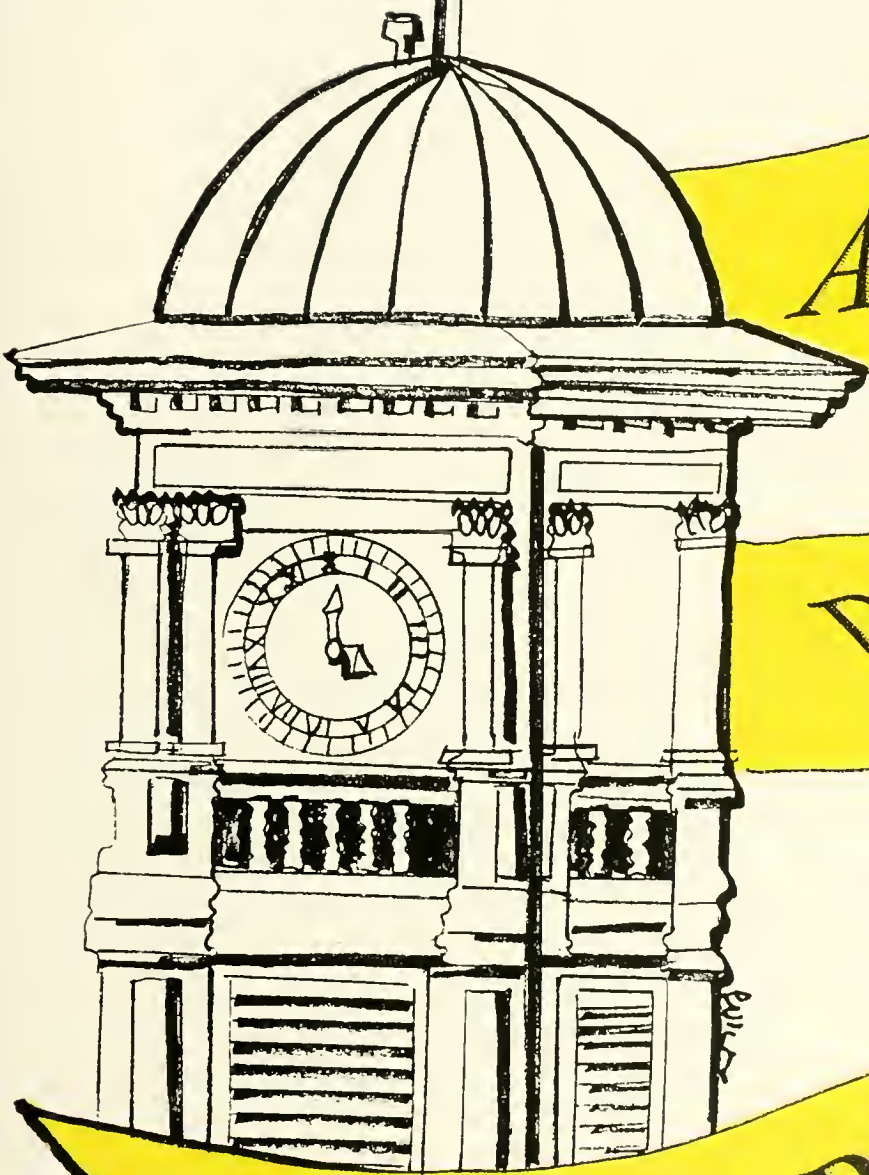


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ANNUAL

REPORT

CITY OF BERLIN, NH

LOCAL GOVERNMENT HELPING THE CITY

City offices include:

ASSESSOR'S	752-5245	<i>Susan Warren, Assessor Supervisor</i>
CITY CLERK	752-2340	<i>Debra Patrick, City Clerk</i>
CITY MANAGER	752-7532	<i>Mitchell A. Berkowitz, City Manager</i>
DEVELOPMENT	752-1630	<i>Dennis Cote, Development Director</i>
• ZONING	752-3319	<i>June Hammond Rowan, Zoning Administrator</i>
ENGINEERING	752-8551	<i>James Wheeler, City Engineer</i>
FINANCE/COLLECTIONS	752-1610	<i>Aline Boucher, Comptroller</i>
COMMUNITY SERVICES DIVISION		<i>Laura Lee Viger, Community Services Director</i>
• HEALTH	752-1272	
• RECREATION	752-2010	
• WELFARE	752-2120	<i>Annette Langevin, Welfare Director</i>
• LIBRARY	752-5210	<i>Yvonne Thomas, Head Librarian</i>
PUBLIC WORKS	752-4450	<i>Maurice Wheeler, Public Works Director</i>
• GARAGE	752-1460	
FIRE DEPARTMENT	752-3135	<i>Paul Fortier, Fire Chief</i>
• INSPECTION DIVISION	752-3135	<i>Maurice Lavertue, Building Inspector</i>
POLLUTION CONTROL	752-8563	<i>Michael Therriault, Supervisor</i>
POLICE DEPT	752-3131	<i>Alan Tardif, Police Chief</i>
SCHOOL DEPT	752-6500	<i>Bruce MacKay, Superintendent</i>
WATER WORKS	752-1677	<i>Albin Johnson, Superintendent</i>
BERLIN AIRPORT	449-2168	<i>James Furbish, Airport Manager</i>

Working with Changes in Government

FISCAL YEAR JULY 1, 1995 TO JUNE 30, 1996



MAYOR AND CITY COUNCIL

RICHARD P. BOSA, **MAYOR**

Ward I

TIMOTHY P. DONOVAN SR.
HENRY W. COULOMBE

Ward II

MERLE S. COLE SR.
JEFFREY W. YOUNG

Ward III

DAVID D. MORIN
JAMES P. WISWELL

Ward IV

PAUL R. GRENIER
DAVID R. POULIN

MITCHELL A. BERKOWITZ, **CITY MANAGER**

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REPORT PREPARED BY:

SUSAN TREMBLAY
Executive Secretary to the
City Manager

PHOTO CREDITS:

Mayor & Council - Mt. Forist Studio
Mayor/City Hall - Charles Jordan, Northern NH Magazine

CITY MANAGER'S Annual Report



During Fiscal Year 1996, the City continued to face some of the toughest challenges while attempting to deliver basic municipal services. It was the year in which the City Council approved the start of reorganizational changes in local government to respond to Citizens who have called for less government costs. A retirement permitted the City to create the Community Services Division which includes Recreation and Parks, Health, Welfare and Library under one Division Manager. We have also taken advantage of a second retirement and have changed the way we conduct our assessing functions by using a contractor thereby eliminating a second full time position. Our efforts continued to work through the building inspections and zoning functions. The Council also approved the elimination of a full time position in Parks Maintenance and continues to review any opportunities in reducing staff through the attrition process. Working with these changes will continue to require a strong effort to assure that we can deliver our core services to the public. The savings from these changes will be in excess of \$100,000 per year.

Despite our fiscal constraints, members of the Council and Staff have focussed on key elements of our City, namely our Main Street and the Downtown. We have worked diligently on creating Heritage Based Tourism which is intended to give some diversity and improvement to the local economy. Countless hours have been invested in arranging for these opportunities to allow Berlin to grow. These will continue since it is a belief by many that any success in improving our economy must come from a vibrant Downtown and Main Street. It will require ongoing commitments from our Council, staff and merchants to be successful. The challenge will be to each merchant to actively participate and make it happen rather than stand on the sideline and watch it happen.

The proposed prison project continues to represent a great opportunity for our City. The Council has shown its support and staff will continue to work toward the actual development of this facility which is expected to create local jobs that will continue even in difficult economic times.

Members of Council who belong to the Berlin Airport Authority continue to make positive decisions that are reflected in the investments in the facility. Completing the Master Plan update in the previous year, the Authority just finished the airport runway extension project which, coupled with the replacement and upgrading of the aviation fuel sales tanks and a change in the airport management structure, will bring more activity to this facility making it an important part of our immediate regional economy.

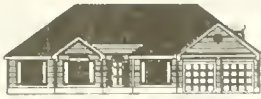
Recognizing that our economy is the number one issue on the minds of many citizens, we will continue to push for a collaborative regional-valley effort. This will mean among other things that Berlin and Gorham can work together since our successes are mutually enjoyed. It also recognizes that neither community has all the resources to "go it alone" nor can we afford to. Staff efforts must improve and can be successful so long as we continue to work our fabric of contacts, prospects, positive promotions and common business sense as well as encouraging investments in our local infrastructure.

We need to recognize that we can retain and attract jobs even though it seems that we must work twice as hard as the southern part of the State. Berlin and our valley remain virtually ready to grow. In these times we must work towards developing ongoing plans that will allow for changes to take advantage of the future and avoid costly short term thinking.

On behalf of our professional management team, staff and employees share with our Citizens these challenges and a commitment to work in our City's best interests.

*Submitted by: MITCHELL A. BERKOWITZ
City Manager*

ASSESSING DEPARTMENT



Board of Assessors, Arthur J. Bergeron, Jr., Chairman; and members, James Coulombe, Elise Salek, Esq., continue to maintain an open door policy for taxpayers with questions or problems regarding assessments and assessment procedures. In order to address issues involving fair assessment and the revaluation, the Board of Assessors meets regularly. Many of the taxpayers' concerns have been resolved and those that could not be settled were able to avail themselves of an appeal to the Board of Tax and Land Appeals or Superior Court. The Board is looking forward to the 1997 Revaluation that will be conducted by the Department of Revenue Administration.

In an effort to keep the mapping current, Cartographics of Littleton recently completed the update of the tax maps for the City of Berlin. All deeds received from the Registry of Deeds in Lancaster are sent to them and they make corrections as needed based on the data contained in the deeds. Any map with a physical change is then printed and sent to us.

We are committed to quality and excellence in government and will continue to respond to requests for changes that occur due to budgetary constraints, public needs, and new legislation.

SUMMARY INVENTORY OF TAXABLE PROPERTY - APRIL 1, 1996

As the summary illustrates, the Gross Valuation of the City for Tax Year 1996 is \$449,935,350. The resultant tax (mill) rate, computed by dividing the Appropriations by the New Valuation is \$.03249 or \$32.59 per thousand dollars of valuation.

Summary Inventory	
Land	\$38,981,700.00
Building	\$372,834,250.00
Public Utilities	\$81,994,700.00
GROSS VALUATION	\$493,810,650.00
Blind Exemptions	\$420,000.00
Elderly Exemptions	\$4,193,300.00
Physically Handicapped Ex.	\$31,700.00
Water/Air Poll. Cont. Exem.	\$39,230,300.00
TOTAL EXEMPTIONS	\$43,875,300.00
NET VALUATION	\$449,935,350.00

Exemptions Granted		
TYPE	#	TAX \$
Elderly	215	\$136,660.00
Blind	28	\$13,688.00
Physically Handicap	6	\$1,033.00
Water/Air Poll. Cont.	5	\$1,278,515.00
Veterans	915	\$50,950.00

ACTIVITIES		
TYPE	#	TAX \$
Resident Tax	6,243	\$62,430.00
Yield Tax 4/94-3/95	18	\$15,138.00
Bldg. Permits Reviewed	693	
Property Transfers Processed	237	

Submitted by: *SUSAN WARREN*
Assessor Clerk



CITY CLERK'S DEPARTMENT

Fiscal Year
1995-96 brought on
many changes which

affected the way local government operations were conducted within the City of Berlin.

The City Clerk's Office was affected by that change due to the retirement of Lise Malia as the City Clerk on February 29, 1996. Ms. Malia served the citizens of Berlin in that capacity for the last twelve years and will be sadly missed by all who worked with her on a daily basis.

On March 1, 1996, Debra Patrick was appointed as City Clerk. Each day is a challenge filled with new learning experiences to be gained.

The City Clerk's Office offers a diverse variety of services which assist the public. The City Clerk is the record keeper for the City and is significant for keeping various records such as property deeds, cemetery deeds, all contracts, leases, agreements and any other official City documents.

In addition, City Cemetery deeds are purchased through the City Clerk's Office. Cemetery records and maps are kept in the vault. The City Clerk issues all City Cemetery grave digging orders.

The City Clerk serves as secretary

to the Mayor and City Council and maintains records and copies minutes of the City Council meetings and any correspondence they may initiate.

The City Clerk oversees all City municipal and State elections, records election returns and supervises the entire election process. Citizens may register to vote, change party affiliation or a change of address at the City Clerk's Office during business hours.

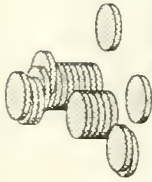
Even though several permits and licenses are obtained at the City Clerk's Office, the Collection Department collects and issues fishing and dog licenses and processes Universal Commercial Codes (UCC). Last year that department licensed 522 dogs and filed 272 UCCs and 13 UCC terminations.

Vital records is perhaps the most integral function of the City Clerk's Office. Births and deaths are recorded and certified copies of such are issued. Marriage licenses are obtained there as well. Genealogy research is also conducted through that office.

