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# City of Berlin New Hampshire



## Annual Report

July 1, 2003  
To June 30, 2004





# Berlin, New Hampshire

July 1, 2003 to June 30, 2004

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CONCORD, NH



## Mayor and City Council

Robert Danderson, Mayor

### Ward I

Timothy P. Donovan Sr.  
Diana Nelson

### Ward II

Richard A. Lafleur  
Martha Danderson

### Ward III

Raymond G. Chagnon  
Richard Poulin

### Ward IV

Paul R. Grenier  
Richard E. Roy

Patrick MacQueen, City Manager

## LOCAL GOVERNMENT OFFICES

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City offices include:

AIRPORT	449-2168	<i>Eric Kaminsky, Airport Manager</i>
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>Patrick MacQueen, City Manager</i>
COMMUNITY SERVICES DIVISION		<i>Laura Lee Viger, Community Services Director</i>
HEALTH	752-1272	
RECREATION	752-2010	
WELFARE	752-2120	<i>Angela Martin Giroux, Welfare Director</i>
LIBRARY	752-5210	<i>Denise Jensen, Library Director</i>
ENGINEERING	752-8551	<i>James Wheeler, Public Works Director/City Engineer</i>
PUBLIC WORKS	752-4450	
GARAGE	752-1460	
FINANCE/COLLECTIONS	752-1610	<i>Blandine Shallow, Finance Director</i>
FIRE DEPARTMENT	752-3131	<i>Randall Trull, Fire Chief</i>
<b>EMERGENCY</b>	<b>911</b>	
INSPECTION DIVISION	752-1630	<i>Michael Stewart, Building Inspector</i>
PLANNING	752-1630	<i>Pamela Laflamme, City Planner</i>
POLICE DEPT	752-3131	<i>Peter Morency, Police Chief</i>
<b>EMERGENCY</b>	<b>911</b>	
SCHOOL DEPT	752-6500	<i>John Moulis, Superintendent of Schools</i>
WASTE WATER TREATMENT	752-8563	<i>Mickey Therriault, Superintendent</i>
WATER WORKS	752-1677	<i>Roland Viens, Superintendent</i>

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### REPORT PREPARED BY:

SUSAN TREMBLAY

Administrative Assistant

### PHOTO CREDITS:

Cover: Paul Blais; Laura Viger, Pamela Laflamme, Eric Kaminsky

## CITY MANAGER'S REPORT

Two years in Berlin has been both a challenging and rewarding experience for me. There are many bright, skilled and dedicated people working for the City, sometimes under fairly difficult circumstances. The difficult circumstances are usually related to the fact that the City has a very large deficit in the area of capital infrastructure. We balance the budget every year, but the City has little to no capital program. This has been reality for some time. It is, in many cases, making life much more difficult for Berlin citizens and the City Departments who have to deal with this inadequacy. Whether it be City buildings such as the District Court, Police/Recreation building, Fire Station, or the City streets, sidewalks and bridges or its Parks, a great deal of capital improvement is needed to put bring these up to an appropriate operating level. I am hopeful that the City will soon be in a position to begin to catch up with these basic infrastructure matters which will be essential to the revitalization of the City.

There are signs that property values are beginning to rise, which in turn is a sign that people see value in and are more interested in locating in the City. Some of this may be just speculation, but overall, I believe that Berlin is coming back from long downward economic slide. The pulp and paper mills continue to operate. Fraser Papers seems to be a forward looking company which is planning on making things work for the long term.

There is no doubt that the City needs to diversify its economic base so that is better able to handle future mill or other types of downturns. This is a difficult job, but with the efforts of dedicated community interest groups like AVER, BIDPA, BEDCO,

CEDC and NCIC, progress is being made here too.

The City, through the Planning Department, continues to shepherd the proposed Federal prison project along to the point where we are waiting for the Environmental Impact Study which should tell us which of the sites the Bureau of Prisons prefers. A great deal of work preparing for taking full advantage of the opportunities the Prison will offer has been undertaken by AVER on behalf of Berlin and the region. The construction and operation of the Prison will be a large step toward greater economic stability for the City and the region in terms of major economic stimulation, new jobs and younger families moving into the area. The Mayor and Council are to be congratulated for conceiving this idea and bringing it to where it can now become reality.

The Federal Prison, by itself, will not solve all of the City's problems. Significant additional economic development is needed, and the City has been moving forward with that as well. There has been a great deal of activity at the Maynesboro Industrial Park; so much so that BIDPA is actively pursuing the idea of opening an expanded Industrial Park. Several existing business are considering or undertaking expansion.

Funding for the Cote Block (Cornerstone) downtown rehabilitation project received a big shot in the arm this year with the announcement of \$1.6 million in HUD funding which was received with the assistance of Senator Sununu's office. The project had already been awarded about a half-million in Community Development Finance Authority (CDFA) tax credits. With a grant obtained by NCIC, an evaluation of the Rite-Aid block is being undertaken to determine what types of use for that block would be the most feasible.

Dealing with Berlin's dilapidated surplus housing is well underway with the hiring of the City's Housing Coordinator. The City has some 500 units of dilapidated/surplus housing. This, probably more than anything else, accounts for Berlin's lowest in the state property values, as well as the difficulty Berlin has in attracting new business and the younger and professional families, who come with any new business. Dealing with this problem is slow and difficult because it is complicated, slow and runs against most of the laws and institutions in the State which are geared to providing affordable housing in areas of the state where property values are very high.

I have greatly enjoyed the two years I have spent here so far. It has been very rewarding working with a fine City staff and the many people who put their noses to the grindstone working for the betterment of Berlin and the area. I would like to thank the Mayor and Council for the job you do on behalf of the citizens of Berlin. It is a difficult and sometimes thankless job with a lot of tough decisions. You do it with dedication and altruism but also with great civility and humor. Finally, I would like to thank the citizens of Berlin who, in spite of difficult economic circumstances, make Berlin a warm and welcoming place to be. What Berlin currently lacks in the way of an economic engine, it makes up for with spirit and pride.

Respectfully Submitted,  
**Patrick MacQueen**  
 City Manager

## **CITY CLERK=S DEPARTMENT**

### **VITAL RECORDS**

Vital Records is perhaps the most integral function of the City Clerk=s Office. Births, deaths and marriages are recorded here and certified copies are available for a fee. The City Clerk=s Office is on-line with the State

of NH on the VRV 2000 Program. This program allows our office to issue vital records that occurred in other participating VRV 2000 communities for the convenience of our customers.

YEARS	01/02	02/03	03/04
Marriages	59	50	84
Births	89	68	102
Deaths	162	143	156

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

### **ORDINANCES**

- 2003.09: Prohibit Feeding Wildlife
- 2003.10: Noise
- 2003.11: Traffic Pattern Lanes
- 2003.12: Disabled Parking (Pleasant St)
- 2003.13: Loading/Unloading Zone (Willard St)
- 2003.14: Yield Sign (Sessions@ Third Ave)
- 2003.15: Zoning Amendments
- 2003.16: Zoning Amendments from 10/20/03
- 2003.17: No Parking Zones
- 2004.01: Indemnification for Damages
- 2004.02: Disposal of Surplus/Tax Deed Property

### **RESOLUTIONS**

- 2003.26: PD Highway Safety Project Grant
- 2003.27: NFHP Riverwalk Grant Application
- 2003.28: School Dept. Budget Increase (\$64,231)
- 2003.29: Cote Block CDBG App. (\$500,000)
- 2003.30: NFHP \$357,660 EDI Initiative
- 2003.31: WalMart \$500. for arson investigation
- 2003.32: Fire Dept \$11,484 for Fire Air Compressor
- 2003.33: City Grants (\$385,302) FY 03-04 Budgets
- 2003.34: Segregated Funds FY 03-04 Budget
- 2003.35: Memorial Field/Running Track Funds
- 2003.36: M. Wheeler \$44,000 retirement pkg
- 2003.37: Welfare Guidelines Amendments
- 2003.38: PD Special Project Enforcement (Budget)
- 2003.39: WellDollars Program Grant \$5,000
- 2003.40: Community Field Playground Improvement
- 2003.41: WalMart \$500 Library Grant
- 2003.42: Fire Dept \$2,416. Grant for Training
- 2003.43: PD Bicycle Patrol Enforcement Grant
- 2003.44: PD OHRV Patrol Grant
- 2003.45: TEP \$161,928 Grant
- 2004.01: CDBG Cornerstone Project \$500,000

