

City Of Berlin, NH

Annual Report

Fiscal Year July 1, 2016 to June 30, 2017



TABLE OF CONTENTS

	<u>Page Number</u>
Table of Contents	2
City Manager's Report	4-5
Assessing Department Report	6-7
City Clerk's Report	8
Planning and Community Development	9
Health and Welfare	10-11
Public Schools	12-16
Recreation Department	16-17
Public Library	18-19
Fire Department	20-21
Police Department	21-23
Public Works & Recreation Maintenance	24-27
Waste Water Treatment Report	28
Berlin Water Works	29-34
Finance/Tax Collector	35-39
Berlin Regional Airport	40
Berlin Housing Authority	41-42
 FINANCIAL STATEMENTS	 43
Management Discussion and Analysis	46-58
Audited Financial Statements & Notes	59-98
Schedules	99-109
Internal Controls & Schedules	110-113
Supplemental Schedules	114-120
City Departments – Contact Information	121
Mayors of the City of Berlin Since 1897	122

Photo credits to: Eric Kaminsky, Barbara Tetreault, Paula Kinney, Pamela Laflamme, Terry Letarte, Denise Jensen, Kirstan Knowlton, MA;

Berlin City Council

Fiscal Year July 1, 2016 to June 30, 2017

Mayor

Paul Grenier

Councilors:

Russell Otis

Lucie Remillard

Michael Gentili

Denise Morgan-Allain

Michael Rozek

Peter Higbee

Diana Nelson

Roland Th  berge



CITY MANAGER'S REPORT

The City substantially completed its work on the upgrade of Route 16 through Berlin from St. Anne's Church to Cate's Hill Rd. at a cost of approximately \$6,000,000 funded through a municipal bond and paid for using revenue from Burgess BioPower. The project was 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 future Riverwalk along the Androscoggin River. The City has obtained grant funding for the design and construction of the Riverwalk which is scheduled to be constructed in 2019. The new features of these projects are designed to support the operations of the festivals and activities that occur in this area including the Riverfire event which attracts several thousand visitors each year.

Funding for the Riverwalk Project includes a Northern Border Regional Commission (NRBC) award totaling \$250,000 and another \$800,000 from the Transportation Alternative Program (TAP) through NHDOT.

The State of New Hampshire continues 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 partnered with Polaris to host the second Camp RZR New England at Jericho Mountain State Park in Berlin. The event attracted six to seven thousand attendees.

Further significant developments occurring on Route 110, include initial development of a 170 RV site campground, private marketing of the former Bass Shoe manufacturing site, opening of a new business focused on OHRV equipment as well as the renovation of another vacant warehouse building intended to be made available as commercial space.

The City was awarded a Community Development Block Grant to study the feasibility of a snow melt project for the City's downtown. If feasible, the City hopes to apply for Federal TIGER funds that are allocated specifically for transportation projects that are innovative and are expected to generate economic activity.

This has been a transition year as the City Council voted not to continue to fund the

Berlin Health Department. A report by Simione Healthcare Consultants described the infusion of funding from the City that would be needed to bring the agency up to the standards of today's health care environment. Investments would have been needed in equipment as well as employee training. We worked with North Country Home Health and Hospice to transfer Berlin Home Health patients to their agency if requested by the patient.

Berlin's redefinition continues. The City continues to look forward remaining open to opportunity. 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 compliment of private electrical power producers, steel fabricators, forest product producers, fast growing tourism, host of small businesses and other commercial entities make the strong fabric of a diversified economy. Finally, North Country Growers continues to make plans for a high tech vegetable growing operation in Berlin. Once online, they will represent yet another thread in our fabric making us even stronger.

Respectfully, James A. Wheeler
City Manager



City of Berlin, NH

Population	
Population estimates, July 1, 2016, (V2016)	10,413
Housing	
Owner-occupied housing unit rate, 2012-2016	61.6%
Median value of owner-occupied Housing units 2012-2016	\$88,700
Families and Living Arrangements	
Persons per household, 2012-2016	2.14
Median household income (in 2016 dollars) 2012-16	\$38,863

Assessing

The Board of Assessors is comprised of three members, each serving a term of three years. Members are appointed by the Mayor with approval from City Council. Kem Rozek was reappointed to the Board in March of 2017. Meetings are held once per month or on an as-needed basis. Notification of these gatherings are posted at various locations throughout the City and the public is encouraged 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, issuing warrants for the collection of property taxes, and tax abatements for any adjustments to assessments that the group determines to be necessary. The Board also reviews applications for current use, timber and gravel yield taxes, elderly exemptions, blind exemptions, and veteran tax credits. The group 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.

KRT Appraisal of Haverhill, Massachusetts is 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. Per RSA 75:8-a (Five-Year Valuation), the next revaluation for the City will be completed for the 2020 tax year. Cyclical property inspections continue as KRT reaffirms that properties are accurately measured and listed.

One of the primary interests of the Board of Assessors is that properties in Berlin are proportionally assessed in regards to market value. Sales from October to the following September are reviewed on an annual basis and an equalization ratio is established from this study based on every qualified transaction. This ratio compares assessed values and sale prices as a means to establish that all properties are proportionally assessed. The equalization ratio affects the basis for distribution of county taxes, scholastic aid, and other forms of financial assistance to towns and cities in New Hampshire and is finalized by the Department of Revenue Administration. The 2016 equalized ratio for Berlin was 110.7 and is the most up-to-date measure that has been established.

CGIS Mapping of Marion, Massachusetts has updated the City's tax maps to reflect changes that occurred prior to April 1, 2017. This is the ninth year CGIS has served the City in this capacity. These maps are used by City staff and the public as it is available on the City's website.

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

SUMMARY INVENTORY OF TAXABLE PROPERTY - APRIL 1, 2016 & APRIL 1, 2017

	APRIL 1, 2016	APRIL 1, 2017
Land	\$28,280,239	\$28,204,255
Building	227,549,330	226,823,023
Public Utilities	142,321,900	147,960,900
GROSS VALUATION	398,151,469	402,988,178
Blind Exemptions	74,300	104,300
Elderly Exemptions	1,897,600	2,000,200
Imp. To Assist Persons w/Disabilities	40,990	40,990
Water/Air Poll. Cont. Exem.	657,800	650,000
TOTAL EXEMPTIONS	2,670,690	2,795,490
NET VALUATION W/UTILITIES	395,480,779	400,192,688

EXEMPTIONS GRANTED

	APRIL 1, 2016		APRIL 1, 2017	
TYPE	#	Tax Amount	#	Tax Amount
Elderly	66	\$74,367	66	\$78,388
Blind	5	2,912	7	4,088
Physically Handicapped	3	1,606	3	1,606
Water/Air Pollution Control	1	25,779	1	25,474
Veterans	468	83,325	452	82,025

TIMBER & GRAVEL ACTIVITIES

TYPE	4-1-2015 to 3-31-2016		4-1-2016 to 3-31-2017	
Yield Tax	6	\$7,074	5	\$4,777
Excavation Tax	3	233	3	233
Property Transfers Processed	310		357	

2017 Tax Rates (per thousand):

Municipal	\$17.88
Local Education	\$14.91
County	\$3.89
State Education	\$2.51
Total Tax Rate:	\$39.19

*Utility valuations are not taxed locally for the state education portion of the tax rate.

CITY CLERK

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

State Primary Election:

September 13, 2016 – 22% Total City Votes

General Election

November 8, 2016 - 73.67% Total City Votes

Municipal Election:

November 7, 2017 – 33% Total City Votes

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

Ordinances – Fiscal Year 2017

2016-05 Ch.9 Create Article X Special Event Camping & Parking

2016-06 Ch. 15 No parking Industrial Park Rd. begin 43' from westerly side

2016-07 Ch. 17 Electronic Message Display Signs

2016-08 Ch. 17 Signs Allowed by Permit Only Elec. Mess

2016-09 Ch. 15 No parking sign Comm. St. south side to 57' east of pole #129/5FP

2017-01 Eliminate Sunset Provision

2017-02 Stop Sign Memorial Lane @ Madison Ave.

2017-03 Operation of OHRV's

2017-04 Accessory Dwelling Units

2017-05 Establishment of Zoning Districts

Resolutions – Fiscal Year 2017

2016-17 CDBG \$500,000 Holiday Center for Adult Medical Day Care Center

2016-18 Re-appropriate \$145,000 to Middle School Gym Floor CIP

2016-19 Amend 2016 R-1 adopted 6/20/16

2016-20 Adoption of City's Hazard Mitigation Plan

2016-21 Authorize NHDOT TAP Grant \$800,000-phases 2&3 river walk

2016-22 Improvement project Acct 01-495-995-0713

2016-23 Carryover \$60,373.41 of Grant Funds FY 16 to FY 17

2016-24 Carryover \$1,688,258.05 of Capital FY16 to FY17

2016-25 Appropriate \$20,000 to PD Spec Project Enforcement

2016-26 Appropriate \$30,540 to PD fund 30 for Camp Razor Expenses

2016-27 Appropriate \$3000 to PD FY17 for Highway Safety -Distracted Driving Patrols

2016-28 Authorize PD Comm. to apply/accept \$17,981.32 for Opioid Abuse Reduction Initiative

2016-29 Appropriated \$3,600 to PD FY17 E-Ticket

2016-30 Authorize CDBG \$12,000 feasibility of installing heated sidewalks and street

2016-31 Authorize application for ladder truck

2016-32 Authorize BPD to apply for \$5,110.84 for HSEEP

2016-33 Authorize NH DES SAG \$3,337,895.37 for Wastewater treatment facility phase 2 upgrade

2016-34 Authorize Airport to apply for grant \$276,450. for Rotating Beacon & Wind Cone

2016-35 Forward for Children & Youth 2020 Project (FAST)

2016-36 \$200K for Health Dept. (FAILED)

2017-01 \$45,750 PD Outside Overtime Spent - \$65,000 revenue offset

2017-02 Donation from Jericho Power, LLC for UTV trailer

2017-03 \$30,000 technical assistance grant from USDA for heated streets

2017-04 Standardization of fire alarm system components for city

2017-15 \$12,000. CDBG grant for city hall elevator feasibility study.

2017-06 \$14,000. NH Charitable Foundation Grant parking lot and trailhead at base of Mr. Forist

2017-07 Richard Tremaine et al land donation Map 110 Lots 165, 170 & 175

2017-08 Authorizing PD Commission to apply & receive NH Highway Safety Grants for FY 2018

2017-09R-1 Appropriated budget \$39,801,060 for 2018

2017-10 Amend 2017 budget by revising Fund 10 School Dept. Federal Programs

The following Licenses were issued by the City Clerk's Department from 7/1/2016 – 6/30/2017

Dog Licenses: 1055

Vital Records

The following vital statistics were recorded:

YEARS	2014/15	2015/16	2016/17
Marriage	41	40	21
Birth	62	64	61
Death	147	152	140

Respectfully submitted,
Elaine Riendeau
Berlin City Clerk

Planning & Community Development Department

This past year marked the completion of the Route 110 realignment project – a project that was decades in the planning. There is still work to be completed as the historic mitigation needs to be finished, this will include interpretive signage, historic street sign, landscaping and other small features to satisfy the Department of Historic Resources. The City has been awarded grant funding for a Riverwalk project to be built alongside the almost completed Route 16 rehabilitation project. Our main arteries into the City are looking good!

The Berlin Industrial Development and Park Authority (BIDPA) is in the process of working with North Country Growers on selling their newly acquired property north of the current Industrial Park for the development and construction of industrial scale greenhouses to grow lettuce and tomatoes year round. The board is following other projects and ideas and continues to keep busy with community and economic development efforts throughout the City.

The Planning Board has several new members and things have been busy this past year. A new chairperson was elected to replace outgoing chairman Ernie Allain who was an invaluable asset to the Planning Board. The board is actively working on overhauling its signage ordinance and there are still hopes to completely revise the City's Zoning Ordinance in the future as it has not 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 continues to

be 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 windmills for Jericho Mountain have been erected and turning for over a year now and the location has become a destination spot among OHRV riders.

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

<http://www.berlinnh.gov/planning-department>

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

Zoning/Code Enforcement Officer: Michel Salek

Planning Board Chair: Thomas McCue

Zoning Board of Adjustment Chair: Dana Hoyt

Berlin Industrial Development and Park Authority Chair: Michael Caron

Health Department and Home Health Nursing Services The End of an Era

In FY 2016-2017 the City decided that with the current and anticipated changes to Medicare, the City needed to evaluate what it would need to do to be competitive in the Home Health market, if it made sense to remain a competitor in the market considering that there were non-public private businesses in the community and if the investment needed was a fiscally responsible risk to take with taxpayer money. With that in mind, the City sought consultants to bid on evaluating the Home Health Program and providing a detailed plan indicating whether it could be competitive and profitable and what type of investment it would take from the City's tax base. After receiving the report and hearing public comments, the City Council voted with a majority in favor of closing the department. The decision came as a result of a decision by the City Council that they were not able to appropriate the significant funding required to make necessary changes in the Home Health operations. This decision was made after a full public process which weighed the ability to appropriate funds against the liability that would be created for the tax payers of Berlin. The City worked with the other providers to ensure that the patients served were provided continued quality care if needed. The last patient was discharged from services on February 28, 2017 ending an era of dedicated service to Berlin and the surrounding communities.

The City still remains a self-inspecting entity for licensing of restaurants and other food vendors thereby ensuring safe food handling. The Health Officer inspects each restaurant, grocery, convenience

store, deli and any other place that serves food more than four times a month. The Health Officer also investigates public health complaints regarding vectors such as infestations, unsanitary living arrangements as per City ordinances and State Laws.

Welfare Department

In this fiscal year the city updated its guidelines to include a new application that combined multiple forms that once had been handed out separately and at different stages of application. The form was created with input from clients served to help create a less complicated and user friendly application process for all involved. During the fiscal year a total of Sixty-five families were assisted with the average length of service being a single month and the longest six months. As one may guess the six months was an individual applying for disability benefits who had no other means of support for their basic needs which brings us to the very essence of why General Assistance exists in the State of New Hampshire.

New Hampshire RSA 165 requires that every Town and City have a general assistance office to assist those who are poor and unable to support themselves. Many often interpret this to mean that Towns and Cities must help them when they come in to apply for assistance, however, the law specifies that they must be poor and unable to support themselves and case law has given the Towns and Cities the authority to determine what this means by having written guidelines which include definitions of basic needs and formulas for determining what income and assets will be used versus what

defines basic needs. The City will subtract the cost of monthly basic needs from the family's net income and assets for the prior four weeks. If the income and assets cannot cover the basic needs, the city then determines which basic need will be most helpful to assist with based on those the City actually provides. The city then issues a voucher to a vendor in that amount. No cash is ever given out per State law.

The City has a work program and individuals repay the taxpayers for the assistance by working either at City offices or elsewhere in the community as assigned for a number of hours determined by the amount of assistance they received. Five Hundred and twenty-one people were interviewed in the Welfare office during the fiscal year of which one hundred and twenty-six were disabled, fifty-six were senior citizens, and twenty-two had served in the military.

A total of two hundred and eighty-seven vouchers were issued totaling \$21,770.12:

Assistance Issued	AMOUNT
Cremation/Incidentals/Furnishings	\$3,760
Electric	\$666.29
Board & Care	\$45.00
Rent	\$16,164.08
Medical	\$47.11
Groceries	\$1,062.71
Footwear	\$24.93
Total	\$21,770.12

Recovery of \$1,733.63 was made through cash repayment from various sources. \$3,401.28 was recovered through work on the City's work program.

The Administrator thanks the agencies and City offices that work closely with us

on the work program and those who work to meet the needs of the indigent population in our community. The City is fortunate to have three food pantries, albeit they sometimes struggle to keep up with the demand of those in need. They do their utmost best to ensure that no one goes without. The demand in our area has become high enough that the High School has started a food pantry for its students that is student run. We also have a Community dinner on Wednesday evening at the Harvest Christian Church, another on Thursday evening at the Community Bible Church and another at Salvation Army on the last two Mondays of the month. St. Barnabas Church typically does one dinner a month on a Saturday through the winter months to build community and to help meet the needs in the area.

We have many resources right here in our community, right in walking distance. Tri-county Community CAP has a branch of its Fuel Assistance Office on Main St., A Service Link Office, A Head Start Program, Senior Meals, Homeless Outreach and Weatherization. We have two offices of the local medical center. The nearest hospital and college, a grocer, dentists, eye care, and so much more. This makes Berlin, along with the number of available rents and the lower cost of rents compared to the rest of the state, an attractive option to those who live on a small to moderate income such as SSI which tops out at \$768 a month.

Respectfully Submitted,
Angela Marin Giroux
Health and Welfare Officer

BERLIN PUBLIC SCHOOLS

Demographics - Berlin Public Schools opened the 2016-2017 school year with an enrollment of 1174, grades K-12 Kindergarten was offered as a full day program.

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 Pupil Services and Office of Student Wellness are at the Marston School building. The district's central office is in the Hillside School building. The district's bus fleet of 10 plus 2 minivans is at a leased garage on Hutchins St. Total miles travelled during 2016-17: 124,494 miles.

The After-School Program, in partnership with the Family Resource Center, saw growth in participation for students in grades K-8. Academic and enrichment support was provided daily in after-school programming, community involvement, and evening meals Monday-Thursday. The program staff collaborated with classroom teachers to ensure students increased academic achievement in the regular classroom. The number of K-8 students enrolled was 159 during the school year and 80 enrolled summer program, 2017.

The district employed 252 employees. The district has 56% low socio-economically deprived. 25% of the students are identified as students with disabilities, state average is 16%.

Instruction & Assessment - In the spring of 2017, all N.H. schools administered a statewide assessment called Smarter Balanced Assessment Consortium (SBAC).

Number of Students Tested and Percent of Students at Level 3 proficiency or Above:

English Language Arts/Literacy Mathematics

Grade	Number of Students Tested	Percent at Level 3 or Above
Grade 3	89	35%
Grade 4	68	32%
Grade 5	82	54%
Grade 6	80	44%
Grade 7	94	41%
Grade 8	96	44%

Grade	Number of Students Tested	Percent at Level 3 or Above
Grade 3	89	22%
Grade 4	68	43%
Grade 5	82	30%
Grade 6	80	20%
Grade 7	94	26%
Grade 8	96	35%

Berlin Middle School students increased an average of 2 grade levels in reading proficiency using a web-based reading program. Reading Plus was a whole-school reading support program sponsored by Local Granite United Way. Student progress was noted from 20% to 53% reading at or above grade level.

The state adopted the use of SAT College Board tests for all grade 11 students instead of the Smarter Balanced Assessment used at other grade levels. It is anticipated that SATs will raise awareness of the importance for all students to be focused on college and career readiness. The mean score for reading and writing was 484, state mean score was 522. The mean score for math was 473, state mean score was 514.

Professional development was provided for all staff focused on district and school goals. Training and professional development activities included an emergency management framework known as A.L.I.C.E. (Alert, Lockdown, Inform, Counter, and Evacuate) and a police notification system called CopSync. All teachers used half-day in-service

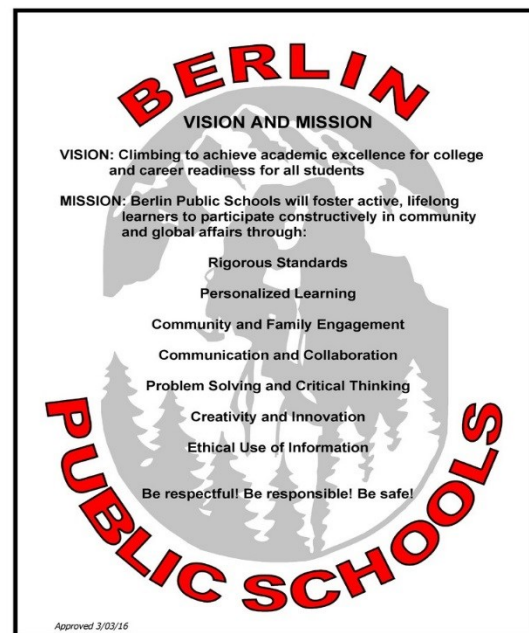
days to develop student competencies for math and English language arts. School activities were initiated for culture and climate framework known as Positive Behavioral Interventions and Supports (PBIS), and evidenced-based process to increase consistent expectations of student behavior. The staff received training in Youth Mental Health First Aid, CPR/AED, and developed schoolwide student learning objectives as shared attribution. Guest speaker Dr. Cassie Yackley presented the ACES (Adverse Childhood Experiences Study). Building level professional development was conducted for better techniques in behavior management and de-escalating disruptive behaviors, use of technology for instructional practices, strategies for math instruction, training on assessments, and using data. Criminology was a new course offered in the criminal justice career path.

The following Running Start classes were available for students to earn college credit in partnership with White Mt. Community College: Software Applications, College Composition, IT Essentials, Pre-Calculus, Calculus I, French I, Statistics, Psychology, Introduction to Criminal Justice, Criminology, Web Design I, Topics in Applied College Mathematics, Blueprint Reading I, and Blueprint Reading II.

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

All district goals and objectives are driven by a vision and mission developed by stakeholders. The district was in implementation phase of the reauthorized federal law Every Student

Succeeds Act (ESSA) which replaces the tenets of No Child Left Behind.



Staff Accomplishments - District-wide committees met to address: Leadership, Professional Development, Wellness, Technology Integration, School Climate and Culture, Behavioral and Mental Health Supports, Emergency Management, and Project A.W.A.R.E. (Advancing Wellness and Resilience Education).

We were one year ahead of schedule, enabling us to provide Chromebooks to all students for the 2016-2017 school year. Moving forward, the district assessed the needs of staff and students to provide them with the tools necessary to be successful in a 21st century learning environment. The teaching staff has been provided with a graduate level course for professional development in the integration of one-to-one Chromebooks in the classroom. Parent information packets were updated and included: care and use policy guides, loan agreements, SAU3 policies on internet safety and bullying, filtering software, and other resources regarding internet safety.

Project A.W.A.R.E. (Advancing Wellness and Resiliency in Education) in the Office of Student Wellness, completed its second year of implementing strategies that promote social emotional learning, increase school safety, improve school climate, connect students in need with community based mental health supports, and advance overall student wellness. More than 125 staff and community members received training in Youth Mental Health First Aid.

The School Resource Officer (SRO), funded primarily through Project AWARE (Advancing Wellness and Resilience in Education), responded to more than 1,100 calls for service within the schools, including home visits, school visits, counseled students, classroom presentations, field trips, incident reports, school meetings, and school patrols.