Vital Statistics			
	93/94	94/95	95/96
Marriages	61	71	62
Births	132	108	122
Deaths	132	164	160

Submitted by: **DEBRA PATRICK**
City Clerk

TAX COLLECTOR'S REPORT



The following is the Tax Collector's report for the period ending June 30, 1996:

	1996 Real Estate Taxes	1995 Real Estate Taxes	1995 Tax Liens	1994 Tax Liens	Prior Years' Tax Liens	Sewer User Taxes	1996 Resident Taxes	1995 Resident Taxes
7/1/95 Uncollected Balance	-0-	\$1,365,073.	-0-	\$3,358,150.	\$481,533.	\$197,145.	-0-	\$37,600.
Taxes sold to City²	-0-	(3,681,085.)	\$3,942,615. ²	-0-	-0-	(73,310.)	-0-	(550.)
Tax Warrants	6,867,607. ¹	7,416,895	-0-	-0-	-0-	\$1,038,079	62,430	-0-
Collections/Redemptions	(2,167,029.)	(5,059,168)	(119,929.)	(2,953,438.)	(276,079.)	(936,057.)	(22,930.)	(24,660.)
Refunds/overpayments	-0-	19,699.	-0-	16,151.	-0-	150.	30.	850.
Liens-RSA-72:38A	-0-	(5,683.)	(1,532.)	(1,434.)	(9,186.)	(499.)	-0-	-0-
Abatements/Deeds/Discount	(75.)	(55,731.)	(1,985)	(33,205.)	(6,091.)	(754.)	-0-	(590.)
Reserve-Uncollectibles	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Uncollected Balance 6/30/96	\$4,700,503.	-0-	\$3,819,169.	\$386,224.	\$190,177	\$224,754.	\$39,530.	\$12,650.

OTHER TAXES/INTEREST COLLECTED

Special Warrants	\$2,984
Uncommitted Taxes	3,170.
Interest - Delinquent Taxes	299,233. ³
Interest - Tax Liens	127,975.
Resident Taxes - Penalties	665.
Sewer Taxes - Interest	14,817
Yield Taxes	11,675
Boat Taxes	1,891

- 1 Warrant 1/2 year
- 2 Includes 1995 real estate taxes, resident taxes, sewer taxes, interest, costs and fees
- 3 \$112,661 set in reserve by auditors

Submitted by:

ALINE BOUCHER
Comptroller/Tax Collector

FINANCE/COLLECTION \$ REPORT

The Finance and Collection Department is responsible for the accounting and record keeping of all financial transactions of the City's General Fund, as well as all other funds. The City's auditors, Mason and Rich, Concord, New Hampshire, audited the City books and the City's detail financial reports for the General Fund, Special Revenue Funds, Capital Projects Funds, Proprietary Funds Types, all Trust and Agency Funds, and General Long-Term Obligations are in their accompanying Audit Report for the year ended June 30, 1996.

This Department is responsible for the timely filing of all federal and state financial and tax reports, as required by the Federal Government and the State of New Hampshire. The City's financial records are maintained on the IBM 36 System.

This Department is responsible for the following processes, and where applicable, indicates approximate number of annual transactions or parcels as well as amounts.

PROCESSES	TRANSACTIONS	AMOUNT	OTHER PROCESSES
Accounts Payable	6,944	\$29,933,893.	
Purchase Orders Issues	1,597		General Ledger Voter Registration Records
Payroll - 1995	14,941	\$10,092,496	Sewer User Collections
General Revenues other than Taxes		\$7,538,450.	Tax Lien Redemptions all years
Real Estate Warrants - 1995	4,517	\$13,787,336.	UCC's
Resident Tax Warrants - 1996	6,243	\$62,430.	Real Estate Collections
Sewer Warrant - 1996	3,417	\$1,037,308.	Resident Tax Collecting
Special Warrants	3	\$2,984.	
Tax Lien Process - 1995	443	\$3,942,614.	Investment of Funds Personnel Files
Motor Vehicle Registrations	10,755	\$825,111.	

In addition to the above, the Finance Department administers Health insurance for the City Employees, Water Works, Cobra Extension, as well as for 136 retirees, (total covered - 271 members). The Finance Department also administers life insurance, accident and sickness, NH Retirement System Pension, E.E. Mutual Pension Plan, Worker's Compensation and Unemployment Compensation for all City Employees. This department is responsible for Insurance Benefits/billings and collections from City Departments, retirees and COBRA extension. This Department also prepares requests for proposals for insurances for city employees.

This Office is responsible for the Central Services Purchasing and billing of gas, office supplies, copies and other purchases for City Departments and State agencies. This Department is responsible for the record keeping of the Berlin Airport Authority, including sales of all gas and financial reporting to the Authority. The Finance Department is also responsible for the mail service of all incoming and outgoing mail for all City Hall Departments, Development Department, as well as large bulk mailings for all other City Departments. This Department also serves, when needed, as central telephone agency for other departments.

The Finance/Collection Department has a staff of six full time employees and one part time employee (21 hours). In addition to the Comptroller/Tax collector, staff includes the following personnel: Elaine Tremblay, Senior Collection Clerk; Anita Valliere, City Accountant; Susan Warren, Account/Billings Clerk; Jeannette Lallamme, Supervisor Computer Division/Payroll; Lucille Lavoie, Accounts Payable Clerk; JoAnn Therriault, Clerk/Typist, and Colleen Poulin, Collections Clerk.

ENGINEERING AND POLLUTION CONTROL



Pollution Control - I and I Study

The inflow and infiltration study, initiated in 1994, was completed last Spring with the execution of television inspection work on targeted sanitary lines. The results of the study are now being used to eliminate sources of ground water and surface water runoff to our sanitary collection system. Corrections to eliminate these sources will continue for the next several years. We plan to perform corrective work with in house forces as well as private contracting, depending on the specifics of the work. The ultimate benefit will be a decrease in the amount of flow treated at the Pollution Control Facility. This will decrease the operational cost of the facility which translates to dollars saved for the sewer user. Also, by eliminating the unwanted sources of flow to the facility, we will be reserving treatment capacity for new users including Berlin's new and upgraded Water Treatment Facilities, residential and commercial users.

Aeration Equipment Upgrade at the Pollution Control Facility - The City entered into a contract for the replacement of existing aeration equipment in the Spring of 1995. The project endured some scheduling delays, however, the installation of equipment is substantially complete and within the original budget. The project replaces aeration equipment which had reached its life expectancy and had become a regular maintenance item at the BPCF. The new system will require less maintenance and is expected to reduce electrical consumption at the BPCF.

Solid Waste - East Milan Landfill Closure

By July 1, 1996 the construction of the landfill closure was well under way. The project is being constructed by Paragon Construction of North Haverhill, NH. The landfill closure was

mandated by the State of New Hampshire to protect ground water quality in the area. By July of 1997, the landfill that served area residents for their disposal needs for over two decades, will give the appearance of a green pasture.

Transportation - Overlays

Over 2000 tons of pavement was placed on City streets last fall as part of our ongoing street maintenance program. Each year, as funding allows, we overlay the streets in most need. In the upcoming year we intend to execute the overlay contract in the Spring as opposed to the Fall. Advertising the project in the Spring should maximize the competition among bidders, thus, giving us more pavement per dollar expended.

Street Markings - Center lines and cross walks were painted as they are every year. The maintenance of markings is a transportation item which provides safety for motorists and pedestrians as well as giving our streets an organized and tidy appearance.

Planning for the Replacement of the Cascade Bridge Railway Overpass - In March of 1996 the NHDOT presented a feasibility study on the siting of a new railroad crossing to replace the existing Cascade Bridge overpass. Because the bridge serves both Berlin and Gorham residents, public presentations were made in each community. The consensus in each community was to replace the structure where it currently stands. The NHDOT is proceeding with the design of a new bridge at the same location but expects to make improvements in the road geometry where possible. The project is scheduled to go out to bid for construction in the summer of 1997.

Upcoming

- ▶ More I&I corrective work.
- ▶ Retaining wall replacements.
- ▶ Scheduled bridge maintenance.
- ▶ Special Projects

*Submitted by: JAMES A. WHEELER, P.E.
City Engineer*

PUBLIC WORKS DEPARTMENT



The Public Works Department provides a number of services to the citizens of Berlin. They include: the maintenance of some 60 miles of streets, many more miles of sidewalks that need to be swept, patched and overlaid. We also provide snow removal, street stripping, street marking, the fabrication and installation of street and traffic signs. We construct retaining walls, install guard rails and guard fences. We provide the City with daily garbage removal, a clean-up week in the spring and fall. We maintain the Cates Hill Landfill, and five cemeteries. We also maintain sewerage and storm water collection systems. We provide equipment maintenance for all of the Public Works Department, Fire Department, Recreation Department, Health, Police Department and Engineering Department, as well as the Berlin Municipal Airport. We maintain gas and fuel distribution. We also provide 146 sand and salt barrels for winter use.

The Public Works Department recycles paper, glass, plastics, tin, aluminum and cardboard. We linseed-oiled concrete sidewalks, retaining walls and bridges. The department completed 10 concrete sidewalk wheelchair ramps. They also constructed 150 linear feet of concrete sidewalks. The department installed a concrete wall on the Kent St. brook and repaired a number of culvert headers. The department also hauled and graded loam for Memorial Field.

Repaired catch basins & manholes	45
Rebuilt manholes and & catch basins	12
New catch basins & manholes	5
Replaced drain lines & new drain lines	515'
Replaced sewer lines	192'
Replaced service lines	93'
Catch basins cleaned by machine	424
Salt for winter use	2408.10 tons
Sand for winter use	3744.56 tons
Cover for East Milan Landfill	5,000 c.y.
Street signs installed & repaired	941
Spring Clean Up Week	4 weeks worked
Fall Clean Up Week	4 weeks worked
Responded to Private Sewer Calls	22

Submitted by:

Maurice Wheeler
Public Works Director

DEVELOPMENT DEPARTMENT



The Development Department's primary mission is to support planning and economic development for the City of Berlin. It carries out this mission through the staffing and support of several citizen boards.

Planning Board: The planning board is a nine member board appointed by the Mayor and City Council. They are responsible for both long and short range planning that includes subdivision and site plan review. The planning board also takes a longer term perspective of development, through state enabling law, by the creation of a master plan and its periodic revision. The planning board on occasion will study issues often at the request of City Council which present an immediate concern to the community at large. As part of its role as a policy advisor, the planning board is responsible for the development of ordinances governing the development permitting process. Over the past year the planning board has been working on completely rewriting Berlin's Zoning Ordinance. The Chairman of the Planning Board is Richard Huot.

Zoning Board of Adjustment: While the planning board is responsible for establishing the policy and ordinance which controls land use, the review of proposed developments which are denied a permit and subsequently wish to appeal their denial, become the responsibility of the Zoning Board of Adjustment. The staffing for administering the Zoning Ordinance, land use enforcement and supporting the ZBA is now located in the Development Department having previously been located in the Health Department. The Chairman of the ZBA is Richard Poulin.

Berlin Industrial Development and Park Authority (BIDPA): The main function of BIDPA is to encourage and promote industrial development through the provision of adequate industrial land and facilities. This City Board has 10 members who are appointed by the City Council. Its primary industrial project is the Maynesboro Industrial Park. The Authority has set a policy that increases the Authority's income to a level that is sufficient to support future expansions of land and/or industrial space. Chairman of BIDPA is Gerard Berthiaume.

Berlin Economic Development Council, Inc. (BEDCO): A private non-profit development corporation that started in 1979 to assist in the financing of business activities within the City. It

makes loans for both existing business expansion as well as new businesses. It operates through the Development Department staff and two separate loan making boards, the Downtown Loan Administration and the Industrial Loan Administration Boards.

Over the past year BEDCO has been involved in establishing a Main Street Program, a proven formula for revitalization of Central Business Districts with a successful track record in over 1,200 communities nationally.

BEDCO continues to advance its goal of working with area banks by making loans on a participation basis.

BEDCO has recently established a relationship with a Swiss investment banking house, Ceres Financial Concepts. The engagement of Ceres is supported by a generous grant from Public Service of New Hampshire. Along with the ability to locate equity for financially viable projects, the alliance improves BEDCO's capability in the area of financial analysis. The president of BEDCO is Alex Easton.

In addition to supporting the ongoing work of the above referenced boards and organizations, the Development Department staff supported the following:

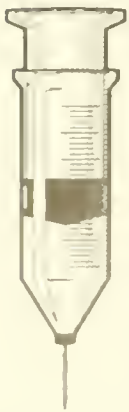
- ◆Administration of \$730,000 of Community Development Block Grant funds for water system improvement projects.
- ◆Berlin Heritage Trail Partnership in conjunction with the National Park Service in the refinement of a Berlin Heritage Tour Guide, 2nd Edition.
- ◆The Neighborhood Reinvestment Committee, a joint effort of the City Council and Planning Board committed to facilitating a renewal of Berlin's neighborhoods through housing investment.
- ◆The Androscoggin Valley Heritage Based Strategy Committee, an ad hoc area committee working towards heritage tourism development.
- ◆The Berlin Airport Authority, the governing body for the management of the Berlin Municipal Airport in the review of a more collaborative approach to airport based development.
- ◆The Berlin Investment Response Team, a voluntary association of the area's banking institutions in the pursuit of more effective community development lending.

The Development Department staff consists of Dennis Cote, Director; June Hammond Rowan, Assistant City Planner and Zoning Administrator; Joy Schoenbeck, Secretary.