- 2004.02: Hazard Mitigation Plan Improvements
- 2004.03: CDBG Economic Development App.
- 2004.04: PD DWI Enforcement Patrol Grant
- 2004.05: Education Project Appropriation Increase
- 2004.06: HB 1416 Opposition
- 2004.07: PD DWI Enforcement Patrol Grant
- 2004.08: PD Bicycle Enforcement Patrol Grant
- 2004.09: Running Track/Memorial Field Repairs
- 2004.10: Rec. Dept/PD Roof & Ceiling REPAIR
- 2004.11: BCB \$1,000 Community Counts Donation
- 2004.12: Homeland Security Grant Program
- 2004.13: Veteran=s Optional Tax Credit Adoption
- 2004.14: PD Red Light Running Grant \$2,007.60
- 2004.15: PD \$2,810.64 Seatbelt Clique Campaign
- 2004.16: FEMA Disaster Relief Fund \$29,598
- 2004.17: FD Engine 2 CIP \$7,000
- 2004.18: FEMA Firefighter Assist Act Grant \$52,164
- 2004.19: School Dept \$296,866.72 Grants
- 2004.20: PD Homeland Security Grant \$20,833.33
- 2004.21: NC Health Consortium \$5,000t
- 2004.22: Fire Disaster Request to the Governor
- 2004.23: NHHFA Housing Criteria & Priorities
- 2004.24: Federal Prison Support from M & CC
- 2004.25: PD Underage Drinking Laws Grant
- 2004.26: PD DWI Saturation Patrol Grant
- 2004.27: School Dept Grants \$11,930.20
- 2004.28: Budget FY=04-05 \$31,953,047.00

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

**ASSESSING  
 DEPARTMENT**



We, the Berlin Board of Assessors, will continue to maintain our open door policy for taxpayers with questions or problems regarding assessments and assessment procedures. In order to address issues involving fair assessment and the revaluation, the Board of Assessors will

meet regularly and make every attempt to stay apprised of all changes to the RSA laws that govern this office. The City continues to have a contract with Avitar to perform the Assessor=s duties. According to new Assessment rules, all communities will be certified every five years. We are scheduled for certification in 2005. Towards that end, a revaluation update will be conducted for tax year 2005 and the Board is reviewing the requirements and implementing changes necessary in order to comply with the new regulations.

All deeds received from the Registry of Deeds in Lancaster, subdivisions and lot mergers approved by the Planning Board, notices of demolitions and new construction are sent to Cartographics for updating of the City tax maps and the data base maintained by them on an annual basis. Any map with a physical change is then printed and sent to us. These maps are used by this office, with copies given to various Departments. These maps are available for public use as well as for all City Departments.

Some of the duties of the Board include maintaining property records, assuring that all taxable property are being accurately reported and properly appraised, reviewing applications for current use, yield tax, elderly and blind exemptions and veteran tax credit.

The Board of Assessors is committed to quality and excellence in government and will continue to respond to requests for changes that occur due to budgetary constraints, public needs, and new legislation.

Sincerely,  
 BOARD OF ASSESSORS  
 PAUL CROTEAU, CHAIRMAN  
 ROBERT PELCHAT, MEMBER  
 STEVE LAROCHE, MEMBER



**SUMMARY INVENTORY OF TAXABLE PROPERTY - APRIL 1, 2003 & 2004**

	APRIL 1, 2003	APRIL 1, 2004
Land	\$ 26,839,714.	\$ 26,660,681.
Building	175,839,411.	175,965,211.
Public Utilities	69,542,000.*	69,542,000.*
<b>GROSS VALUATION</b>	<b>\$ 272,221,125.</b>	<b>\$ 272,167,892.</b>
Blind Exemptions	296,200.	251,200.
Elderly Exemptions	2,796,400.	2,752,800.
Physically Handicapped Ex	20,800.	16,600.
Water/Air Poll. Cont. Exem.	3,258,583.	3,258,583.
<b>TOTAL EXEMPTIONS</b>	<b>\$ 6,371,983.</b>	<b>\$ 6,279,183.</b>
<b>NET VALUATION W/UTILITIES</b>	<b>\$ 265,849,142.*</b>	<b>\$ 265,888,709.*</b>

**EXEMPTIONS GRANTED**

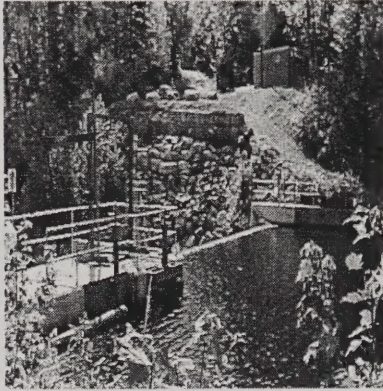
TYPE	APRIL 1, 2003		APRIL 1, 2004	
Elderly	141	\$ 124,216.	141	\$ 129,629.
Blind	20	13,157	20	11,829
Physically Handicap	5	924	5	782
Water/Air Poll. Cont.	5	144,746	5	153,447
Veterans	736	43,652.	682	44,332.

**OTHER ACTIVITIES**

TYPE	APRIL 1, 2003		APRIL 1, 2004	
Yield Tax	13	25,042.65	18	92,513.12
Property Transfers Processed	421		474	

The total, prior to veteran tax credit, to be collected for tax year 2004 from City, Local School and County tax is \$ 11,392,628. and the amount to be collected from the new State Education Tax is \$ 833,213. The State Education Tax rate for tax year 2004 is \$ 4.24 per thousand and all other taxes tot al \$ 42.85 per thousand. Utilities valuations are **not** taxed locally for the State Education portion.

## BERLIN WATER WORKS



Water Commissioners for this report period were Richard P. Fournier, Robert A. Delisle, Paul W. Poulin, Lucien Langlois; Ex-officio member was Mayor Robert A. Danderson. Paul W. Poulin was reappointed for an additional four year term.

The winter of 2004 was relatively cold with no thaws. The 18 miles of new water mains installed since 1994 have significantly reduced unplanned freeze-ups and breaks work during cold winters. Efforts continue to reduce the number of running water customers, of which there were 1003 of 3500 customers in the winter of 2000-2001. The new welding machine for electric thawing and a new high pressure hot water system for thawing water lines supported BWB's effort to thaw customers on a same day basis. The new hot water thawing system worked very well in determining the exact location that water lines are freezing.

	FISCAL 2002	FISCAL 2003
Total Flow in Gallons	448,642,628	430,562,330
Difference from previous year	27% increase	4% decrease
Gallons per Day	.123 million	1.18 million
Running Water Customers	807	664
Running Water Start - early	01/15/2003	1/11/2004
Running Water Start - regular	01/22/2003	01/16/2004
Running Water Finish	04/21/2003	03/29/2004
Frozen Water Calls - outside	258	88
Frozen Water Calls - inside	30	66
Hydrant Flushing	05/12/2003 to 06/17/2003	06/02/2004 to 06/25/2004
Number of main line breaks	12	8
Number of service line breaks	6	4

The early winter of FY2004 created a challenge with snow removal. BWB joined the City of Berlin in their application to FEMA for snow removal for the forty-eight hour period from December 7, 2003 to December 8, 2003. BWB rented a bobcat to help clear the approximately 400 fire hydrants in the City. In June, BWB received \$1,078.75 from FEMA for snow removal

Our lead and copper water sampling program continues to reveal that we must modify our present corrosion control program to further reduce first draw lead levels in the water taken at faucets having no flow for a period of at least six hours. Please note that the water leaving the Water Treatment Plant is free of lead and copper and that the results are attributed to possibly old portions of the distribution system or customer pipes and dead end lines. Water sampling will continue to monitor lead levels. All customers received a Lead Alert Notice with their November 2003 water bill. Water Quality Report for calendar year 2003 was distributed to all water customers as a bill stuffer in the May 2004 billing. Provan & Lorber, Inc. was hired by BWB to do a Corrosion Control Study to comply with the State and Federal Lead & Copper Compliance Regulations. Based on the Study and input from the NH Department of Environmental Services, the BWB plan is to install a sodium bicarbonate system to increase alkalinity and reduce corrosiveness of the finished water in order to lower lead and copper below maximum contaminant levels per the Primary Drinking Water Regulations before January 1, 2005.