All schools strengthened their universal Positive Behavioral Interventions and Supports (PBIS) strategies this past year. Universal strategies benefited all and are based on data collected within the schools guiding decision making to develop practices and systems for improving student behaviors and school climate.

Targeted interventions for students needing extra behavioral supports in order to be successful in the natural school setting were driven largely by the Behavioral Health Intervention Teams in each school. These teams identified students for both specialized social emotional learning groups and provided individualized supports for students identified at being high risk. Students actively engaged in community based mental health treatment increased by more than 50% since the beginning of the grant project in 2015.

Brown School Physical Education teacher coordinated "Jump Rope for Heart" and raised over \$7,000 for N.H. Heart Association. Brown School 2nd grade teacher, Susan Griffin was awarded the Louise Tillotson Teaching

Fellowship award, selected by the N.H. Charitable Foundation.

The following administrators successfully completed The National Institute for School Leadership (NISL) at North Country Education Services: Tammy Fauteux, Kevin Carpenter, Martha Miller, and Roland Pinette. Berlin High School athletic director Craig Melanson was awarded NH Division III AD of the year. BHS teacher raised over \$2,000 to benefit cancer research through the "Movember" challenge.

Facilities Report - The BHS and one of the BMS gym floors were renovated. The other BMS gym floor was completely rebuilt. Bleachers at both BHS and BMS were motorized and updated to ADA compliance. Hillside School bathrooms were renovated and built for ADA compliance. A few water fountains were replaced with water bottle filling stations. The school department continued to upgrade LED lighting for increased energy efficiency. This project reaped \$7,000 annual energy savings. A new fire alarm system was installed in the Hillside/BMS complex. Work continued on roofing overlay. Two classrooms at BHS had floor tile replacement and asbestos abatement.

Parent/Community/Board Involvement

Parent and community engagement events were held at all schools with opportunities to meet teachers and learn about expectations for the students.

Events held at Brown School and Hillside School included: Parent/Teacher Organization meetings, Book Fairs, Math nights, and open houses. The elementary schools jointly sponsored a family literacy night themed, "Let's Get Moving", an estimated 76 families participated. Classes visited local sites: Tin Mt., Hillside School, Great Glen Trails, Milan Hill State Park, Moose Brook State Park, and Horne Field.

Hillside student council members participated in the Berlin Main Street Day of Caring. The

Shelburne Grange donated dictionaries to all third graders. A FIRST Robotics Club with 15 members from Hillside School participated in regional competition. Hillside students place first and second in the state poster contest on the NH Bicentennial of the State House.

Coos County Family Health Services continued to sponsor a dental hygienist to promote healthy oral health. Lessons were provided in oral hygiene, weekly fluoride rinses, free cleanings and check-ups for qualifying students on school sites.

Berlin Middle School 7th grade students participated in a financial literacy fair sponsored by Northeast Credit Union and Service Credit Union. Middle School 8th grade students participated in a Health-O-Rama sponsored by Androscoggin Valley Hospital and North Country Health Consortium. Students participated in North Country Youth Leadership and Kids in Prevention Youth Leadership (YLTA).

POST SECONDARY EDUCATION

Class of	2017	2016	2015	2014
4-year college	34%	35%	35%	32%
2-year college	38%	35%	28%	28%
Military	1%	2%	4%	3%

Berlin High School students participated in Your Skin Is In Challenge pledging not to use artificial tanning booths in support of prevention of melanoma. In athletics, Berlin was runner-up in NH unified basketball, boys' ice hockey, and girls' tennis. Individually, a BHS student was the NH Division III and overall Meet of Champions state champion in javelin, and set the Berlin High School record. A student was the N.H. girl's ice hockey player of the year and became the all-time leading goal scorer for Berlin High School. Another

student was the NH High School winner for the N.H. duck stamp competition. The state champion and silver medalist of the NH Skills USA welding competition earned a student a trip to the National Welding Competition. Locally a Berlin High School student was the recipient of the Sylvia Evans Award for her volunteerism and contributions to women and families.

2016-17 was the year of implementation of a Berlin High School food pantry. This student driven initiative was supported by several extra-curricular clubs, including FCCLA, Key Club, and National Honor Society, as well as students and staff who donated time and effort. The food pantry supported an estimated 16 families and provided items for over a thousand meals.

Parent engagement activities focused on college awareness/preparatory events including college overview for seniors, Financial Aid Awareness, Understanding Award letters, College Overview for juniors, and individual FAFSA help session for parents,

The high school and middle Youth Leadership Through Adventure (YLTA) groups empower students to promote chem-free, pro-social, experiential education, service learning, and life style. Berlin High School students facilitated a schoolwide climate project focused on improving kindness.

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 Berlin Board of Education also initiated conversations with SAU20 on the exploration of regionalization and collaboration.

The city funded the FY17 operating school budget at \$17,984,343. 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. An annual five-year capital improvement plan was submitted to the city. The goal is to maintain N.H. Approved Schools, to maintain High School Accreditation, to increase technology in all aspects of teaching and learning, and prepare all students to graduate college and career ready.

Respectfully Submitted,

Dr. Corinne E. Cascadden

Superintendent of Schools

RECREATION DEPARTMENT

Services provided by the Berlin Recreation Department throughout this fiscal year remained numerous and varied. Unfortunately, space does not allow acknowledging all activities and the devoted staff and volunteers who made our events possible. Programs described below either were new and/or expanded during fiscal year 2017. Please call 752-2010 or visit Recreation's Publicity section at www.berlinnh.gov for the very latest on what is taking place now!

In the summer of 2016, Berlin Recreation served 1,553 lunches and 1,399 snacks to area children who visited the Recreation's four playground sites in addition to serving Project Youth's programs at Hillside Elementary School and St. Barnabas Church. This was the first year Berlin Recreation provided food to Project Youth which increased the meal demand substantially. The Berlin School Department generously granted Recreation the use of a Public School van making it possible to execute the delivery of such a large number of bagged lunches and snacks efficiently. We are truly grateful to the Berlin School Department for this collaboration.

For one week in July, Ms. Whitney Roberts, a former Plymouth State softball player, created a Softball Camp for young ladies ages 9 – 15.



Summer personnel Morgan Boucher & Noah Dumas stand ready to deliver meals. (Staff photo)

After days of being taught the fundamentals, a fun scrimmage game was held concluding with each girl receiving a complimentary t-shirt. The girls certainly benefited from such a talented instructor!



Instructor Whitney Roberts with "her team" (Staff photo)

Ms. Missy Wedge came on board as Recreation's new Assistant in November, 2016. "Miss Missy" quickly reinstated the Little Tykes Playground program introducing Show and Tell and inviting other city departments such as the Fire Department to visit with the young children.

Missy's enthusiasm extended to the Recreational Hockey Development League. With Missy's husband Mike and their recruitment of other qualified volunteers, participation in Recreation hockey continues

to grow. Their energy and teaching skills are providing a quality hockey experience for every skating level.



Recreational Hockey Open Skate Event



Sara Poirier, Amanda Reed, & Missy Wedge serving treats at the end of season Hockey Party (Maya Wedge photo)

Mrs. Vicky Arsenault started teaching Tai Chi Quan – Movement for Better Balance in the fall of 2016. A group of senior citizens joined her twice a week at the Berlin Recreation Center for low impact stretching exercises. The seniors' goal was to improve their balance as they monitored their progress throughout the sessions.



Little Tykes Taking turns holding the fire hose. (Staff photo)

Mrs. Arsenault also facilitates Health & Hope Nights – an informal monthly gathering where residents of all ages share healthy recipes, dieting tips, and general inspirational stories for leading a positive life. All this and tasty, nutritional snacks too!



Members enjoying the plentiful snacks at Health & Hope Night. (Staff photo)

As always, Berlin Recreation welcomes any opportunity to offer new programs in our effort to remain a vibrant member of the community.

Do not hesitate to contact us if you have an idea to share.

Sincerely,
Terry Letarte, Program Director
Berlin Recreation Department

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. Fax, copier and scan to email services are also available.

The library catalog can be accessed through a dedicated computer in each department, or remotely through the City of Berlin website. Patrons, with a library card in good standing, have access to interlibrary materials from participating NH libraries.

Access to downloadable books through the New Hampshire State Library and Overdrive is available. In addition, the library now offers Heritage Quest, a genealogy resource, accessible on site or remotely.

The Children's 2016 Summer Reading Program theme was "On Your Mark, Get Set...Read". Funding for the Kids, Books and Arts was provided by the Paul O. Sidore Memorial Foundation in memory of Rebecca Lee Spitz, a grant from the NH State Council on the Arts and the National Endowment for the Arts as well as funds administered by the NH State Library and provided by the Institute of Museum and Library Services. Due to illness, the Keith Munson's program of Songs & Stories, Cartoons & Comedy was rescheduled and performed at Brown School on 10/26/16 to an enthusiastic audience of 300 children.

The June 23, 2016 SRP kick-off was a musical program by Judy Pancoast, In Memory of Mrs. Inez Hamlin, which was held at the Berlin Recreation Building. The Summer Reading Program consisted of 11 programs, serving 209 families. A total of 468 books were read during the SRP. The 5 week program included visits with Rangers, Nick and Jenna, Berlin Fire Dept. tours, a Bruins' Blades visit and Clif's David Martin brought stories and books for the children. Children's Librarian, Kathy Godin, also received help with her programs from Library Trustees, Ms. Yvonne Thomas and Mr. Paul Tardiff. Adding to the success of the Summer Reading Program was a donation of tickets from Storyland for the children to enjoy. The library wishes to thank Storyland for their continued generosity and support.



Congratulations to Eliana Amato who read 1,000 books before Kindergarten

The Children's Librarian conducted a total of 39 weekly Story Hours for young

children from September to June, serving 370 children and 243 adults. In addition, there was a School Visit, a Halloween program, a place for 313 Safe Visits, as well as an Afterschool Program for 51 children. The total attendance of all Kathy's programs was 2378 children and 861 adults for a grand total of 3239 patrons.

Library Statistics July 1, 2016
to June 30, 2017

TOPICS	ADULT	JUVENILE	TOTAL
000 - Generalities	70	48	118
100 - Philosophy	137	22	159
200 - Religion	91	17	108
300 - Social Science	268	222	490
400 - Language	9	66	75
500 - Pure Science	52	845	897
600 - Technology	359	245	604
700 - The Arts	149	461	610
800 - Literature	338	121	459
900 - Geography & History	328	113	441
910 - Travel	0	16	16
BIO - Biography	227	57	284
FIC - Fiction	7,701	8,769	16,470
MAG - Periodical	269	1	270
DVD - Movies	3,848	0	3,848
VHS - Movies	259	0	259
AC - Audio Books	4,679	127	4,806
CD - Compact Disk Music	3	5	8
TOTALS	18,787	11,135	29,922
PKB - Paperbacks	227	0	227
Walk in Patrons	12318	10717	23,035
Phone Inquiries	1512	191	1,703
Computer Users	3800	399	4,199
Copier Patrons	3403	32	3,435
Fax Patrons	381	0	381
Microfilm Patrons	109	0	109
Interlibrary Loaned	767	0	767
Interlibrary Borrowed	237	0	237
NHDB Checkouts	1445	0	1445

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 2016 series entitled, "Women Out of the Kitchen: Historical Women of New England." The series began with a living history presentation of "Sarah Josepha Hale" by Sharon Wood, followed by a lecture entitled "Witches, Pop Culture, and the

Past" by Robin DeRosa, a performance of "Stories of Strong Women in New England's History" by Jo Radner and for the final program, Ingrid Graff's book discussion of "Country of the Pointed Firs".

As in the previous year, there has been an increase in the number of items checked out at the library. There were 29,922 items checked out, which is an increase of 2,000 items from the previous year. In this age of electronics, this statistic indicates that library patrons still use traditional resources, in addition to the NHDB through NH State Library Consortium, which remains very popular with 1445 checkouts, an increase from last year.

In October 2016, the old boiler was replaced. We appreciate the new boiler, which required many adjustments and much patience. We are confident the library will be warm this winter season and for many more years.

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



Fire Department

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

The members of the Fire Department provide their services to the citizens of our City with professionalism, dedication and integrity. Through hard work, education and dedication in conjunction with the support of our residents, businesses and City Administration both appointed and elected we continue to provide these valuable services on a daily basis. The Fire Department responded to 550 calls for service from our citizens.

The Categories are as follows for the calls for service:

Fire: All categories of actual fires encountered; 44 Calls for service = 8%

Rescue & Emergency Medical Services: All categories of Rescue and EMS: 116 Calls for service = 21%

Hazardous Condition: All calls pertaining to Leaks, Spills, Carbon Monoxide issues, Air Craft Stand By, etc.: 146 Calls for service = 26%

Service Call: All calls pertaining to service to the public and other agencies: 121 Calls for service = 22%

Good Intent Call: All calls for mistaken or unfounded upon arrival: 24 Calls for service = 4%

False Alarm & False Call: All calls pertaining to malicious to faulty and unintentional activation of equipment: 99 Calls for service = 18%

Special Incident Type: Mutual Aid given to surrounding communities: 5 Calls for service = 1%

The Fire Prevention Division continues to go above and beyond the call of duty to improve the quality of life for the citizens of Berlin. The Fire Prevention Division year after year has been the focal point of the Fire Department's efforts to minimize fire loss in the community. This is achieved by the programs that are offered to local businesses, schools, health care institutions and the public in general.

The Fire Prevention Division is tasked with a variety of life safety code enforcement, fire reporting and inspection, 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 Fire Prevention Division in completing these tasks focus on fire and life safety code inspections, plan review and fire safety education sessions. Superior customer service, enhanced operational continuity, along with completing inspections and excellent coordination with other City Departments. This is a proactive and customer based service oriented approach and our commitment to overall safety to ensure that life safety of our residents and visitors to our City is on the forefront of our future endeavors and goals.

We have also participated in in the following Public Relations events (Touch a Truck, Parade of Lights, Berlin High School Homecoming, Fire Extinguisher and Safety Training to Local Businesses and Schools, Fire Safety Talks to the Community, Sponsor of the Annual New Hampshire Fire and Life Safety Calendar Contest) during the year.

Fire Prevention Division 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	3
Miscellaneous	67
Public Education (910 Students)	18
Multiple Family	26
Plan Reviews	25
Certificate of Occupancy	9
Blasting Permits	5
Total	320

The Training Division establishes standards, identifies needs to ensure that all staff are adequately prepared to perform duties through professional development, education, instruction and presentation. The Division evaluates the progress so that all staff have the knowledge and skills to proficiently perform their duties as first responders in a safe manner to reduce injury and death to the public and to ourselves as well.

Respectfully Submitted,

Thaddeus J. Soltys II,
Assistant Fire Chief



Police Department

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

Community: The challenge of the opioid crisis within our community persists. We continue to work with various law enforcement entities to deal with the crisis, a battle that is wreaking havoc not only within our community but throughout the State. We actively pursue grants that can enhance our ability to combat the opioid problem. These grants allow us to increase our efforts, while at the same time lessening the financial burden on the citizens of the community. The Center of Hope remains a ray of light for those who battle addiction, and we support those who stand together to assist those in need of services.

The Berlin Police Department has enhanced its partnership with local businesses and government agencies by offering employee training that will enable them to better manage people who may become disgruntled or agitated. MOAB (Management of Aggressive Behavior) remains a beneficial model for those in positions of public contact, enabling employees to recognize and react to individuals who exhibit signs of impending anger or hostility. Interaction by individuals trained in this type of circumstance can often diffuse a situation before it becomes dangerous. The Department also consistently seeks to expand its outreach to citizens and

increase visibility in our community. Officers regularly speak to various groups about public safety and personal safety planning.

Berlin's officers support NH Special Olympics locally and throughout the State. Our partnership with the organization has been ongoing for many years, and we look forward to a continued relationship. We embrace the opportunity to meet the athletes and admire their work ethic. We give them support but are very much gifted in return as well. It is a very humbling experience for which we are grateful.

ATV's: The City has progressively developed into a mecca for ATV activity. This year's August ATV Festival grew considerably, bringing more people than ever to visit and enjoy what our area has to offer. The inaugural Polaris RZR event held at Jericho Mountain State Park in September of 2016 can only be termed a success. Thousands came to our community and region, giving area businesses an opportunity to showcase their products and enhance their financial success. The Berlin Police Department has become an integral part of the planning and success of these events. Many of our officers heard nothing but praise for the activities they participated in and thanks from many patrons for our contribution to their experience in our City. We take great pride in the success of these events, working in conjunction with the City of Berlin and the Androscoggin Valley Chamber of Commerce.

"Call to Duty" Memorial: Our Memorial Golf Tournament was a resounding success. Local businesses and citizens continue to contribute and attend this yearly event, and we thank them for their

support and generosity. Tournament proceeds benefit the scholarship fund and perpetual care for the memorial which is located at the front of our Department. As the fund grows, scholarship opportunities for students who wish to enter the criminal justice career field expand. We hope in the future to increase the number and value of these scholarships for deserving students in the Berlin/Gorham area.

Building: The Berlin High School Building Trades program is transforming our building, and the students and instructor have done great things. Lockers have been replaced in our locker room, and the basement in general has been completely renovated. The work they have done is excellent, and we who use these facilities on a regular basis thank each and every person who worked on the project.

Department: The police officers role in society continues to grow. Increased training is an absolute necessity to adjust and react to these changes. Our interaction with individuals with mental health issues is increasing, as the availability of treatment and assistance for those in need falls behind. We are under increased scrutiny each and every time we deal with someone in crisis. The level of training is increasing and ongoing, assisting us in making the end result of these interactions as much of a success as is possible.

Personnel: Fiscal year 2017 saw many changes within the Department. Donald Valliere, Maintenance, retired at the end of 2016. Don was a fixture at the Department for 30 years, and we wish him well in his retirement. In early 2017, Detective Luc Poulin resigned from the

Department. During his tenure, Luc rose through the ranks from patrol to detective/juvenile officer. He has chosen to enter the private sector, owning and operating his own business, and we wish him success in his new venture.

When someone departs, opportunity opens for others. Daniel Arguin was hired for the maintenance position; we welcome Dan and wish him success in his new position. Jon Imperial was hired to fill a patrolman position. As a former member of the Gorham Police Department, Jon came to us fully trained and certified as a former member of the Gorham Police Department. We welcome him and wish him well in his new position.

We are strengthened by members of the Berlin Police Commission. Jerry Nault, Marc Tremblay, and Pierre Morin form a commission that is strong and community oriented. Each member brings something from their respective backgrounds that enhances our Department. All have worked in the private sector at some time, and several have a backgrounds related to the criminal justice system. Each are uniquely qualified to be in their respective positions, balancing the needs of the community and our Department.

STATISTICS July 2016-June 2017

Total Calls for Service	22,465
Accidents	222
Accidents Within an Intersection	44
Animal Complaints	211
Assaults	107
Assist to Berlin Ambulance	962
Assists from Gorham PD	50
Assists to Gorham PD	74
Assists to other Berlin Departments	419
Burglaries	35
Criminal Threatening	105
Dog Complaints	353
Domestic Violence Incidents	219
DWI Violations	52
Felonies	191
Juvenile Arrests	44
Juvenile Incidents	201
Milan Calls for Service	812
Misdemeanors	1,032
Motor Vehicle Stops	3,321
Motor Vehicle Violations	418
Motor Vehicle Warnings	2,525
Parking Tickets	425
Protective Custody Arrests	72
Restraining/Stalking Orders	72
Sexual Assaults	37
Thefts	279
Total Arrests	763
Vandalism/Criminal Mischief	199
Verbal Arguments	61

Respectfully submitted,
Peter Morency
 Chief of Police

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 paved. 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, and Police Departments as well as the Berlin Municipal Airport. We maintain the gas and fuel distribution system for all City Departments. We also provide and maintain 151 sand and salt barrels for winter use. We periodically seal concrete sidewalks, retaining walls and bridge abutments. Members of the Department also provided utility information and project inspection for water and sewer capital improvement projects.

Transportation - Street Markings -

Center lines, edge lines, railroad crossings and crosswalks were painted as they are every year, excluding three exempt railroad crossings. The cost of this work is approximately \$14,000. The work includes approximately 220,000 linear feet of striping and 5 railroad crossings.

PWD crew paints over 130 crosswalks and parking locations throughout the City, all the Stop Bars, and Yellow No Parking Zones as well as the Handicap Parking areas.

Projects in progress/completed the 2016-2017 Season

- Replaced/repared retaining walls and railings on (2) Denmark, Cheshire Streets and Houle Street. Projects were constructed with PWD crews.
- The Phase 2 Route 110 Project was completed last summer.
- Hutchins Street Re-Construction was completed August 2016, which re-



constructed this street, up-graded drainage system and constructed a new sidewalk between Napert and Turcotte Streets.

- The Hillside Street Bridge over the Dead River, the Design is completed and approved by NHDOT and will be funded at

80% of this project. This project is planned for the 2018 construction season.

Solid Waste - The East Milan Road Landfill closure was substantially completed in October of 1996.

Closure of the landfill launched the 39 year post-closure monitoring program. Groundwater quality and methane gas production is being monitored in accordance with the program.

The Cates Hill Landfill Closure project was completed in August of 2006. Groundwater quality and methane gas production is being monitored in accordance with the program.

The Public Works Department does curbside pickup of household garbage. Recycling became mandatory in September of 2012 and solid waste tonnages went from 4200 tons per year to approximately 3300 tons per year at a cost savings of \$60,000.

The Public Works Department collects paper, glass, plastics, tin, aluminum and cardboard from businesses for recycling. The department increased efforts to reduce the household garbage tonnage to the landfill and worked with local media to inform and educate the public for the need to improve our recycling efforts. In addition we worked to reduce/eliminate curbside bulky and yard waste pick-up to have residents use the AVRDD transfer station for these items.

Sanitary Sewer & Storm Collection Systems; we started the Engineering Phase for our Long Term Combined Sewer Overflow Program. We have conducted video inspections of the sanitary sewer collection systems in the suspected areas of higher levels of Inflow and Infiltration.

These areas we selected from previous 18 month flow monitoring studies conducted throughout the City. We are still doing house inspections to seek out other sources of Inflow & Infiltration such as sump pumps, roof and perimeter drains that currently are connected to the sanitary sewer system. We plan to have another project ready for the next construction season 2017-2018.