Submitted by:

DENNIS COTE
Development Director

COMMUNITY SERVICES DIVISION



HEALTH DEPARTMENT

The Berlin Health Department is currently comprised of two areas of service: Public Health/Safety Issues and Public Health Visiting Nursing Services. Providing services that issue the proper enforcement of local and state safety ordinances and laws for the provision of wellness of the community is the hallmark of the Berlin Health Department. This community supported agency also plays a major role in the provision of Emergency Management Services to the City. Flooding, disease outbreak, oil leaks and other varied emergency situations are addressed through departmental commitment to protect the health and well being of the community. In the constantly changing face of local municipal government, the Berlin Health Department too has undergone changes in the 1995-96 fiscal year, but continues to carry out the public charge to protect Berlin's citizens through the administration of safety and health standards set forth by ordinance and law.

Of primary note in the changing services of the department is the increase in Nursing Services being provided by the Public Health Nurses. This business orientated area of service has experienced a 50% increase in clients over a ten year cycle. Providing both home care and office services for Berlin's families, public health nurses assist in all areas of medical care, as well as coordinating occupational, speech, and physical therapy, and home health aid/homemaker services. Office services may range from a variety of immunizations, diabetes care, cholesterol and blood pressure monitoring. Emergency services are also available through the nursing division, as represented by their assistance in the Hepatitis B School Screening administered in 1996. Today's nurses administer home intravenous treatments, tube feedings, and many more services than traditionally found in this area of service. As private medical services have changed and medical insurance firms have amended their

coverages, the role of municipal nursing service also has changed

Of equal importance to the department's changing face is the transfer of the functions of the Building Inspector to the Berlin Fire Department. Although forms for all permits are still obtained in the Health Department offices at City Hall, the consolidation of inspection functions took place during this fiscal year with the successful transfer of Building Inspector Maurice Lavertue to the Berlin Fire Department. In this new location, the building inspector works in close coordination with fire inspections services to continue the safe provision of services to local contractors and private citizens involved in changing structures in our community. In conjunction with this change, fiscal year 1995 - 96 saw the groundwork for the transition of the Zoning Board of Adjustment services from the Health Department to the Development Department. This area of service, closely related to the functions of general city planning, is proposed to be consolidated into the planning functions of the Development Office, thus seeking to provide a more direct review process and more direct provision of service to customers with zoning concerns.

A major catalyst to these changes in inspection services and zoning considerations was the retirement of Mr. Robert Delisle. After honorably and professionally serving his community for countless years as the Berlin Health Officer, Mr. Delisle retired in the late winter of 1996. With Mr. Delisle's retirement, administration of the Health Department was redesigned to be executed by a shared directorship position. The administrative position of the Berlin Recreation and Parks and the Public Health Department were combined to provide a more cost effective administrative function to the municipality.

Change in municipal government may be something sought for the future. Progress and change are not always parallel ventures. The Berlin Public Health Department has experienced many changes in fiscal year 1995 - 96 and continues to progress in providing comprehensive community health services to the City of Berlin.

*Submitted by: LAURA LEE VIGER
Community Services Director*

BERLIN HEALTH DEPARTMENT STATISTICAL SUMMARY

Medical-Clinical Services	
Number of Office Patients	552
Number of Office Visits	783

Immunizations and Tests	
Oral Polio	39
DTP Injections	13
DT Injections	0
Measles, Mumps, Rubella Vaccine	195
TB Mantoux Test	516
Td Injections	103
HIB Injections	1
Act HIB Injections	23
Infant Hep B	10
Hepatitis B	340
DTAP	5

Clinic Attendance Record	
Cardiac Clinic	20
Genetic Clinic	6
Hepatitis B	153
Flu Vaccine	367
Immunization Clinic	120
Cholesterol Clinic	144
Hep B 4th Grade Screening	105

Public Health Nursing Services	
Home Nursing Visits	7,377
Home Nursing Patients	284
Physical Therapy Visits	384
Occupational Therapy Visits	141
Speech Therapy Visits	12
Home Health Aide Visits	16,823

Public Health Inspection Services	
Food Service Inspections	16
Child Care Facilities	2

COMMUNITY SERVICES DIVISION

RECREATION & PARKS DEPARTMENT



One of the constant considerations that each individual can always depend on is that life is a constant process of changes. Some changes, easy and joyful, others more challenging and filled with thoughtful review. The Berlin Recreation and Parks Department staff and patrons experienced much of the past fiscal year faced with the potential of major changes and the task of maintaining long standing traditions and creating new visions for the future.

Making changes in government is the common cry of the public at all levels of government. Improve, reduce, downsize, right size, work more efficiently, are all hallmarks of the times we live in. Changing government causes each of us to take pause and prioritize our wishes and desires for the City we live in. Will we lose our child's favorite program; will we still have parks that meet the safe needs of the City's citizens; will we continue to provide quality recreational services to the entire community if changes occur?

Playing a major role in the creation of the changing face of government in the City of Berlin, the Recreation and Parks Department was chosen to present a new format of service to the community. Through reorganization efforts of the municipal management, the department was reduced in full time staffing in two major areas.

The reduction of the maintenance division of one full time worker was executed in mid winter. This reduction brought with it much trepidation as to our ability to continue to provide quality maintenance service to the department's numerous parks, skating rinks, athletic fields and program requirements. Showing the true professionalism and commitment of the maintenance staff of this department, supplemental staff support from other departments and the inclusion of additional summer seasonal staff, work

continued at maximum level. Through the creation of better interdepartmental communication and creative utilization of time and current staff, little reduction of service was experienced and recreation maintenance service for sporting events, special events, and regular preventative maintenance was continued. To the benefit of the City and the credit of the staff involved, this difficult challenge was met with success.

Of equal challenge for the department was the decision by Mayor and Council to create a new administration format for the Recreation and Parks Department. At mid year, the recommendation came forward to create a shared administrative position between the Berlin Health Department and the Recreation and Parks service. After review and debate, this change was enacted in late winter of 1996. This change resulted in one administrator, the current Recreation and Parks Director, for two departments sharing the hours of service with health services and recreation services. Through the remainder of the fiscal year, this change has challenged all Recreation and Parks staff to rise to the occasion and contribute to the creation of a new system of service. Each member of this team now expends considerable hours to insure that each function of our service is presented in the most appropriate fashion to the public. All members of the Recreation and Parks team, city employees, volunteers, seasonal employees, and patrons, are offering 100% to the continued preservation of quality recreation services, making this change a workable solution for the present.

Making changes in municipal government can be the ultimate challenge of any community. Through a team effort, as has been shown during late 1995 and early 1996 by the community of Berlin and their relationship with the Berlin Recreation and Parks Department, the challenge of change can bring a positive horizon.

*Submitted by: LAURA LEE VIGER
Community Services Director*

**RECREATION & PARKS DEPARTMENT
PROGRAM SUMMARY JULY 1995 - JUNE 1996**

Summer	
Program Title	Attendance
Aerobic Exercise	46
Beginners Baseball	35
Babe Ruth Baseball	57
Farm League Baseball	197
Instructional Softball	27
Basketball Camp	39
Girl's Softball	149
Bus Trips (8)	80
Jericho Day Camp	25
Jericho Shelter Rental	13
Jericho Season Passes	7
July 4 Celebration	150
Seniors' Picnics	60
Art Program	10
Community Gardens	18
Tennis	25
Slimnastics	40
Summer Playgrounds	300+ visits

Fall	
Aerobics	20
Haunted House	450
Holiday Craft Fair	25 booths
Little Tykes	24
Grade 1 & 2 Soccer	55
Grade 3 & 4 Soccer	62
Slimnastics	26
Seniors Walking/Exercise/ Line Dancing	30/day

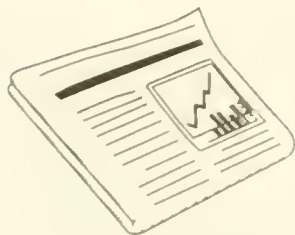
Winter	
Program Title	Attendance
Aerobics	86
2 on 2 Basketball Tourney	8 teams
Grade 1 & 2 Basketball	50
Grade 3 & 4 Basketball	76
Gr. 3 & 4 Girls' Basketball	40
Gr. 5 to 8 Coed Basketball	34
Jogging	21
Hockey	74
Little Tykes	46
Grade 3 to 6 Ski Program	125
Slimnastics	70
Senior Walking/Exercise	30/day
Adult Volleyball	120

Spring	
Aerobics	42
Basketball Tourney - Boys	120
Easter Egg Hunt	400-500
Adult Golf	126
Little Tykes	48
Slimnastics	39
Seniors Walking/Exercise	30/day
Step Aerobics	40
Special Olympics	250

Other	
Gym Rentals	64 Groups (400)
Open Gym	3,200 visits
Youth Craft Classes	768
Craft Fair Shoppers	200 +

1995-96 TOTAL NUMBER OF VISITS = 12,631

COMMUNITY SERVICES DIVISION



LIBRARY

The Berlin Public Library continues to be an enriching and successful experience for a large number of patrons. Making changes in government has brought forth many beneficial improvements to our library and continues to enhance the way in which we access information.

We continued to upgrade the way in which we provide our patrons with the information necessary to make informed decisions. We have access to a number of Internet connections, such as the World Wide Web, and First Search. We are going forward with the continuation of providing our patrons with non-fiction material, available on computer software. This year, the library was very fortunate in being able to secure a grant that will continue its changeover to a computer circulation system. This will be a way that making changes in government will have a positive impact on the disabled community of the City of Berlin. The circulation on computer will enable the disabled patron to have access to the circulation catalog in a way that was not previously possible.

In autumn of 1995, the Berlin Public Library presented a book discussion series entitled "The Novelist's Pen, The Director's Eye" in conjunction with the Fortier Library at the NH Community College. This was a six part series looking into the different ways of treating the same story idea. In the spring of 1996, we presented "Shield and Storm: An Historian's View of the Persian Gulf War" as well as "The Loneliness of the Long-Distance Writer". The NH Humanities Council continues to provide funding for the series with in-kind participation by the Librarian.

The 1995 Summer Reading Program theme in the juvenile department was "Saddle Up with a Good Book". This was a very successful program with over 100 children registered.

The Children's Librarian was able to visit the elementary schools before the end of the school year, in order to present our Summer Reading Program. This year the Library was able to provide the children with an opening program at the Berlin City Auditorium featuring cowboy singer and raconteur extraordinaire, Skip Gorman. Skip was dressed in spurs, high crowned hat and old time (chaps). He sang songs, many with audience participation, told stories and played the cross-tune fiddle. The Children's Department continues to have a Story Hour every Thursday morning during the winter months. We are very grateful to our many volunteers who so graciously give of their time. Without these volunteers, we would not be the library that we are today.

Each year the Library presents a literacy program entitled Connections. This is a program that benefits adult readers with a literacy problem. This project is funded by the NH State Library. This is a much needed program that provides a wonderful service to the non-reader.

The Berlin Public Library will always be prepared to serve the community with the best technology available. This goes hand in hand with "Making Changes in Government" for the enhancement of the information provided to the community by the library.

*Submitted by: YVONNE THOMAS
Head Librarian*

Library Statistics 1996-96			
Topics	Adult	Juvenile	Total
Generalities	149	215	364
Philosophy	354	74	428
Religion	164	40	204
Social Studies	871	639	1,510
Languages	110	74	184
Natural Sciences	1,617	1,739	3,356
Useful Arts	1,345	689	2,034
Fine Arts	705	614	1,319
Literature	318	316	634
History	26	235	261
Travels	558	273	831
Biography	200	380	580
French	8		8
Videos	29,261		29,261
Re & Comm Spr	59		59
Periodicals	3,435	225	3,660
Fiction	18,325	9,741	28,066
Cassettes	1,000	6	1,006
Compact Discs	593		593
Paperbacks	3,563		3,563
Totals	62,661	15,260	77,921

BERLIN HOUSING AUTHORITY



In this space last year we reported on the Department of

Housing and Urban Development's announced plans to downsize and change the ways it delivers funding to localities for subsidized housing. To date, those changes have not materialized and influential voices in Congress still are calling for the department's dismemberment. With no HUD appropriations bill in place three months into the new fiscal year, HUD's fate seemed more precarious in December than when the year began. Given the prospect that efforts to cut back HUD spending are expected to continue, 1996 looks like it will be another year of zero growth for local agencies dependent on HUD for the dollars needed to run their housing assistance programs.

Rental assistance payments made in 1995 to owners of Berlin residential properties taking part in the Authority's Section 8 certificate, voucher and moderate rehabilitation programs totaled some \$767,000. Over the past six years, such assistance payments for low income families have amounted to just under \$4.3 million.

Program utilization at year's end was at 98 percent, with 364 of the 371 units allotted to the Authority under lease at December 31, virtually the same as in 1994.

Marie P. Hughes of Howard Street was re-appointed to the Board on November 20, 1995. She has been a member of the Authority since 1981.

Submitted by: **DON MANGINE**
Director

Assets		
Assets	1994	1995
Cash	149,013	109,413
Security deposits	4,733	4,751
Accounts Receivable	2,742	5,929
Investments	266,615	380,429
Debt amortization funds HUD contribution receivable	78,323	78,323
Prepaid insurance	3,826	4,190
Land structures & equipment	1,441,838	1,441,168
TOTAL ASSETS	1,947,090	2,024,203

Liabilities		
Liabilities	1994	1995
Accounts Payable	2,672	2,973
Accrued Liabilities	12,271	16,920
Notes Payable	801,245	775,804
Prepaid HUD contributions (net)	14,366	21,476
TOTAL LIABILITIES	830,554	817,173

Equity		
Operating reserves	397,620	463,343
Cumulative HUD contributions (net)	718,916	743,687
TOTAL EQUITY	1,116,536	1,207,030

Total		
TOTAL LIABILITIES AND EQUITY	1,947,090	2,024,203

BERLIN FIRE DEPARTMENT



Fiscal Year 1996 was a year of changes for the Berlin Fire Department. The reorganization of some City departments into a Community Services Division brought the office of the Building Inspector into the Fire Department for administrative oversight. This move should bring better communication between regulatory agencies, a more consistent enforcement of codes and ordinances, and a reduction of liability.