Robert L. Vachon, CPA of Vachon, Clukay & Co., PC was accepted by the Board to perform the Water Works financial report for period ending June 30, 2004. Our FY 2005 budget, as presented at the Commissioners May 25, 2004 budget hearing providing \$1,569,200 for operations and \$1,530,989 for water bond and loan debt, was approved June 16, 2004. A State surface water filtration grant payment in the amount of \$259,322 was applied for in June 2004 for the State's share of water bond debt required for the surface water treatment rule infrastructure improvements.

Berlin Water Commissioners approved on line banking for BWB in September 2003. This program allows for direct deposits of employee payroll checks and also allows the water

customers to pay their water bills with Auto Pay, which directly takes the water payment from their designated bank account.

BWW staff participated in a lengthy information gathering and selection process to upgrade the office business hardware and software systems.

An engineering contract for Project BWW 00-2-EPA FY 2000 Grant was signed with CLD Consulting Engineers, Inc. The construction project was bid in April of 2003 but the bids were rejected because the cost was too high. Then through negotiation, a portion of the project was awarded to Paragon Construction, Inc. of Orford, NH under project BWW 01-2A(3). Middle Burgess Street, Hillsboro Street, 1<sup>st</sup> Avenue and Sullivan Street water main work was completed in this contract. The remainder of this project was started by BWW acting as General Contractor, with subcontractor JML Trucking of Errol, NH and Public Works crews and equipment for the Glen Avenue portion under BWW 00-2B. The BWW, with the support of Public Works is a first in a collaborative joint effort to perform a major project with predominantly City crews. Work on Glen Avenue included working evening hours to help prevent traffic flow problems. Water main construction on Glen Avenue resulted in the detection and elimination of a substantial leak on Glen Ave. The remainder of the Glen Ave. work will be completed in Fiscal 2005. The Glen Ave. Water Main Replacement Project was used as the matching funds required by the City to receive the \$190,000 CDBG Grant for the Glen Avenue Gateway Revitalization Project.

Water Main Project BWW #02-1 was signed with CLD Consulting Engineers, Inc. for replacement and improvement to water mains including hydrants and appurtenances. The total amount of the Rural Development Loan/Grant is \$3.6 million. The construction contract was awarded to T Buck Construction, Inc. on September 22, 2003. JML Trucking and Excavating is the subcontractor for the T Buck Construction, Inc. project. During the fall of 2003, lower Mt. Forist/Western Avenue, and upper Burgess Street water mains were installed. In the spring of 2004, a section of Second Avenue, Derrah Street and sections of Forbush Street, Kent Street, and Lancaster Street water mains were installed.

The Board of Water Commissioners adopted the amended rules and regulations in regard to tampering with water meters. The amended item was sent to each customer with their May 2004 Quarter Water Bill and it was also sent to the local media.

**IMPROVEMENT PROJECTS:**

Water Main Project BWW #03-2 was signed with SFC Engineering Partnership, Inc. for replacement and improvement to water mains including hydrants and appurtenances. Project funding was \$1.5 million dollars through an EPA Grant FY 2002. The majority of this project's scope is in the northwestern part of the City. The design package will be completed by late 2004. The actual construction of the project is planned for 2005 through 2008.

Mr. Steve Helms was hired as a consultant to determine the cause of flow measurement variations throughout the Treatment and Distribution system. He worked with BWW staff to perform calibration verifications and re-calibration as appropriate. This activity reduced errors in flow data and served as a teaching guide for our employees and provided a better understanding of flow equipment in our systems.

Berlin Water Works crews completed Mt. Calvary Cemetery Grandview Fire Protection Line Project in this fiscal year.

	FISCAL	FISCAL
	2003	2004
Total asphalt paving	5739	n/a
Curb-to-curb street paving	1.93	n/a
	miles	
Number of New Meters	41	21
Number of New hydrants	15	14
Number of Replaced	128	142
service		
New water main installed	3.62	1.25
	miles	miles

Improvements to the water distribution in the City of Berlin continue with planned replacement of small diameter galvanized mains and 1890 through 1930's vintage unlined cast iron mains that have the highest

frequency of problems. Also the replacement water mains are selected and designed to improve fire protection flow capabilities. Berlin Water Works has been pro active by performing the pre-video taping the sewers and drains prior to project start up to provide the City Engineer more time to review the tapes before the construction begins. The Berlin Water Works purchase of various pieces of construction equipment has supported BWW staff in performing "in house" projects like Glen Avenue, Mt. Calvary, etc.

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

Roland L. Viens, P.E.  
Superintendent

## PLANNING DEPARTMENT

This year saw many projects take shape and continue the revitalization process for Berlin. Partners from many different agencies throughout the City and the North Country continue to work together to regionalize and share resources. These efforts are starting to show as many local companies and merchants have been investing in new building facades and many interior improvements, especially in the downtown area.

The Federal Bureau of Prisons formally started work on a draft Environmental Impact Study on four sites within the city to determine the feasibility of locating a medium security facility in Berlin. This process will take approximately twelve to eighteen months and will involve public hearings and forums to get input from the community. This project will be the second largest public works project in the state and will bring 350 jobs to the city. Community officials are working hard to gauge secondary and social impacts to better prepare for this industry in the region.

The Glen Avenue Gateway Revitalization project started interior and exterior improvements in upper Glen Avenue area. Taking advantage of Community Development Block Grant funds for housing rehabilitation, the City and the Berlin Housing Authority hired Tri-County Community Action Program as the contractor for the majority of the units. We are all looking forward to the improvements for the gateway into our community being rehabilitated. The Main Street Program is also planting flowers in the islands at the Cleveland Bridge, which is the beginning of the downtown district.

The Berlin Industrial Development and Park Authority (BIDPA) continues to be busy. All of the buildings in the Maynesboro Industrial Park are now occupied. A new business Moonlight Machining, a startup company of a local resident and is the most recent tenant to bring its business to the park. The BIDPA board will be spending the next year evaluating the need for more industrial land in the city. Norman Charest, the City's Economic Development Director, works with BIDPA and the planning department and has been busy working with the businesses in the park and companies throughout the community.

The Planning Board will be working on updating the City's Master Plan in the next year. It will be important to get community input for this important document to help direct Berlin's future. Any citizen wishing to participate can come forward to volunteer for one of the many boards in the community. The Planning Department is home to the Planning Board, Zoning Board of Adjustment, and the Berlin Industrial Development and Park Authority. All three boards encourage citizen involvement and welcome the community to participate or observe during their meetings.

Respectfully submitted,  
Pamela E Laflamme, City Planner

Zoning Officer:	Ron Baillargeon
Planning Board Chair:	Richard Merrill
ZBA Chair:	Ronald Cote
BIDPA Chair:	Richard Huot

## Berlin Housing Authority

The fiscal year 2004 brought the first large site based rehabilitation project in many years to the City of Berlin. A collegial relationship between the City, Tri-County CAP, USDA and Berlin Housing Authority blended the best of all agencies in the Glen Avenue Gateway Revitalization Project funded in part by a \$190,000 Community Development Block Grant. Six houses and two multifamily buildings were included and construction is slated for completion in December 2004.

A change in the roster of Commissioners brought about a new Chair for BHA in Ms. Irene Gallant. Mr. Robert Morin, our respected and much admired Chair traded positions with Ms. Gallant. His longevity is rarely surpassed with over 30+ years in the field of housing; BHA continues to reap the benefits of his continued service under new leadership.

The Green Street Project will affect BHA. A negotiated section of property will be taken by the state to widen the road. The Commissioners have come out on public record in support of Option 4E for the direction in the second phase in the creation of the alternate route.

