OF HOMELAND SECURITY			
Pass Through Payments from the New Hampshire Department of Safety			
Emergency Management Peformance Grants	97.042		
#EMPG-09-2015-03		-	20,000
Received directly from U.S. Treasury Department			
Assistance to Firefighters Grant	97.044		
#EMW-2013-FO-03020		-	3,681
Pass Through Payments from the New Hampshire Department of Safety			
Pre-Disaster Mitigation	97.047		
#072-500574		-	3,850
Homeland Security Grant Program	97.067	-	295,171
Received directly from U.S. Treasury Department			
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083		
#EMW-2014-FH-00868		-	174,436
Total Department of Homeland Security		-	497,138
Total Expenditures of Federal Awards		$ 473,500	$ 4,227,229

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016

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, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported 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. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3—INDIRECT COST RATE

The City of Berlin, New Hampshire has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4—RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

Nonmajor Governmental Funds	$ 4,158,124

Additionally, the recognition of expenditures of federal awards in the amount of $39,207 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 $1,955,920 or 83.33% of aggregate disbursements, whichever is less, is provided in the form of a federal loan through the program.

VACHON CLUKAY
& COMPANY PC

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

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, 2016, 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 24, 2017. 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.

Vachon Clukay & Company PC

Manchester, New Hampshire
March 24, 2017

VACHON CLUKAY
& COMPANY PC

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

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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 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, 2016. 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 City of Berlin, New Hampshire's schedule of expenditures of federal awards during the year ended June 30, 2016. 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 the Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Berlin, New Hampshire's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Berlin, New Hampshire's compliance.

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, 2016.

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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Vachon Clukay & Company PC

Manchester, New Hampshire
March 24, 2017

City of Berlin, New Hampshire
Schedule of Findings and Questioned Costs
Year Ended June 30, 2016

Section I—Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	*Unmodified – all reporting units*	
Internal control over financial reporting:		
Material weakness(es) identified?	____yes	__X__no
Significant deficiency(ies) identified	____yes	__X__none reported
Noncompliance material to financial statements noted?	____yes	__X__no

Federal Awards

Internal Control over major programs:		
Material weakness(es) identified?	____yes	__X__no
Significant deficiency(ies) identified	____yes	__X__none reported
Type of auditor's report issued on compliance for major programs:	*Unmodified*	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____yes	__X__no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.228	Community Development Block Grants/State's Program

Dollar threshold used to distinguish between Type A and Type B program: $ 750,000 .

Auditee qualified as low-risk auditee? __X__yes ____no

Section II—Financial Statement Findings

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

Section III—Federal Award Findings and Questioned Costs

There were no findings and questioned costs required to be reported under 2 CFR 200.516(a).

SCHEDULE A
CITY OF BERLIN, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Funds
June 30, 2016

	Special Revenue Funds	Permanent Funds	Hutchins Street Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	$ 1,899	$ 1,475		$ 3,374
Investments		374,915		374,915
Accounts receivable	29,396			29,396
Due from other governments	1,022,790		$ 372,913	1,395,703
Due from other funds	15,004		23,416	38,420
Prepaid expenses	24,320			24,320
Inventory	9,093			9,093
Total Assets	1,102,502	376,390	396,329	1,875,221
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows of Resources	-	-	-	-
Total Assets and Deferred Outflows of Resources	$ 1,102,502	$ 376,390	$ 396,329	$ 1,875,221
LIABILITIES				
Accounts payable	$ 50,241		$ 227,327	$ 277,568
Accrued expenses	16,144			16,144
Advances from grantors	57,162			57,162
Unearned revenue	6,066			6,066
Due to other funds	1,166,596	$ 6,115		1,172,711
Total Liabilities	1,296,209	6,115	227,327	1,529,651
DEFERRED INFLOWS OF RESOURCES				
Total Deferred Inflows of Resources	-	-	-	-
FUND BALANCES				
Nonspendable	33,413	151,053		184,466
Restricted	16,682	219,222		235,904
Committed	14,831		169,002	183,833
Unassigned (Deficit)	(258,633)			(258,633)
Total Fund Balances (Deficit)	(193,707)	370,275	169,002	345,570
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 1,102,502	$ 376,390	$ 396,329	$ 1,875,221