During this fiscal year this Department took delivery of a new 100 foot Simon LTI ladder truck. This truck had been ordered over one year ago and was delivered in February. The new Ladder 1 is of the most recent technology and with its aluminum cab and stainless steel body, will serve the citizens of Berlin for a great many years.

Also acquired during this fiscal year were Hurst "Jaws of Life" tools. These tools are a valuable asset to the Department's ability to perform successful and timely extrications from motor vehicle and industrial accidents. Much time has been spent on the placing of these tools in service as well as the necessary training for their operation. The Fire Prevention and Training Bureau has been active in code enforcement and public education programs and was successful in coordinating the City's first full scale Hazardous Materials Emergency exercise, involving many departments and agencies. Your fire department stands ready as always to protect the citizens of the City of Berlin with commitment, dedication, and professionalism.

The following is a summary of BFD calls for Fiscal Year 1996.

BFD Calls for FY96	
Assist Police	8
Chimney Fire	7
Dangerous Situation	33
Electrical Fire	6
Electrical Problem	30
False, Malicious	28
False, Unintentional	91
Fumace Problem	9
Leak/Spill	94
Lock Out	1
Medical Aid	9
Outside Fire	28
Rescue	9
Smoke Scare	18
Sprinkler Problem	3
Structure Fire	20
Vehicle Accident	53
Vehicle Fire	7
Water Problem	14
Total	468

The following is a summary of the Fire Prevention Bureau inspections for Fiscal Year 1996:

Fire Prevention Bureau Inspections	
Places of Assembly	15
Oil Burners	107
L.P. Gas	11
New Construction	45
Wood Burner/Chimney	7
Health Care	13
Complaints Investigated	8
Industrial	6
Foster Homes	13
Day care	4
Alarm Inspections	32
Misc. Inspections	35
Public Education	9

The following is a summary of Permits issued and Department of Housing and Urban Development (HUD) inspections from the Building Inspector's Office.

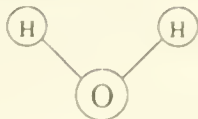
Permits Issued and HUD Inspections	
New Single Family Houses	2
Signs	19
Temporary	2
Sheds, Bams, etc.	2
Siding	44
Residential Alterations	179

Permits Issued and HUD Inspections (cont.)	
Residential Additions	26
Commercial Additions	3
Commercial Alterations	43
Industrial Additions	2
Industrial Alterations	3
Non-residential & Non-housekeeping	7
Residential Garages	18
Institutional Additions or Alterations	7
Demolition, Residential Buildings	3
Other Demolitions and Tank Removals	28
Electrical	102
Plumbing	27
Mechanical	2
Total	525

Housing Inspections	
Initial Inspections	24
Annual Inspections	284
Reinspections	271
Total	579

Submitted by: **PAUL FORTIER**
Fire Chief

BERLIN WATER WORKS



Omer R. Morin, Chairperson; Carl D. Oleson, Clerk; Paul E. St.Hilaire; David J. Bertrand; Regis M. Saucier; Ex-Officio Mayor Yvonne Coulombe and Mayor Richard P. Bosa served on the Board of Water Commissioners for this report period. A budget of \$2,423,766 was approved for calendar year 1996 with \$1,267,566 budgeted for bond debt and \$1,156,200 for operations. Increase in bond debt over the prior year was due to 1995 Water Bond Issue. Water Works paid the City the principal and interest due on City water bonds. The Board voted a 5% increase in water consumption rates to take effect with the July 1996 water bill.

Metered water entering the distribution system for this report period was 852,488,200 gallons for an average day usage of 2.34 million gallons. This is 130,000 gallons less per day compared to last report's average day usage of 2.47 million gallons. The reduction in usage can be attributed to several water leaks found and repaired, replacement of two inch water mains and increased water rates resulting in water conservation by customers.

Running water program to prevent frozen pipes was started on December 20, 1995 and ended on April 19, 1996. Water Works responded to 57 customer calls with 35 thawed by electricity, 13 with hot water, one place on a hose connection and the balance left to the owner to resolve as these were due to inside plumbing problems.

Water Works assisted the City in obtaining a \$350,000 Community

Development Block Grant (CDBG) for two inch water main replacement on Champlain and Merrimack Streets. Water Works staff prepared construction drawings and specifications, with assistance from the City Assistant Planner, June Hammond Rowan. Replacement work was advertised and awarded to the low bidder, Paragon Construction, Inc. Of North Haverhill, NH. Construction started in late April with all new water mains installed by the end of June.

Water Works assisted the City in applying and obtaining a \$500,000 CDBG grant for two inch water line replacement on Diana St., Pleasant St., First Ave., Gilbert and Hamlin Streets. Water Works staff will prepare the construction drawings and specifications with the construction scheduled to be completed in 1997.

Water Works continues to assist the City Planning Department to submit a preliminary application for an EDA grant for a water storage tank to be located at the end of Lancaster St. and for 12 inch water mains to improve the distribution system. North Country Council is assisting the City in the application to the Department of Commerce.

The first State filtration grant payment was received by the Water Works in December and the FY96 grant payment check was scheduled to arrive by the end of June. Payments represent 30% of the annual cost of the improvements required to be in compliance with EPA's Surface Water Treatment Rule.

The Water Commissioners and staff have continued to work with State and Congressional Delegation representatives to find new sources of financial assistance for infrastructure improvements.

The wood storage tanks at the end of Forbush Ave. and off Upper Hillside Ave. (Ramsey Hill) were replaced with a new underground cast in place concrete tank and a glass fused to steel above ground tank. Kent St. booster pump station was replaced with a new Derrah St. pump station and the Kent St. pump station land and building were sold. The Ramsey Hill booster pump station was replaced with a modern pump station with a stand-by propane power generator. Both Guilmette and Church St. booster pump stations were upgraded. Water Works employees, with assistance from the City Electrician, upgraded the Russian Hill and Hillsboro St. booster pump stations.

At the end of June, construction was about 88% complete on the new Ammonoosuc water treatment plant and the upgrade on the Androscoggin water treatment plant. The Board granted the Contractor an extension of time to October 14, 1996 to finish the work.

Water mains were replaced on Emery, School, Lower Kent, Lower Trudel, Russian Hill, Petrograd and Sixth Ave. with funding provided primarily by the 1993 water bond issue.

Concrete repairs were made at Godfrey Dam to restore and protect the concrete masonry gravity dam.

In January, a 5 year plan for replacement of 13.43 miles of small diameter water mains was approved by the Board requesting the City Council fund the first year; cost estimated at \$2,579,200.

A collective bargaining agreement was executed between Berlin Water Works and Local Union #1444 for the period July 1, 1993 to June 30, 1996.

Water Works continued to work with the U.S. Army Corps Cold Regions Research Laboratory. The Board signed an amendment to the Cooperative Research and Development Agreement to extend the study period by one year for the frost shield demonstration project.

Gemini Systems, Inc. was retained by the Board in October to upgrade the water billing hardware and software programs and the Board voted to transfer from card to envelope billing. The Board voted to continue with the program of conversion of the water meters from visual read to touch read and to obtain equipment to allow for automatic billing of meter readings.

NH Department of Environmental Services Water Supply Bureau granted a time extension until June 29, 1996 to be in compliance with EPA's Surface Water Treatment Rule for filtration.

Land and rights of way were purchased from David Haskell and Gloria Maxfield for siting of future planned water storage tanks.

Mayor Bosa signed a proclamation to proclaim the week of May 5th to May 11th as National Drinking Water Week. An open house was held on May 11th to allow the public to inspect the new Derrah and Ramsey Hill booster pump stations and the Forbush and Upper Hillside water storage tanks. Only one citizen took advantage of the open house.

Part time office clerk Elizabeth Clark retired after 13 years of service.

Submitted by:

*ALBIN JOHNSON, P.E.
Water Works Superintendent*

BERLIN POLICE DEPARTMENT

The goal of the Police Department is to protect the community from crime, assist those who have been victimized by crime, and to apprehend those who have committed crime. The best strategy to protect people and reduce victimization is to educate and involve the community.

The number of calls for service received by the Berlin Police Department continues to increase steadily. Many are non-criminal in nature. The average citizen's perception of a police officer's duties consists of walking the beat or patrolling the streets. Actually, an officer's duty is comprehensively allocated. It is only between those duties and the calls for service that officers can patrol the City's streets. The majority of the workload is received in the form of calls for service either by telephone or in person. Generally, these demands for police service are beyond the control of the police, and the Department has little control over the volume or time of occurrence. The officers handle approximately one incident every 30 minutes. Some calls are disposed of in minutes while others take hours, and still others require days or weeks of attention.

Eighty percent of the nation's police departments operate at 2.1 officers per thousand population, while Berlin operates at 1.6. Reduced personnel coupled with

increased demands require an increase in community involvement. Captain Nadeau

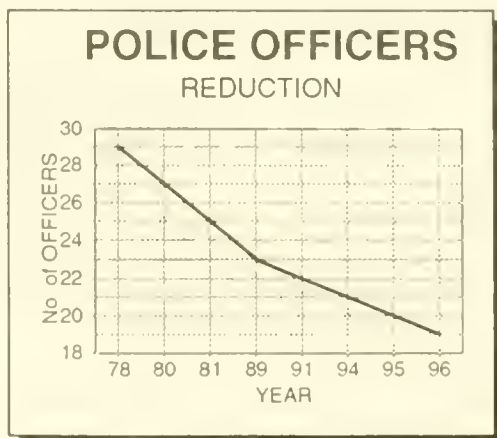


continues to work with the Officers and has increased community involvement through the Community Policing program. Although the reductions in force prevent allocating the time recommended for a successful program, the commitment to make it work will not be minimized.

Capital improvements in the Department's lockup and booking area are nearly complete. Privacy and safety have been improved with the construction of walls and corridors. The number of adult cells has been reduced from four to three, commodes replaced with stainless steel bowls, intercom system improved, and security locks installed in the booking area. Replacement doors were installed in the juvenile lockups to meet ventilation standards. These improvements place the City one step closer to achieving state accreditation.

Finally, I wish to thank our employees' family members for the sacrifices they make every day, due to the nature of police work; and I commend all members of the Berlin Police Department for their professionalism and hard work.

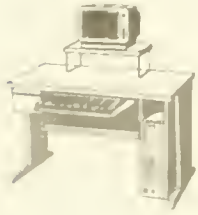
*Submitted by: ALAN TARDIF
Police Chief*



Police Department Activities - 1995	
Abandoned Property	68
Accident (Personal injury)	58
Accident (Hit & Run)	74
Accident	453
Accident (Fatal)	3
Accident (DWI)	1
Accidental Damage	42
Aggravated Assault	2
Alarm (False)	203
Alarm (Test)	19
Alarms	11
Animal Complaints	226
Arson	6
Assist Other Department	1,086
Bank Escort	39
Bench Warrants	35
Bicycle Complaint	16
Blood Relay	2
BOL	310
Bomb Threat	3
Break up of Party	9
Burglary	35
Business Check	28
Children in the Street	46
Civil Disputes	240
Court Order Sign In	698
Criminal Mischief	356
Criminal Trespass	64
Criminal Threatening	128
Criminal Restraint	1
Disable Vehicle	152
Disorderly Conduct	79
Dog Bites	21
Dog Complaints	570
Domestics	120
Drugs	22
DWI	48
Escape	3
Escorts (City Hall)	239
Fights	133
Forgery	3
Found Open Door/Windows	95
Found Property	149
Fraud	32
Harassment	474
House Checks	19
Joy Riding	7
Junkyard Complaints	4
Juvenile Arrests (Male)	27

Juvenile Other	822
Juvenile Arrests (Female)	7
Juvenile (All Other)	2
Lewdness	4
Liquor Violations	129
Littering	56
Lockout	306
Lost Motorists, etc.	126
Lost Property	57
Mentally Handicapped	162
Missing Person (Adult)	7
Motor Vehicle Theft	14
Noise Complaints	353
Obscenity	5
OHRV	33
Operating after Suspension	20
Parking Problems	394
Pursuit	5
Receiving Stolen Property	7
Relay Administrative	23
Remove Subject	120
Repossession	4
Request Officer	328
Request Extra Patrol	231
Request Transport	76
Restraining Order	113
Roller Blade Complaints	16
Runaway (Female)	18
Runaway (Male)	26
Safekeeping	8
Serve Paperwork	388
Sex Offense	3
Sexual Assault	21
Shots Fired	19
Simple Assault	98
Snow Complaints	55
Suicide	24
Suspicious Activity	367
Theft/Larceny	358
Traffic Stop (Summons)	248
Traffic Stop (Warning)	1,900
Traffic Problem	285
Transport Prisoners (Court)	11
Unattended Deaths	17
Vagrancy	2
Weapons	6
Welfare Check	151

BERLIN PUBLIC SCHOOLS



The 1995-96 year continued the schools in an arena of transition with much planning and development taking place. The superintendent of schools for ten years, Richard A.