Construction projects included the conclusion of roofing and painting. Slated for next years is a large boiler rehab with concurrent underground piping replacement.

The Authority is proud to attest that apartment inspections have held steady at approximately 300+. The same caliber of inspections is occurring on Glen Avenue in that federal Housing Quality Standards are applied to tenant living spaces. Inspections require us to maintain ongoing relationships with Berlin Fire Department, the Berlin Building Inspector, Health Department, Water and Public Works Departments. The Authority appreciates and respects the talents that are found in each of these departments.

Respectfully Submitted,

*Mary Jo Landry*

Director, Berlin Housing Authority

Assets		
Assets	2003	2004
Cash	\$605,286.00	\$553,817.00
Security deposits	\$11,186.00	\$11,761.00
Accounts Rec. HUD Other Projects	\$3,592.00	\$23,698.00
Accounts Rec City of Berlin	\$0.00	\$1,571.00
Accounts Rec St. Regis	\$0.00	\$1,977.00
Investments	\$100,000.00	\$100,000.00
Prepaid insurance	\$6,460.00	\$9,205.00
Accrued Interest Receivable	\$0.00	\$0.00
Land structures & equipment	\$533,440.00	\$552,451.00
Other Assets	\$20,541.00	\$20,541.00
<b>TOTAL ASSETS</b>	<b>\$1,280,505.00</b>	<b>\$1,275,021.00</b>
Liabilities		
Accounts Payable	\$0.00	\$6,097.00
Accounts Payable HUD	\$62,032.00	\$23,503.00
Accrued Liabilities	\$35,981.00	\$81,740.00
<b>TOTAL LIABILITIES</b>	<b>\$98,013.00</b>	<b>\$111,340.00</b>
Equity		
<b>TOTAL EQUITY</b>	<b>\$1,182,492.00</b>	<b>\$1,163,681.00</b>
Total		
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$1,280,505.00</b>	<b>\$1,275,021.00</b>
Housing Turnover in 2004		
Public Housing	19	14
St Regis House	11	7

## COMMUNITY SERVICES DIVISION

### HEALTH DEPARTMENT HOME HEALTH HOSPICE NURSES



An active and busy fiscal year was experienced by the Berlin Public Health Department and the Home Health and Hospice Nursing program.

The visiting nurse program continued to be active in providing care to community residents in need of home health services. Skilled nursing, home health aides, speech, physical, and speech therapy, and hospice services were provided to many area residents in Berlin, Gorham, Milan, Shelburne and Randolph. The department secured a full compliment of full time nurses for the first time in recent years. The wage improvements sought through a new union contract allowed the department to participate in hiring full time staff in the highly competitive nursing market seen in the city and across the industry.

The continuing environment of change created through recent Medicare changes brought some new elements to our nursing program. Reimbursement changes from the federal government required new training and advanced financial recordkeeping and documentation in the billing section of the department. These changes also extended to the medical documentation process of home health

nursing. Changes and advances in ICD payment coding required continuing training of skilled nursing staff. The inclusion of OBQI (Outcome Based Quality Improvement) efforts in day to day skilled nursing services has continued our history of providing quality home health care with a constant eye to improvement of services. The department continued a successful relationship with North Country Home Health in providing end of life hospice care for clients.

In the area of Public Health Nursing a number of new initiatives were executed this fiscal year. The Public Health Nurses provided a number of outreach public health preventative clinics. Monthly Walmart, Holiday Center, St. Regis and Northern Lights Housing clinics assisted people through cholesterol screenings and blood pressure/blood sugar screenings. Business site clinics were held at Issacson Structural Steel and Veryfine in an effort to



encourage wellness initiatives in a work environment. A new cholesterol machine was purchased to provide expanded testing capacity to clients. In house, City Hall cholesterol testing was expanded to be available Monday through Friday on a walk-in basis. Flu vaccine clinics were offered to the public as well as to special clinic sites such as the Division of Health and Human Services offices in Berlin. New foot clinics were offered by the Nursing program at the City Hall site or in client's homes. The general public health clinic services continued to provide preventative

services, medication assistance, immunization services, and communicable disease services.

The department created many partnerships during this past year. Working with other health providers in the community we partnered to advance health care provision to residents of the community and the region. Working with the North Country Health Consortium, Community Health & Safety Initiative the department executed a number of health promotion activities for the community. Additionally, networking with state agents relative to Homeland Security Grants the department was instrumental in securing funding to upgrade fire and police communications, rescue and response equipment. Further the department assisted in securing an emergency generator for the Public Works Garage.

**MEDICAL-CLINICAL SERVICES**

Number of Office Patients	312
Number of Office Visits	794

**IMMUNIZATIONS AND TESTS**

DT	0
DTAP	11
DPT	0
Hepatitis B -	18
HibVac	7
IPV	5
Mantoux (TB) tests	413
MMR	6
OPV	6
Td	6
Varicella	6

**CLINIC ATTENDANCE RECORD**

Flu Vaccine	378
Immunization Clinic	74
Cholesterol Clinic	277
Immunization Clinic BJHS	37

**WALK-IN CLINIC**

Blood Pressure Check	856
Diabetes Screening	
- Walmart, Holiday Center	251
Head Checks - Lices	95
General Walk In Clinic Services	794

**PUBLIC HEALTH NURSING SERVICES**

Home Nursing Visits	2061
Home Nursing Patients	164
Physical Therapy Visits	94
Occupational Therapy Visits	2
Speech Pathology Visits	0
Home Health Aide Visits	1775

In addition to the many medical services the department offers, the director also is the Emergency Management Director for the City and as such has participated in a variety of Emergency Management/Homeland Security Initiatives. The department was instrumental in securing Homeland Security Funding for the purchase of Fire and Police service communication devices, emergency air packs, rescue equipment, and an off road vehicle for wilderness fire emergencies.

The public health director also executed a number of inspections and processed a number of cases related to food service inspections, dilapidated and unsanitary properties and living conditions, and responded to numerous complaints related to such public health concerns.

Respectfully Submitted,  
**Laura Lee Viger**  
 Community Services Director

## COMMUNITY SERVICES DIVISION

### WELFARE DEPARTMENT

General Assistance is often known as "Local" or "City" Welfare. This form of Welfare is mandated by the State of New Hampshire. Each municipality in the State must have local welfare to assist with basic needs, to include things such as shelter, food, medication, heat, electricity and other necessary utilities, to help its citizens if they do not have the ability to afford such needs. Each Town and City is able to determine basic needs. Each applicant is required to complete an application and show proof of income, assets, actual costs of basic needs, etc. Once the application process is complete the individual receives a Notice of Decision informing the recipient of the type and amount of assistance they qualify for and a First Notice, as required by the State, which tells them what is required of them in order to receive continued assistance. If the requirements are not met the recipient is suspended from receiving further assistance for seven days, fourteen days if suspended more than once in a six-month period, and until such time as they fulfill the requirements.

In the prior fiscal year, July 1, 2002 to June 30, 2003, \$52,896.00 had been expended in Direct Assistance. In this fiscal year, July 1, 2003 to June 30, 2004, the amount increased to \$68,778.00. The Department recovered \$ 7,726.95 from Federal and State programs and individuals who reimbursed the department upon becoming more secure financially.

The City of Berlin Welfare Department requires any able bodied individual who receives assistance to do a weekly job search and employment security form. They must also work on the Work Program in exchange for the assistance they receive. This gives a

sense of responsibility as well as provides an opportunity to add a new reference to a resume. Many of our work sites have recommended people to jobs they knew were open before they were published in the newspaper. The number of hours worked on the work program increased again this year due to a number of factors including but not limited to the increased number of qualified applicants and the increase in the costs of rent and other basic needs. The amount of assistance offered determines how many hours the individual works. The weekly visits to Employment Security are for job search or other counseling that they offer such as resume writing, interview skills workshops, etc. This program has resulted in recipients being on City Welfare for shorter periods as they have found jobs quicker. Of those individuals and families who applied for and received City Welfare this year fifty-nine had never applied for Welfare with the City ever before.