Recreation and Parks Maintenance



Our major fields (Memorial, High School and Community College) have been well maintained with the help of Diamond Turf to guide us to keep up the good field condition. In working with Diamond Turf we continue to gain the valuable knowledge that will help us avoid the reoccurrence of the past issues of bug infestation. The fields are currently in tremendous shape even with the increased demands with the addition of high school aged (Gladiators) football and high school women's soccer and youth football (Gladiators) for the past four seasons.

Projects in progress/completed the 2016-2017 Season. Two new buildings were completed. The new Recreation and Parks Maintenance building at 52 Gilbert Street and 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 Brown School, where the summer youth food program is conducted.

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

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

-Continue with downtown x-mass decorations, repairs, replacements, etc.
- All snow, ice, and rain events are attended to as they occur. This involves plowing, shoveling, sanding and salting parking lots, walkways, stairs and entrances. The places we maintain are; 1) Police station-Rec. center, 2 First Ave. parking lots. 2) City Hall 3) Court House 4) Heritage Park 2 lots. 5) Bickford Place. 6) Memorial and Community Fields storage. 7) 5 skating rinks as weather permits.

Skating 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 pick up, leaves swept, and sod repairs) all areas that we take care of. High

School baseball and softball games, Boys and Girls Tennis are first on the schedule. They play and practice on the two Little League Fields at Community and at Memorial and at the Glen Ave. and Horne Field tennis courts. JV and Varsity play about 20 home ball games not counting playoffs. We started a new field maintenance program with Northeast Agricultural to restore all our fields to excellent condition. The main fields involved in this program are: the new Community College field where the High school will have all their Field Hockey and Soccer practices and games, The High school track field, and Memorial baseball field. This summer will show significant improvement. - Grass mowing starts and the cemetery crew from Northern Human Services starts in May. We equip them and service them, but they do a great job. The Community Gardens are tilled and staked out.

Summer : (June, July, & Aug.)

-High School athletic seasons wind down with playoffs at their fields and Jr. High games at Community and Horne Fields finish up their schedules. Grass mowing and trimming are everyday tasks. All places we maintain are: Track field, Memorial and Memorial Annex, Green St., Veterans Park, all downtown (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, Ramsey Park playground. - Full schedule of girls' softball (Bobcats) games at Horne Field, Cal Ripken at Community, and their respective tournaments. - Summer Soccer league games at Community -summer playgrounds program and free lunches.

Ongoing field maintenance at all fields that include, aerating, seeding, topdressing, fertilizing and weed-killing. – Cemetery work – Trash removal, tree pruning, fence repairs, and playground safety, etc., are attended to weekly.

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

-Very busy fall schedule of High School field hockey and soccer games and practices that start in August. Every day practices at Community Field and Community College field for JV and Varsity teams, with 10 home games for each team at the Track field. -7th and 8th grade soccer and field hockey games and practices at Horne field and Memorial Annex field -5th and 6th grade soccer and field hockey games and practices at Memorial and Community fields. New addition this fall was the addition of high school level football which had daily practices at Memorial Annex Field and for home games at Memorial Field.

– Rec. Dept. Soccer program at Green St. Field –repair worn areas of all fields and continue field maintenance program – put away all bleachers, nets, benches, picnic tables, summer equipment, etc. for winter. Crew does the downtown x-mass decorating and assists Main St. Program with their decorations also. We prepare areas for the five skating rinks.

On a final note I would like to express my sincere gratitude to you, the citizens of Berlin, a host of partners and partner agencies too numerous to name, and the more than 50 employees who have traversed the ranks of the Public Works , Pollution Control and Rec. & Parks Departments over the last 10 years. I have been so fortunate to have had an opportunity to serve the City where I was born and grew up in. As we continue to revitalize this community, it seems fitting to formalize those plans now with notice of

my intent to retire on July 6, 2018. When I reflect on the last 10 years, many moments come to mind. I picture events that will forever be emblematic of the tragedy, importance, and occasional humor of our work in Berlin. Among the most rewarding experiences were the opportunities to: train supervisors and employees; craft innovative programs, initiatives, and strategies to move the Departments and City forward; provide improved services to our customers, the citizens of Berlin. To each of our partners and to so many people who have engaged in community initiatives, I extend a heart-felt thank you. I hope that our efforts have, in some small way, embodied the essence of these statements. Most importantly, those who do the increasingly challenging work of Public Works that is so essential and so often misunderstood and under-appreciated - and the family and friends who support them each day - will always have my unwavering support, gratitude, and admiration. I am honored to have been fortunate enough to work with them. As I prepare for the next phase of my career, I am confident that my colleagues at Public Works, Pollution Control and Rec. & Parks Departments are well-positioned to continue their important work for the community. I look forward to working with you and your team, the community, and all the Departments during this exciting transition.

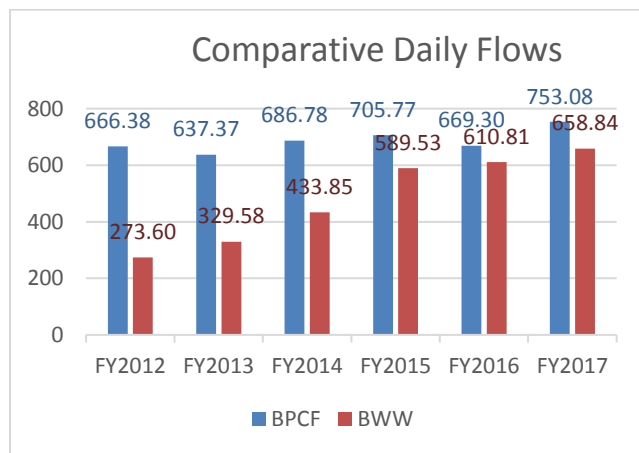
Respectfully Submitted by,

Michael P. Perreault
Public Works Director

Wastewater Treatment Plant

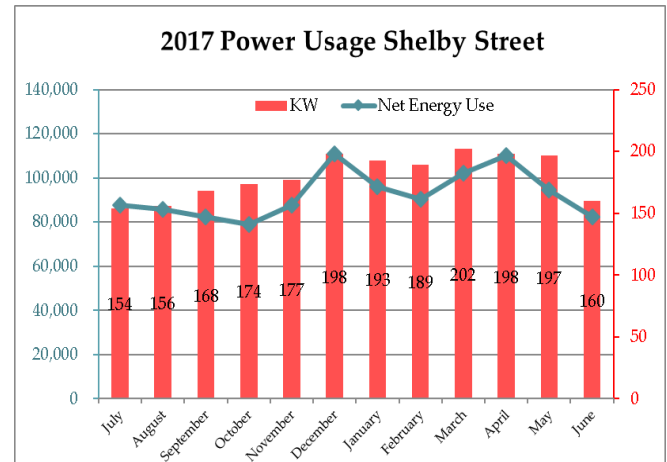
Last fiscal year, Berlin's Pollution Control Facility processed 753.1 million gallons of sewerage from the City. We also processed 23.3 million gallons of Leachate from the Mt Carberry Landfill. On top of which we accepted and treated almost 417,100 gallons of Septage waste from outlying communities not on their own sewer systems (ie, septic tanks). Whereas the Influent Flow increased by 11 % and the Septage deliveries by 17 %, the Leachate flow remained the same year on 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, over the course of a year. Last year (FY2017) BWW produced about 658.8 million gallons of water for use in the City; BPCF on the other hand had to treat 753.1 million gallons of City Sewerage, or 114% more than BWW produced. We attribute most of the discrepancy to Inflow and Infiltration into the Collection System; the City has corrected many leaks into the sewer pipes in the past few years.

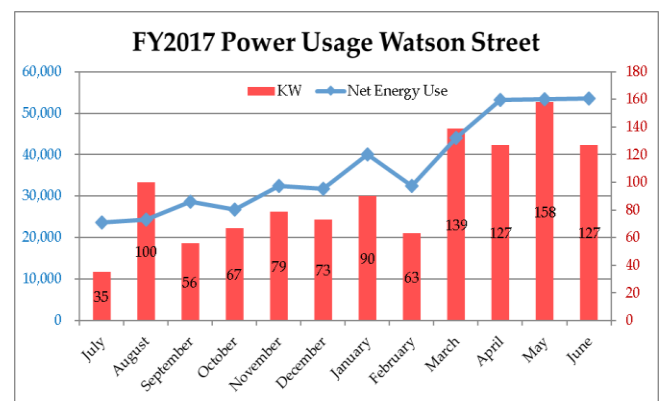


As part of our process we produced 1,539 tons of dried municipal sludge that we trucked up to the AVRDD landfill for disposal. The treatment process removed 91.2% of the BOD (Biochemical Oxygen Demand) and 96.9% of the TSS (Total Suspended Solids) which came in with the sanitary sewer flows.

Average monthly power usage at the Main Plant (Shelby Street) increased to 92,488 kWh (108%) and at our main pump station at Watson Street it increased to 37,017 kWh (119%). Average monthly energy usage at the Main Plant (Shelby Street) increased to 181 KW (103%) and at our main pump station at Watson Street it decreased to 93 KW (91%) year on year.



The energy usage (KW) follows the peak flows in the sewers; this is a measure of the success of the City's program to reduce Inflow and Infiltration into the Sewer System. Weather drives our Flows and Autumn through Spring proved wetter than last fiscal year.



Some Capital Projects this year included new Septage Pumps, new Hatch Covers for the Septage Tank, aluminum grating to cover our Chlorine Contact Tanks, and a major pump rebuild at Watson Street Pump Station.

Respectfully Submitted,
Henry Noel, WWT Superintendent

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 twenty years. The NHDES 2015 Water Rate Survey was published and Berlin Water Works ranks 17th 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 June 6, 2017 in the amount of \$234.00 from Revolution Energy LLC for carbon credits. BWW signed a contract with First Point Power for eighteen months with a savings of approximately \$6,150. The normal cost for yearly electricity at the Ammonoosuc Treatment Plant was about \$30,000 before the Hydro was installed. 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; we have generated extra power that is credited to our electric account at the Ammonoosuc Treatment Facility.

BWW staff met with Robert Mann from New Hampshire Department of Environmental Services to complete a Sanitary Survey that is completed every three years. The survey is information collected by the DES Drinking Water and Groundwater Bureau for the purpose to review the capacity of the system’s source, treatment, distribution and management to continuously produce safe drinking water. We will receive the report at a later date. Superintendent Carrigan and Foreman Lefebvre both met with Mr. Mann to discuss the BWW distribution system and day to day activities. Mr. Mann was very interested and impressed in our use of the GIS system and how the work orders are being applied to daily work. Mr. Mann spoke of a possible presentation to other Water Districts that are currently not using this type of system. The final report was received on December 19, 2016; there were no concerns raised about the facility or practices at BWW, the State commended the BWW on the many positive features.

BWW paid off the New Hampshire State Revolving Loans #01, #02 and #03. We have only seven New Hampshire State Revolving Loans remaining and one Rural Development Loan. We received the official letter from the State of New Hampshire dated January 6, 2017 to confirm payment of the three loans. Superintendent Carrigan and City Manager James Wheeler met with Anne Getchell of Rural Development in November to review funding guidelines

for Rural Development Loans. Berlin is now listed under a population of 10,000 as the funding guidelines now do not include populations of prisons, thereby allowing the City of Berlin and BWW to apply for funding from Rural Development. BWW was also required by Rural Development to send out a Data Collection survey to customers regarding race, ethnicity and sex designation to ensure that we are following the Federal Laws prohibiting discrimination; the survey was sent out in the May Quarter Billing 2017. 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 some of our older equipment this year including the 1985 Mack Truck, the Grey Mack, Red Ford and Yellow Mack water Truck. All sales income is applied to BWW debt.

BWW continues to offer on line bill paying for customers who 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 765 or 22% of our customers are registered to use the online billing service. Also, the BWW has an auto-pay option for which 176 customers currently participate.

There are 3405 BWW accounts requiring metering and protective devices. BWW has installed 2043 backflow devices to-date at customer's homes. BWW has

installed 1515 radio read units to-date. BWW is currently upgrading old brass meters by replacing them with poly Sensus iperl meters. FY 2017 BWW replaced 183 meters and of the total replaced, all were Sensus iperl meters. BWW has installed a computer program for the iperl meter data logger; this enables us to look at the usage history of a meter that has been installed to help determine the cause of unusually high water usage and it also displays a graph of the information that can be shown to customers.

BWW celebrated Drinking Water Week from May 7, 2017 to May 13, 2017 with open house at the Ammonoosuc Treatment Plant Monday through Friday. National Water Week tours included two elementary classes and a few other residents who visited the plant.

During the mild winter of 2016/2017, 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 BWW to help them replace the gymnasium floor at the Junior High. They found the concrete under the existing wood floor to be in poor condition due to the coal ash that was used for fill under the concrete, it destroyed the drain lines causing damage to the concrete. BWW staff has replaced the outside perimeter of drain line and will repair the roof drains that run into the courtyard as well as replace the drain line to the main line in the street. We completed this project and they are very pleased with the results. BWW installed a perimeter drain, replaced the old drain

system from the manhole in the yard to the street, installed new walkways, helped with the excavation of coal ash inside and replaced with gravel and graded the grounds away from the gym. This generated approximately \$30k for BWW revenues. The School Department has also requested a quote from BWW to remove old asphalt and complete preparation for paving at the Marston playground area and the walkways to the Middle School at the State Street entrance; BWW is awaiting bid response. A “thank-you” note from a student who attends the Berlin High School “School to Career Program” was received. The student “job shadowed” at the Treatment Facility. The student appreciated and enjoyed working with and learning about the daily operations from both of the Treatment Plant Operators.

BWW assisted Jay Poulin of HEB Engineers and the Nansen Ski Club with a 2” HDPE water line from the river through a culvert under Route 16 to tie into the Canon Ski Area Snow Gun to cover the landing at the ski jump for the recent jump. PWD assisted the BWW with the sewer jet helping to push the 2” line through the culvert. The Nansen Ski Club is thinking about installing a permanent line underground if future events are to take place at the ski jump.

BWW staff has been working with a new prospective customer, Romik Developers for Jericho Road Campground. Randall Suozzo of NH Department of Environmental Services wanted to make sure that we could provide adequate pressure and water. A letter from the Superintendent dated May 11, 2017 was sent to Dexter Lefavour at Horizons Engineering regarding the campground that under normal conditions, barring any

unforeseen problems such as a major break or drought, that our system has sufficient water supply and pressure to meet the demands of their development. The Superintendent sent a letter dated March 28, 2017 to James McMahon of the NHDOT Bureau of Highway Maintenance regarding the campground. The letter states that in our policy the customer owns and is responsible to maintain the service line from their property line into the building. The service connection at the water main in the street and the physical connection of the customer’s water service line to the main line will be made by BWW. Romik received their permit to start from the State and they have applied for a water service permit from BWW.

BWW staff has also been in discussion with North Country Growers Engineers for a Greenhouse project on East Milan Road. A letter dated March 23, 2017 was sent to Eric Grenier from HEB Engineering who is working with North Country Growers. Mr. Grenier e-mailed the Superintendent on March 22, 2017 that NHDES-DW&GB requested a letter from the Berlin Water Works with supporting information. The letter states that our distribution system has sufficient water supply for this development barring any unforeseen problems such as a major break or drought. Also attached to the letter were our Rules and Regulations and that BWW is responsible from the main to the curb stop of the property. A backflow/meter building is to be installed on the 8” main service line to protect the BWW water system from the NCG’S system. BWW is looking forward to supplying the proposed Growers with water from the City’s water distribution system. A meeting was held at City Hall with Richard Rosen who is the CEO of American Energy and his representatives with BWW and the City to

discuss the North Country Growers water and sewer concerns. One concern was the backflow meter house that we and the State required to be built. Steve Lefebvre showed them the Burgess Bio unit to have a better understanding of why this is necessary. Mr. Rosen also asked about a water discount but found that they will not use the additional water that would qualify for a reduced rate.

	FISCAL 2016	FISCAL 2017
Total Flow	626,419,382	624,724,307
Difference from previous year	6% increase	Less than 1% decrease
Gallons per Day	1.72 Million gallons	1.71 Million Gallons
Running Water Customers	0	0
Running Water Start - early	-	-
Running Water Start - regular	-	-
Running Water Finish	-	-
Frozen Water Calls - outside	0	1
Frozen Water Calls - inside	1	0
Hydrant Flushing	8/3/15 to 9/11/16	8/23/16 to 10/3/16
Number of main line breaks	8	1
Number of service line breaks	5	7

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 to 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 2016 was distributed to all water customers as a bill stuffer in the May 2017 Billing. Paperless customers received an internet address to view the Water Quality Report.

BWW continues to update the office and garage buildings at 55 Willow Street. Security cameras and door access system locks were installed at the office Building and the Garage. Plantings have been completed at the office and garage facilities with donated trees and shrubs.

Improvements to the Distribution System facilities included BWW staff cleaning all four storage tanks. A new heating system was installed at the Ammonoosuc Treatment Plant Facility.

Melanson, Heath & Co PC was accepted by the Board to perform the Water Works financial report for period ending June 30, 2017 (FY2017). 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 was completed. Our FY 2018 budget of \$3,113,687 was presented by the Board on May 24, 2017 at the budget hearing providing \$2,409,820 for operations and \$703,866 for loan debt payments. The proposed budget was approved June 21, 2017. This budget represents the twentieth 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 where 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. FY 17 Work on Cedar Street between Prospect Street and Hillside Avenue has been completed; Hillside Avenue from Spruce Street to Portland Street has been completed. BWW ran a new 1" copper service line from the high pressure line on Grafton Street to 601 Lancaster Street, it was not completed as part of the Grafton Street Project, and the homeowner sent a thank you card to the BWW.

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. FY 2017 BWW completed the intersection and water main work at Hillside Avenue and Willow Street where staff found that the water lines had been buried in coal ash. Work was started on Western Avenue at

Mink Street and will continue 1200 feet north on Western Avenue to spend down the remaining NHSRL #10. We processed the final pay request to close out the loan; the amount of the pay request exceeded the amount remaining in the loan so the funds were transferred to the NH State Revolving Loan #11.

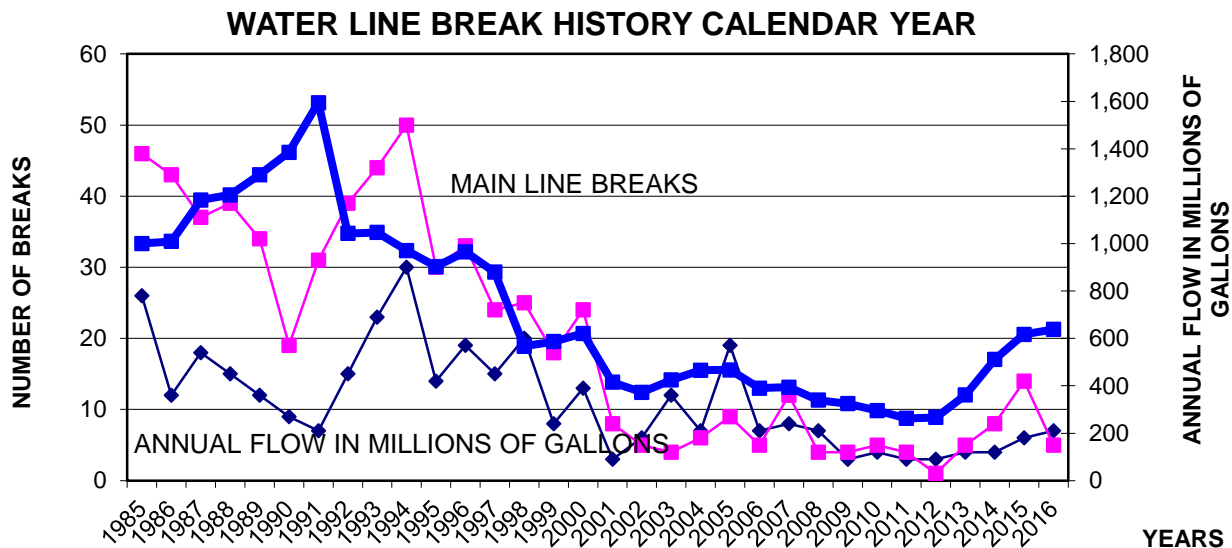
BWW Brown Farm Well #2 is in the planning process. Funding for the project will be through the BWW budget. In July 2016 several test wells were drilled and a site for the second well was determined. Dave MacLean of Geo Insight sent in the Large Ground Water Withdrawal Permit to NH DES. Geo Insight solicited three bids for drilling Well #2, Layne Christensen Company was selected to complete the project in FY 2018. Lee Carroll was selected to complete the Electrical Engineering Design for the Brown Farm Well #2.

	Total as of FY2017	FY 2016	FY 2017
Curb-to-curb street paving (includes overlay)	12.23 miles	.38	.26
Number of New Meters	3405 total in system	102	183
Number of New hydrants	421 total in system	0	0
Number of Replaced services	3405 total in system	20	38
New water main installed - since 1990	29.50 Miles	.62	.53

The BWW installed 2800 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 2017) and 1890 thru 1920's vintage unlined cast iron mains (25,790 feet remaining as of June 2017) 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



BWW has submitted a pre application for a NH State Revolving Loan on May 17, 2017 in the amount of \$1.5 million.

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. We received the payment in the amount of \$15,000 from the NHDES 2016 Asset Management Grant Program for our GIS Project on June 7, 2017. NHDES suggested a plan to divide the city to record all GIS location information in one zone at a time. Berlin was divided into seven zones; Zone 1 is completed and BWW is in the process of completing Zone 2 with the 2015-2016 Asset Management Grant. BWW has applied for the 2016-2017 Asset Management Grant and we were approved on June 29, 2017 for up to \$20,000. With the new grant BWW will continue to cover

all zones of the city. A requirement of the Asset Management grant was to complete an Asset Management Plan and Brochure; both were prepared by BWW staff and approved by the Board of Water Commissioners in June 2017.

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.

Respectfully submitted,
Craig Carrigan
Water Works Superintendent

FINANCE/COLLECTIONS

The Tax Collection Department continues to offer property taxpayers the ability to have tax and sewer payments withdrawn from their checking or savings accounts. Payments are withdrawn on the bill due date. For taxpayers who prefer to budget their tax and sewer payments, the City will withdraw funds on the second Wednesday of every month. The Collection's Department 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 2017, the Finance Department issued 4,237 semi-annual real estate tax bills totaling \$15,165,219.00. The Department of Revenue (DRA) set the tax rate in November of 2016 at a rate of \$39.19. The Department also issued 3,392 annual sewer bills which totaled

\$1,785,868.00. The number of motor vehicle registrations issued by the City increased this year by 24 registrations to 9,638 with the City collecting \$1,299,479.00.