Steudle, submitted his resignation to be effective June 30, 1996, and, in December of 1995, the Board of Education confirmed the appointment of R. Bruce MacKay to the position of superintendent beginning July 1, 1996.

Declining enrollment and the reevaluation of the city's tax base caused the schools to lose significant amounts of State Foundation Aid. As a result, it was necessary for the city to increase the amount of monies going to the schools from local property taxes. Even though increased amounts of property tax were channeled to the schools, the tax rate for the schools for the 1995-96 year was below the state average and the cost per pupil in the Berlin schools still was significantly below the state average of all schools in New Hampshire.

Curriculum development continued at a fast rate with the elementary schools (K-6) revising their math curriculum and selecting a new series of books to drive that curriculum. There was much activity in those areas for teachers so that they could deliver the new curriculum adequately. In addition, emphasis in developing the curriculum, in line with the state frameworks, continued at a very ambitious pace. The parent groups in all three of the elementary schools contributed significantly to the welfare of students through fundraising in an effort to provide more and lasting experiences for their children.

Mr. Donald Lafferty, Junior High School principal, continued vigorously in an effort to provide for the continuation of an upgrade in the Junior High School services,

and the recently developed parental group at the Junior High School contributed greatly to the welfare of all seventh and eighth grade students. A new sign is being constructed on State Street that will identify the Junior High School very graphically. Rejuvenated student organizations such as the Student Council, Honor Society, and the Future Homemakers contributed significantly through fund raising efforts in programs of recycling and school stores.

Intensive staff committee work earmarked the year at Berlin High School. A great amount of effort has gone into the block scheduling program that will be put in place in the 1996-97 school year. The block scheduling program should enhance the availability of offerings to the students at the high school. Many courses not available to students in previous years will be part of the program. The high school also was honored by receiving the Good Sportsmanship award from the New Hampshire Interscholastic Athletic Association (NHIAA).

Many administrative changes will be taking place July 1, as a result of the retirement of Mr. Steudle. We have already mentioned the appointment of Mr. MacKay as Superintendent of Schools. In addition, Mr. Donald Lafferty has been appointed by the Board of Education to lead the high school as its principal. Mr. Keith Parent, who served as athletic director and assistant principal during the 1995-96 school year, will become Junior High School principal, and Mr. Timothy Forestall, who has been the computer literacy teacher at the Junior High School will become the high school assistant principal/athletic director beginning July 1, 1996.

We are confident that the changes that are occurring in the schools will continue to enhance the educational services offered to our students as we approach the year 2000.

*Submitted by: RICHARD A. STEUDLE
Superintendent*

CITY OF BERLIN

GENERAL PURPOSE FINANCIAL STATEMENTS
AND SUPPORTING SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 1996



MASON+RICH

PROFESSIONAL
ASSOCIATION

ACCOUNTANTS
AND AUDITORS

INDEPENDENT AUDITOR'S REPORT

August 9, 1996

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

We have audited the accompanying general purpose financial statements of the City of Berlin, New Hampshire as of and for the fiscal year ended June 30, 1996 as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

SIX
BICENTENNIAL
SQUARE

CONCORD
NEW HAMPSHIRE
03301

FAX (603) 224 2613
(603) 224-2000

1247
WASHINGTON
ROAD
SUITE B
P O BOX 520

RYE
NEW HAMPSHIRE
03870-0520

FAX (603) 964 6105
(603) 964-7070

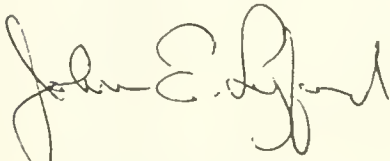
The general purpose financial statements referred to above do not include the financial statements of the Berlin Water Works and the Public Works Pension Trust which should be included to conform with generally accepted accounting principles. The Berlin Water Works and Public Works Pension Trust (component units of the City) utilize different year ends. As a result, required disclosures of assets, liabilities, revenues and expenditures are not available.

The City has not maintained a complete record of its general fixed assets as required by generally accepted accounting principles. Accordingly, a statement of general fixed assets is not included in the financial statements. The amounts that should be recorded as general fixed assets are not known.

In our opinion, based on our audit, except for the effects of the matters discussed in the third and fourth paragraphs, the combined financial statements referred to above present fairly in all material respects, the financial position of the City of Berlin, New Hampshire as at June 30, 1996 and the results of its operations and cash flows of its proprietary fund types for the fiscal year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the combined financial statements taken as a whole. The accompanying combining and individual fund financial statements and schedule of Federal Financial Assistance listed as supporting schedules in the table of contents are presented for purposes of additional analysis and are not a required part of the combined financial statements of the City of Berlin, New Hampshire. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated August 9, 1996 on our consideration of City's internal control structure and a report dated August 9, 1996 on its compliance with laws and regulations. Respectfully submitted,



John E. Lyford
Certified Public Accountant
MASON + RICH PROFESSIONAL ASSOCIATION
Accountants and Auditors

CITY OF BERLIN, NEW HAMPSHIRE
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 1996

	Governmental Fund Types		Proprietary Fund Types Enterprise	Fiduciary Fund Types Trust and Agency	Account Group General Long-Term Debts	Totals (Memorandum Only)
	Special Revenue	Capital Projects				
ASSETS						
Cash	\$1,434,877	\$ -	\$ -	\$167,423	\$ -	\$1,604,776
Temporary Investments	4,682,388	-	-	388,105	-	5,070,493
Taxes Receivable (Note 2)	6,517,338	-	-	-	-	6,517,338
Accounts Receivable	193,197	164	227,319	1,707	-	422,387
Due from Other Governments (Note 3)	1,111,819	169,328	-	-	-	1,537,763
Due from Other Funds (Note 4)	629,779	91,399	1,743,413	-	-	5,920,317
Inventory: Food/Supplies	-	7,376	19,261	-	-	26,637
Donated Commodities	-	4,282	-	-	-	4,282
Prepaid Expenses	5,661	-	-	-	-	5,661
Net Investment in Direct Financing Leases (Note 8)	-	-	41,001	-	-	41,001
Investment Property	-	-	192,794	-	-	192,794
Fixed Assets (Note 7)	-	-	23,916,954	-	-	23,916,954
Amount to be Provided for Sick Pay	-	-	-	-	1,563,323	1,563,323
Amount to be Provided from State of New Hampshire-Pollution Control	-	-	-	-	1,250,319	1,250,319
Amount to be Provided for Retirement of Long-Term Debt	-	-	-	-	4,392,621	4,392,621
TOTAL ASSETS	\$14,575,059	\$275,025	\$26,140,742	\$557,235	\$7,206,263	\$52,466,666

(Continued)

The Accompanying Notes are an Integral Part of This Financial Statement

CITY OF BERLIN, NEW HAMPSHIRE
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1996

	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Types		Account Group		Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Enterprise		Agency	Long-Term Debt			
				Enterprise	Agency		Enterprise	Debt		
LIABILITIES AND FUND BALANCE										
Liabilities										
Accounts Payable	\$551,192	\$39,208	\$9,082	\$50,332	\$ -	\$ -	\$ -	\$ -	\$649,814	
Contracts Payable	-	-	464,657	-	-	-	-	-	464,657	
Retainage Payable	-	27,526	603,618	-	-	-	-	-	631,144	
Accrued Liabilities	205,626	-	-	74,953	-	-	-	-	280,579	
Deferred Revenues	8,434,478	4,282	-	107,171	-	-	-	-	8,545,931	
Due to Other Funds (Note 4)	4,970,538	125,139	411,666	320,000	92,974	-	-	-	5,920,317	
Accrued Sick Pay	-	-	-	-	-	1,563,323	-	-	1,563,323	
Due to Specific Individual and/or Groups	-	-	-	-	66,620	-	-	-	66,620	
Landfill Closure Costs Payable	-	-	-	-	-	1,056,165	-	-	1,056,165	
Notes Payable (Note 6)	-	-	-	419,938	-	-	-	-	419,938	
Bonds Payable (Note 5)	-	-	-	-	-	4,586,775	-	-	4,586,775	
Total Liabilities	14,161,834	196,155	1,489,023	972,394	159,594	7,206,263	-	-	24,185,263	
Fund Equity										
Contributed Capital	-	-	-	23,677,674	-	-	-	-	23,677,674	
Retained Earnings	-	-	-	1,490,674	-	-	-	-	1,490,674	
Fund Balances:										
Reserved for Encumbrances	468,419	-	-	-	-	-	-	-	468,419	
Reserved for Prepaids	5,661	-	-	-	-	-	-	-	5,661	
Reserved by Trust Instruments	-	-	-	-	125,203	-	-	-	125,203	
Unreserved:										
Designated by Trust Instruments	-	-	-	-	272,438	-	-	-	272,438	
Designated for Specific Capital Projects	-	-	2,276,229	-	-	-	-	-	2,276,229	
Designated for Specific Purposes	-	137,318	-	-	-	-	-	-	137,318	
Undesignated (Deficit) (Note 16)	(60,855)	(58,448)	(52,910)	-	-	-	-	-	(172,213)	
Total Fund Equity	413,225	78,870	2,223,319	25,168,348	397,641	-	-	-	28,281,403	
TOTAL LIABILITIES AND FUND EQUITY	\$14,575,059	\$275,025	\$3,712,342	\$26,140,742	\$557,235	\$7,206,263	\$ -	\$ -	\$52,466,666	

The Accompanying Notes are an Integral Part of This Financial Statement

CITY OF BERLIN, NEW HAMPSHIRE
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1996

	Governmental				Totals	
	General	Special Revenue	Capital Projects	Expendable Trust	(Memorandum Only)	Only)
<u>Revenues</u>						
Taxes	\$11,989,409	\$ -	\$ -	\$ -	\$11,989,409	
Licenses and Permits	881,529	-	-	-	881,529	
Intergovernmental	2,792,893	1,084,140	557,141	-	4,434,174	
Charges for Services	1,218,183	416,555	-	-	1,634,738	
Interest and Dividends	170,063	-	268,898	6,046	445,007	
Other	344,960	120,827	-	-	465,787	
Total Revenues	17,397,037	1,621,522	826,039	6,046	19,850,644	
<u>Expenditures</u>						
Current:						
General Government	3,948,721	1,054,322	-	-	5,003,043	
Public Safety	2,286,390	-	-	-	2,286,390	
Highways and Streets	1,605,964	15,000	-	-	1,620,964	
Health	332,108	2,944	-	6,279	341,331	
Welfare	104,470	-	-	-	104,470	
Culture and Recreation	338,254	42,214	-	-	380,468	
Education	8,049,620	473,599	-	-	8,523,219	
Capital Outlay	296,715	-	7,366,339	-	7,663,054	
Debt Service	1,155,208	-	-	-	1,155,208	
Total Expenditures	18,117,450	1,588,079	7,366,339	6,279	27,078,147	
Excess (Deficiency) of Revenues Over Expenditures	(\$720,413)	\$33,443	(\$6,540,300)	(\$233)	(\$7,227,503)	(Continued)

The Accompanying Notes are an Integral Part of This Financial Statement

CITY OF BERLIN, NEW HAMPSHIRE
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1996

	Governmental				Totals
	General	Special Revenue	Capital Projects	Expendable Trust	(Memorandum Only)
<u>Other Financing Sources (Uses)</u>					
Proceeds of Long-Term Notes	\$ -	\$ -	\$6,100,000	\$ -	\$6,100,000
Operating Transfers In	-	40,418	1,755	-	42,173
Operating Transfers (Out)	(42,173)	-	-	-	(42,173)
Total Other Financing Sources (Uses)	(42,173)	40,418	6,101,755	-	6,100,000
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	(762,586)	73,861	(438,545)	(233)	(1,127,503)
Fund Balances (Deficit), Beginning of Year	1,175,811	5,009	2,661,864	86,567	3,929,251
Fund Balances, End of Year	\$413,225	\$78,870	\$2,223,319	\$86,334	\$2,801,748

The Accompanying Notes are an Integral Part of This Financial Statement

CITY OF BERLIN, NEW HAMPSHIRE
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL AND SPECIAL REVENUE FUND TYPES
 FOR THE FISCAL YEAR ENDED JUNE 30, 1996

	General Fund		Special Revenue Funds		Variance Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	
<u>Revenues</u>					
Taxes	\$12,341,943	\$11,989,409	\$ -	\$ -	\$ -
Licenses and Permits	726,550	881,529	-	-	154,979
Intergovernmental	2,829,497	2,792,893	566,627	1,084,140	(36,604)
Charges for Services	978,911	1,218,183	239,272	361,428	239,272
Interest and Dividends	145,533	170,063	-	-	24,530
Other	137,501	344,960	-	-	207,459
Total Revenues	17,159,935	17,397,037	769,739	1,445,568	237,102
<u>Expenditures</u>					
Current:					
General Government	3,964,220	3,948,721	362,818	933,495	15,499
Public Safety	2,338,841	2,286,390	-	-	52,451
Highways and Streets	1,695,423	1,605,964	-	-	89,459
Health	317,957	332,108	-	-	(14,151)
Welfare	137,279	104,470	-	-	32,809
Culture and Recreation	344,355	338,254	-	-	6,101
Education	8,069,538	8,049,620	447,339	473,599	19,918
Capital Outlay	701,730	296,715	-	-	405,015
Debt Service	1,155,246	1,155,208	-	-	38
Total Expenditures	18,724,589	18,117,450	810,157	1,407,094	607,139
Excess (Deficiency) of Revenues Over Expenditures	(\$1,564,654)	(\$720,413)	(\$40,418)	\$38,474	\$844,241
					\$78,892