SCHEDULE A-1
CITY OF BERLIN, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Special Revenue Funds
June 30, 2016

	Federal Projects Fund	Food Service Fund	Airport Authority Fund	Health Department Fund	Grants Fund	CDBG Fund	Recreation and Parks Programs Fund	Combining Totals
ASSETS								
Cash and cash equivalents				$ 1,899				$ 1,899
Accounts receivable	$ 5,476	$ 12,631	$ 316			$ 10,973		29,396
Due from other governments	580,841	22,019	19,795		$ 209,272	190,863		1,022,790
Due from other funds							$ 15,004	15,004
Prepaid expenses			24,320					24,320
Inventory		9,093						9,093
Total Assets	586,317	43,743	44,431	1,899	209,272	201,836	15,004	1,102,502
DEFERRED OUTFLOWS OF RESOURCES								
Total Deferred Outflows of Resources	-	-	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	$ 586,317	$ 43,743	$ 44,431	$ 1,899	$ 209,272	$ 201,836	$ 15,004	$ 1,102,502
LIABILITIES								
Accounts payable	$ 16,559	$ 416	$ 25,079		$ 7,666	$ 416	$ 105	$ 50,241
Accrued expenses	207	140	10,005		5,724		68	16,144
Advances from grantors	25,651				31,511			57,162
Unearned revenue		5,916	150					6,066
Due to other funds	542,190	26,198	243,510	$ 110	156,296	198,292		1,166,596
Total Liabilities	584,607	32,670	278,744	110	201,197	198,708	173	1,296,209
DEFERRED INFLOWS OF RESOURCES								
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-
FUND BALANCES								
Nonspendable		9,093	24,320					33,413
Restricted	1,710	1,980		1,789	8,075	3,128		16,682
Committed							14,831	14,831
Unassigned (Deficit)			(258,633)					(258,633)
Total Fund Balances (Deficit)	1,710	11,073	(234,313)	1,789	8,075	3,128	14,831	(193,707)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 586,317	$ 43,743	$ 44,431	$ 1,899	$ 209,272	$ 201,836	$ 15,004	$ 1,102,502

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, 2016

	Special Revenue Funds	Permanent Funds	Hutchins Street Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues:				
Intergovernmental	$ 3,845,895		$ 390,687	$ 4,236,582
Charges for services	352,127			352,127
Interest income		$ 4,949		4,949
Miscellaneous	95,294			95,294
Total Revenues	4,293,316	4,949	390,687	4,688,952
Expenditures:				
Current operations:				
General government	32,846	15		32,861
Public safety	521,761			521,761
Airport/Aviation center	160,434			160,434
Health and welfare	1,418			1,418
Culture and recreation	43,985			43,985
Economic development	888,881			888,881
Education	2,040,255			2,040,255
Food service	638,996			638,996
Capital outlay	38,425		390,687	429,112
Total Expenditures	4,367,001	15	390,687	4,757,703
Excess of revenues over (under) expenditures	(73,685)	4,934	-	(68,751)
Other Financing Sources (Uses):				
Transfers in	37,851		169,002	206,853
Transfers out		(6,115)		(6,115)
Total Other Financing Sources (Uses)	37,851	(6,115)	169,002	200,738
Net change in fund balances	(35,834)	(1,181)	169,002	131,987
Fund balances (deficit) at beginning of year	(157,873)	371,456	-	213,583
Fund balances (deficit) at end of year	$ (193,707)	$ 370,275	$ 169,002	$ 345,570