There was a total of 1,277 dump passes issued during fiscal year 2017.

The Finance Department also processes weekly payrolls and provides Human Resource Benefits for the City's 135 regular full and part time employees.

Assistant Comptroller: Jan Gagnon
Senior Collections Clerk: Kris Davis
Collections Clerk: Heidi Gray
Payroll/Benefits: Sherry Young
Accounts Payable Clerk: Natalie Croteau

Respectfully submitted,

Patricia A. Chase
Finance Director/Tax Collector

City of Berlin Residential Passes are available at the City Hall Registrations/Finance Office:

- Free Permit: With your current vehicle registration obtained at the City of Berlin, you will receive a Free residential permit. Only one free permit per household once per 'calendar year' is allowed.
 - The **Free Permit includes a white copy (your receipt)** that never expires which can be used for a limited list of items. It also **includes a yellow one-day pass** which can be used in the Landfill Container Designated Drop-off Area for other items.
- Purchasing additional permits: A current vehicle registration obtained at the City of Berlin is required to purchase the standard AVRRDD quadruple form (\$20) which **includes a white copy(your receipt)** to be used for a limited list of items, and **4 additional colored one-day passes** to be used at the Landfill Container Designated Drop-off Area for other items. Each household may only purchase one every '12 months'.



New Hampshire
Department of
Revenue Administration

MS-61

Debits

Uncollected Taxes Beginning of Year	Account	Levy for Year of this Report	Prior Levies (Please Specify Years)		
			Year: 2016	Year: 2015	Year: 2014
Property Taxes	3110		\$3,880,776.87		
Resident Taxes	3180				
Land Use Change Taxes	3120		\$3,550.00		
Yield Taxes	3185		\$139.27		
Excavation Tax	3187				
Other Taxes	3189		\$103,410.51	\$383,287.97	
Property Tax Credit Balance ?			(\$25,979.27)		
Other Tax or Charges Credit Balance ?					

Taxes Committed This Year	Account	Levy for Year of this Report	Prior Levies	
			2016	
Property Taxes	3110	\$7,533,994.50	\$7,606,595.00	
Resident Taxes	3180			
Land Use Change Taxes	3120			
Yield Taxes	3185	\$21.49	\$4,903.98	
Excavation Tax	3187	\$56.72		
Other Taxes	3189	\$197,142.22	\$2,017,700.09	
- SPECIAL WARRANTS	3110	\$609.10	\$16,407.82	
Add Line				

Overpayment Refunds	Account	Levy for Year of this Report	Prior Levies		
			2016	2015	2014
Property Taxes	3110		\$15,307.00	\$15,391.00	
Resident Taxes	3180				
Land Use Change Taxes	3120				
Yield Taxes	3185				
Excavation Tax	3187				
- SEWER	3189			\$4,631.85	
Add Line					
Interest and Penalties on Delinquent Taxes	3190		\$26,258.23	\$16,739.41	
Interest and Penalties on Resident Taxes	3190				

Total Debits	\$7,731,824.03	\$13,649,069.50	\$420,050.23	
--------------	----------------	-----------------	--------------	--



New Hampshire
Department of
Revenue Administration

MS-61

Credits				
Remitted to Treasurer	Levy for Year of this Report	2016	Prior Levies 2015	2014
Property Taxes	\$5,351,420.16	\$10,759,152.22	(\$1,459.08)	
Resident Taxes				
Land Use Change Taxes		\$3,550.00		
Yield Taxes	\$8.55	\$5,043.25		
Interest (Include Lien Conversion)		\$26,258.23	\$16,739.41	
Penalties				
Excavation Tax	\$53.12			
Other Taxes		\$1,873,633.85	\$306,579.96	
Conversion to Lien (Principal Only)		\$607,650.20	\$76,629.94	
<div>-</div>				
<div>Add Line</div>				
Discounts Allowed				

Abatements Made	Levy for Year of this Report	2016	Prior Levies 2015	2014
Property Taxes	\$1,404.00	\$131,918.00	\$15,391.00	
Resident Taxes				
Land Use Change Taxes				
Yield Taxes				
Excavation Tax				
Other Taxes		\$4,514.00	\$6,169.00	
<div>-</div>				
<div>Add Line</div>				
Current Levy Deeded		\$1,013.00		



New Hampshire
Department of
Revenue Administration

MS-61

Uncollected Taxes - End of Year # 1080	Levy for Year of this Report	Prior Levies		
		2016	2015	2014
Property Taxes	\$2,210,353.66			
Resident Taxes				
Land Use Change Taxes				
Yield Taxes	\$12.94			
Excavation Tax	\$3.60			
Other Taxes	\$197,142.22	\$244,217.17		
Property Tax Credit Balance ?	(\$28,574.22)	(\$7,880.42)		
Other Tax or Charges Credit Balance ?				
Total Credits		\$7,731,824.03	\$13,649,069.50	\$420,050.23



New Hampshire
Department of
Revenue Administration

MS-61

Summary of Debits

	Last Year's Levy	Prior Levies (Please Specify Years)		
		Year: 2015	Year: 2014	Year: 2013
Unredeemed Liens Balance - Beginning of Year		\$576,256.80	\$412,541.27	\$31,306.41
Liens Executed During Fiscal Year	\$739,430.70	\$1,723.78		
Interest & Costs Collected (After Lien Execution)	\$8,415.66	\$42,234.93	\$114,457.22	\$3,109.18
-				
Add Line				
Total Debits	\$747,846.36	\$620,215.51	\$526,998.49	\$34,415.59

Summary of Credits

	Last Year's Levy	Prior Levies		
		2015	2014	2013
Redemptions	\$129,631.23	\$213,580.98	\$368,933.45	\$4,893.81
-				
Add Line				
Interest & Costs Collected (After Lien Execution) #3190	\$8,415.66	\$42,234.93	\$114,457.22	\$3,109.18
-				
Add Line				
Abatements of Unredeemed Liens	\$8,390.07	\$5,651.75		
Liens Deeded to Municipality	\$26,302.54	\$32,264.12	\$28,595.17	\$3,479.28
Unredeemed Liens Balance - End of Year #1110	\$575,106.86	\$326,483.73	\$15,012.65	\$22,933.32
Total Credits	\$747,846.36	\$620,215.51	\$526,998.49	\$34,415.59



The Berlin Regional Airport, in its 75th year of operation, has had some significant changes in 2017. First of all the airport is operated by Eric Demers and myself. Eric has done a great job in long overdue brush and tree removal around the hangers which gave the airport property an uplift. Three weeks were spent on power washing, scraping loose paint and rust with some repainting of the 100 low lead fuel tank.

With the 2017 Capital Improvement Project underway, a new wind sock tower was replaced and we will also be replacing the rotating beacon. Both the wind sock and rotating beacon will now be on a crank down tipping tower which will make changing the wind sock and light bulbs more accessible and we will no longer need to hire a man lift.



The top section of the 1940's rotating beacon will be stored away and eventually repainted to be displayed in the airport's terminal building as a piece of the airports' history.

We have seen an increase in larger aircraft traffic and longer overnight stays for 2017.

We have the Moose Study scheduled again for January. This is where approximately forty of these animals are netted, tranquilized for blood and fur samples; then a radio transmitter collar is attached to the moose for a yearlong study of moose habits.



Projects for the inside of the terminal building include minor repairs and painting all rooms with a new color, which is long overdue and will be done by airport staff. We have started meetings on the next airport capitol improvement projects with the engineers and the New Hampshire Bureau of Aeronautics which will consist of runway repairs, replacing indicator signs and tree and brush removal.

Respectfully Submitted,
Marcel Leveille
Airport manager



Berlin Housing Authority

The Berlin Housing Authority serves the City of Berlin with 285 vouchers and 55 units of public housing. We also manage the St Regis House a 42 unit multifamily. Our income streams include federal Operating Subsidy, Capital Fund and rental income. The Housing Choice Voucher Program is entirely federally funded. Berlin Housing also strives to earn income by leveraging housing knowledge to run other housing organizations that need management services.

Berlin Housing spent much of the past year working with a consultant with expertise in tax credit programs. St Regis House has applied for this program. This will be a huge diversification for BHA. We are now waiting to hear about the outcome and see how St Regis fares.

Our Housing Authority offers housing to people who have cared for relatives that face challenges in their daily living but want to see their son or daughter in a living situation that is stable and offers a way to transition to a more independent way of life. Independence is important to people with autism, with mobility challenges or to aging adults. When housing stabilizes, people are free to learn other life skills, connect with programs and increase their investment in the community.

Housing is part service provision and part networking and one of the most powerfully transformative steps people can take to improve their situation. BHA works diligently to be part of that transformation and lift those who are in

extreme need. This year a special thank you to AHEAD and Brookside Apartments for helping to house people when we have no vacancy or need the special features of one of their units. They are part of the team that provides quality housing to our citizens.

Utilization of Assisted Housing Programs at June 30, 2017 (in # of units)		
Public Housing	55	55
St. Regis House	42	42
Vouchers	285	244
TOTALS	382	341
PH UTILIZATION ON 6/30 WAS 100%		
Voucher utilization on 6/30 was 88%		

Public Housing and St. Regis Turnover			
	2017	2016	2015
Public Housing	9	10	14
St. Regis House	7	14	9

BHA paid over \$13,000 in payment in lieu of taxes to the City. Our landlord subsidies totaled almost \$1,000,000 dollars most of which were direct subsidies of Berlin properties. Our Commissioners are pro local purchase. Our goal is to offer housing to the homeless and vulnerable whether through our services or those of our colleagues. There are too many needs for one program. But in the years to come, rest assured BHA will be on the front lines working on the issue and deploying the maximum possible to end homelessness while housing the vulnerable.

Mary Jo Landry
Berlin Housing Authority Executive Director

Berlin Housing Authority
Combined Balance Sheet

	As of June 30, 2015	As of June 30, 2016	As of June 30, 2017
ASSETS			
Cash	\$ 381,604	\$ 456,958	\$ 495,539
Security Deposits	16,526	17,247	16,619
Accounts Receivable	2,424	2,367	2,536
Investments	-	-	-
Prepaid Insurance	8,753	11,803	11,398
Accrued Interest Receivable	-	-	-
Capital Assets (Net)	1,362,039	1,274,789	1,188,160
Other Assets	152,625	55,018	55,018
TOTAL ASSETS	\$ 1,923,971	\$ 1,818,182	\$ 1,769,270
LIABILITIES			
Accounts Payable	47,712	9,518	5,598
Other Liabilities	667,904	687,959	678,676
TOTAL LIABILITIES	715,616	697,477	684,274
EQUITY/NET ASSETS			
Invested in Capital Assets, Net of Related Debt	1,107,559	1,020,309	933,680
Restricted Net Assets	11,387	13,034	29,541
Unrestricted Net Assets	89,409	87,362	121,775
TOTAL EQUITY/NET ASSETS	1,208,355	1,120,705	1,084,996
TOTAL LIABILITIES AND EQUITY/NET ASSETS	\$ 1,923,971	\$ 1,818,182	\$ 1,769,270

Berlin Housing Authority
Combined Balance Sheet
(Continued)

COMPONENTS OF TOTAL EQUITY/NET ASSETS

<u>Liquid Equity:</u>			
Cash	\$ 381,604	\$ 456,958	\$ 495,539
Investments	-	-	-
Other working capital components	(535,288)	(356,562)	(344,223)
Net Liquid Equity	(153,684)	100,396	151,316
<u>Non Liquid Equity:</u>			
Land, Structures, and Equipment	1,362,039	1,274,789	1,188,160
Less: Long-Term Liability	-	254,480	254,480
Total Non Liquid Equity	1,362,039	1,020,309	933,680
Total Equity/Net Assets	\$ 1,208,355	\$ 1,120,705	\$ 1,084,996

Changes in Equity-Year ended 6/30/17

Equity, 6/30/16	\$ 1,120,705	
Net Income (Loss) from Operations:		
Public Housing and Capital Fund Programs	(90,435)	
All other programs	54,726	
Equity, 6/30/17	<u>\$ 1,084,996</u>	

Public Housing Portion of Equity

Public Housing	\$ 865,070
All other programs	219,926
Total Equity	<u>\$ 1,084,996</u>

NOTE-Public Housing funds can only be used for Public Housing related improvements or expenditures. Public Housing capital expenditures must have HUD approval.

CITY OF BERLIN, NEW HAMPSHIRE
Financial Statements
With Schedule of Expenditures of Federal Awards
June 30, 2017
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

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, 2017, 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, 2017, 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, schedule of funding progress for other post-employment benefits, schedule of changes in the City's proportionate share of the net pension liability, and 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.

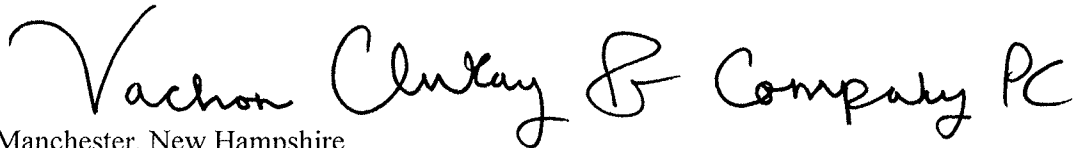
Supplementary Information

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 16, 2018 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.

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

Manchester, New Hampshire
March 16, 2018

**City of Berlin, New Hampshire
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017**

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, 2017. 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:

- No new accounting standards were adopted and the application of existing accounting policies was not changed during the year ended June 30, 2017.

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, 2017 by \$33.1 million, a decrease of (\$1.9) 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 (\$16.4) million. Restricted net position of \$1.4 million 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 decreased slightly from the prior year with an ending balance of \$48.1 million.
- Changes in Net Position: The City's total net position decreased from last fiscal year's \$35 million to \$33.1 million in fiscal year 2017. Net position of governmental activities decreased by (\$844) thousand or 14%, and net position of the business-type activities decreased by (\$1.1) million or 4%. 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 2017, the City's governmental funds reported a decrease of (\$3.4) million compared to last fiscal year, with a combined ending fund balance of \$6.8 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 \$1.9 million, which is an increase of \$700 thousand from the previous fiscal year. The Bond Issue Capital Projects Fund ended the fiscal year with a restricted fund balance of \$3.8 million, which is a decrease of (\$3.3) million from the previous fiscal year. This entire restricted fund balance consists of unspent bond proceeds.
- Proprietary Funds – Net position: As of the close of fiscal year 2017, the City's proprietary funds reported a decrease of (\$1.1) million when compared to last fiscal year, with a combined ending net position of \$28 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 \$5.5 million, which is a decrease of (\$800) thousand from the prior fiscal year.

Overview of the Financial Statements

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

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

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

Government-wide Financial Statements

The government-wide financial statements provide a broad view of the City's finances. These statements (Statement of Net Position and the Statement of Activities) provide both short-term and long-term information about the City's overall financial position. They are prepared using the accrual basis of accounting, which recognizes all revenues and expenses connected with the fiscal year even if cash has not been received or paid.

- The **Statement of Net Position**, found on page 1, presents all of the City's non-fiduciary assets and liabilities. The *difference* between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is reported as "Net Position". Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.
- The **Statement of Activities**, found on page 2, presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (such as uncollected taxes and earned, 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 and 5.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented here with similar information presented in the government-wide financial statements. Reconciliations are provided between the Governmental Fund Statements and the Government-Wide Statements, which can be found on pages 4 and 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 \$33.1 million at the end of fiscal year 2017, a decrease of (\$1.9) million compared to the end of the previous fiscal year.

Net position of the City as of June 30, 2017 and 2016 is as follows (amounts reported in millions):

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Capital assets, net	\$ 32.4	\$ 28.9	\$ 36.3	\$ 37.3	\$ 68.7	\$ 66.2
Other assets	14.7	15.4	8.6	9.0	23.3	24.4
Total Assets	47.1	44.3	44.9	46.3	92.0	90.6
Total Deferred Outflows of Resources	8.5	2.5	0.3	0.1	8.8	2.6
Long-term liabilities	42.3	34.2	16.9	16.4	59.2	50.6
Other liabilities	2.0	1.6	0.3	0.8	2.3	2.4
Total Liabilities	44.3	35.8	17.2	17.2	61.5	53.0
Total Deferred Inflows of Resources	6.2	5.1	-	0.1	6.2	5.2
Net position:						
Net investment in capital assets	27.5	26.9	20.6	21.4	48.1	48.3
Restricted	0.4	0.4	1.0	0.5	1.4	0.9
Unrestricted (Deficit)	(22.8)	(21.4)	6.4	7.2	(16.4)	(14.2)
Total Net Position	\$ 5.1	\$ 5.9	\$ 28.0	\$ 29.1	\$ 33.1	\$ 35.0

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 (\$2.2) 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 changes in 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 decreased (\$1.9) million during this fiscal year. Property and other taxes brought in \$16.7 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, 2017 and 2016 are as follows:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues:						
Charges for services	\$ 2.4	\$ 2.4	\$ 2.3	\$ 2.6	\$ 4.7	\$ 5.0
Operating grants and contributions	13.8	15.2	-	-	13.8	15.2
Capital grants and contributions	0.5	1.6	-	-	0.5	1.6
General revenues:						
Property and other taxes	16.7	15.9	-	-	16.7	15.9
Licenses and permits	1.4	1.4	-	-	1.4	1.4
Intergovernmental	0.6	0.5	-	-	0.6	0.5
Miscellaneous	0.2	0.4	-	0.1	0.2	0.5
Total revenues	<u>35.6</u>	<u>37.4</u>	<u>2.3</u>	<u>2.7</u>	<u>37.9</u>	<u>40.1</u>
Expenses						
General government	2.1	2.2	-	-	2.1	2.2
Public safety	6.4	5.6	-	-	6.4	5.6
Airport/Aviation center	0.4	0.4	-	-	0.4	0.4
Highways and streets	2.6	2.2	-	-	2.6	2.2
Health and welfare	0.6	0.7	-	-	0.6	0.7
Sanitation	0.8	0.8	-	-	0.8	0.8
Culture and recreation	0.7	0.7	-	-	0.7	0.7
Economic development	0.1	1.0	-	-	0.1	1.0
Education	20.2	19.2	-	-	20.2	19.2
Food service	0.6	0.6	-	-	0.6	0.6
Debt service	0.3	0.4	-	-	0.3	0.4
Intergovernmental	1.6	1.6	-	-	1.6	1.6
Sewer	-	-	3.4	3.0	3.4	3.0
Total expenses	<u>36.4</u>	<u>35.4</u>	<u>3.4</u>	<u>3.0</u>	<u>39.8</u>	<u>38.4</u>
Change in net position	(0.8)	2.0	(1.1)	(0.3)	(1.9)	1.7
Net position, beginning of year	<u>5.9</u>	<u>3.9</u>	<u>29.1</u>	<u>29.4</u>	<u>35.0</u>	<u>33.3</u>
Net position, end of year	<u>\$ 5.1</u>	<u>\$ 5.9</u>	<u>\$ 28.0</u>	<u>\$ 29.1</u>	<u>\$ 33.1</u>	<u>\$ 35.0</u>

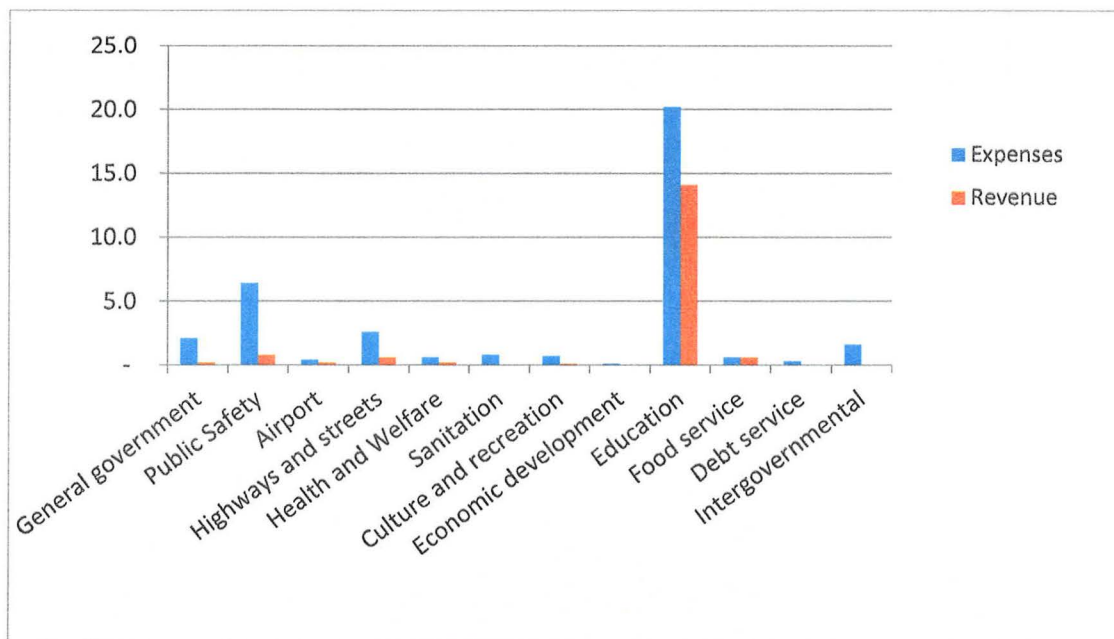
The City's expenses cover a range of services. The largest governmental expenses were for education (55%), public safety (18%), highways and streets (7%) and general government (6%), which accounted for roughly 86% of total governmental expenditures.

Governmental Activities

Governmental activities revenues of \$35.6 million were exceeded by expenses of \$36.4 million in fiscal year 2017, thereby decreasing the City's governmental activities net position by (\$800) thousand.

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.