The Welfare Department would like to offer our thanks and appreciation to those agencies and individuals who offer help and support to our program in numerous ways. Without your aid we would not be able to have a Work Program that works as efficiently and effectively as ours does. It would not be possible for any of us to address as many needs as we do in the community unless we had this close working relationship and collaborative spirit.

The following are statistics were gathered:

Activities	Total 2003	Total 2004
Office Visits	2258	2856
Cases Interviewed	324	354
Number of Welfare orders issued	1090	1176
Number of Single People Assisted	76	75



Number of Assisted people having lived in Berlin less than 1 year	56	57
<b>Work Program Statistics</b>	<b>Total 2002</b>	<b>Total 2003</b>
Number of Cases who worked on the Work Program	38	53
Number of Hours worked on the Work Program	3784	4146

Assistance	Single Persons	Families
Housing/Rent/Emergency Shelter	51	19
Food/Personal Needs	44	15
Medication/Medical	18	6
Fuel/Oil/Propane/Kerosene	18	4
Electric	16	7
Telephone (with Doctor's Note)	0	0
Water	1	2
Transportation to place or origin	5	0
Funeral/Cremation	1	0
Clothing	0	1
Taxes (to prevent tax deed)	3	0

Food Pantries	
Salvation Army 752-1644	Cole Street, Tuesday, Thursday 9:00 to Noon Friendly Kitchen Monday evenings
Tri-County CAP 752-7001 (Also does fuel assistance, Neighbor Helping Neighbor, Electric Discount Program, Weatherization)	Maynesboro Street Monday - Friday 1:00 to 3:00
St. Kieran's Ecumenical Food Pantry	Monday, Wednesday, Friday - 2:30-4:30 p.m.

Food Programs	
Serve New England	Sign up 2 <sup>nd</sup> Saturday of month; sign up and distribution 4 <sup>th</sup> Saturday of each month at St. Barnabas Church 10:00 a.m. to Noon
Women, Infants & Children (WIC)	Willow Street
Commodity Foods 752-4678	
Food Stamps 752-7800	Dept of Health & Human Services, Main Street 8:30-11:00 Monday-Friday

Health Clinics	
Coos County Family Health 752-2040	Pleasant Street, Page Hill Road & Main St. Gorham (by appointment)
City of Berlin Health Department 752-1272	168 Main Street
AV Mental Health Services 752-7404	Twelfth Street (by appointment)

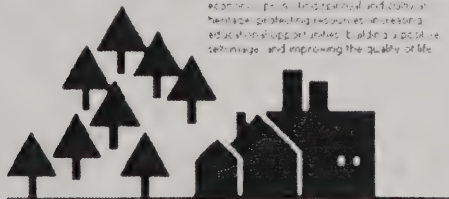
State Offices	
Health & Human Services 752-7800	Main Street 8:30 a.m.-4:30 p.m.
Employment Security 752-5500	Pleasant Street 8:30 a.m. - 4:30 p.m.



**BERLIN**  
NEW HAMPSHIRE



is a thriving and desirable community where people work together to strengthen the economic, political, and cultural fabric of the city. We are committed to addressing the needs of our citizens, providing a positive environment, and improving the quality of life.



[www.ci.berlin.nh.us](http://www.ci.berlin.nh.us)

## COMMUNITY SERVICES DIVISION

### LIBRARY DEPARTMENT

This past fiscal year, the Berlin Public Library worked to bring the best possible service to the city with the resources we had. The year brought a 25% cut in the book budget. To absorb this cut and still be mindful of circulation needs, careful review of purchases was made to assure best use of our funds. A new Non-Resident Fee was established with monies going to the General Fund at City Hall.

The year brought staff changes at the Berlin Public Library. In October 2003, Denise Goulet resigned from her position in the Adult Department. Rebecca Glover-Law took the full time Desk Clerk position, leaving the Children's Department. That part-time position was filled from our on-call pool by Kathy Godin.

In the Children's Department, the 2003 Summer Reading Program was divided into two groups based on age. The six-week themed programs were called Camp Read-A-Lot for 2<sup>nd</sup> to 7<sup>th</sup> graders and younger children attended "Reading Rocks the Granite State". A third program, lasting eight weeks, was also added for a group from the Recreation Dept. called The Rec. Explores. A special show by Wayne from Maine, funded by a grant from Kids, Books and the Arts, was attended by 101 people at City Hall Auditorium. A party to finish off the last week of the reading program was enjoyed by all. Once a week for the remainder of the year, the children's librarian did a Story Hour for young children.

The library received a \$500 "Grandparents Day Grant" from Walmart to make a special day at the library for grandparents and grandchildren. To supplement our book fund, a successful bake sale was held in the children's department to raise money for children's books.

The Berlin Public Library, in conjunction with the NH Community Technical College, sponsored a Fall 2003 series called "Not for Children Only" featuring Suzanne Brown and Jennifer Lee. The Spring 2004 series was titled "Rural and Small Town America" featuring Ingrid Graff as well as Suzanne Brown and Jennifer Lee. A grant from the NH Humanities Council provided funds for the book discussion series taking place at the

Fortier Library. Both series were well received.

Our Carnegie library had the honor of being selected by the Main Street Program as the subject for their 6<sup>th</sup> annual holiday ornament fundraiser. The ornament depicted the library building as a historic treasure as it looked when it was built 100 years ago.

The holiday season brought a wonderful donation from an anonymous donor in the amount of \$7,000 for the purchase of a new Microfilm machine and printer. This is a great resource for the area, making it possible to review the films of local newspapers from the past. The Library and Trustees are very thankful for this wonderful gift to the city.

Repairs and upkeep of the library included new energy saving light fixtures, exit light fixtures, fire alarm system and the restroom in the adult department. Mindful of minimal funds, the City Carpenter worked to salvage materials and refinished woodwork with wonderful results.

Work continues on the inventory for the eventual automation of the card catalog. The staff at the library will continue to provide the best service it can to the community with the available resources that can be provided for research, computers, pleasure reading, interlibrary loan, genealogy, and history as well as being a place where children can discover the world of books. The staff at the library would like to thank the community for their support.

Respectfully Submitted,

*Denise Jensen*, Head Librarian



<b>Library Statistics 2003- 2004</b>			
<b>Topics</b>	<b>Adult</b>	<b>Juvenile</b>	<b>Total</b>
Generalities	51	4	55
Philosophy	147	45	192
Religion	59	7	66
Social Sciences	397	117	514
Languages	9	20	29
Natural Sciences	81	291	372
Useful Arts	692	219	911
Fine Arts	331	213	544
Literature	192	69	261
History	187	74	261
Travels	159	14	173
Biography	122	155	277
Fiction	13,630	4935	18565
Periodicals	2223	120	2343
Videos	12167	n/a	12167
DVD	22	n/a	22
Cassettes	4628	71	4699
Compact Discs	48		48
Paperbacks	505		505
<b>Totals</b>	<b>35650</b>	<b>6354</b>	<b>42004</b>
<b>Walk In Patrons</b>	<b>16549</b>	<b>7657</b>	<b>24206</b>
<b>Telephone Inquiries</b>	<b>3236</b>		

## COMMUNITY SERVICES DIVISION

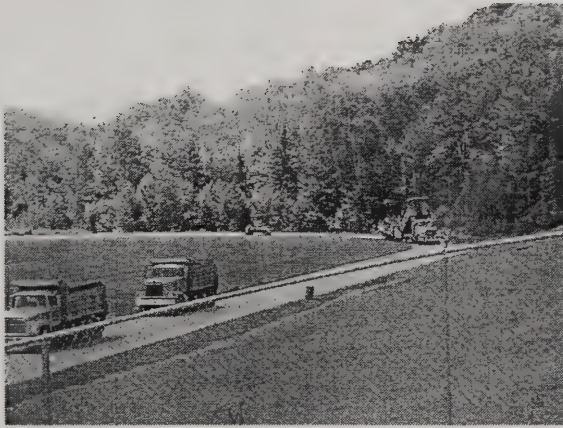
### RECREATION & PARKS DEPARTMENT

The Berlin Recreation & Parks Department provided community leisure, sport, and recreational programs during this past fiscal year. Through budgetary fiscal conservancy and revenue generation based on user fees,



the department was able to provide comprehensive, four season recreation programming, provide improved recreation venues, and continue to partner with a wide variety of community resources providing for the citizens of the city. Of special note in this past fiscal year was the continuation and completion of a major athletic field renovation project. Under the Council designated committee of volunteer Anthony Urban, City Councilor Paul Grenier, and Recreation Director Laura Viger, a number of site improvements were successfully achieved. The first major component of the improvement project included the installation of AJock Sand@ infields at the Memorial Field, National League Field, and the American League Field. This crush stone infield installation provides a safer and more weather responsive playing infield for both baseball and softball. The second component of the project included the re-sodding of problem spots in the athletic field area of Memorial Field and the Berlin Running Track. Player dugouts were built at the National League and American League fields at the Community Field complex. Site fencing was installed at the Memorial Baseball Field and at the Community Field Softball fields. The fencing installed provides for improved playing space and improved spectator management. Additional fencing was installed at the City Running Track to provide improved security and use patterns at the property. Additional site improvements will continue into the next fiscal year including improved bleachers, track paving, and additional fencing activities.