(Continued)

The Accompanying Notes are an Integral Part of This Financial Statement

CITY OF BERLIN, NEW HAMPSHIRE
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL AND SPECIAL REVENUE FUND TYPES
 FOR THE FISCAL YEAR ENDED JUNE 30, 1996

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>Other Financing Sources (Uses)</u>						
Operating Transfers In	\$ -	\$ -	\$ -	\$40,418	\$40,418	\$ -
Operating Transfers (Out)	(40,418)	(42,173)	(1,755)	-	-	-
Total Other Financing Sources (Uses)	(40,418)	(42,173)	(1,755)	40,418	40,418	-
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses) (Budgetary Basis) (Note 12)	(1,605,072)	(762,586)	842,486	-	78,892	78,892
Adjustments:						
To Adjust Revenues for Deferred Property Taxes	-	656,591	656,591	-	-	-
Non-Budgeted Special Revenue Funds Not Included in Adopted Budget	-	-	-	-	(5,031)	(5,031)
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses) (GAAP Basis)	(1,605,072)	(105,995)	1,499,077	-	73,861	73,861
Fund Balance at Beginning of Year	1,175,811	1,175,811	-	5,009	5,009	-
Fund Balance (Deficit) at End of Year	(\$429,261)	\$1,069,816	\$1,499,077	\$5,009	\$78,870	\$73,861

This statement presents comparisons of the legally adopted budget (more fully described in Note 1) with actual data on budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, timing, perspective and entity differences in the excess (deficiency) of revenues and other sources of financial resources over expenditures and other uses of financial resources for the year is presented.

The Accompanying Notes are an Integral Part of This Financial Statement

CITY OF BERLIN, NEW HAMPSHIRE
 COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN
 RETAINED EARNINGS/FUND BALANCE
 ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1996

	Proprietary Fund Types	Fiduciary Fund Types	Totals (Memorandum Only)
	Enterprise Funds	Non- expendable Trust	
<u>Operating Revenues</u>			
Charges for Services	\$1,089,339	\$ -	\$1,089,339
Rent and Royalties	253,514	-	253,514
Interest & Dividends	-	15,667	15,667
Contributions	-	2,225	2,225
Total Operating Revenues	<u>1,342,853</u>	<u>17,892</u>	<u>1,360,745</u>
<u>Operating Expenses</u>			
Salaries and Wages	524,943	-	524,943
Repairs and Maintenance	25,302	-	25,302
Materials and Supplies	94,789	-	94,789
Administrative	132,575	7,553	140,128
Utilities	136,922	-	136,922
Depreciation (Note 1)	737,500	-	737,500
Total Operating Expenses	<u>1,652,031</u>	<u>7,553</u>	<u>1,659,584</u>
Operating Income (Loss)	<u>(309,178)</u>	<u>10,339</u>	<u>(298,839)</u>
<u>Non-Operating Revenues (Expenses)</u>			
Interest: Revenue	46,400	-	46,400
Expense	<u>(48,199)</u>	<u>-</u>	<u>(48,199)</u>
Total Non-Operating Revenues (Expenses)	<u>(1,799)</u>	<u>-</u>	<u>(1,799)</u>
Net Income (Loss) Before Operating Transfers	<u>(310,977)</u>	<u>10,339</u>	<u>(300,638)</u>
<u>Other Changes in Retained Earnings/ Fund Balance</u>			
Credit From Transfer of Depreciation on Treatment Plant Assets Acquired by Grants Externally Restricted for Capital Acquisitions to Contributed Capital	<u>528,485</u>	<u>-</u>	<u>528,485</u>
Net Increase (Decrease) in Retained Earnings/ Fund Balance	217,508	10,339	227,847
Retained Earnings/Fund Balance at Beginning of Year	<u>1,273,166</u>	<u>300,968</u>	<u>1,574,134</u>
Retained Earnings/Fund Balance at End of Year	<u>\$1,490,674</u>	<u>\$311,307</u>	<u>\$1,801,981</u>

The Accompanying Notes are an Integral Part of This Financial Statement

CITY OF BERLIN, NEW HAMPSHIRE
 COMBINED STATEMENTS OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1996

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise Funds</u>	<u>Non- expendable Trust</u>	
<u>Cash Flows From Operating Activities</u>			
Net Operating Income (Loss) - Exhibit D	(\$309,178)	\$10,339	(\$298,839)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	737,502	-	737,502
Interest/Dividends From Investing Activities	-	(15,667)	(15,667)
Change in Operating Assets and Liabilities (Increase) Decrease in Operating Assets:			
Accounts Receivable	(27,631)	-	(27,631)
Inventories	105	-	105
Due From Other Funds	(470,693)	-	(470,693)
Increase (Decrease) in Operating Liabilities:			
Accounts Payable	28,525	-	28,525
Due To Other Funds	-	(600)	(600)
Deferred Revenue	107,171	-	107,171
Accrued and Other Liabilities	22,456	-	22,456
Total Adjustments	<u>397,435</u>	<u>(16,267)</u>	<u>381,168</u>
Net Cash Provided (Used) by Operating Activities	<u>88,257</u>	<u>(5,928)</u>	<u>82,329</u>
<u>Cash Flows From Capital and Related</u>			
<u>Financing Activities</u>			
Proceeds From Direct Financing Lease	57,961	-	57,961
Principal Paid on Bonds/Notes	(104,416)	-	(104,416)
Principal Paid on Loan from Other Funds	(40,000)	-	(40,000)
Interest Paid on Bonds/Notes	(34,411)	-	(34,411)
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>(120,866)</u>	<u>-</u>	<u>(120,866)</u>
<u>Cash Flows From Investing Activities</u>			
Interest on Investments	46,397	15,667	62,064
Interest Expense	(13,788)	-	(13,788)
	<u>32,609</u>	<u>15,667</u>	<u>48,276</u>
Increase (Decrease) in Cash and Cash Equivalents	-	9,739	9,739
Cash and Cash Equivalents, Beginning of Year	-	301,568	301,568
Cash and Cash Equivalents, End of Year	<u>\$ -</u>	<u>\$311,307</u>	<u>\$311,307</u>

The Accompanying Notes are an Integral Part of This Financial Statement

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Berlin, New Hampshire (the City) was incorporated in 1829 under the laws of the State of New Hampshire. The City operates under a Council-Mayor form of government, under the direct management of an appointed City Manager and provides services as authorized by its charter.

The accounting policies of the City conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

A. Reporting Entity

The accompanying financial statements include the transactions of all funds and account groups of the City and other governmental organizations included in the City's reporting entity because of their operations or financial relationships with the City in accordance with the criteria set forth by the Governmental Accounting Standards Board except for the Berlin Water Works and Public Works Pension Trust (see Note 15). The funds are established under the authority of the City charter and their operations as reflected in these financial statements are those under the control of the City Council. The account groups are those required by financial reporting standards for governmental units. (See Note 14)

The Berlin Water Works and Public Works Pension Trust should be included as part of the reporting entity in accordance with generally accepted accounting standards but the City officials have decided not to include them due to the different fiscal years of the entities.

B. Basis of Presentation

FUND ACCOUNTING

The accounts of the City are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. The various funds are grouped in the financial statements in this report into five general fund types and three broad fund categories as follows:

GOVERNMENTAL FUNDS

- 1) General Fund - The General Fund is the general operating fund of the City. All property tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs that are not paid through other funds.

(Continued)

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS
(Continued)

The General Fund provides police and fire protection, street maintenance, plowing and lighting, schools, park and playground maintenance, planning zoning, and general administration.

- 2) Special Revenue Funds - Special Revenue Funds are used to account for the proceeds or specific revenue sources (other than special assessments, expendable trust or major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative actions.
- 3) Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by enterprise operations and trust funds.

PROPRIETARY FUNDS

- 4) Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis to be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

FIDUCIARY FUNDS

- (5) Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include Expendable Trust, Nonexpendable Trust and Agency Funds.

Nonexpendable Trust Funds are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical. Expendable Trust Funds are accounted for in essentially the same manner as governmental funds. Agency Funds are custodial in nature (assets equals liabilities) and do not involve measurement of results of operations.

(Continued)

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

ACCOUNT GROUPS - FIXED ASSETS AND LONG-TERM LIABILITIES

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds and expendable trust funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increase (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

General Fixed Assets Account Group - General fixed assets have been acquired for general governmental purposes and have been recorded as expenditures in the fund making the expenditure. These expenditures are required to be capitalized at historical cost in a General Fixed Asset Group of Accounts for accountability purposes. In accordance with the practices followed by many other municipal entities in the State, the City does not maintain a record of its general fixed assets and accordingly, a statement of general fixed assets, required by generally accepted accounting principles, is not included in these financial statements.

General Long-Term Debt Account Group - Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Noncurrent portions of long-term receivables due to governmental funds are, when applicable, reported on their balance sheets, in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, they should not be considered "available spendable resources", since they do not represent net current assets. Recognition of governmental fund type revenues represented by noncurrent receivables are deferred until they become current receivables. (Note 2).

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

(Continued)

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

The proprietary funds and nonexpendable trust funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Sewer Fund

Sewer System	50 Years
Equipment	3 to 10 Years

Industrial Development and Park Authority

Plant and Equipment	30 Years
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C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds, expendable trust funds and agency funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets.

Tax revenues are recognized in the year for which taxes have been levied to the extent that they become available, i.e., due or receivable within the current fiscal year and collected within the current period or within 60 days of year end.

Licenses and permits, charges for services and other revenues are recorded as revenues when received in cash as they are generally not measurable until actually received. Investment earnings are recorded as earned if they are both measurable and available.

In applying the susceptible to accrual concept to intergovernmental revenues (grant, subsidies and shared revenues), the legal and contractual requirements of the numerous individual programs are used as a guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded.

(Continued)

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

In the other, monies are virtually unrestricted as to the purpose of expenditure and nearly irrevocable, i.e., revocable only for failure to comply with prescribed compliance requirements, e.g., equal employment opportunity. These resources are reflected as revenues at the time of receipt or earlier if they meet the criterion of availability.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) principal and interest on general long-term debt which is recognized when due and (2) inventories of one Special Revenue Fund.

All proprietary funds and nonexpendable trust funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred. The Sewer Fund does not accrue estimated unbilled services at the end of the year with respect to services provided but not billed at year end as the amount is not reasonably determinable.

D. Budgets and Budgetary Accounting

The City observes the following procedures in establishing the budgetary data reflected in the financial statements:

1. At such time as may be requested by the City Manager or specified by the administrative code, each director of a department submits an itemized estimate of the expenditures for the next fiscal year for the departments or activities under his control. The Manager submits the proposed budget to the Council at least ninety days before the start of the fiscal year which begins July 1.
2. A public hearing on the budget is held before its final adoption by the Council. Notice of the public hearing together with a summary of the budget as submitted is published at least one week in advance by the City Clerk. The School Board is required to conduct a public hearing on their proposed budget at least two weeks before their budget submission to the City Manager.
3. The budget must be legally adopted no later than ten days before the beginning of the fiscal year. Should the Council take no final action on or prior to that date, the budget that was advertised for the public hearing is deemed to have been finally adopted by the Council.
4. Adding or increasing an appropriation requires a vote by two-thirds majority of the Council. The Council may, by resolution designate the source of any money so appropriated. A simple majority of the Council is necessary to reduce an appropriation.

(Continued)

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

5. At the beginning of each quarterly period during the fiscal year and more often if required by the Council, the City Manager submits to the Council data showing the relation between the estimated and actual income and expense to date and if it appears that the income is less than anticipated, the Council or City Manager may reduce the appropriation for any item or items, except amounts required for debt and interest charges, to such a degree as may be necessary to keep expenditures within the cash income. The City Manager may provide for monthly or quarterly allotments of appropriations to departments, funds or agencies under such rules as he may prescribe.
6. After the budget has been adopted, no expenditures may be incurred, except pursuant to a budget appropriation unless there is a specific additional appropriation. The head of any department, with the approval of the manager, may transfer any unencumbered balance or any portion thereof from one fund or agency within his department to another fund or agency within his department; the manager with the approval of the council, may transfer any unencumbered appropriation balance or any portion thereof from one department to another.
7. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds (School Federal Projects, School Food Service and Airport Authority).
8. The City legally adopts one inclusive budget for the General and Special Revenue Funds. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP), except for (a) property tax revenues which are budgeted in the year of levy and (b) overlay for abatements which is budgeted as an expenditure.
9. Budget amounts as presented in the financial statements, are as originally adopted plus approved appropriations carried forward and encumbrances at June 30, 1995 of \$678,706 and \$163,976 of expenditures budgeted from current year's available fund balance.
10. Budget appropriations lapse at the end of the fiscal year except for any appropriations carried forward that are approved by City Council.