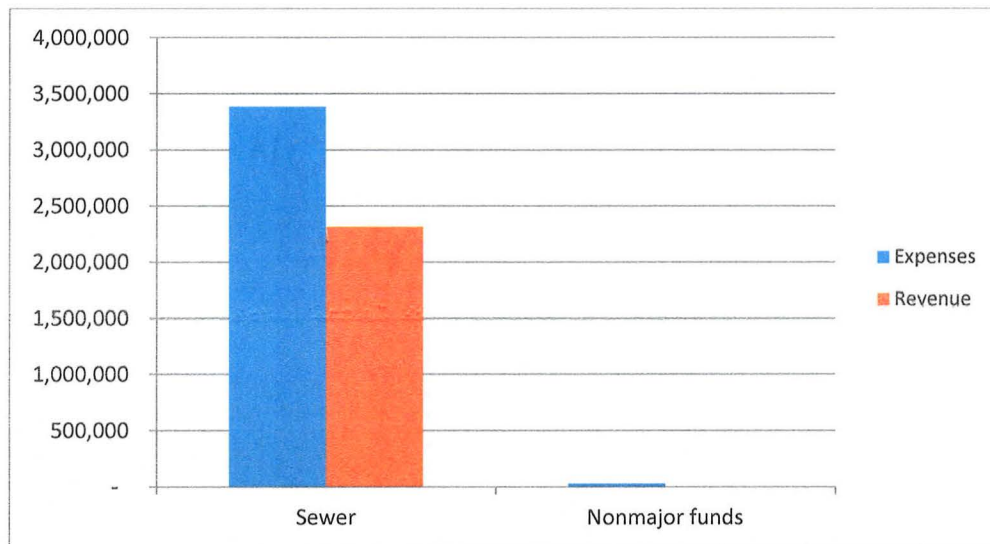
Expenses and Program Revenues – Governmental Activities
Fiscal Year Ending June 30, 2017



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.

Expenses and Program Revenues – Business Type Activities
Fiscal Year Ending June 30, 2017

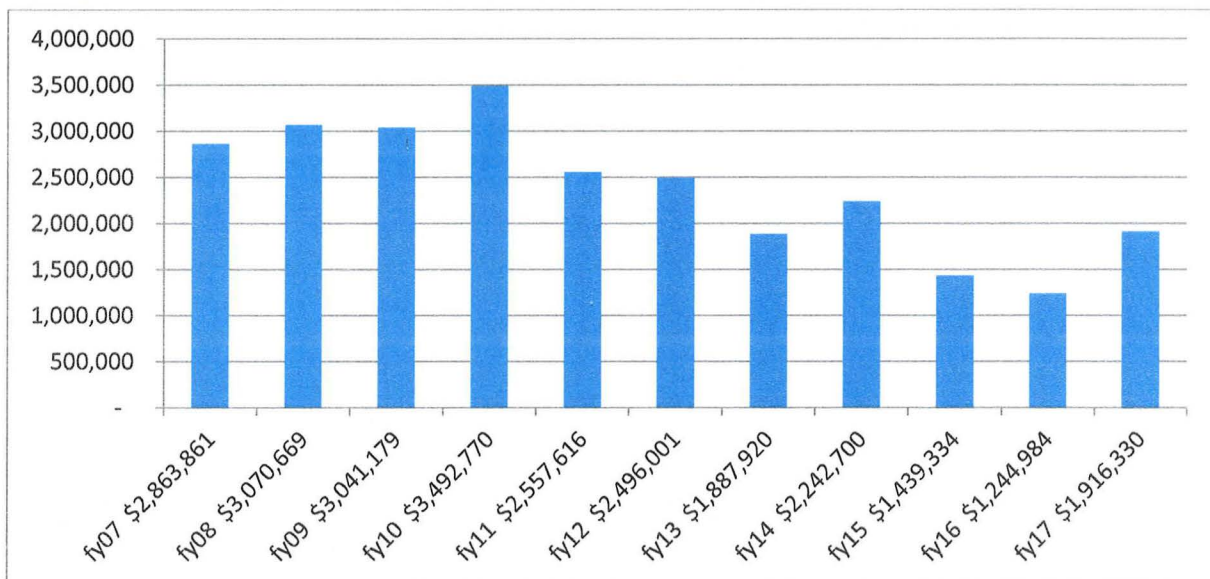


FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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 2007 through 2017 are as follows:

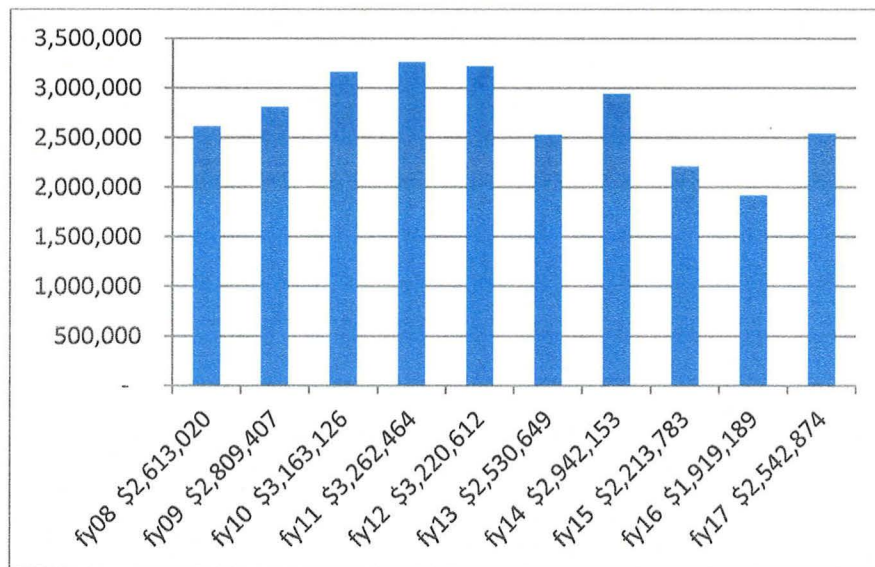


General Fund

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 \$1,916,330, while total fund balance was \$2,912,485. 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 increased by \$671,346 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 three years. For the fiscal year 2017, the General Fund Unassigned Fund Balance has increased to \$2,542,874, with \$800,000 being applied to reduce the 2016 tax rate.

Bond Issue Capital Projects Fund

The Bond Issue Capital Projects Fund saw fund balance decrease during the year by (\$3,312,136) to a fiscal year end balance of \$3,777,116. This was a result of the City expending prior year bond proceeds for authorized project purposes in the current year. The balance is expected to decrease until all bond proceeds are expended.

Other Governmental Funds

The combined fund balances of the nonmajor governmental funds decreased during the year by (\$207,935) to a fiscal year end balance of \$137,635. The decrease was primarily a result of expenditures related to completion of 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 (\$1,097,866) 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 (\$1,074,383). The Nonmajor Proprietary Funds had a combined net position decrease of (\$23,483) in fiscal year 2017.

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 less than the budgeted estimated revenues by (\$29,096). There were favorable variances of \$115,829 and \$122,894 in actual property taxes and licenses and permits revenue from the amounts budgeted, respectively. There were unfavorable variances of (\$201,101) and (\$60,391) in actual intergovernmental and charges for services revenue from the amounts budgeted, respectively. Actual budgetary expenditures at fiscal year-end were \$1,467,624 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 \$644,079 less than budgeted. General government was \$174,926 less than budgeted and Public safety spent \$184,307 less than budgeted. Additionally, the City opted not to carryforward certain projects which resulted in capital outlay expenditures less than budgeted of \$390,180.

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, 2017, amounted to \$118.7 million. Accumulated depreciation was \$50 million leaving a net book value of \$68.7 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 \$24.6 million. This amount does not include bonded debt outstanding by the Berlin Water Works, its component unit. The City may issue general obligation debt for the Berlin Water Works (a component unit of the City) and these general obligation bonds are backed by the full faith and credit of the City. Accordingly, this general obligation debt is recognized as a liability of the Berlin Water Works and is not recorded as a long-term obligation of the City. The Berlin Water Works will reimburse the City for direct payments made on its behalf for annual principal and interest on such debt. The City did not make any direct debt service payments on-behalf of the Berlin Water Works in the current year. The City issued refunding bonds totaling \$3.7 million in the Sewer Fund to affect a current refunding of \$3.8 million in old debt. In addition, the City converted State Revolving Loan Fund proceeds of \$240 thousand into general obligation debt of the Sewer Fund. Outstanding capital leases payable of governmental activities totaled \$73 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 & 6 on pages 24-28 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 current year end, the City had a net pension liability of \$31.4 million, with deferred outflows and inflows of resources related to pension in the amounts of \$8.7 million and \$900 thousand, respectively. Additional information regarding the City's net pension liability can be found in Note 7 on pages 28-32 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 the government-wide and proprietary fund financial statements. The net OPEB obligation as of June 30, 2017 is \$1.1 million. Additional information regarding the City's OPEB obligation can be found in Note 8 on pages 32-34 of the Notes to the Basic Financial Statements.

ECONOMIC CONDITIONS

The Burgess BioPower biomass plant continues to operate efficiently while providing 25 direct jobs and supports many more indirect jobs and services.

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 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 a total of 25 jobs which is 12 more jobs than reported last year. They have plans to hire additional staff.

The Gorham Paper Mill continues to operate and improve product lines and actively seek employees. They continue to operate with approximately 123 employees. Of the 123 employees, 22 were replaced through attrition with new employees.

The Federal Corrections Institutions current staffing is 258 employees. This is slightly down from last year's employment total. They are actively recruiting additional staff.

Androscoggin Valley Hospital (AVH) continues 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 383 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. BIDPA has acquired a 215-acre parcel that is situated immediately north of the current industrial park. BIDPA is in continued discussions with a commercial agricultural enterprise who wishes to occupy the site. This enterprise is expected to create 80 jobs.

The City's number of tax deeded properties taken in fiscal year 2017 was higher than the number taken in 2016. The total number of properties with buildings on them taken by tax deed was 9 in 2017 vs. 5 in 2016. Nonetheless, the overall trend appears to be that tax deeded properties are decreasing. This is a relatively small number compared to past years. We hope that this is a trend that continues into the future. Recorded property sales in FY17 indicate an increase in sales activity and sale prices.

The City continued construction of the Route 16 upgrade project which is an approximately \$6 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 is slated for substantial completion in FY18. 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 City has obtained grant funding for the riverwalk and will begin construction in 2019. 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 in the fall of 2016 was on scale with 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. In addition, the purchase and renovation of another old vacant building in the same area was completed and converted into off road recreational vehicle retail space. A third building has also been purchased for similar renovations.

With the prospect of a new large employer, continued growth of the ATV and other tourism sectors as well as indication of an improving real estate market, the City is positioned for the future. The City, its people and organizations have learned how to operate without a paper mill economy. Its biggest threats seem to come in the form of reduced state education aid and legislative proposals which will hurt the status quo. If the City can fend off these threats, it will continue to re-develop.

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, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 17,373,898		\$ 17,373,898	\$ 1,565,332
Investments	829,167		829,167	
Taxes receivable, net	720,488		720,488	
Accounts receivable, net	556,999	\$ 440,864	997,863	239,769
Due from other governments	1,821,881	326,311	2,148,192	244,295
Other receivables			-	649
Internal balances	(7,082,656)	7,082,656	-	
Prepaid expenses	74,771	6,189	80,960	
Inventory	7,375	97,086	104,461	255,645
Tax deeded property	419,319		419,319	
Total Current Assets	<u>14,721,242</u>	<u>7,953,106</u>	<u>22,674,348</u>	<u>2,305,690</u>
Noncurrent Assets:				
Due from other governments		626,359	626,359	
Capital assets:				
Non-depreciable capital assets	17,415,561	197,275	17,612,836	1,839,613
Depreciable capital assets, net	<u>15,005,078</u>	<u>36,099,487</u>	<u>51,104,565</u>	<u>38,399,252</u>
Total Noncurrent Assets	<u>32,420,639</u>	<u>36,923,121</u>	<u>69,343,760</u>	<u>40,238,865</u>
Total Assets	<u>47,141,881</u>	<u>44,876,227</u>	<u>92,018,108</u>	<u>42,544,555</u>
DEFERRED OUTFLOWS OF RESOURCES				
Loss on debt refunding		54,308	54,308	
Deferred outflows related to pension	<u>8,488,279</u>	<u>254,305</u>	<u>8,742,584</u>	<u>288,608</u>
Total Deferred Outflows of Resources	<u>8,488,279</u>	<u>308,613</u>	<u>8,796,892</u>	<u>288,608</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	1,172,083	72,559	1,244,642	33,511
Accrued expenses	569,692	166,312	736,004	74,564
Retainage payable	148,031		148,031	
Refundable deposits		20,000	20,000	
Advances from grantors	147,259		147,259	
Unearned revenue	1,623		1,623	
Due to other governments	3,936		3,936	
Current portion of bonds payable	485,000	629,912	1,114,912	1,134,060
Current portion of notes payable			-	1,322,131
Current portion of capital leases payable	72,769		72,769	
Current portion of compensated absences payable			-	16,111
Current portion of estimated liability for landfill postclosure care costs	<u>9,900</u>	<u>11,400</u>	<u>21,300</u>	
Total Current Liabilities	<u>2,610,293</u>	<u>900,183</u>	<u>3,510,476</u>	<u>2,580,377</u>
Noncurrent Liabilities:				
Bonds payable	8,499,476	15,022,621	23,522,097	8,532,962
Compensated absences payable	1,550,947	149,479	1,700,426	145,002
Accrued longevity payout	28,750		28,750	
Net pension liability	30,566,170	878,144	31,444,314	1,162,737
Other post-employment benefits liability	1,026,083	32,000	1,058,083	42,948
Estimated liability for landfill postclosure care costs	<u>89,100</u>	<u>193,800</u>	<u>282,900</u>	
Total Noncurrent Liabilities	<u>41,760,526</u>	<u>16,276,044</u>	<u>58,036,570</u>	<u>9,883,649</u>
Total Liabilities	<u>44,370,819</u>	<u>17,176,227</u>	<u>61,547,046</u>	<u>12,464,026</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes collected in advance	5,352,215		5,352,215	
Deferred inflows related to pension	<u>835,012</u>	<u>21,118</u>	<u>856,130</u>	<u>143,976</u>
Total Deferred Inflows of Resources	<u>6,187,227</u>	<u>21,118</u>	<u>6,208,345</u>	<u>143,976</u>
NET POSITION				
Net investment in capital assets	27,466,451	20,644,229	48,110,680	29,249,712
Restricted	404,948	948,000	1,352,948	
Unrestricted (Deficit)	<u>(22,799,285)</u>	<u>6,395,266</u>	<u>(16,404,019)</u>	<u>975,449</u>
Total Net Position	<u>\$ 5,072,114</u>	<u>\$ 27,987,495</u>	<u>\$ 33,059,609</u>	<u>\$ 30,225,161</u>

EXHIBIT B
CITY OF BERLIN, NEW HAMPSHIRE
Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Governmental Activities:								
General government	\$ 2,078,727	\$ 177,083	\$ 2,209		\$ (1,899,435)		\$ (1,899,435)	
Public safety	6,454,812	330,536	420,221		(5,704,055)		(5,704,055)	
Airport/Aviation center	390,637	87,684	7,470	\$ 46,912	(248,571)		(248,571)	
Highways and streets	2,603,864	10,864	236,993	325,085	(2,030,922)		(2,030,922)	
Health and welfare	560,951	88,307	179,340		(293,304)		(293,304)	
Sanitation	852,859	29,184			(823,675)		(823,675)	
Culture and recreation	673,507	50,651	2,939		(619,917)		(619,917)	
Economic development	96,216		25,828		(70,388)		(70,388)	
Education	20,242,938	1,459,288	12,513,087	123,287	(6,147,276)		(6,147,276)	
Food service	629,705	206,225	433,703		10,223		10,223	
Debt service	243,610		9,214		(234,396)		(234,396)	
Intergovernmental	1,647,881				(1,647,881)		(1,647,881)	
Total governmental activities	<u>36,475,707</u>	<u>2,439,822</u>	<u>13,831,004</u>	<u>495,284</u>	<u>(19,709,597)</u>	<u>\$ -</u>	<u>(19,709,597)</u>	
Business-type activities:								
Sewer	3,388,304	2,262,739		28,761		(1,096,804)	(1,096,804)	
Nonmajor enterprise funds	28,036					(28,036)	(28,036)	
Total business-type activities	<u>3,416,340</u>	<u>2,262,739</u>	<u>-</u>	<u>28,761</u>	<u>-</u>	<u>(1,124,840)</u>	<u>(1,124,840)</u>	
Total primary government	<u>\$ 39,892,047</u>	<u>\$ 4,702,561</u>	<u>\$ 13,831,004</u>	<u>\$ 524,045</u>	<u>(19,709,597)</u>	<u>(1,124,840)</u>	<u>(20,834,437)</u>	
Component unit:								
Water	\$ 3,216,485	\$ 2,698,297		\$ 387,120				\$ (131,068)
Total component unit	<u>\$ 3,216,485</u>	<u>\$ 2,698,297</u>	<u>\$ -</u>	<u>\$ 387,120</u>				<u>(131,068)</u>
General revenues:								
Property and other taxes					16,658,511		16,658,511	
Licenses and permits					1,442,119		1,442,119	
Grants and contributions:								
Rooms and meals tax distribution					548,483		548,483	
Other intergovernmental							-	35,864
Interest and investment earnings					22,279	3,899	26,178	1,118
Miscellaneous					184,259	23,075	207,334	128,764
Contributions to permanent fund principal					3,150		3,150	
Net gain on disposal of capital assets					6,000		6,000	
Total general revenues, contributions to permanent fund principal and net gain on disposal of capital assets					<u>18,864,801</u>	<u>26,974</u>	<u>18,891,775</u>	<u>165,746</u>
Change in net position					(844,796)	(1,097,866)	(1,942,662)	34,678
Net Position at beginning of year					<u>5,916,910</u>	<u>29,085,361</u>	<u>35,002,271</u>	<u>30,190,483</u>
Net Position at end of year					<u>\$ 5,072,114</u>	<u>\$ 27,987,495</u>	<u>\$ 33,059,609</u>	<u>\$ 30,225,161</u>

EXHIBIT C
CITY OF BERLIN, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
June 30, 2017

	General Fund	Bond Issue Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 17,368,195		\$ 5,703	\$ 17,373,898
Investments	454,320		374,847	829,167
Taxes receivable, net	720,488			720,488
Accounts receivable	523,434		11,763	535,197
Due from other governments	675,426		1,146,455	1,821,881
Due from other funds	1,240,879	\$ 4,840,100	21,013	6,101,992
Prepaid expenses	46,041		28,730	74,771
Inventory			7,375	7,375
Tax deeded property	419,319			419,319
Total Assets	<u>21,448,102</u>	<u>4,840,100</u>	<u>1,595,886</u>	<u>27,884,088</u>
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 21,448,102</u>	<u>\$ 4,840,100</u>	<u>\$ 1,595,886</u>	<u>\$ 27,884,088</u>
LIABILITIES				
Accounts payable	\$ 155,962	\$ 916,788	\$ 80,258	\$ 1,153,008
Accrued expenses	432,493		9,822	442,315
Retainage payable		146,196	1,835	148,031
Advances from grantors			147,259	147,259
Unearned revenue	1,623			1,623
Due to other governments	3,936			3,936
Due to other funds	11,962,844		1,219,077	13,181,921
Total Liabilities	<u>12,556,858</u>	<u>1,062,984</u>	<u>1,458,251</u>	<u>15,078,093</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes collected in advance	5,352,215			5,352,215
Uncollected property tax revenue	626,544			626,544
Total Deferred Inflows of Resources	<u>5,978,759</u>	<u>-</u>	<u>-</u>	<u>5,978,759</u>
FUND BALANCES				
Nonspendable	465,360		190,308	655,668
Restricted		3,777,116	250,745	4,027,861
Committed			16,356	16,356
Assigned	530,795			530,795
Unassigned (Deficit)	1,916,330		(319,774)	1,596,556
Total Fund Balances	<u>2,912,485</u>	<u>3,777,116</u>	<u>137,635</u>	<u>6,827,236</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 21,448,102</u>	<u>\$ 4,840,100</u>	<u>\$ 1,595,886</u>	<u>\$ 27,884,088</u>

EXHIBIT C-1
CITY OF BERLIN, NEW HAMPSHIRE
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2017

Total Fund Balances - Governmental Funds (Exhibit C)	\$ 6,827,236
--	--------------

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	32,420,639
--	------------

Property taxes are recognized on an accrual basis in the statement of net position, not the modified accrual basis	626,544
--	---------

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	8,488,279
Deferred inflows of resources attributable to net pension liability	(835,012)

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	(8,984,476)
Capital leases payable	(72,769)
Accrued interest on long-term obligations	(127,377)
Compensated absences payable	(1,550,947)
Accrued longevity payout	(28,750)
Net pension liability	(30,566,170)
Other post-employment benefits liability	(1,026,083)
Estimated liability for landfill postclosure care costs	<u>(99,000)</u>

Net Position of Governmental Activities (Exhibit A)	<u>\$ 5,072,114</u>
---	---------------------

EXHIBIT D
CITY OF BERLIN, NEW HAMPSHIRE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	General <u>Fund</u>	Bond Issue Capital Projects <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:				
Taxes	\$ 16,706,172			\$ 16,706,172
Licenses and permits	1,442,119			1,442,119
Intergovernmental	11,442,753		\$ 3,350,896	14,793,649
Charges for services	2,060,036		364,025	2,424,061
Interest income	17,373		4,906	22,279
Miscellaneous	200,020		84,272	284,292
Total Revenues	<u>31,868,473</u>	<u>\$ -</u>	<u>3,804,099</u>	<u>35,672,572</u>
Expenditures:				
Current operations:				
General government	1,947,878		2,209	1,950,087
Public safety	5,309,082		449,654	5,758,736
Airport/Aviation center			166,253	166,253
Highways and streets	2,107,294			2,107,294
Health and welfare	564,327		323	564,650
Sanitation	824,048			824,048
Culture and recreation	578,603		41,030	619,633
Economic development			24,711	24,711
Education	17,228,723		2,166,899	19,395,622
Food service			629,705	629,705
Capital outlay	967,301	3,312,136	541,000	4,820,437
Debt service:				
Principal retirement	326,703			326,703
Interest and fiscal charges	256,751			256,751
Intergovernmental	<u>1,647,881</u>			<u>1,647,881</u>
Total Expenditures	<u>31,758,591</u>	<u>3,312,136</u>	<u>4,021,784</u>	<u>39,092,511</u>
Excess of revenues over (under) expenditures	<u>109,882</u>	<u>(3,312,136)</u>	<u>(217,685)</u>	<u>(3,419,939)</u>
Other Financing Sources (Uses):				
Transfers in	4,619		14,369	18,988
Transfers out	<u>(14,369)</u>		<u>(4,619)</u>	<u>(18,988)</u>
Total Other Financing Sources (Uses)	<u>(9,750)</u>	<u>-</u>	<u>9,750</u>	<u>-</u>
Net change in fund balances	100,132	(3,312,136)	(207,935)	(3,419,939)
Fund balances at beginning of year	<u>2,812,353</u>	<u>7,089,252</u>	<u>345,570</u>	<u>10,247,175</u>
Fund balances at end of year	<u>\$ 2,912,485</u>	<u>\$ 3,777,116</u>	<u>\$ 137,635</u>	<u>\$ 6,827,236</u>