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, 2016

	Federal Projects Fund	Food Service Fund	Airport Authority Fund	Health Department Fund	Grants Fund	CDBG Fund	Recreation and Parks Programs Fund	Combining Totals
Revenues:								
Intergovernmental	$ 1,978,627	$ 412,678	$ 24,277		$ 1,011,959	$ 418,354		$ 3,845,895
Charges for services		221,783	96,135				$ 34,209	352,127
Miscellaneous	61,628		9,901	$ 263	23,502			95,294
Total Revenues	2,040,255	634,461	130,313	263	1,035,461	418,354	34,209	4,293,316
Expenditures:								
Current operations:								
General government					32,846			32,846
Public safety					521,761			521,761
Airport/Aviation center			160,434					160,434
Health and welfare				110	1,308			1,418
Culture and recreation					3,519		40,466	43,985
Economic development					473,655	415,226		888,881
Education	2,040,255							2,040,255
Food service		638,996						638,996
Capital outlay			38,425					38,425
Total Expenditures	2,040,255	638,996	198,859	110	1,033,089	415,226	40,466	4,367,001
Excess of revenues over (under) expenditures	-	(4,535)	(68,546)	153	2,372	3,128	(6,257)	(73,685)
Other Financing Sources:								
Transfers in			37,851					37,851
Total Other Financing Sources	-	-	37,851	-	-	-	-	37,851
Net change in fund balances	-	(4,535)	(30,695)	153	2,372	3,128	(6,257)	(35,834)
Fund balances (deficit) at beginning of year	1,710	15,608	(203,618)	1,636	5,703	-	21,088	(157,873)
Fund balances (deficit) at end of year	$ 1,710	$ 11,073	$ (234,313)	$ 1,789	$ 8,075	$ 3,128	$ 14,831	$ (193,707)

SCHEDULE C
CITY OF BERLIN, NEW HAMPSHIRE
Combining Statement of Net Position
All Nonmajor Proprietary Funds
June 30, 2016

	Industrial Development and Park Authority Fund	Cates Hill Landfill Fund	Combining Totals
ASSETS			
Current Assets:			
Due from other governments		$ 70,576	$ 70,576
Due from other funds	$ 726,295	307,486	1,033,781
Total Current Assets	726,295	378,062	1,104,357
Noncurrent Assets:			
Capital assets:			
Non-depreciable capital assets	96,203		96,203
Total Noncurrent Assets	96,203	-	96,203
Total Assets	822,498	378,062	1,200,560
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	-	-	-
LIABILITIES			
Current Liabilities:			
Accounts payable	105		105
Current portion of estimated liability for landfill postclosure care costs		11,400	11,400
Total Current Liabilities	105	11,400	11,505
Noncurrent Liabilities:			
Estimated liability for landfill postclosure care costs		205,200	205,200
Total Noncurrent Liabilities	-	205,200	205,200
Total Liabilities	105	216,600	216,705
DEFERRED INFLOWS OF RESOURCES			
Total Deferred Inflows of Resources	-	-	-
NET POSITION			
Net investment in capital assets	96,203		96,203
Unrestricted	726,190	161,462	887,652
Total Net Position	$ 822,393	$ 161,462	$ 983,855

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, 2016

	Industrial Development and Park Authority Fund	Cates Hill Landfill Fund	Combining Totals
Operating revenues:			
Miscellaneous	$ 81,982	$ 13,327	$ 95,309
Total Operating Revenues	81,982	13,327	95,309
Operating expenses:			
Contractual services	265		265
Repairs and maintenance	13,090		13,090
Administrative	6,624		6,624
Total Operating Expenses	19,979	-	19,979
Operating income	62,003	13,327	75,330
Non-operating revenues:			
Interest income	72		72
Non-operating revenues	72	-	72
Change in net position	62,075	13,327	75,402
Net Position at beginning of year	760,318	148,135	908,453
Net Position at end of year	$ 822,393	$ 161,462	$ 983,855

SCHEDULE E
CITY OF BERLIN, NEW HAMPSHIRE
Combining Statement of Cash Flows
All Nonmajor Proprietary Funds
For the Year Ended June 30, 2016