Complementing this special committee work, the volunteer organizers of the Berlin Bobcat Softball program have spent a



significant amount of time and fund raised dollars to execute improvements at the Horne Field Softball Field. This generous group has coordinated and executed the building of dugouts at the field, the building of a storage area for program equipment, and the re- installation of an improved softball backstop.

The Recreation Center roof was replaced during this fiscal cycle. The roof that had been leaking for a significant amount of time was replaced and will certainly provide a safer environment for indoor recreation activities.

In an effort to improve the community playgrounds throughout the City, the department, PRIMEX Insurance and the volunteer Parents for Playground committee executed a playground evaluation effort. A number of items were referenced and slated for improvement, repair, or replacement. The first major component of the projected playground improvement plan was the installation of new playground equipment at the Community Field playground. Through coordinated fund-raising and budget funding approximately \$60,000 of new equipment replaced vintage equipment. The

Committee, city department workers, and volunteers spent three days installing two unique play areas for children. A toddler's zone highlights equipment designed for young children and a second play zone is filled with fun and new equipment for all other children. The improvements included new visitor's benches, trash receptacles, signage, lighting, and trees. The installation of the new equipment has drawn many visitors to the park. Along with this work of the Recreation Department, we have begun a dialogue with the School Department concerning the utilization and management of the playgrounds located on School property.

## PROGRAMS

### Summer

Beginners Baseball  
 Babe Ruth Baseball  
 Instructional Softball  
 Girl's Softball  
 Farm League Baseball  
 Summer Basketball Camp  
 Jamboree Day Camp  
 Senior Picnics  
 Jericho Swim Days  
 Jericho Shelter Rental  
 Jericho Camping  
 Community Gardens  
 Tennis  
 Summer Playgrounds  
 USDA Food Program

### Spring

Basketball Tourney  
 Seniors Walking  
 Seniors Exercise  
 Seniors Line Dance  
 Easter Egg Hunt  
 Slimnastics  
 Special Olympics

### Fall

Little Tykes  
 Holiday Craft Fair  
 Grade 1 & 2 Soccer  
 Slimnastics  
 Adult Craft Classes  
 Grade 3 & 4 Soccer  
 Seniors Walking  
 Seniors Exercise  
 Seniors Line Dance

### Winter

Grade 1 & 2 Basketball  
 Grade K-2 Kickball  
 Grade 3 & 4 Girls Basketball  
 Hockey  
 Grade 3-6 Ski Program  
 Adult Volleyball  
 Craft of the Month  
 Grade K-2 Anything Goes  
 Grade 3-4 Boys Basketball  
 Jogging  
 Little Tykes  
 Slimnastics  
 Indoor Yard Sale  
 Seniors Walking  
 Seniors Exercise  
 Seniors Line Dance

## **BERLIN PUBLIC SCHOOLS – SAU 3**

### **VISION STATEMENT**

Graduates of the Berlin Public Schools will be active, life-long learners who participate constructively in the civic, economic, educational, and cultural growth of their continually changing, information based, local and global communities.

### **MISSION STATEMENT**

The Berlin Public Schools remain committed to the belief that **all** students must be given appropriate opportunities to achieve clearly defined, meaningful and rigorous standards which include, but are not limited to those outlined in the New Hampshire Curriculum Frameworks and Grade Span Expectations. We further believe that the learner is the focus of all of our efforts and that the evolution of our programs will be guided by data that reflect what each learner knows and is able to do.

Each of the programs in the Berlin Public Schools emphasizes depth of understanding and the active participation of students in the learning process. We capitalize on the power of technology as a motivational information source and as a problem-solving tool by integrating appropriate technologies within each program area.

Our vision cannot be attained if the Berlin Public Schools must act alone. We and our students are part of a larger learning community. Parents and the community at large share in the responsibility to educate our youth. The community provides the resources necessary to support the schools to help students value learning in all its contexts – within school and outside the formal educational setting. The community assists students in the process of becoming a competent, lifetime member of the local and global communities.

## **DISTRICT WIDE IMPROVEMENT GOALS**

1. Implementation of academic standards and curriculum frameworks in all subject areas, including the New Hampshire Curriculum Frameworks and the development of best practices for instruction and assessment of student performance.
2. Using technology as an educational tool to improve student learning.
3. Establishing high-quality learning environments, including improved facilities.
4. To assure the health and safety of Berlin children.
5. To revise and continue to improve our Professional Development Plan.

### **DISTRICT HIGHLIGHTS 2003-2004**

Members of the Berlin Board of Education, teachers, administrators, office management personnel, paraprofessionals, assistants, custodians, food service staff and bus drivers served our students in 2003-2004. One thousand six hundred twenty six young people closed school in June, 2004. Teachers, administrators and educational assistants reviewed the 2003-2004 academic year, participated in professional development activities and planned for the opening of school on September 2, 2004.

The Berlin Junior High School started the teaming of students and staff during 2003-2004. Teachers in each team surveyed students and analyzed this and other information about the entire year. Teachers moved with their students from the seventh grade to the eighth grade and their planning and preparation expanded learning opportunities for the young people. Presentations by our representatives to the State Senate and House of Representatives, our municipal candidates, and the New Hampshire Secretary of State assisted our

students in acquiring knowledge about the our form government and the rights and responsibilities of participation as citizens.

The Berlin Public Schools opened the new school year with one thousand six hundred thirty (1630) students entering classrooms from kindergarten to senior year. Initiatives including *Reading First*, *Schoolwide Title I* and a *21st Century Community Learning Centers Grant* expanded learning opportunities for students in grades K to 8. Berlin High School and the Career and Technical Center combine high quality courses with *Real World Learning* experiences.

*Reading First* and *Schoolwide Title I* utilize scientifically based programs to assist all students to read at grade level. Teachers and educational assistants at Bartlett, Brown, and Marston Schools received intensive training during summer institutes and throughout the school year to provide high quality lessons, assess each student's progress and focus intervention as needed. The five required components for reading include phonemic awareness, phonics, vocabulary, fluency and comprehension. Improving reading for each student increases progress in all academic areas.

The *21st Century Learning Centers Grant* creates a partnership between our schools and the Family Resource Center at Gorham to offer after school programs from the first to eighth grades. Our students participate in homework help, enrichment activities, snack, and transportation home. A weekly family literacy activity connects children and their parents in reading, discussions and learning. The grant enables our schools, Bartlett, Brown, Hillside and the junior high school to provide a safe, educational and helping environment for our young people.

Berlin High School graduated one hundred eighteen members of the Class of 2004 on June 11<sup>th</sup>. Seventy percent of the graduates continued their education by entering colleges and universities. Classmates joined the military services and entered the world of work. During their years within our public schools, the young women and men benefited from the instruction and services from staff and from their families and neighbors.

Numerous co-curricular activities such as music concerts, art shows and guest speakers were enjoyed at all grade levels. Students at Marston, Brown and Bartlett watched and listened to guest performers and book readers. Young people in grades five to eight listened to a storyteller and enjoyed performances by their schoolmates. Berlin High School's softball team won the state Class M championship. The young ladies on the team displayed their talent and their desire to succeed.