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, 2017

Net Change in Fund Balances - Governmental Funds (Exhibit D)	\$ (3,419,939)
--	----------------

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.	3,549,622
---	-----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(41,661)
--	----------

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.	433,581
---	---------

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.	63,400
---	--------

Capital lease principal and interest that was prepaid in the previous year is recorded as an expenditure in the governmental funds. However, the prepayment reduced long-term liabilities in the statement of net position and interest expense was charged in the statement of activities in the prior period.	210,513
---	---------

In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due.	(50,259)
---	----------

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 expense exceeded pension contributions in the current period.	(1,477,746)
---	-------------

Some expenses reported in the statement of activities, such as compensated absences, accrued longevity payout, 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.	(112,307)
--	-----------

Change in Net Position of Governmental Activities (Exhibit B)	<u>\$ (844,796)</u>
---	---------------------

EXHIBIT E
CITY OF BERLIN, NEW HAMPSHIRE
Statement of Net Position
Proprietary Funds
June 30, 2017

	Business-type Activities		
	Sewer Fund	Nonmajor Enterprise Funds	Totals
ASSETS			
Current Assets:			
Accounts receivable	\$ 440,864		\$ 440,864
Due from other governments	260,402	\$ 65,909	326,311
Due from other funds	6,056,946	1,025,710	7,082,656
Prepaid expenses	6,189		6,189
Inventory	97,086		97,086
Total Current Assets	<u>6,861,487</u>	<u>1,091,619</u>	<u>7,953,106</u>
Noncurrent Assets:			
Due from other governments	626,359		626,359
Capital assets:			
Non-depreciable capital assets	101,072	96,203	197,275
Depreciable capital assets, net	<u>36,099,487</u>		<u>36,099,487</u>
Total Noncurrent Assets	<u>36,826,918</u>	<u>96,203</u>	<u>36,923,121</u>
Total Assets	<u>43,688,405</u>	<u>1,187,822</u>	<u>44,876,227</u>
DEFERRED OUTFLOWS OF RESOURCES			
Loss on debt refunding	54,308		54,308
Deferred outflows related to pension	<u>254,305</u>		<u>254,305</u>
Total Deferred Outflows of Resources	<u>308,613</u>	<u>-</u>	<u>308,613</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	70,309	2,250	72,559
Accrued expenses	166,312		166,312
Refundable deposits		20,000	20,000
Current portion of bonds payable	629,912		629,912
Current portion of estimated liability for landfill postclosure care costs		<u>11,400</u>	<u>11,400</u>
Total Current Liabilities	<u>866,533</u>	<u>33,650</u>	<u>900,183</u>
Noncurrent Liabilities:			
Bonds payable	15,022,621		15,022,621
Compensated absences payable	149,479		149,479
Net pension liability	878,144		878,144
Other post-employment benefits liability	32,000		32,000
Estimated liability for landfill postclosure care costs		<u>193,800</u>	<u>193,800</u>
Total Noncurrent Liabilities	<u>16,082,244</u>	<u>193,800</u>	<u>16,276,044</u>
Total Liabilities	<u>16,948,777</u>	<u>227,450</u>	<u>17,176,227</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	<u>21,118</u>		<u>21,118</u>
Total Deferred Inflows of Resources	<u>21,118</u>	<u>-</u>	<u>21,118</u>
NET POSITION			
Net investment in capital assets	20,548,026	96,203	20,644,229
Restricted for:			
Short-lived asset replacement reserve	948,000		948,000
Unrestricted	<u>5,531,097</u>	<u>864,169</u>	<u>6,395,266</u>
Total Net Position	<u>\$ 27,027,123</u>	<u>\$ 960,372</u>	<u>\$ 27,987,495</u>

EXHIBIT F
CITY OF BERLIN, NEW HAMPSHIRE
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2017

	Business-type Activities		
	Sewer Fund	Nonmajor Enterprise Funds	Totals
Operating revenues:			
Charges for services	\$ 2,262,739		\$ 2,262,739
Miscellaneous	18,595	\$ 4,480	23,075
Total Operating Revenues	<u>2,281,334</u>	<u>4,480</u>	<u>2,285,814</u>
Operating expenses:			
Personnel services	882,610		882,610
Contractual services	42,221	510	42,731
Repairs and maintenance	35,115	19,850	54,965
Administrative	148,374	7,529	155,903
Materials and supplies	235,532	51	235,583
Utilities	213,473	96	213,569
Depreciation	<u>1,414,951</u>		<u>1,414,951</u>
Total Operating Expenses	<u>2,972,276</u>	<u>28,036</u>	<u>3,000,312</u>
Operating loss	<u>(690,942)</u>	<u>(23,556)</u>	<u>(714,498)</u>
Non-operating revenues (expenses):			
Interest income	3,826	73	3,899
Bond issuance expense	(88,712)		(88,712)
Interest expense	<u>(327,316)</u>		<u>(327,316)</u>
Net non-operating revenues (expenses)	<u>(412,202)</u>	<u>73</u>	<u>(412,129)</u>
Loss before capital contributions	(1,103,144)	(23,483)	(1,126,627)
Capital contributions	<u>28,761</u>		<u>28,761</u>
Change in net position	(1,074,383)	(23,483)	(1,097,866)
Net Position at beginning of year	<u>28,101,506</u>	<u>983,855</u>	<u>29,085,361</u>
Net Position at end of year	<u>\$ 27,027,123</u>	<u>\$ 960,372</u>	<u>\$ 27,987,495</u>

EXHIBIT G
CITY OF BERLIN, NEW HAMPSHIRE
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017

	Business-type Activities		
	Sewer Fund	Nonmajor Enterprise Funds	Totals
Cash flows from operating activities:			
Cash received from customers	\$ 2,328,470		\$ 2,328,470
Cash paid to suppliers	(664,307)	\$ (30,318)	(694,625)
Cash paid to employees	(939,675)		(939,675)
Other operating cash receipts	1,856	22,174	24,030
Net cash provided (used) by operating activities	<u>726,344</u>	<u>(8,144)</u>	<u>718,200</u>
Cash flows from capital and related financing activities:			
Proceeds from debt refunding	3,992,211		3,992,211
Payments on refunded debt	(3,992,211)		(3,992,211)
Proceeds from State of New Hampshire revolving loan	1,585		1,585
Principal paid on long-term debt	(439,686)		(439,686)
Interest paid on long-term debt	(350,528)		(350,528)
Capital contributions	287,959		287,959
Purchases of capital assets	(317,535)		(317,535)
Net cash used for capital and related financing activities	<u>(818,205)</u>	<u>-</u>	<u>(818,205)</u>
Cash flows from investing activities:			
Interest on investments	3,826	73	3,899
Net cash provided by investing activities	<u>3,826</u>	<u>73</u>	<u>3,899</u>
Net decrease in cash and cash equivalents	(88,035)	(8,071)	(96,106)
Cash and cash equivalents at beginning of year	6,144,981	1,033,781	7,178,762
Cash and cash equivalents at end of year	<u>\$ 6,056,946</u>	<u>\$ 1,025,710</u>	<u>\$ 7,082,656</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating loss	\$ (690,942)	\$ (23,556)	\$ (714,498)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation expense	1,414,951		1,414,951
Change in deferred outflows related to pension	(185,314)		(185,314)
Change in deferred inflows related to pension	(26,451)		(26,451)
Changes in assets and liabilities:			
Accounts receivable	48,992		48,992
Due from other governments		4,667	4,667
Prepaid expenses	(4,014)		(4,014)
Inventory	(30,981)		(30,981)
Accounts payable	3,697	2,145	5,842
Accrued expenses	4,388		4,388
Refundable deposits		20,000	20,000
Compensated absences payable	4,848		4,848
Net pension liability	191,965		191,965
Other post-employment benefits liability	(4,795)		(4,795)
Estimated liability for landfill postclosure care costs		(11,400)	(11,400)
Net cash provided (used) by operating activities	<u>\$ 726,344</u>	<u>\$ (8,144)</u>	<u>\$ 718,200</u>
Non-cash transactions affecting financial position:			
Capital asset additions included in year end liabilities	\$ 40,946		\$ 40,946
Amortization on bond premium	23,338		23,338
Amortization on loss on debt refunding	(4,241)		(4,241)
	<u>\$ 60,043</u>	<u>\$ -</u>	<u>\$ 60,043</u>

EXHIBIT H
CITY OF BERLIN, NEW HAMPSHIRE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Private- Purpose <u>Trusts</u>	Agency <u>Funds</u>
ASSETS		
Cash and cash equivalents	\$ 11,123	\$ 201,875
Investments	113,240	
Due from other funds		19,075
Total Assets	<u>124,363</u>	<u>\$ 220,950</u>
DEFERRED OUTFLOWS OF RESOURCES		
Total Deferred Outflows of Resources	<u>-</u>	
LIABILITIES		
Deposits		\$ 19,075
Due to student groups		201,875
Due to other funds	21,802	
Total Liabilities	<u>21,802</u>	<u>\$ 220,950</u>
DEFERRED INFLOWS OF RESOURCES		
Total Deferred Inflows of Resources	<u>-</u>	
NET POSITION		
Held in trust	<u>102,561</u>	
Total Net Position	<u>\$ 102,561</u>	

EXHIBIT I
CITY OF BERLIN, NEW HAMPSHIRE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

	Private- Purpose <u>Trusts</u>
ADDITIONS:	
Investment earnings:	
Investment income	\$ 575
Total Additions	<u>575</u>
DEDUCTIONS:	
Benefits	<u>20,287</u>
Total Deductions	<u>20,287</u>
Change in Net Position	(19,712)
Net Position at beginning of year	<u>122,273</u>
Net Position at end of year	<u>\$ 102,561</u>

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

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 column in the government-wide financial statements includes the financial data of the City's component unit, the Berlin Water Works. The Berlin Water Works financial data is reported in a separate column to emphasize that they are separate from the City and to allow financial statement users to distinguish between the primary government and the component unit.

The Berlin Water Works, which was incorporated as a body politic in 1925, is included because the Mayor, with confirmation of the City Council, appoints the Water Commissioners, and debt is issued by the City on behalf of the Berlin Water Works. Debt issued by the Berlin Water Works is backed by the full faith and credit of the City.

Separately issued financial statements of the Berlin Water Works may be obtained by writing to their Board of Commissioners at 55 Willow Street, Berlin, New Hampshire 03570-1883.

Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2017

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.

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2017

2. Proprietary Funds:

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as enterprise or internal service. The City has no internal service funds. The following is the City's sole major proprietary fund:

The *Sewer Fund* accounts for all revenues and expenses pertaining to the City's wastewater operations.

The Sewer Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation) of providing goods or services to the residents on a continuing basis are financed or recovered primarily through user charges.

3. Fiduciary Funds:

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into two classifications: private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City maintains various private-purpose trust funds which account for monies designated to benefit individuals within the City. The City's agency fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations. The City's agency fund accounts for the Student Activities Fund of the City's schools.

Measurement Focus

1. Government-Wide Financial Statements:

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

2. Fund Financial Statements:

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

Like the government-wide statements, the proprietary fund type is accounted for on a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2017

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 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 13). 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.

Grants received before the eligibility requirements are met are recorded as advances from grantors. On governmental fund financial statements, property taxes receivable that will not be collected within the available period have been reported as deferred inflows of resources.

2. Expenses/Expenditures:

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

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2017

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, 2017, the City applied \$800,000 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:

	<i>Due from other funds</i>
Proprietary Funds:	
Sewer Fund	\$ 6,056,946
Nonmajor Enterprise Funds	<u>1,025,710</u>
Total cash and cash equivalents	<u><u>\$ 7,082,656</u></u>

Investments

Investments are stated at their fair value in all funds. Certificates of deposit and repurchase agreements with a maturity of greater than ninety days from the date of issuance are included in investments.

Taxes Receivable

Taxes levied during the current fiscal year and prior and uncollected at June 30, 2017 are recorded as receivables net of reserves for estimated uncollectible taxes of \$516,801.

Due from Other Governments

Receivables due from other governments at June 30, 2017 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 \$260,402 and \$626,359, respectively.

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2017

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2017 are recorded as prepaid items.

Inventory

On government-wide and proprietary fund financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventory in governmental funds consists of 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, 2017, the City does not intend to collect on this balance and believes that payment in the event of default by the sub-recipient is unlikely. Accordingly, the City has recorded an allowance for uncollectible accounts in the governmental activities for the entire \$480,000 balance.

Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net position, but are not reported in the governmental fund financial statements. In the government-wide financial statements, capital assets are reported in the applicable governmental or business-type activities column.

All capital assets including infrastructure are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair values as of the date received. The City maintains a capitalization threshold of \$10,000. The City's infrastructure consists of roads, bridges, sidewalks, sewer collection and treatment systems, and similar items. The City does not possess any intangible assets. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction phase of capital assets of business-type activities is also capitalized.

All reported capital assets except for land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2017

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

Loss on Debt Refunding

Debt refunding that results in a difference between the reacquisition price of old debt and the net carrying value of the old debt has been reported in the accompanying financial statements as a loss on debt refunding. The loss on debt refunding is amortized as a component of interest expense over the remaining life of the related refunding debt using the effective interest rate method.

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 and Accrued Longevity Payout

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.

Pursuant to a collective bargaining agreement between the City and a certain local union, eligible employees who retire, resign, or otherwise leave employment in good standing, may receive a one-time severance longevity payment based upon completed years of service at the rate of \$250 per year. To be eligible, the employee must have completed at least 10 years of continuous service to the City.

For governmental fund financial statements, compensated absences and accrued longevity payouts are reported as liabilities and expenditures as payments come due each period upon the occurrence of employee death, resignation or retirement. The entire compensated absence and accrued longevity payout liabilities are 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 and accrued longevity payouts 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.

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2017

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'.

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2017

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

Spending Prioritizations

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

Deficit Fund Balance

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

Minimum Fund Balance

The City will strive to maintain an unassigned fund balance in its General Fund equal to 8-15% of total annual appropriations of the City (includes City, School Department and County). The City Council has the authority to apply the City's beginning unassigned fund balance in order to balance the budget and to reduce the subsequent fiscal year property tax rate.

Interfund Activity

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

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Sewer Fund, these revenues represent charges to customers for sales and services. Operating expenses, which include depreciation on capital assets, are necessary costs incurred to provide the service that is the primary activity of the proprietary fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2017

NOTE 2—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Balance

At June 30, 2017, the Airport Authority Fund, a Nonmajor Governmental Fund, had a deficit 'Unassigned' fund balance of (\$319,774) and total deficit fund balance of (\$291,044).

NOTE 3—DEPOSITS AND INVESTMENTS

Deposits and investments as of June 30, 2017 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and cash equivalents	\$ 17,373,898
Investments	829,167
Statement of Fiduciary Net Position:	
Cash and cash equivalents	212,998
Investments	<u>113,240</u>
Total deposits and investments	<u>\$ 18,529,303</u>

Deposits and investments as of June 30, 2017 consist of the following:

Cash on hand	\$ 3,338
Deposits with financial institutions	18,071,645
Investments	<u>454,320</u>
Total deposits and investments	<u>\$ 18,529,303</u>

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

Responsibility for the investments of the Trust Funds is with the Board of Trustees. Investments of the Student Activities Agency Fund are at the discretion of the School Principals.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investment policy for managing credit risk is based on the prudent person principal to ensure capital preservation and protection of investment principal while maintaining sufficient liquidity and seeking a fair rate of return.

As of June 30, 2017, the City's investment in the NHPDIP, a state investment pool, had a fair value balance of \$454,320 and was rated *AAA-mf*.

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2017

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, \$17,396,830 was collateralized by securities held by the bank in the bank's name and \$14,249 was uninsured and uncollateralized.

Investment in NHPDIP

The City is a voluntary participant in the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool. The NHPDIP is not registered with the United States Securities and Exchange Commission as an investment company. The NHPDIP was created by state law and is administered by a public body of state, local and banking officials. Financial statements for the NHPDIP can be accessed through the NHPDIP's website at www.NHPDIP.com.

The City's exposure to derivatives is indirect through its participation in the NHPDIP. The City's proportional share of these derivatives is not available. The fair value of the position in the investment pool is equal to the value of the pool shares.

NOTE 4—CAPITAL ASSETS

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

	Balance 07/01/16	Additions	Reductions	Balance 06/30/17
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 1,208,025			\$ 1,208,025
Construction in progress	13,227,381	\$ 3,287,544	\$ (307,389)	16,207,536
Total capital assets not being depreciated	14,435,406	3,287,544	(307,389)	17,415,561
Other capital assets:				
Infrastructure	9,448,297	851,516		10,299,813
Land improvements	5,297,189			5,297,189
Buildings and improvements	11,731,230	608,561	(26,230)	12,313,561
Vehicles and equipment	9,769,990	262,083	(204,090)	9,827,983
Total other capital assets at historical cost	36,246,706	1,722,160	(230,320)	37,738,546
Less accumulated depreciation for:				
Infrastructure	(5,759,149)	(300,740)		(6,059,889)
Land improvements	(3,429,999)	(144,702)		(3,574,701)
Buildings and improvements	(6,053,648)	(256,830)	26,230	(6,284,248)
Vehicles and equipment	(6,574,299)	(444,421)	204,090	(6,814,630)
Total accumulated depreciation	(21,817,095)	(1,146,693)	230,320	(22,733,468)
Total other capital assets, net	14,429,611	575,467	-	15,005,078
Total capital assets, net	\$ 28,865,017	\$ 3,863,011	\$ (307,389)	\$ 32,420,639

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2017

Depreciation expense was charged to governmental functions as follows:

General government	\$ 49,690
Public safety	159,072
Airport/Aviation center	218,589
Highways and streets	359,081
Health and welfare	812
Sanitation	15,961
Culture and recreation	38,889
Education	<u>304,599</u>
Total governmental activities depreciation expense	<u>\$ 1,146,693</u>

The balance of capital assets acquired through capital leases as of June 30, 2017 is as follows:

Vehicles and equipment	\$ 182,260
Less: Accumulated depreciation	<u>(72,904)</u>
	<u>\$ 109,356</u>

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

	Balance 07/01/16	Additions	Reductions	Balance 06/30/17
Business-type activities:				
Capital assets not depreciated:				
Land	\$ 154,152			\$ 154,152
Construction in progress	-	\$ 43,123		43,123
Total capital assets not being depreciated	<u>154,152</u>	<u>43,123</u>	<u>\$ -</u>	<u>197,275</u>
Other capital assets:				
Infrastructure	39,147,123	80,851		39,227,974
Buildings and improvements	23,145,873	28,427		23,174,300
Vehicles and equipment	864,789	200,459	(103,973)	961,275
Total other capital assets at historical cost	<u>63,157,785</u>	<u>309,737</u>	<u>(103,973)</u>	<u>63,363,549</u>
Less accumulated depreciation for:				
Infrastructure	(8,121,936)	(905,543)		(9,027,479)
Buildings and improvements	(17,273,922)	(463,987)		(17,737,909)
Vehicles and equipment	(557,226)	(45,421)	103,973	(498,674)
Total accumulated depreciation	<u>(25,953,084)</u>	<u>(1,414,951)</u>	<u>103,973</u>	<u>(27,264,062)</u>
Total other capital assets, net	<u>37,204,701</u>	<u>(1,105,214)</u>	<u>-</u>	<u>36,099,487</u>
Total capital assets, net	<u>\$ 37,358,853</u>	<u>\$ (1,062,091)</u>	<u>\$ -</u>	<u>\$ 36,296,762</u>

Depreciation expense was charged to proprietary funds as follows:

Sewer Fund	<u>\$ 1,414,951</u>
Total business-type activities depreciation expense	<u>\$ 1,414,951</u>

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2017

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, 2017 are as follows:

	Balance 07/01/16	Additions	Reductions	Balance 06/30/17	Due Within One Year
Governmental activities:					
Bonds payable	\$ 9,031,703		\$ (326,703)	\$ 8,705,000	\$ 485,000
Unamortized bond premium	342,876		(63,400)	279,476	
Total Bonds payable	9,374,579	\$ -	(390,103)	8,984,476	485,000
Capital leases payable	179,647		(106,878)	72,769	72,769
Compensated absences payable	1,548,452	192,133	(189,638)	1,550,947	
Accrued longevity payout	-	28,750		28,750	
Total governmental activities	<u>\$ 11,102,678</u>	<u>\$ 220,883</u>	<u>\$ (686,619)</u>	<u>\$ 10,636,942</u>	<u>\$ 557,769</u>

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

	Balance 07/01/16	Additions	Reductions	Balance 06/30/17	Due Within One Year
Business-type activities:					
Bonds payable	\$ 15,727,371	\$ 3,910,925	\$ (4,284,636)	\$ 15,353,660	\$ 629,912
Unamortized bond premium	-	322,211	(23,338)	298,873	
Total Bonds payable	15,727,371	4,233,136	(4,307,974)	15,652,533	629,912
State of New Hampshire revolving loan	239,340	1,585	(240,925)	-	
Compensated absences payable	144,631	9,590	(4,742)	149,479	
Total business-type activities	<u>\$ 16,111,342</u>	<u>\$ 4,244,311</u>	<u>\$ (4,553,641)</u>	<u>\$ 15,802,012</u>	<u>\$ 629,912</u>

Payments on the general obligation bonds of the business-type activities are paid out of the Sewer Fund. Amortization of the business-type activities bond premium is recognized as a component of interest expense in the Sewer Fund on the Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds (Exhibit F). The compensated absences are solely attributable to, and will be paid from, the Sewer Fund.