E. Deposits and Temporary Investments

Deposits

Deposits are carried at cost plus interest earned to year end. The carrying amount of deposits is separately displayed on the balance sheet as "Cash".

(Continued)

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

Cash balances from all funds (except Trust and Agency) are combined and invested to the extent available in certificates of deposit. Earnings from these investments are allocated annually to each fund based on year end balances of cash and temporary investments.

At year end, the carrying amount of the City's deposits was \$1,689,300 and the bank balance was \$2,137,328. Of the bank balance, \$1,742,187 was covered by Federal depository insurance or collateralized and \$395,141 was uninsured and uncollateralized. The uninsured amounts were held by the General Fund (Payroll Account, \$390,875) and Fiduciary Funds (\$4,266).

Temporary Investments

Temporary investments of \$1,300,000 (General Fund and Trust Funds) consist of certificates of deposit and are reported at cost which approximates market value.

The City Treasurer is authorized by State statutes to invest excess funds "in obligations of the U.S. Government, in the public deposit investment pool established pursuant to RSA 383:22, in savings bank deposits of banks incorporated under laws of the State of New Hampshire or in certificates of deposits of banks incorporated under the laws of the State of New Hampshire or in national banks located within the State of Massachusetts".

New Hampshire Public Deposit Investment Pool

The City participates in the New Hampshire Public Deposit Investment Pool established in accordance to NH RSA 383:22-24. Total funds on deposit with the Pool at year end were \$3,685,969 and are reported as temporary investments on the General Fund (\$3,482,388) and Trust and Agency (\$203,581). Based on GASB Statement No. 3, investments with the Pool are considered to be unclassified. At this time, the Pool's investments are limited to "short-term U.S. Treasury and U.S. Government Agency obligations, State of New Hampshire and New Hampshire municipal obligations, certificates of deposit from A1/P1-rated banks, money market mutual funds (maximum of 20% of portfolio), overnight to 30-day repurchase agreements (no limit, but collateral level at 102% in U.S. Treasury and Government instruments delivered to Custodian) and reverse overnight repurchase agreements with primary dealers or dealer banks."

Cash Equivalents

For purposes of the statement of cash flows, the Enterprise Funds and Expendable Trust Funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

(Continued)

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

F. Inventories

Inventories are stated at cost on a first-in, first-out basis. The Special Revenue Funds (School Food Service) record inventories which consist of food and expendable supplies. The cost is reported as an expenditure at the time of purchase. Inventories of government donated commodities (School Food Service) are reported at fair market value at year end with an offsetting deferred revenue. Commodities used during the year have been reported as revenues and expenditures.

Enterprise Funds (Sewer) inventory consists of replacement parts required to service the mains and other property of the Sewer System and is carried at cost (first-in, first-out basis).

G. Prepaid Expenditures

Reported prepaid expenditures are equally offset by a fund balance reserve account (reserve for prepaid expenditures) as they do not represent "available spendable resources" even though they are a component of net current assets.

H. Property by Tax Lien and Title

Under New Hampshire Revised Statutes Annotated (RSA) 72:38A, elderly property owners in the City who are eligible may request that the City file a tax lien against their property for the amount of their annual property taxes. Interest accrues annually beginning one year from the tax lien date at 6% and is payable along with the property taxes from the individual's estate.

Under N.H. RSA if property taxes have not been paid within two years and one day of tax lien date (Note 2) the property may be conveyed to the City by a tax collector's deed. The City then may offer the property for public sale annually, with all proceeds remitted to the General Fund.

I. Deferred Revenues

Deferred revenues of the General Fund represent property taxes and other revenues collected or levied in advance of the fiscal year to which they apply and property taxes not collected within 60 days of year end as follows:

1996 Property Taxes	\$6,930,037
Current and Prior Years Taxes Uncollected Within 60 Days of Current Year End	1,105,173
Other Advance Collections	<u>399,268</u>
Total	<u>\$8,434,478</u>

(Continued)

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

Deferred revenues (\$4,282) of the Special Revenue Fund represents market value of government donated commodities at year end (School Food Service). Deferred revenues (\$107,171) of the Enterprise Funds represents revenues collected in advance, to be recognized in future years.

J. Accumulated Unpaid Vacation and Sick Pay

Employees earn vacation and sick leave time as they provide the services. Pursuant to certain collective bargaining agreements, employees may accumulate (subject to certain limitations) unused sick pay time earned and upon retirement, termination or death, may be compensated for certain amounts at current rates of pay. The City cannot reasonably estimate the current portion of vested sick leave benefits to be paid in the next operating year. Prior experience indicates that the amount that would be paid to be immaterial. Annually, a provision is made in the appropriate operating budgets. The long-term portion of accrued sick leave benefits of \$1,563,323 is included in the General Long-Term Debt Account Group.

K. Total Columns (Memorandum Only) on Combined Statements

Total columns on the combined statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - PROPERTY TAX

The City semi-annually in May and October, bills and collects its own property taxes and taxes for the School Department and Coos County. (In accordance with an opinion from the NCGA Technical Guidance Committee, the School and County Taxes are not reported as Agency Funds). Property tax revenues are recognized in the fiscal year for which taxes have been levied to the extent that they become available, i.e., due or receivable within the current fiscal year and collected within the current period or within 60 days of year end.

Property taxes billed or collected in advance of the year for which they are levied are recorded as deferred revenue.

Property taxes are due by December 1. At the time of tax lien in April of the next year, a lien is recorded on the property at the Register of Deeds. The lien is a priority tax lien which accrues interest at the rate of 18% per annum. If the property taxes are not paid within two years and one day of the tax lien date, then the property may be conveyed to the City by Tax Collector's deed and subsequently sold at public sale.

(Continued)

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

The City currently budgets, following New Hampshire budget procedures, an amount (\$1,730,163 in the current year) for resident and property tax abatements and refunds. All abatements and refunds are charged to overlay and reported net of property tax revenues. The actual total for the current year was \$1,624,969.

The tax rate for the year was \$29.30; \$14.37 City, \$2.64 County and \$12.29 School Department.

Taxes receivable are net of an allowance for doubtful accounts of \$2,024,473 which represents older noncurrent resident taxes and redemptions receivable and other property taxes which may not be realized.

The State Department of Revenue Administration annually determines the amount of property tax revenue to be levied by the City and the amount of General Fund undesignated fund balance from the prior fiscal year may be applied to reduce the property tax rate. As the State considers property tax revenue to be available in the fiscal year levied, the amount of undesignated fund balance that may be applied to reduce the tax rate for 1996-97 fiscal year is:

Total Undesignated Fund Balance - General Fund (Exhibit A)	\$ (60,855)
Add: Deferred Revenue - Current Year Levy and Prior Year Redemptions not Collected Within 60 Days of Fiscal Year End	<u>1,105,173</u>
Total Available	<u>\$ 1,044,318</u>
Taxes receivable are comprised of:	
<u>Property Taxes:</u>	
Levy of 1996 (First Half Billing)	\$ 4,700,503
<u>Tax Liens:</u>	
Levy of 1995	3,819,169
Levy of 1994	386,224
Levy of 1993	177,593
Levy of 1992	9,444
Levy of 1991	3,140
<u>Other Taxes</u>	<u>169,713</u>
Total Taxes	9,265,786
Less: Allowance for Doubtful Accounts	<u>(2,748,448)</u>
Total	<u>\$ 6,517,338</u>

(Continued)

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

NOTE 3 - DUE FROM/TO OTHER GOVERNMENTS

Grants and other miscellaneous receivables due from other governments include:

<u>General Fund</u>	
State Shared Revenues	\$ 767,117
Other School Districts - Tuition	344,702
Total General Fund	<u>1,111,819</u>
<u>Special Revenue Funds</u>	
Community Development-State of New Hampshire	32,793
School Federal Projects - New Hampshire Department of Education Reimbursement of Grant Expenditures	79,485
Airport Authority - FFA and State of New Hampshire	52,540
School Food Service - New Hampshire Department of Education (Food and Nutrition)	4,510
Total Special Revenue Funds	<u>169,328</u>
<u>Capital Projects Funds</u>	
Milan Landfill - State of New Hampshire	163,610
Cascade Bridge - State of New Hampshire	7,396
1993 Water Works Bond Issue - State of New Hampshire	85,610
Total Capital Projects Funds	<u>256,616</u>
TOTAL	<u>\$1,537,763</u>

NOTE 4 - INDIVIDUAL FUND INTERFUND RECEIVABLES AND PAYABLES

The balances at year end were:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 629,779	\$4,970,538
Special Revenue:		
Community Development	-	58,448
Federal Projects	-	66,691
Food Service	7,514	-
Health Department	3,213	-
Airport Authority	47,541	-
Carberry Fund	6,559	-
Recreation and Parks Programs	26,572	-
Capital Projects:		
Wastewater Treatment I	320,000	356,304
Milan Landfill	-	40,442
Cascade Bridge	-	14,920
Water Works Bond Issue 1993	107,113	-
Water Works Bond Issue 1994	971,017	-
Water Works bond Issue 1995	2,057,596	-
Enterprise:		
Sewer	914,332	320,000
Industrial Park Authority	355,717	-
Courthouse	88,294	-
Cates Hill Landfill	385,070	-
Fiduciary:		
Home Nursing Expendable Trust	-	8,898
Home Health Care	-	84,076
Totals	<u>\$5,920,317</u>	<u>\$5,920,317</u>

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

NOTE 5 - CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year:

Payable, Beginning	\$8,434,944
New Bonds Issued	-
Bonds Retired	(805,000)
Net Change in Employee Benefits Payable	20,154
Change in Estimated Landfill Closure Costs Payable	<u>(443,835)</u>
Payable, Ending	<u>\$7,206,263</u>

Bonds and notes payable are comprised of the following issues:

GENERAL OBLIGATION BONDS

<u>\$3,200,000</u> - Sewer Construction Bonds due in Annual Installments of \$95,000 to \$300,000 Through July 2004; Interest at 8.214%; Principal and Interest are Guaranteed by the State of New Hampshire.	\$1,920,000
<u>\$4,540,000</u> - Sewer Construction Bonds due in Annual Installments of \$225,000 Through May 1998; Interest at 5.2%; Principal and Interest are Guaranteed by the State of New Hampshire.	450,000
<u>\$1,200,000</u> - Sewer Construction Bonds due in Annual Installments of \$80,000 Through July 2002; Interest at 5.4% to 8.1%; Principal and Interest are Guaranteed by the State of New Hampshire.	560,000
<u>\$435,000</u> - Water Construction Bonds due in Annual Installments of \$30,000 Through June 2002; Interest at 5.65% to 7.6% Principal and Interest are Guaranteed by the State of New Hampshire.	195,000
<u>\$1,450,000</u> - Sewer Construction Bonds due in Annual Installments of \$100,000 Through January 1993 and \$95,000 Through January 2003; Interest at 5.75% to 7.75%; Principal and Interest are Guaranteed by the State of New Hampshire.	665,000
<u>\$1,150,000</u> - Improvement Bonds, due in Annual Installments of \$115,000 Through January 1999; Interest Averages 5.67%.	345,000
<u>\$450,000</u> - Fire Truck Bonds, due in Annual Installments of \$45,000 Through 2004, Interest From 5.0% to 7.0%.	405,000
<u>\$69,275</u> - Asbestos Grant Loan due in Annual Installments of \$5,000 Through 2005 and \$1,775 in 2006.	<u>46,775</u>
Total General Long-Term Debt Account Group	<u>\$4,586,775</u>

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

The debt service requirements of the City's outstanding bonds are as follows:

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1997	\$ 780,000	\$ 336,046	\$1,116,046
1998	795,000	279,912	1,074,912
1999	585,000	223,247	808,247
2000	485,000	174,812	659,812
2001	<u>495,000</u>	<u>133,028</u>	<u>628,028</u>
Subtotal	3,140,000	1,147,045	4,287,045
2002 and Thereafter	<u>1,446,775</u>	<u>158,179</u>	<u>1,604,954</u>
Total	<u>\$4,586,775</u>	<u>\$1,305,224</u>	<u>\$5,891,999</u>

The New Hampshire Water Supply and Pollution Control Commission annually reimburses the City for a portion of the principal and interest payments on Sewer bonds. The reimbursement is based upon the amount of the State's participation in the original sewer project.

The total amount due from the State in future years amounts as follows:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Reimbursement For</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1997	\$ 228,112	\$ 86,493	\$ 314,605
1998	234,330	72,202	306,532
1999	147,206	57,630	204,836
2000	151,354	45,939	197,293
2001	<u>159,648</u>	<u>34,400</u>	<u>194,048</u>
Subtotal	920,650	296,664	1,217,314
2002 and Thereafter	<u>329,669</u>	<u>29,753</u>	<u>359,422</u>
Total	<u>\$1,250,319</u>	<u>\$ 326,417</u>	<u>\$1,576,736</u>

Under state law, the City is required to issue general obligation debt for the Berlin Water Works (a component unit of the City).

The following general obligation bonds bear the full faith and credit of the City but it is the intention of the Berlin Water Works to pay principal and interest on these bonds. These bonds are recognized as a liability of the Berlin Water Works and are not recorded in the general long-term debt account group.