The staff members within our schools provide their very best to help each of our young people succeed in learning opportunities while in the Berlin Public Schools. They expand their knowledge and skills by becoming students themselves at colleges and universities. They participate in workshops and conferences to learn about technology and about the knowledge and research skills needed by our students to be successful in the future.

Submitted By:

*John Moulis*

Superintendent of Schools



## FIRE DEPARTMENT

The mission of the Berlin Fire Department is to provide the highest level of service to protect life, property, and the environment through the delivery of service 24 hours a day by trained professionals who serve with excellence, dedication and pride. It is our pleasure to present to the community our fiscal year 2004 annual report. In the year 2004, the Berlin Fire Department responded to 627 calls for service, an increase of 93 calls over fiscal year 2003. It has been a busy year for the fire department. In between calls for service, the Fire Department hosted many different events, and two of the most important were Make a Wish Foundation and the Reading Literacy Program. Every year from 2002 to the present, the Berlin Fire Department has kicked off the Make a Wish Foundation Program. The gift of laughter and smiles ringing throughout the fire station not only



is a gift to the children of Make a Wish Foundation, but also a gift for us to share. The Reading Literacy Program was new for us, and spending time with the future of America was rewarding. In 2004, the firefighters from the Berlin Fire Department read books to about 30 children. They held a one-day reading program for the Literacy Reading Program and will continue this project throughout the following years.

In 2004, another major triumph was receiving a competitive grant from the Federal Emergency Management Agency known as the Assistance to Firefighters Grant Program. The grant money equipped our department with twenty-one new self-contained breathing apparatus providing 100% of our firefighters with new and updated equipment. The grant provided \$52,164.00, saving the City from purchasing the equipment.

As always, the Fire Prevention Bureau continues to provide year after year of excellent service to the community by providing public education programs throughout the City in local businesses, schools and health care facilities. As you can see in the inspection table, inspections have increased by 68 inspections in fiscal year 2004 over that of 2003. In FY 04 we successfully completed a confined space rescue course and certified seven of our firefighters to meet the requirements of National Fire Protections Association 1041, Standards for Fire Service Instructor Professional Qualifications Level I. The continued training of the staff as well as their dedication on duty ensures a well prepared and professional fire department committed to customer service.

Respectfully Submitted,  
*Randall Trull*, Fire Chief



<b>BFD Calls for FY04</b>	
Assist Police	2
Bomb Scare	0
Chimney Fire	5
Dangerous Situation	16
DHART	31
Electrical Fire	3
Electrical Problem	21
Explosion	1
False, Malicious	15
False, Unintentional	57
Furnace Problem	20
Leak/Spill	75
Lock Out	1
Medical Aid	10
Outside Fire	40
Rekindle	5
Rescue	12
Smoke Scare	30
Sprinkler Problem	3
Structure Fire	33
Vehicle Accident	56
Vehicle Fire	6
Water Problem	24
Service Calls	161
<b>Total</b>	<b>627</b>



Pleasant Street Fire

<b>Fire Prevention Bureau Inspections</b>	
Place of Assembly	32
Oil burners	42
L.P. Gas	22
New Construction	74
Wood Burner/Chimney	13
Health Care	25
Complaints Investigated	4
Industrial	21
Foster Homes	17
Daycare	4
Alarm Inspections	46
Misc Inspections	98
Public Education	19
<b>Total</b>	<b>417</b>



## POLICE DEPARTMENT

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

The Police Department has had an extremely busy year, not only in reactive response but in applying proactive approaches as well. Our first and foremost priority is to provide the best possible police services to the community, and in 2004, we implemented the following programs to assist us in achieving this goal:

**Community Watch Program:** This program was designed to utilize community volunteers to take ownership of our community by taking care of their neighbors and providing police with information as it relates to problems in their neighborhoods.

**Microsoft Match Program:** This program, which is a collaborative effort between the Berlin Police Department and Northern New Hampshire Correctional Facility, allows for old computers to be refurbished and donated to needy children.

**ELF (Encouraging Local Families) Program:** Officer Yiakas is credited with the idea for this program. The Police Department selects area families that have

had a particularly tough year and raises funds to provide them with Christmas gifts.

Although these programs are not strictly related to law enforcement, they are a vital part of our Department's contribution of new ideas towards the betterment of the community.

We continue to aggressively pursue grants and opportunities for equipment and technology. Since last year, we have upgraded our server; added a digital logger so that everything is digitally recorded; installed a fully controlled camera system within the City; and we were able to exchange all of our weapons for newer ones, at no cost to the City. The Law Enforcement Training Network was also installed at the Police Department. The network provides training programs on a flexible schedule directly to the Department.

A large portion of law enforcement operations relies heavily on grant funding opportunities. Training and specially-directed patrols are two areas where grants have had the greatest impact. The Berlin Police Department has received funding from the Attorney General's Office to enforce underage drinking laws. We have also received funding from the New Hampshire Highway Safety Agency allowing us to enforce and educate seatbelt use and bicycle safety, enforce adherence to traffic control devices, and conduct designated patrols aimed at identifying individuals who may be driving under the influence of alcohol.

The Police Department has been fortunate in its ability to hire and retain local talent. During the past year, certified officers Jeff Lemoine and Wade Goulet joined the force; Angela Fortier, Sharon Macleod, and Heather Schofield were hired as dispatchers;

and JoAnn Therriault transferred to the Department to accept the detectives' secretary/records management position.

This year also brought about a change in Police Department uniforms. The traditional blue uniform was changed to black with silver trim for officers and corporals, and black with gold trim for detectives and management.

The Berlin Police Department now also provides police services to Milan residents. This comes at no cost to the citizens of Berlin and offers Milan an excellent alternative to a part-time police department.

Additionally, for us to provide the best possible service, we recognize that we need to be involved by participating in community changes. Last year, for example, we presented changes needed for 911 compliance and worked with the City Council to establish a snow machine trail. These are positive changes designed to improve the area and show that when the citizens, City Council, and City departments work together, good things can happen.

**STATISTICS July 2003-June 2004**

Total calls for service: 19,462. Total offenses committed: 1417; of those 179 were felonies, 224 involved weapons; 226 involved alcohol; 85 involved domestic violence, and 24 involved drugs. Total arrests: 767; of those, 90 involved domestic violence; 153 involved juveniles; and 52 were protective custodies.

AGGRAVATED ASSAULT	18
ARSON	9
BAD CHECKS	19
BURGLARY/BREAKING & ENTERING	42
COUNTERFEITING/FORGERY	10
CREDIT CARD/ATM	2
DISORDERLY CONDUCT	13
DRUG OFFENSES	19
DRUNK/DISORDERLY CUSTODY	18
DUI ARRESTS	41
EMBEZZLEMENT	0
FALSE PRETENSES/SWINDLE	68
FAMILY OFFENSES	7
FORCIBLE FONDLING/FORCIBLE RAPE/SEXUAL ASSAULT/INCEST/STATUTORY RAPE	24
IMPERSONATION	5
INTIMIDATION	74
KIDNAPPING/ABDUCTION	1
LARCENY/THEFT/VANDALISM	355
LIQUOR LAW VIOLATIONS	73
MV THEFT	13
POCKET PICKING/PURSE SNATCHING	3
PORNOGRAPHY	0
ROBBERY	2
RUNAWAY	35
SHOPLIFTING	10
SIMPLE ASSAULT	184
STOLEN PROPERTY OFFENSES	4
TRAFFIC OFFENSES	136
TRESPASSING	27
WELFARE FRAUD	0
ALL OTHER CRIMES	202

Respectfully submitted,  
*Peter Morency*  
 Chief of Police

## FINANCE/COLLECTIONS

The Finance Department is responsible for the City of Berlin=s financial record keeping and reporting. A copy of the City=s audited financial statements is included with this report. Vachon, Clukay & Co., P. C., of Manchester, NH, conducted the fiscal year ended June 30, 2003 audit.