	Balance 07/01/16	Additions	Reductions	Balance 06/30/17	Due Within One Year
Component unit:					
Bonds payable	\$ 8,922,208	\$ 2,000,000	\$ (1,255,186)	\$ 9,667,022	\$ 1,134,060
Total component unit	<u>\$ 8,922,208</u>	<u>\$ 2,000,000</u>	<u>\$ (1,255,186)</u>	<u>\$ 9,667,022</u>	<u>\$ 1,134,060</u>

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

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2017

General Obligation Bonds

Governmental Activities:

Bonds payable at June 30, 2017 are comprised of the following individual issues:

<u>Description</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at June 30, 2017</u>
2013 Series C Bonds	\$ 3,971,500	4.1-5.6%	August 2025	\$ 3,205,000
2016 Series Bonds	5,500,000	2.65%	July 2036	5,500,000
	<u>\$ 9,471,500</u>			8,705,000
			Add: <i>Unamortized bond premium</i>	279,476
			Total Bonds Payable	<u>\$ 8,984,476</u>

Debt service requirements to retire outstanding general obligation bonds for governmental activities at June 30, 2017 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
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	590,000	204,447	794,447
2023-2027	2,885,000	644,323	3,529,323
2028-2032	1,455,000	318,331	1,773,331
2033-2037	1,660,000	112,228	1,772,228
Sub-total Bonds Payable	8,705,000	2,331,835	11,036,835
Add: <i>Unamortized Bond Premium</i>	279,476	-	279,476
Total Bonds Payable	<u>\$ 8,984,476</u>	<u>\$ 2,331,835</u>	<u>\$ 11,316,311</u>

As included on the Statement of Activities (Exhibit B) as 'Debt service' expense, interest expense for the year ended June 30, 2017 was \$243,610 on general obligation debt of the governmental activities.

Business-type Activities:

Bonds payable at June 30, 2017 is comprised of the following individual issues:

<u>Description</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at June 30, 2017</u>
2014 Rural Utilities Bond #R-1	\$ 6,508,000	2.375%	September 2037	\$ 5,959,017
2014 Rural Utilities Bond #R-2	6,000,000	2.375%	September 2037	5,493,870
2016 State Revolving Loan	240,925	2.0%	December 2035	230,773
2016 Series C Refunding Bonds	3,670,000	2.0-4.0%	August 2032	3,670,000
	<u>\$ 16,418,925</u>			15,353,660
			Add: <i>Unamortized bond premium</i>	298,873
			Total Bonds Payable	<u>\$ 15,652,533</u>

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2017

Debt service requirements to retire outstanding general obligation bonds for business-type activities at June 30, 2017 are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2018	\$ 629,912	\$ 389,182	\$ 1,019,094
2019	645,622	369,372	1,014,994
2020	666,586	350,808	1,017,394
2021	687,812	331,582	1,019,394
2022	704,305	311,789	1,016,094
2023-2027	3,848,735	1,239,837	5,088,572
2028-2032	4,360,017	717,705	5,077,722
2033-2037	3,467,596	263,345	3,730,941
2038	343,075	4,074	347,149
Sub-total Bonds Payable	15,353,660	3,977,694	19,331,354
Add: <i>Unamortized Bond Premiu.</i>	298,873	-	298,873
Total Bonds Payable	<u>\$ 15,652,533</u>	<u>\$ 3,977,694</u>	<u>\$ 19,630,227</u>

The State of New Hampshire annually reimburses the City for its share of sewer related debt service payments. For the year ended June 30, 2017, the sewer related debt reimbursement was \$287,959.

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, 2017 was \$327,316 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.

Bonds payable for the Berlin Water Works at June 30, 2017 are comprised of the following individual issues:

<u>Description</u>	<u>Interest</u> <u>Rate</u>	<u>Maturity</u> <u>Date</u>	<u>Balance at</u> <u>June 30, 2017</u>
State Revolving Loan	0.00%	December 2018	\$ 279,995
State Revolving Loan	0.00%	May 2021	588,636
State Revolving Loan	0.00%	September 2024	773,897
State Revolving Loan	1.10%	October 2031	1,248,784
Rural Utilities Service - Water Facility	2.25%	October 2031	897,947
State Revolving Loan	2.46%	December 2035	2,928,947
State Revolving Loan	2.46%	December 2035	948,816
State Revolving Loan	1.96%	December 2036	2,000,000
			<u>\$ 9,667,022</u>

Debt service requirements to retire outstanding general obligation bonds for the component unit at June 30, 2017 are as follows:

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2017

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2018	\$ 1,134,060	\$ 259,830	\$ 1,393,890
2019	708,335	190,218	898,553
2020	579,370	177,943	757,313
2021	591,343	166,850	758,193
2022	453,253	155,496	608,749
2023-2027	2,226,617	618,989	2,845,606
2028-2032	2,183,548	364,711	2,548,259
2033-2037	1,568,926	119,353	1,688,279
2038-2042	221,570	15,176	236,746
	<u>\$ 9,667,022</u>	<u>\$ 2,068,566</u>	<u>\$ 11,735,588</u>

Interest expense for the year ended June 30, 2017 was \$316,037 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, 2017:

School Equipment, due in annual installments of \$47,901, including interest at 3.090%, through August 2017	\$ 46,465
IT Equipment, due in monthly installments of \$5,300, including interest at 3.0%, through November 2017	<u>26,304</u>
	<u>\$ 72,769</u>

Debt service requirements to retire outstanding capital lease obligations for governmental activities at June 30, 2017 are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2018	<u>\$ 72,769</u>	<u>\$ 1,633</u>	<u>\$ 74,402</u>

NOTE 6—REFUNDING OF DEBT

Current Refunding

During the year ending June 30, 2017, the City issued \$3,670,000 of general obligation bonds in the Sewer Fund to affect a current refunding for \$3,844,950 of outstanding bonds (old debt). Net refunding proceeds of \$3,992,211 were used to retire old debt principal of \$3,903,499 and cover bond issuance costs of \$88,712. As a result, this old debt is considered to be defeased, and the liability for those outstanding bonds has been removed from the Statement of Net Position.

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2017

The current refunding of debt resulted in an economic gain of \$626,187. The City in effect, reduced its aggregate debt service payments by \$744,401 over the next sixteen years through the current refunding.

NOTE 7—DEFINED BENEFIT PENSION PLAN

Plan Description

The City contributes to the New Hampshire Retirement System (NHRS), a component unit of the State of New Hampshire, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*. The New Hampshire Retirement System is a public employee retirement system that administers a single cost-sharing multiple-employer defined benefit pension plan. The plan provides service, disability, death and vested retirement allowances to plan members and beneficiaries. Benefit provisions are established and may be amended by the New Hampshire State legislature.

The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System, 54 Regional Drive, Concord, New Hampshire 03301.

Substantially all full-time state 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 vested by January 1, 2012, 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 not attained 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% . For Group II members who commenced service prior to July 1, 2011, who have not attained vested status prior to January 1, 2012, benefits are calculated depending on age and years of creditable service as follows:

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2017

<u>Years of Creditable Service as of</u> <u>January 1, 2012</u>	<u>Minimum Age</u>	<u>Minimum</u> <u>Service</u>	<u>Benefit</u> <u>Multiplier</u>
At least 3 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	23	2.2%
Less than 4 years	49	24	2.1%

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, 2017 were \$2,105,772.

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

At June 30, 2017, the City reported a liability of \$31,444,314 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2015. 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, 2016, the City's proportion was approximately 0.5913 percent, which was an increase of 0.0049 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the City recognized pension expense of \$3,565,448. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2017

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 87,383	\$ 397,064
Change in assumptions	3,869,795	172,656
Net difference between projected and actual earnings on pension plan investments	1,967,318	
Changes in proportion and differences between City contributions and proportionate share of contributions	712,316	286,410
City contributions subsequent to the measurement date	<u>2,105,772</u>	
Totals	<u>\$ 8,742,584</u>	<u>\$ 856,130</u>

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 \$7,886,454. The City reported \$2,105,772 as deferred outflows of resources related to pension resulting from City contributions made subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the measurement period 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 <u>June 30,</u>	
2017	\$ 1,181,738
2018	1,181,738
2019	1,840,334
2020	1,500,992
2021	<u>75,880</u>
	<u>\$ 5,780,682</u>

Actuarial Assumptions

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

Inflation	2.5 percent
Wage inflation	3.25 percent
Salary increases	5.6 percent, average, including inflation
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2017

Mortality rates were based on the RP-2014 employee generational mortality tables for males and females, adjusted for mortality improvements using Scale MP-2015, based on the last experience study. Retirement rates were based on a table of rates that are specific to the type of eligibility condition, last updated in 2015 pursuant to an experience study of the period July 1, 2010 – June 30, 2015.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Net of inflation assumption of 2.5%)</u>
Fixed income	25%	(0.25)-1.71%
Domestic equity	30%	4.25-4.50%
International equity	20%	4.75-6.25%
Real estate	10%	3.25%
Private equity	5%	6.25%
Private debt	5%	4.75%
Opportunistic	5%	3.68%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the collective pension liability was 7.25%, which is a decrease of 0.50% from the discount rate used for the prior measurement period of June 30, 2015. The projection of cash flows used to determine the discount rate assumed that plan member 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. For purposes of the projection, member contributions and employer contributions are projected based on the expected payroll of current members only. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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 7.25 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:

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2017

	1% Decrease (6.25%)	Current Discount rate (7.25%)	1% Increase (8.25%)
City's proportionate share of the net pension liability	\$ 40,403,802	\$ 31,444,314	\$ 24,013,840

NOTE 8—OTHER POST-EMPLOYMENT BENEFITS

In addition to providing pension benefits, the City provides medical and life insurance benefits to its eligible retirees and their covered spouses. Most regular active employees who retire directly from the City and meet the eligibility criteria may participate. The amount the City pays for medical and life insurance premiums for retirees and their spouses varies by employee group. All eligible employees and their spouses are allowed to continue medical coverage under the City plan for the lifetime by paying the required medical premium rates. The following groups of retirees qualify for these benefits. School employees hired before July 1, 2011 are eligible for benefits after (1) attaining age 60 or (2) attaining age 50 with 10 or more years of service or (3) age plus service is at least 70 with 20 or more years of service. School employees hired on or after July 1, 2011 are eligible for benefits after (1) attaining age 65 or (2) attaining age 60 with 30 or more years of service. Employees who are members of OPEIU/Local 345 or the Teamsters and Non-Union Supervisory Employees/Local 633 are eligible at age 62 with 10 years of service. Employees who are members of Local 1444 are eligible at age 62. Police and Fire employees are eligible for benefits after 20 years of service. Retired employees contribute 100% of the total premium cost, except for the following groups. For members of OPEIU/Local 345 and the Teamsters and Non-Union Supervisory Employees/Local 633 the City pays the full cost of single coverage from age 62 to 65. For members of Local 1444 the City pays 80% of coverage from age 62 to 65.

The benefits, benefit levels, employee contributions and employer contributions are governed by RSA 100-A:50. As of July 1, 2016, the most recent actuarial valuation date, approximately 29 retirees, 11 covered spouses and 255 active employees meet the eligibility requirements for medical benefits and 184 retirees are covered under a life insurance policy. The plan does not issue a separate financial report.

Annual OPEB Costs

For the year ended June 30, 2017, 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, 2017, 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, 2016, is as follows:

Annual Required Contribution (ARC)	\$ 370,657
Interest on net OPEB obligation	38,877
Amortization of net OPEB obligation	<u>(32,397)</u>
Annual OPEB cost	377,137
Contributions made	<u>(290,970)</u>
Increase in net OPEB obligation	86,167
Net OPEB obligation - beginning of year	<u>971,916</u>
Net OPEB obligation - end of year	<u>\$ 1,058,083</u>

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2017

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, 2017, 2016 and 2015 are as follows:

Fiscal Year <u>Ended</u>	Annual <u>OPEB Cost</u>	Percentage of Annual OPEB <u>Cost Contributed</u>	Net OPEB <u>Obligation</u>
6/30/2017	\$ 377,137	77.2%	\$ 1,058,083
6/30/2016	\$ 491,276	61.2%	\$ 971,916
6/30/2015	\$ 472,490	62.6%	\$ 781,202

The City's total net OPEB obligation as of June 30, 2017 is recognized as a liability on the government-wide and proprietary fund financial statements.

Funded Status and Funding Progress for OPEB

The funded status of the plan as of July 1, 2016, the date of the most recent actuarial valuation, is as follows:

Actuarial Accrued Liability (AAL)	\$ 4,684,528
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 4,684,528</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 14,985,657
UAAL as a percentage of covered payroll	31%

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, 2016 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

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2017

amortization costs for the initial Unfunded Actuarial Accrued Liability (UAAL) is an increasing dollar amortization for a period of thirty years on an open amortization period for pay-as-you-go. This has been calculated assuming the amortization payment increases at a rate of 4.0% per year.

NOTE 9—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 \$304,200 as of June 30, 2017. The estimated liability for the post-closure care costs of the East Milan landfill (\$99,000) and the Cates Hill landfill (\$205,200) 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, 2017. 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, 2017:

	Governmental activities	Business-type activities	Totals
Balance - July 1, 2016	\$ 108,900	\$ 216,600	\$ 325,500
Reductions (actual current year payments)	(7,031)	(4,427)	(11,458)
Change in estimated liability	(2,869)	(6,973)	(9,842)
Balance - June 30, 2017	<u>\$ 99,000</u>	<u>\$ 205,200</u>	<u>\$ 304,200</u>

NOTE 10—INTERFUND BALANCES AND TRANSFERS

The City has combined the cash resources of its governmental and proprietary fund types, as well as certain agency fund types included within the fiduciary funds. 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, 2017 are as follows:

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2017

	Due from			Totals
	General Fund	Nonmajor Governmental Funds	Fiduciary Funds	
Due to General Fund		\$ 1,219,077	\$ 21,802	\$ 1,240,879
Bond Issue Capital Projects Fund	\$ 4,840,100			4,840,100
Nonmajor Governmental Funds	21,013			21,013
Sewer Fund	6,056,946			6,056,946
Nonmajor Enterprise Funds	1,025,710			1,025,710
Fiduciary Funds	19,075			19,075
	<u>\$ 11,962,844</u>	<u>\$ 1,219,077</u>	<u>\$ 21,802</u>	<u>\$ 13,203,723</u>

During the year, several interfund transactions occurred between funds. The various transfers were made in accordance with budgetary authorizations. Interfund transfers for the year ended June 30, 2017 are as follows:

	Transfers out		
	General Fund	Nonmajor Governmental Funds	Totals
Transfers in General Fund		\$ 4,619	\$ 4,619
Nonmajor Governmental Funds	\$ 14,369		14,369
	<u>\$ 14,369</u>	<u>\$ 4,619</u>	<u>\$ 18,988</u>

NOTE 11—RESTRICTED NET POSITION

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

Permanent Funds - Principal	\$ 154,203
Permanent Funds - Income	219,509
School Private Grants and Contributions	1,710
Food Service Operations	13,921
Health Department Donations	2,219
Police Forfeiture Funds	9,141
CDBG Program Income	4,245
	<u>\$ 404,948</u>

NOTE 12—COMPONENTS OF FUND BALANCE

The components of the City's fund balance for its governmental funds at June 30, 2017 are as follows:

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2017

<u>Fund Balances</u>	<u>General Fund</u>	<u>Bond Issue Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:				
Prepaid expenses	\$ 46,041		\$ 28,730	\$ 74,771
Tax deeded property	419,319			419,319
Inventory			7,375	7,375
Permanent funds - Principal			154,203	154,203
Restricted for:				
Capital projects		\$ 3,777,116		3,777,116
Permanent funds - Income			219,509	219,509
School private grants and contributions			1,710	1,710
Food service operations			13,921	13,921
Health department donations			2,219	2,219
Police forfeiture funds			9,141	9,141
CDBG program income			4,245	4,245
Committed for:				
Recreation and parks programs			16,356	16,356
Assigned for:				
Continuing appropriations	410,480			410,480
Encumbrances	120,315			120,315
Unassigned (Deficit):				
Unassigned - General operations	1,916,330			1,916,330
Airport Authority Fund (Deficit)			(319,774)	(319,774)
	<u>\$ 2,912,485</u>	<u>\$ 3,777,116</u>	<u>\$ 137,635</u>	<u>\$ 6,827,236</u>

NOTE 13—PROPERTY TAXES

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1 (\$395,480,779 as of April 1, 2016) and are due in two installments on July 12, 2016 and December 20, 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, 2017 were \$1,647,881. The City bears responsibility for uncollected taxes.

NOTE 14—TOP TAXPAYERS

The following are the five major property owners as they relate to the City's total assessed property valuation of \$395,480,779 (as of April 1, 2016):

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2017

<u>Taxpayer</u>	<u>Property Valuation</u>	<u>Percentage of Total Valuation</u>
Eversource (formerly PSNH)	\$ 96,605,400	24.43%
Great Lakes Hydro America, LLC	27,999,700	7.08%
Portland Natural Gas	17,950,300	4.54%
Fairpoint Communications	2,175,600	0.55%
TKB Properties, LLC	1,915,700	0.48%

NOTE 15—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, 2017, 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, 2017.

Property and Liability Insurance

The Trust provides certain property and liability insurance coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. As a member of the Trust, the City shares in contributing to the cost of and receiving benefit from a self-insured pooled risk management program. The program includes a Self-Insured Retention Fund from which is paid up to \$200,000 for each and every covered property, crime and/or liability loss that exceeds \$1,000, up to an aggregate of \$1,000,000. Each property loss is subject to a \$1,000 deductible. All losses over the aggregate are covered by insurance policies.

Worker's Compensation

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

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2017

NOTE 16—COMMITMENTS

Ambulance Services Contract

During April 2016, the City entered into a long-term agreement with an independent company to provide emergency ambulance services. Terms of the agreement will be in effect for one 3-year term beginning July 1, 2016 and ending June 30, 2019. The terms of the contract include minimum monthly payments of \$27,417 at the beginning of the agreement. These monthly payments may be adjusted based on future Medicare or Medicaid reimbursement rates. At the beginning of July of each subsequent contract year, \$500 shall be added to the base monthly subsidy then in effect. For the year ended June 30, 2017, the City expended \$329,000 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 17—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 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 18—IMPLEMENTATION OF FUTURE ACCOUNTING STANDARDS

The Government Accounting Standards Board (GASB) has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which the City is required to implement in the fiscal year ending June 30, 2018. Management believes that this pronouncement will have a potentially significant impact on the City's government-wide and proprietary fund financial statements. The City will have to report its proportional share of the New Hampshire Retirement System's unfunded OPEB liability in the financial statements for the fiscal year beginning after June 15, 2017. Additionally, Statement No. 75 modifies the allowable methods, recognition and measurement criteria related to how the City accounts for and reports its single employer OPEB plan, currently disclosed in Note 8.

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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Favorable</u>
				<u>(Unfavorable)</u>
Revenues:				
Taxes	\$ 16,542,682	\$ 16,542,682	\$ 16,658,511	\$ 115,829
Licenses and permits	1,319,225	1,319,225	1,442,119	122,894
Intergovernmental	11,643,854	11,643,854	11,442,753	(201,101)
Charges for services	2,055,427	2,120,427	2,060,036	(60,391)
Interest income	10,000	10,000	17,373	7,373
Miscellaneous	213,720	213,720	200,020	(13,700)
Total Revenues	<u>31,784,908</u>	<u>31,849,908</u>	<u>31,820,812</u>	<u>(29,096)</u>
Expenditures:				
Current operations:				
General government	2,122,804	2,122,804	1,947,878	174,926
Public safety	5,414,906	5,493,389	5,309,082	184,307
Highways and streets	2,050,106	2,050,106	2,107,294	(57,188)
Health and welfare	683,961	683,961	564,327	119,634
Sanitation	814,985	814,985	824,048	(9,063)
Culture and recreation	595,753	595,753	578,603	17,150
Education	17,955,181	17,955,181	17,311,102	644,079
Capital outlay	1,622,961	1,357,481	967,301	390,180
Debt service:				
Principal retirement	326,703	326,703	326,703	-
Interest and fiscal charges	260,350	260,350	256,751	3,599
Intergovernmental	<u>1,647,881</u>	<u>1,647,881</u>	<u>1,647,881</u>	<u>-</u>
Total Expenditures	<u>33,495,591</u>	<u>33,308,594</u>	<u>31,840,970</u>	<u>1,467,624</u>
Excess of revenues over				
(under) expenditures	<u>(1,710,683)</u>	<u>(1,458,686)</u>	<u>(20,158)</u>	<u>1,438,528</u>
Other Financing Sources (Uses):				
Transfers in	4,500	4,500	4,619	119
Transfers out	<u>(14,369)</u>	<u>(14,369)</u>	<u>(14,369)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(9,869)</u>	<u>(9,869)</u>	<u>(9,750)</u>	<u>119</u>
Net change in fund balance	(1,720,552)	(1,468,555)	(29,908)	1,438,647
Fund balance at beginning of year				
- Budgetary Basis	<u>3,448,622</u>	<u>3,448,622</u>	<u>3,448,622</u>	<u>-</u>
Fund balance at end of year				
- Budgetary Basis	<u>\$ 1,728,070</u>	<u>\$ 1,980,067</u>	<u>\$ 3,418,714</u>	<u>\$ 1,438,647</u>

SCHEDULE 2
CITY OF BERLIN, NEW HAMPSHIRE
Schedule of Funding Progress for Other Post-Employment Benefits
For the Year Ended June 30, 2017

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
7/1/2012	\$ -	\$ 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%
7/1/2016	\$ -	\$ 4,684,528	\$ 4,684,528	0.0%	\$ 14,985,657	31%

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, 2017**

	For the Measurement Period Ended June 30:			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
City's proportion of the net pension liability (asset)	0.5913%	0.5864%	0.5959%	0.5788%
City's proportionate share of the net pension liability (asset)	\$ 31,444,314	\$ 23,228,768	\$ 22,367,371	\$ 24,911,429
City's covered-employee payroll	\$ 14,905,786	\$ 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	210.95%	157.48%	154.67%	179.16%
Plan fiduciary net position as a percentage of the total pension liability	58.30%	65.47%	66.32%	59.81%

SCHEDULE 4
CITY OF BERLIN, NEW HAMPSHIRE
Schedule of City Contributions
For the Year Ended June 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 2,105,772	\$ 2,115,681	\$ 1,967,282	\$ 1,933,217	\$ 1,439,273
Contributions in relation to the contractually required contribution	<u>(2,105,772)</u>	<u>(2,115,681)</u>	<u>(1,967,282)</u>	<u>(1,933,217)</u>	<u>(1,439,273)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 14,814,604	\$ 14,905,786	\$ 14,750,588	\$ 14,461,687	\$ 13,904,404
Contributions as a percentage of covered-employee payroll	14.21%	14.19%	13.34%	13.37%	10.35%

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2017

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 <u>Sources</u>	Expenditures and Other Financing <u>Uses</u>
Per Exhibit D	\$ 31,873,092	\$ 31,772,960
Difference in property taxes meeting susceptible to accrual criteria	(47,661)	
Encumbrances - June 30, 2017		120,315
Encumbrances - June 30, 2016		(37,936)
Per Schedule 1	<u>\$ 31,825,431</u>	<u>\$ 31,855,339</u>

NOTE 2—BUDGETARY FUND BALANCE

The components of the budgetary fund balance for the General Fund at June 30, 2017 are as follows:

<i>Nonspendable:</i>	
Prepaid expenses	\$ 46,041
Tax deeded property	419,319
<i>Assigned for:</i>	
Continuing appropriations	410,480
<i>Unassigned:</i>	
Unassigned - General operations	2,542,874
	<u>\$ 3,418,714</u>

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

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

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
For the Year Ended June 30, 2017

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.