	Industrial Development and Park Authority Fund	Cates Hill Landfill Fund	Combining Totals
Cash flows from operating activities:			
Cash received from customers	$ 81,746		$ 81,746
Cash paid to suppliers	(19,994)	$ (5,147)	(25,141)
Other operating cash receipts	7,964	2,704	10,668
Net cash provided (used) by operating activities	69,716	(2,443)	67,273
Cash flows from capital and related financing activities:			
Purchases of capital assets	(96,203)		(96,203)
Net cash used for capital and related financing activities	(96,203)	-	(96,203)
Cash flows from investing activities:			
Interest on investments	72		72
Net cash provided by investing activities	72	-	72
Net decrease in cash and cash equivalents	(26,415)	(2,443)	(28,858)
Cash and cash equivalents at beginning of year	752,710	309,929	1,062,639
Cash and cash equivalents at end of year	$ 726,295	$ 307,486	$ 1,033,781
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income	$ 62,003	$ 13,327	$ 75,330
Changes in assets and liabilities:			
Accounts receivable	7,964		7,964
Due from other governments		16,630	16,630
Accounts payable	(15)		(15)
Unearned revenue	(236)		(236)
Estimated liability for landfill postclosure care costs		(32,400)	(32,400)
Net cash provided (used) by operating activities	$ 69,716	$ (2,443)	$ 67,273

MAYORS OF THE CITY OF BERLIN

The Honorable...

Henry F. Marston	1897-1899	Aime Tondreau	1950-1957
John B. Noyes	1899-1900	Guy Fortier	1957-1958
Frank L. Wilson	1900-1901	Laurier A. Lamontagne	1958-1962
Fred M. Clement	1901-1902	Edward L. Schuette	1962-1965
John B. Gilbert	1902-1905	Dennis Kilbride	1965-1966
George E. Hutchins	1905-1908	Norman J. Tremaine	1966-1968
Fremont D. Bartlett	1908-1910	Earl F. Gage	1968-1970
Daniel J. Daley	1910-1915	Norman J. Tremaine	1970-1972
George F. Rich	1915-1919	Sylvio J. Croteau	1972-1976
Eli J. King	1919-1924	Laurier A. Lamontagne	1976-1978
J.A. Vaillancourt	1924-1926	Leo G. Ouellet	1978-1982
Eli J. King	1926-1928	Joseph J. Ottolini	1982-1986
Edward R. B. McGee	1928-1931	Roland W. Couture	1987-1990*
W.E. Corbin	1931-1932	Willard Dube	1990-1990
O.J. Coulombe	1932-1934	Leo G. Ouellet	1990-1994
Daniel J. Feindel	1934-1935	Yvonne Coulombe	1994-1996
Arthur J. Bergeron	1935-1938	Richard P. Bosa	1996-1998
Matthew J. Ryan	1938-1939	Robert DePlanche	1998-1998
Aime Tondreau	1939-1943	Richard D. Huot	1998-2000
Carl E. Morin	1943-1946	Robert Danderson	2000-2008
George E. Bell	1946-1947	David Bertrand	2008-2010
Paul A. Toussaint	1947-1950	Paul Grenier	2010-

* Change in election year and change in date oath of office is taken, as of October 5, 1987.

CITY MANAGERS OF THE CITY OF BERLIN

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

Index

Contents	Page Number
Airport, Berlin Regional	36
Assessing Department Report	6
Berlin Housing Authority (HUD) Report	9
City Clerk's Report	8
City Department Contact Information	Inside Cover
City Manager's Report	4
Finance/Collections Report	37
Fire Department Report	22
Health & Nursing Services	19
Inventory of Taxable Property	7
Library Report	14
Ordinances Adopted in FY 2016	8
Planning Department Report	11
Police Department Report	16
Public Works Department Report	24
Recreation & Parks Report	12
Resolutions Adopted in FY 2016	8
School Department Report	28
Table of Contents	2
Taxable Property	7
Tax Collector's Report	38
Tax Rate Computation	7
Water Works Report	31
Waste Water Treatment	27
Welfare Department Report	19
Audited Financial Statements & Notes	*39*
As Prepared by Vachon Clukay & Company PC	
Certified Public Accountants	
INDEPENDENT AUDITOR'S REPORT	*40-116*
Management Discussion and Analysis	*43-54*
BASIC FINANCIAL STATEMENTS	*55-92*
REQUIRED SUPPLEMENTARY INFORMATION & NOTES	*93-98*
FEDERAL COMPLIANCE & NOTES	*99-103*
SUPPLEMENTAL SCHEDULES	*108-116*

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