<u>\$3,000,000</u> - Water Works Construction Bonds due in annual installment of \$150,000 through August 2013; interest at 5.3% to 5.875%.	\$ 2,700,000
<u>\$3,000,000</u> - Water Works Construction Bonds due in Annual Installments of \$150,000 Through 2014; Interest at 7.0%	2,800,000
<u>\$6,100,000</u> - Water Works Construction Bonds due in Annual Installments of \$305,000 Through 2015; Interest Varies	<u>6,100,000</u>
Total	<u>\$11,600,000</u>

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

NOTE 6 - NOTES PAYABLE

The Berlin Industrial Development and Park Authority is directly liable in the amount of \$419,938 to various banks. The proceeds of the notes were used to construct buildings and improvements at the Industrial Park. Notes payable at year end are as follows:

Note Payable to Bank, due in Monthly Installments of \$2,872 Including Interest at 1.5% Over the Prime Rate, Final Payment due January 2019, Secured by Land and Building.	\$ 270,034
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Note Payable to Berlin Industrial Development Corporation, due in Monthly Installments of \$1,500 Including Interest at 6.0%; Final Payment due October 2007, Secured by Land and Building.	<u>149,904</u>
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Total	<u>\$ 419,938</u>
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Debt service requirements are as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1997	\$ 12,848	\$ 35,245	\$ 48,093
1998	13,776	33,317	47,093
1999	14,774	32,319	47,093
2000	15,848	31,245	47,093
2001	<u>17,005</u>	<u>30,088</u>	<u>47,093</u>
Subtotal	74,251	162,214	236,465
Thereafter	<u>345,687</u>	<u>283,624</u>	<u>629,311</u>
Total	<u>\$419,938</u>	<u>\$445,838</u>	<u>\$ 865,776</u>

NOTE 7 - PROPERTY, PLANT AND EQUIPMENT

Enterprise Funds

Property, plant and equipment owned by the Enterprise Funds are stated at cost.

The following is a summary of property, plant and equipment:

	<u>Sewer</u>	<u>Industrial Park Authority</u>	<u>Total</u>
Sewer System	\$32,488,452	\$ -	\$32,488,452
Land	22,663	-	22,663
Buildings and Land	-	1,290,089	1,290,089
Vehicles and Equipment	<u>385,716</u>	<u>-</u>	<u>385,716</u>
Total	32,896,831	1,290,089	34,186,920
Less: Accumulated Depreciation	<u>(9,837,966)</u>	<u>(432,000)</u>	<u>(10,269,966)</u>
Net	<u>\$23,058,865</u>	<u>\$ 858,089</u>	<u>\$23,916,954</u>

Depreciation recognized on fixed assets acquired through intergovernmental grants has been closed to Contributed Capital: Intergovernmental.

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

NOTE 8 - INDUSTRIAL DEVELOPMENT AND PARK AUTHORITY - DIRECT FINANCING LEASE

The Industrial Development and Park Authority (the Authority) was established July 15, 1974 pursuant to Chapter 26 of the Laws of 1974. The Authority was reestablished on September 15, 1975 under the provisions of RSA 162-G for the purpose of acquisition, development, lease and disposal of industrial land and facilities.

Investment property is carried at cost. The investment property is being held for sale and accordingly, depreciation has not been provided. Rental income may be received until the property is sold. Land and buildings represent property held for rental purposes. The buildings are being depreciated on the straight line method over a thirty year life. All repairs and improvements are the responsibility of the Authority.

The Authority has entered into a long-term lease with a bargain purchase option at the end of the lease term for building and land and this lease has been accounted for as direct financing lease. The minimum lease payments to be received by the Authority under the capital lease are as follows:

<u>Fiscal Year</u> <u>Ended June 30</u>	
1997	\$ 55,009
Subtotal	55,009
Less: Unearned Income	<u>(14,008)</u>
Net Investment in Direct Financing Lease	<u>\$ 41,001</u>

NOTE 9 - RESERVES AND DESIGNATIONS OF FUND EQUITY

The City has set up "reserves" of fund equity to segregate fund balances which are not available for expenditures in the future or which are legally set aside for a specific future use. Fund "designations" have also been established to indicate tentative plans for future financial utilization.

The City's reserves and designations were as follows:

Reserved for Encumbrances - Encumbrances of fund balances of the General and Special Revenue Funds are carried forward to the subsequent fiscal year. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not yet constitute expenditures or liabilities.

General Fund

Carryover Appropriations Approved by City Council	\$ 335,899
SBA Tree Planting Grant	555
Sanitary Landfill	6,273
Berlin School District Open Purchase Orders	18,278
Capital Outlay:	
Bridges	<u>107,414</u>
Total General Fund	<u>\$ 468,419</u>

Reserved by Trust Instruments - The \$125,203 of fund balance reserved by trust instruments represents the principal portion of Nonexpendable Trust Fund fund balance.

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

Designated by Trust Instrument - The \$272,438 of fund balance designated by trust instruments represents the income portion of Nonexpendable Trust Fund fund balance and Expendable Trust Fund fund balance.

Designated for Specific Capital Projects - Designated for specific capital projects expenditures in future years are as follows:

1993 Water Works Bond Issue	\$ 168,334
1994 Water Works Bond Issue	673,948
1995 Water Works Bond Issue	<u>1,433,947</u>
Total	<u>\$2,276,229</u>

Designated for Specific Purposes - Designated for future expenditures of that fund are as follows:

Community Development	\$ 7,579
Food Service	19,400
Health Department	2,013
Airport Authority	75,195
Carberry Fund	6,559
Recreation and Parks Programs	<u>26,572</u>
Total	<u>\$ 137,318</u>

NOTE 10 - PENSION PLANS

Plan Description - Substantially all City employees participate in the State of New Hampshire Retirement System (the System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All City full-time employees are eligible to participate in the System. The System is divided into two employee groups: Group I which includes all employees except fire fighters and police officers and Group II which is for fire fighters and police officers (including County Sheriff's Departments). The New Hampshire Retirement System issues annually a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the New Hampshire Retirement System, 4 Chenell Drive, Concord, NH.

Group I employees who retire at or after age 60 but before age 65 are entitled to retirement benefits equal to 1.667% of the average of their three highest paid years of compensation, multiplied by their years of service. At age 65 the benefit is recalculated at 1.50% of AFC multiplied by their years of service credit. Earlier retirement allowances at reduced rates are available after age 50 with 10 years of service. Benefits fully vest upon reaching 10 years of service or attaining age 60.

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

Group II employees who attain age 45 with 20 years or more of service are entitled to retirement benefits equal to 2.5% of the average of their three highest paid years of service, multiplied by their years of service, not to exceed 40. Benefits vest ratably beginning after 10 years of service.

The System also provides death and disability benefits. Cost-of-living increases have been periodically granted to retirees by the State Legislature.

Funding Policy - The System is funded by contributions from both the employees and employers. Group I employees are required by State statute to contribute 5.0 percent of gross earnings. Group II employees are required to contribute 9.3 percent of their gross earnings. The employer must, under the same statute, contribute monthly at an actuarially determined rate. The current rates are 3.14% (2.18% for teachers, 2.48% for police officers and 4.87% for firefighters) of covered payroll. The contribution requirement for the year ended June 30, 1996 was \$706,021, which consisted of \$271,901 from the City and \$434,120 from employees. The City's contributions to the System for the years ended June 30, 1995 and 1994 were \$244,880 and \$212,765, respectively, which were equal to the amount required under State statute to be contributed for each year.

NOTE 11 - MAJOR TAXPAYERS

The following taxpayers each accounted for at least 5% of the 1995 net assessed property valuation of \$437,058,950.

<u>Taxpayer</u>	<u>Net Assessed Valuation</u>	<u>Percentage of Total Valuation</u>
James River Corporation	\$113,112,600	25%
James River Electric, Inc.	\$ 41,596,900	9%

NOTE 12 - BUDGETED DECREASE IN FUND BALANCE

The \$1,605,072 budgeted decrease in General Fund fund balance shown on Exhibit C represents \$533,740 budgeted by the City to reduce the 1995 tax rate, \$678,706 of encumbrances and appropriation carryovers from fiscal year ended June 30, 1995 and \$163,976 of expenditures budgeted from current year available fund balance.

NOTE 13 - CONTINGENT LIABILITIES - FEDERAL GRANTS

The City participates in the following grant programs:

1. DEPARTMENT OF AGRICULTURE
National School Lunch Program - (Through the New Hampshire Department of Food and Nutrition/Education.)
2. DEPARTMENT OF EDUCATION:
(Grants received by the Berlin School District through the New Hampshire Department of Education) - School Federal Projects.
3. DEPARTMENT OF JUSTICE:
Drug Control and System Improvement Grants.

The program compliance audits of these programs for the year ended June 30, 1996 have not yet been reviewed by the grantor agency. Accordingly, the grantor agencies' decision on the City compliance or non-compliance with applicable grant requirements will be established at some future date.

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

NOTE 14 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City maintains four enterprise funds - a Sewer Fund, an Industrial Development and Park Authority, a Court House and the Cates Hill Landfill. Segment information for the year is as follows:

	<u>Sewer</u>	<u>Industrial Development And Park Authority</u>	<u>Court House</u>	<u>Cates Hill Landfill</u>	<u>Totals</u>
Operating Revenues	\$ 1,036,970	\$ 206,653	\$ 46,861	\$ 52,369	\$ 1,342,853
Operating Expenses Before Depreciation	(856,584)	(4,321)	(25,774)	(27,852)	(914,531)
Depreciation	<u>(695,397)</u>	<u>(42,103)</u>	-	-	<u>(737,500)</u>
Operating Income (Loss)	(515,011)	160,229	21,087	24,517	(309,178)
Non-Operating Income (Expense)	<u>9,001</u>	<u>(29,210)</u>	-	18,410	<u>(1,799)</u>
Net Income (Loss)	<u>\$ (506,010)</u>	<u>\$ 131,019</u>	<u>\$ 21,087</u>	<u>\$ 42,927</u>	<u>\$ (310,977)</u>
Current Capital Contributions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Property, Plant and Equipment:					
Additions	<u>\$ -</u>	<u>\$ 25,703</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,703</u>
Deletions	<u>\$ 388,323</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 388,323</u>
Total Assets	<u>\$24,219,412</u>	<u>\$1,447,601</u>	<u>\$ 88,294</u>	<u>\$385,540</u>	<u>\$26,140,847</u>
Bonds and Other Long-Term					
Liabilities Payable From					
Operating Revenue	<u>\$ 543,518</u>	<u>\$ 443,738</u>	<u>\$ -</u>	<u>\$ 1,470</u>	<u>\$ 988,726</u>
Total Equity	<u>\$23,675,894</u>	<u>\$1,003,863</u>	<u>\$ 88,294</u>	<u>\$384,000</u>	<u>\$25,152,051</u>

NOTE 15 - BERLIN WATER WORKS AND PUBLIC WORKS PENSION TRUST

The Berlin Water Works and Public Works Pension Trust have a fiscal year ended December 31 and are audited and reported on separately from other City funds. Financial data for them has not been included in the Combined Balance Sheet - All Funds, nor have the results of operations and cash flows of the entities for the fiscal year then ended been incorporated into the operating statements of the City. The Berlin Water Works and Public Works Pension Trust should be included as part of the reporting entity in accordance with generally accepted accounting standards but City officials have decided not to include them due to the different fiscal years of the entities.

NOTE 16 - DEFICIT FUND BALANCES

The deficit fund balance (\$60,855) in the General Fund arises from the application of NCGA interpretation #5, which requires that property tax revenues only be recognized to the extent they have been collected within the current fiscal year or within 60 days of year end. In the current year, as a result of the collection process, this resulted in \$656,591 being reported as deferred revenue.

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

However, as property taxes revenues are, for tax rate setting and budgetary purposes (Note 2), recognized in the year levied, (as required by the State) there is no need for the Town to address the deficit, since its results are due to a timing difference in reporting periods. For budget purposes and tax rate setting purposes available fund balance was \$1,044,318 (Note 2).

The deficit (\$58,448) of the Community Development Fund (Special Revenue) arises because revenue was not sufficient to meet expenditures. The City anticipates either transferring funds in coming years to cover the deficit and/or increasing revenues.

The deficit (\$45,386) (Capital Projects) of the Wastewater Treatment will be funded in future years by transfers from the General Fund.

The deficit (\$7,524) (Capital Projects) of the Cascade Bridge will be funded in future years by transfers from the General Fund.

NOTE 17 - CONTINGENCY - LITIGATION

Numerous lawsuits are pending in which the City is involved. Two of the suits concern the assessed taxable value of utility or manufacturing property. The City generally follows the practice of recording liabilities resulting from claims and legal actions only when they become fixed or determinable in amount. The City's insurers should provide coverage and indemnify the City against any potential loss except for the pending abatement cases.

NOTE 18 - COMMITMENTS

At year end, the City had construction commitments for the Water Works Capital Project of \$904,215; Airport Runaway Extension of \$57,669 and Landfill Closure of \$511,155.

NOTE 19 - LANDFILL CLOSURE COSTS

The City is required to meet State and Federal laws and regulations to fund the closure costs of the West Milan landfill. The current estimated cost of the closure costs to the City is (\$1,056,165) and is recorded in the Long-Term Debt Account Group. The City anticipates that the funds will be borrowed from the State of New Hampshire revolving loan fund.

MAYORS OF THE CITY OF BERLIN

The Honorable...

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

* 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-

SPECIAL THANKS TO THE BHS PRINT SHOP
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