Changes in Actuarial Assumptions

For the June 30, 2015 actuarial valuation, the New Hampshire Retirement System reduced its assumption for the investment rate of return from 7.75% to 7.25%, decreased the price inflation from 3.0% to 2.5%, decreased the wage inflation from 3.75% to 3.25%, and decreased the salary increases from 5.8% to 5.6%. Additionally, the mortality table was changed from the RP-2000 projected to 2020 with Scale AA to the RP-2014 employee generational mortality table for males and females, adjusted for mortality improvements using Scale MP-2015.

SCHEDULE I
CITY OF BERLIN, NEW HAMPSHIRE
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

<u>Federal Granting Agency/Recipient State Agency/Grant Program/State Grant Number</u>	<u>Federal Catalogue Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
DEPARTMENT OF AGRICULTURE			
Pass Through Payments from the New Hampshire Department of Education <i>Child Nutrition Cluster:</i>			
School Breakfast Program	10.553	\$ -	\$ 77,064
National School Lunch Program	10.555		
- School Lunch (Cash)		-	294,330
- Commodities (Non-cash)		-	39,498
		-	333,828
<i>Total Child Nutrition Cluster</i>		-	410,892
Child and Adult Care Food Program	10.558	-	32,295
Fresh Fruit and Vegetable Program	10.582	-	20,898
Total Department of Agriculture		-	464,085
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			
#014-053-CDHS	14.228	-	8,613
#015-053-CDED		6,500	16,098
#015-053-FSPF1		-	2,209
		6,500	26,920
Total Department of Housing and Urban Development		6,500	26,920
DEPARTMENT OF TRANSPORTATION			
Pass Through Payments from the New Hampshire Department of Transportation			
Airport Improvement Program	20.106		
#SBG-01-05-2016		-	44,445
Highway Planning and Construction	20.205		
#X-A001(088), 16019		-	325,085

SCHEDULE I
CITY OF BERLIN, NEW HAMPSHIRE
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2017

<u>Federal Granting Agency/Recipient State Agency/Grant Program/State Grant Number</u>	<u>Federal Catalogue Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
Pass Through Payments from the New Hampshire Department of Safety <i>Highway Safety Cluster:</i>			
State and Community Highway Safety #310-17B-018	20.600	-	2,614
Pass Through Payments from the New Hampshire Highway Safety Agency			
State and Community Highway Safety #16-06, 01	20.600	-	4,213
#314-17B-004		-	425
#315-16B-034		-	6,492
#315-17B-038		-	9,561
		-	20,691
Alcohol Impaired Driving Countermeasures Incentive Grants I #308-17B-042	20.601	-	2,634
National Priority Safety Programs	20.616		
#308-16B-031		-	11,739
#308-17B-018		-	1,525
#308-17B-027		-	3,579
		-	16,843
<i>Total Highway Safety Cluster</i>		-	42,782
Total Department of Transportation		-	412,312
DEPARTMENT OF EDUCATION			
Pass Through Payments from the New Hampshire Department of Education			
Title I Grants to Local Educational Agencies	84.010		
#60012		-	15,110
#60174		-	300
#60217		-	1,480
#70012		-	649,498
#70174		-	9,998
#70175		-	8,862
#70217		-	28,665
#71556		-	13,500
		-	727,413

SCHEDULE I
CITY OF BERLIN, NEW HAMPSHIRE
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2017

<u>Federal Granting Agency/Recipient State Agency/Grant Program/State Grant Number</u>	<u>Federal Catalogue Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
<i>Special Education Cluster (IDEA):</i>			
Special Education - Grants to States #72509	84.027	-	288,864
Special Education - Preschool Grants #72509	84.173	-	11,140
<i>Total Special Education Cluster (IDEA)</i>		-	300,004
Career and Technical Education - Basic Grants to States #65011 #75011	84.048	- - -	698 57,034 57,732
Twenty-First Century Community Learning Centers #76282	84.287	-	199,654
Rural Education #66470	84.358	-	8,478
Improving Teacher Quality State Grants #54798 #64798 #74798 #78894	84.367	- - - - -	4,111 31,341 66,625 10,500 112,577
Total Department of Education		-	1,405,858
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Pass Through Payments from the New Hampshire Department of Education			
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED) #72670	93.104	-	13,380
Substance Abuse and Mental Health Services - Projects of Regional and National Significance #62576 #72513	93.243	- - -	125,632 489,880 615,512
Total Department of Health and Human Services		-	628,892

SCHEDULE I
CITY OF BERLIN, NEW HAMPSHIRE
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2017

<u>Federal Granting Agency/Recipient State Agency/Grant Program/State Grant Number</u>	<u>Federal Catalogue Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
DEPARTMENT OF HOMELAND SECURITY			
Pass Through Payments from the New Hampshire Highway Safety Agency Emergency Management Performance Grants #2013-EP-00057-S01	97.042	<u>-</u>	<u>6,240</u>
Pass Through Payments from the New Hampshire Department of Safety Homeland Security Grant Program	97.067	<u>-</u>	<u>27,504</u>
Received directly from U.S. Treasury Department Staffing for Adequate Fire and Emergency Response (SAFER) #EMW-2014-FH-00868	97.083	<u>-</u>	<u>320,383</u>
Total Department of Homeland Security		<u>-</u>	<u>354,127</u>
Total Expenditures of Federal Awards		<u>\$ 6,500</u>	<u>\$ 3,292,194</u>

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2017

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, 2017. 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.

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	<u>\$ 3,252,696</u>
-----------------------------	---------------------

**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, 2017, 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 16, 2018. Our report includes a reference to other auditors who audited the financial statements of Berlin Water Works, the discretely presented component unit, as described in our report on the City of Berlin, New Hampshire's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

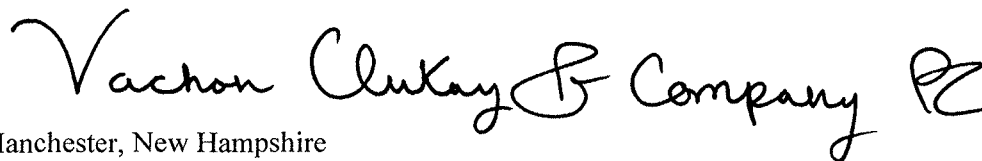
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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

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

Manchester, New Hampshire
March 16, 2018

**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, 2017. 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, 2017. 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, 2017.

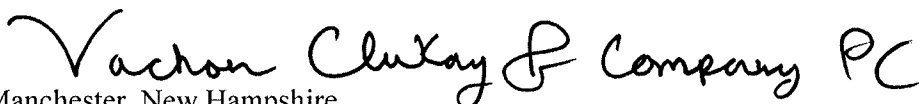
Report on Internal Control Over Compliance

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.


Manchester, New Hampshire
March 16, 2018

**City of Berlin, New Hampshire
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017**

Section I—Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	<u>Unmodified – all reporting units</u>	
Internal control over financial reporting:		
Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified	<u> </u> yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> no

Federal Awards

Internal Control over major programs:		
Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified	<u> </u> yes	<u> X </u> none reported

Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>
--	-------------------

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<u> </u> yes	<u> X </u> no
--	-------------------	-----------------

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies

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

Auditee qualified as low-risk auditee?	<u> X </u> yes	<u> </u> no
--	------------------	------------------

Section II—Financial Statement Findings

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

Section III—Federal Award Findings and Questioned Costs

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, 2017

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 2,219	\$ 3,484	\$ 5,703
Investments		374,847	374,847
Accounts receivable	11,763		11,763
Due from other governments	1,146,455		1,146,455
Due from other funds	21,013		21,013
Prepaid expenses	28,730		28,730
Inventory	7,375		7,375
Total Assets	<u>1,217,555</u>	<u>378,331</u>	<u>1,595,886</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,217,555</u>	<u>\$ 378,331</u>	<u>\$ 1,595,886</u>
LIABILITIES			
Accounts payable	\$ 80,258		\$ 80,258
Accrued expenses	9,822		9,822
Retainage payable	1,835		1,835
Advances from grantors	147,259		147,259
Due to other funds	<u>1,214,458</u>	<u>\$ 4,619</u>	<u>1,219,077</u>
Total Liabilities	<u>1,453,632</u>	<u>4,619</u>	<u>1,458,251</u>
DEFERRED INFLOWS OF RESOURCES			
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable	36,105	154,203	190,308
Restricted	31,236	219,509	250,745
Committed	16,356		16,356
Unassigned (Deficit)	<u>(319,774)</u>	<u></u>	<u>(319,774)</u>
Total Fund Balances (Deficit)	<u>(236,077)</u>	<u>373,712</u>	<u>137,635</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,217,555</u>	<u>\$ 378,331</u>	<u>\$ 1,595,886</u>

SCHEDULE A-1
CITY OF BERLIN, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Special Revenue Funds
June 30, 2017

	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				\$ 2,219				\$ 2,219
Accounts receivable		\$ 10,832	\$ 931					11,763
Due from other governments	\$ 623,723	19,793	15,678		\$ 487,261			1,146,455
Due from other funds						\$ 4,245	\$ 16,768	21,013
Prepaid expenses			28,730					28,730
Inventory		7,375						7,375
Total Assets	<u>623,723</u>	<u>38,000</u>	<u>45,339</u>	<u>2,219</u>	<u>487,261</u>	<u>4,245</u>	<u>16,768</u>	<u>1,217,555</u>
DEFERRED OUTFLOWS OF RESOURCES								
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 623,723</u>	<u>\$ 38,000</u>	<u>\$ 45,339</u>	<u>\$ 2,219</u>	<u>\$ 487,261</u>	<u>\$ 4,245</u>	<u>\$ 16,768</u>	<u>\$ 1,217,555</u>
LIABILITIES								
Accounts payable	\$ 56,395	\$ 134	\$ 23,317				\$ 412	\$ 80,258
Accrued expenses	776	232	909		\$ 7,905			9,822
Retainage payable			1,835					1,835
Advances from grantors	23,216				124,043			147,259
Due to other funds	541,626	16,338	310,322		346,172			1,214,458
Total Liabilities	<u>622,013</u>	<u>16,704</u>	<u>336,383</u>	<u>\$ -</u>	<u>478,120</u>	<u>\$ -</u>	<u>412</u>	<u>1,453,632</u>
DEFERRED INFLOWS OF RESOURCES								
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES								
Nonspendable		7,375	28,730					36,105
Restricted	1,710	13,921		2,219	9,141	4,245		31,236
Committed							16,356	16,356
Unassigned (Deficit)			(319,774)					(319,774)
Total Fund Balances (Deficit)	<u>1,710</u>	<u>21,296</u>	<u>(291,044)</u>	<u>2,219</u>	<u>9,141</u>	<u>4,245</u>	<u>16,356</u>	<u>(236,077)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 623,723</u>	<u>\$ 38,000</u>	<u>\$ 45,339</u>	<u>\$ 2,219</u>	<u>\$ 487,261</u>	<u>\$ 4,245</u>	<u>\$ 16,768</u>	<u>\$ 1,217,555</u>

SCHEDULE B
CITY OF BERLIN, NEW HAMPSHIRE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - All Nonmajor Funds
For the Year Ended June 30, 2017

	Special Revenue Funds	Permanent Funds	Hutchins Street Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues:				
Intergovernmental	\$ 3,025,811		\$ 325,085	\$ 3,350,896
Charges for services	364,025			364,025
Interest income		\$ 4,906		4,906
Miscellaneous	81,122	3,150		84,272
Total Revenues	<u>3,470,958</u>	<u>8,056</u>	<u>325,085</u>	<u>3,804,099</u>
Expenditures:				
Current operations:				
General government	2,209			2,209
Public safety	449,654			449,654
Airport/Aviation center	166,253			166,253
Health and welfare	323			323
Culture and recreation	41,030			41,030
Economic development	24,711			24,711
Education	2,166,899			2,166,899
Food service	629,705			629,705
Capital outlay	46,913		494,087	541,000
Total Expenditures	<u>3,527,697</u>	<u>-</u>	<u>494,087</u>	<u>4,021,784</u>
Excess of revenues over (under) expenditures	<u>(56,739)</u>	<u>8,056</u>	<u>(169,002)</u>	<u>(217,685)</u>
Other Financing Sources (Uses):				
Transfers in	14,369			14,369
Transfers out		(4,619)		(4,619)
Total Other Financing Sources (Uses)	<u>14,369</u>	<u>(4,619)</u>	<u>-</u>	<u>9,750</u>
Net change in fund balances	(42,370)	3,437	(169,002)	(207,935)
Fund balances (deficit) at beginning of year	<u>(193,707)</u>	<u>370,275</u>	<u>169,002</u>	<u>345,570</u>
Fund balances (deficit) at end of year	<u>\$ (236,077)</u>	<u>\$ 373,712</u>	<u>\$ -</u>	<u>\$ 137,635</u>

SCHEDULE B-1

CITY OF BERLIN, NEW HAMPSHIRE

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds - All Nonmajor Special Revenue Funds

For the Year Ended June 30, 2017

	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	\$ 2,096,938	\$ 433,703	\$ 46,912		\$ 438,528	\$ 9,730		\$ 3,025,811
Charges for services		206,225	87,684		30,500		\$ 39,616	364,025
Miscellaneous	69,961		7,470	\$ 574	3,117			81,122
Total Revenues	<u>2,166,899</u>	<u>639,928</u>	<u>142,066</u>	<u>574</u>	<u>472,145</u>	<u>9,730</u>	<u>39,616</u>	<u>3,470,958</u>
Expenditures:								
Current operations:								
General government					2,209			2,209
Public safety					449,654			449,654
Airport/Aviation center			166,253					166,253
Health and welfare				144	179			323
Culture and recreation					2,939		38,091	41,030
Economic development					16,098	8,613		24,711
Education	2,166,899							2,166,899
Food service		629,705						629,705
Capital outlay			46,913					46,913
Total Expenditures	<u>2,166,899</u>	<u>629,705</u>	<u>213,166</u>	<u>144</u>	<u>471,079</u>	<u>8,613</u>	<u>38,091</u>	<u>3,527,697</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>10,223</u>	<u>(71,100)</u>	<u>430</u>	<u>1,066</u>	<u>1,117</u>	<u>1,525</u>	<u>(56,739)</u>
Other Financing Sources:								
Transfers in			14,369					14,369
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>14,369</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,369</u>
Net change in fund balances	-	10,223	(56,731)	430	1,066	1,117	1,525	(42,370)
Fund balances (deficit) at beginning of year	<u>1,710</u>	<u>11,073</u>	<u>(234,313)</u>	<u>1,789</u>	<u>8,075</u>	<u>3,128</u>	<u>14,831</u>	<u>(193,707)</u>

SCHEDULE C
CITY OF BERLIN, NEW HAMPSHIRE
Combining Statement of Net Position
All Nonmajor Proprietary Funds
June 30, 2017

	Industrial Development and Park Authority <u>Fund</u>	Cates Hill Landfill <u>Fund</u>	Combining <u>Totals</u>
ASSETS			
Current Assets:			
Due from other governments		\$ 65,909	\$ 65,909
Due from other funds	\$ 720,477	305,233	1,025,710
Total Current Assets	<u>720,477</u>	<u>371,142</u>	<u>1,091,619</u>
Noncurrent Assets:			
Capital assets:			
Non-depreciable capital assets	96,203		96,203
Total Noncurrent Assets	<u>96,203</u>	<u>-</u>	<u>96,203</u>
Total Assets	<u>816,680</u>	<u>371,142</u>	<u>1,187,822</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	2,250		2,250
Refundable deposits	20,000		20,000
Current portion of estimated liability for landfill postclosure care costs		11,400	11,400
Total Current Liabilities	<u>22,250</u>	<u>11,400</u>	<u>33,650</u>
Noncurrent Liabilities:			
Estimated liability for landfill postclosure care costs		193,800	193,800
Total Noncurrent Liabilities	<u>-</u>	<u>193,800</u>	<u>193,800</u>
Total Liabilities	<u>22,250</u>	<u>205,200</u>	<u>227,450</u>
DEFERRED INFLOWS OF RESOURCES			
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Net investment in capital assets	96,203		96,203
Unrestricted	698,227	165,942	864,169
Total Net Position	<u>\$ 794,430</u>	<u>\$ 165,942</u>	<u>\$ 960,372</u>

SCHEDULE D
CITY OF BERLIN, NEW HAMPSHIRE
Combining Statement of Revenues, Expenses and Changes in Net Position
All Nonmajor Proprietary Funds
For the Year Ended June 30, 2017

	Industrial Development and Park Authority <u>Fund</u>	Cates Hill Landfill <u>Fund</u>	Combining <u>Totals</u>
Operating revenues:			
Miscellaneous		\$ 4,480	\$ 4,480
Total Operating Revenues	\$ -	4,480	4,480
Operating expenses:			
Contractual services	510		510
Repairs and maintenance	19,850		19,850
Administrative	7,529		7,529
Materials and supplies	51		51
Utilities	96		96
Total Operating Expenses	28,036	-	28,036
Operating income (loss)	(28,036)	4,480	(23,556)
Non-operating revenues:			
Interest income	73		73
Non-operating revenues	73	-	73
Change in net position	(27,963)	4,480	(23,483)
Net Position at beginning of year	822,393	161,462	983,855
Net Position at end of year	\$ 794,430	\$ 165,942	\$ 960,372

SCHEDULE E
CITY OF BERLIN, NEW HAMPSHIRE
Combining Statement of Cash Flows
All Nonmajor Proprietary Funds
For the Year Ended June 30, 2017

	Industrial Development and Park Authority Fund	Cates Hill Landfill Fund	Combining Totals
Cash flows from operating activities:			
Cash paid to suppliers	\$ (25,891)	\$ (4,427)	\$ (30,318)
Other operating cash receipts	20,000	2,174	22,174
Net cash used by operating activities	<u>(5,891)</u>	<u>(2,253)</u>	<u>(8,144)</u>
Cash flows from investing activities:			
Interest on investments	73		73
Net cash provided by investing activities	<u>73</u>	<u>-</u>	<u>73</u>
Net decrease in cash and cash equivalents	(5,818)	(2,253)	(8,071)
Cash and cash equivalents at beginning of year	726,295	307,486	1,033,781
Cash and cash equivalents at end of year	<u>\$ 720,477</u>	<u>\$ 305,233</u>	<u>\$ 1,025,710</u>
Reconciliation of operating income (loss) to net cash used by operating activities:			
Operating income (loss)	\$ (28,036)	\$ 4,480	\$ (23,556)
Changes in assets and liabilities:			
Due from other governments		4,667	4,667
Accounts payable	2,145		2,145
Refundable deposits	20,000		20,000
Estimated liability for landfill postclosure care costs		(11,400)	(11,400)
Net cash used by operating activities	<u>\$ (5,891)</u>	<u>\$ (2,253)</u>	<u>\$ (8,144)</u>

CITY OFFICES	TEL.NUMBER	CONTACT
AIRPORT 800 E. Side River Rd, Milan, NH 03588	603-449-2168	Marcel Leveille, Airport Manager mleveille@berlinnh.gov
ASSESSOR'S 168 Main Street, Berlin, NH 03570	603-752-5245	Bryan Chevarie, Assessor Supervisor bchevarie@berlinnh.gov
CITY CLERK 168 Main Street, Berlin, NH 03570	603-752-2340	Elaine Riendeau, City Clerk erienneau@berlinnh.gov
CITY MANAGER 168 Main Street, Berlin, NH 03570	603-752-7532	James Wheeler, City Manager info@berlinnh.gov
HEALTH 168 Main Street, Berlin, NH 03570	603-752-1272	Angela Martin Giroux amartingiroux@berlinnh.gov
RECREATION 672 First Avenue, Berlin, NH 03570	603-752-2010	Terry Letarte, Rec. Programmer tletarte@berlinnh.gov
WELFARE 168 Main Street, Berlin, NH 03750	603-752-2120	Angela Martin Giroux, Health & Welfare Director amartin_giroux@berlinnh.gov
LIBRARY 270 Main Street, Berlin, NH 03570	603-752-5210	Denise Jensen, Head Librarian djensen@berlinnh.gov
PUBLIC WORKS OFFICE 168 Main Street, Berlin, NH 03570	603-752-4450	Michael Perreault, PW Director mperreault@berlinnh.gov
PUBLIC WORKS GARAGE 10 Jericho Road, Berlin, NH 03570	603-752-1460	Mark Lapointe, PW Supervisor mlapointe@berlinnh.gov
FINANCE/COLLECTIONS 168 Main Street, Berlin, NH 03570	603-752-1610	Patricia Chase, Finance Director pchase@berlinnh.gov
FIRE DEPARTMENT 263 Main Street, Berlin, NH 03570	603-752-3135 EMERGENCY 911	John Lacasse, Fire Chief jlacasse@berlinnh.gov
BERLIN HOUSING AUTHORITY Serenity Circle, Berlin, NH 03570	603-752-4240	Mary Jo Landry, Ex. Director executivedirector@berlinha.org
INSPECTION DIVISION 168 Main Street, Berlin, NH 03570	603-752-1630	Michel Salek, Code Enforcement Office msalek@berlinnh.gov
PLANNING 168 Main Street, Berlin, NH 03570	603-752-8587	Pamela Laflamme, Community Development Director plaflamme@berlinnh.gov
POLICE DEPT 135 Green Street, Berlin, NH 03570	603-752-3131 EMERGENCY 911	Peter Morency, Police Chief bpdchief@berlinpolice.com
SCHOOL DEPT 183 Hillside Ave., Berlin, NH 03570	603-752-6500	Corinne Cascadden, Superintendent ccascadden@sau3.org
WASTE WATER TREATMENT 10 Shelby Street, Berlin, NH 03570	603-752-8563	Jon Goodreau, Superintendent hnoel@berlinnh.gov
WATER WORKS 55 Willow Street, Berlin, NH 03570	603-752-1677	Craig Carrigan, Superintendent craig@bwwberlinnh.org

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-