In fiscal year 2003, the Finance Department issued 4,433 real estate tax bills (in May and again in October), 3,402 sewer bills, and 11,161 motor vehicle registrations. The Finance Department takes in revenues for these items, dog licenses, and all other City department revenues.

The Finance Department also serves as the Human Resource and Benefits Administrator for the City=s 150 employees.

The Finance Department has five full-time employees: Anita Valliere, Assistant Comptroller/Tax Collector; Elaine Tremblay B Senior Collection Clerk; Lucille Lavoie B Accounts Payable Clerk; JoAnn Therriault B Payroll Clerk; and Sandra Fournier B Collections Clerk.

Respectfully submitted,  
*Blandine Shalloo* Finance Director

## TAX COLLECTOR'S REPORT

	2004	2003		
Debits:	Levy	Levy		
Uncollected Taxes - Beginning of Year:				
Property Taxes		4,369,206		
Yield Taxes		1,918		
Utility Charges		178,417		
Jeopardy Tax		1,326		
Taxes Committed:				
Property Taxes	5,663,449	5,730,587		
Yield Taxes		92,513		
Utility Charges		1,338,457		
Jeopardy Tax		706		
Overpayment:				
Interest - Late Tax		65,401		
Total Debits	5,663,449	11,778,530		
Credits:	2004	2003		
	Levy	Levy		
Remitted to the Treasurer:				
Property Taxes	3,069,647	9,762,159		
Yield Taxes		94,431		
Interest		65,401		
Utility Charges		1,250,040		
Jeopardy Tax		1,326		
Uncommitted Taxes		706		
Conversion to Liens		331,687		
Abatements made:				
Property Taxes		8,501		
Utility Charges		286		
RSA Lien		4,739		
Deeded to Municipality		37,744		
Uncollected Taxes - End of Year:				
Property Taxes	2,593,802			
Utility Charges		221,510		
Total Credits	5,663,449	11,778,530		
Debits:	2003	2002	2001	Prior to 2001
	Levy	Levy	Levy	Levy
Unredeemed Liens Balance at Beg. of Fiscal Year:		359,591	194,205	251,139
Liens Executed during Fiscal Year	363,362			
Interest & costs Collected after Lien	143,948			
Total Debits	507,309	359,591	194,205	251,139
Credits:	2003	2002	2001	Prior to 2001
	Levy	Levy	Levy	Levy
Remitted to Treasurer:				
Redemptions	76,659	161,715	99,811	96,995
Interest & Costs Collected after Lien	143,948			
Abatement of Unredeemed Taxes		593	428	6,705
Liens Deeded to Municipality		42,231	40,277	61,745
Unredeemed Liens Balance End of Year	286,702	155,053	53,689	85,694
Total Credits	507,309	359,591	194,205	251,139



**Runways:** 18-36 5200 x 100. Left hand pattern for runway 36  
**Coordinates:** N 44-34.5E, W 071-10.54E  
**Nav aids:** BML-110.4 190E 3.5.  
**Approaches:** VOR, VOR/DME, NDB 281, GPS RNAV  
**Unicom Radio:** 122.7  
**ASOS:** 135.175, (603-449-3328)  
**Bangor Flight:** 122.35  
**Visual Aids:** MIRLs, Reils on 18 & 36. PAPI on 18.  
Lighted wind cone, rotating beacon.  
**Elevation:** 1158 feet

Many positive changes continue to happen at the Berlin Municipal Airport. With aviation security still in the foreground and federal threat warning level changing, our eyes are always open for any activity that would be considered suspicious here at the airport. 2003 saw the planning and beginning steps to what will be the biggest project at the airport, since the opening of the runways in 1942!

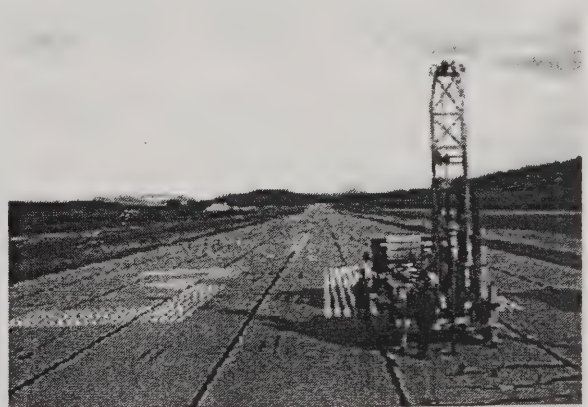
We are undergoing a total reconstruction of Runway 18&36. As part of this project, a feasibility study is underway for the installation of a precision approach. This new approach would greatly improve the capabilities of aircraft wanting to land at the airport in less than perfect weather conditions which tends to happen a lot. This new approach along with improved weight bearing capacity on the runway, will allow for larger aircraft to use the Berlin Airport on a regular basis.

Along with and as a part of this study is a Master Plan update. The Master Plan update will look at future growth at the airport and recommend ways to prepare for it, like where do we expand our ramp and add new hangers. It will also look at how the airport fits into local communities, both pros and cons.

The engineering side of the runway project also started in 2003. The project will address lighting, drainage and weight bearing capacity of the paved surfaces of the runway. When completed in 2005, this project will enhance the Berlin Airport's ability to continue to offer the aviation community in the North Country the very best of service.

My continued thanks goes to the Berlin Airport Authority, employees, White Mountain Flyers Association and local pilots. As a team we are making things happen!

Respectfully submitted,  
**Eric Kaminsky**  
Airport Manager



## **PUBLIC WORKS, ENGINEERING AND WASTEWATER TREATMENT**

### Wastewater Treatment Facility

The Wastewater Treatment Facility treated 63 million gallons of sanitary sewer flow, and 302,900 gallons of septage waste during the fiscal year. 1691 tons of municipal sludge were generated at the Wastewater Treatment Facility and were deposited at the Mt. Carberry Landfill.

The Wastewater Treatment Facility removed 94% of BOD (Biochemical Oxygen Demand) and 96% of TSS (Total Suspended Solids).

A 3.2 million dollar upgrade to the Wastewater Treatment Facility and the Watson Street Pumping Station was started in October of 2003. This is the first of two upgrades that will take place. These upgrades will positively position the Wastewater Treatment Facility to maximize its infrastructure and serve the City of Berlin and its citizens for the next twenty years.

### Solid Waste

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

The Cates Hill Landfill Closure project was put out to bid in February, 2003. The project was awarded to the low bidder, Paragon Construction, Inc. of Orford, NH. Paragon's bid for the work was \$572,020. Work was started in the Spring of 2003. The project was scheduled for substantial completion in the Fall of 2003.

## **Transportation**

### Street Markings

Center lines, edge lines, railroad crossings and crosswalks were painted as they are every year. The cost of this work was approximately \$6,400. The work included approximately 200,000 linear feet of striping and 17 railroad crossings.

### Capital Equipment Purchases for the Public Works Department

Five new front end wheel loaders with wing and plow packages were obtained through a lease-purchase agreement during this fiscal year. The purchase price of this equipment was \$108,207 per unit. The lease-purchase cost is \$69,672.84/year for a period of 10 years. These new pieces of equipment replace an aged fleet of heavy equipment made up primarily of graders. The new equipment satisfies several needs including issues with regard to; safety, environmental compliance and ergonomics.

### Public Works Services

The Public Works Department provides a number of services to the citizens of Berlin. They include: the maintenance of approximately 60 miles of streets and 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 fence. We provide citizens with weekly garbage removal. We maintain sewerage and storm water collection systems. We provide equipment maintenance for all of the Public Works, Fire, Recreation, Health, Police and Engineering Departments as well as the Berlin Municipal Airport. We maintain gas and fuel distribution

We also provide 146 sand and salt barrels for winter use.

The Public Works Department collects paper, glass, plastics, tin, aluminum and cardboard for recycling. We periodically seal concrete sidewalks, retaining walls and bridge abutments. Members of the Department also provided utility information and project inspection for water and sewer capital improvement projects.

Submitted by:

**James A. Wheeler**

City Engineer/Public Works Director

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# Vachon, Clukay & Co., PC

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*Certified Public Accountants*

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Manchester, New Hampshire 03101  
(603) 622-7070  
FAX: 622-1452

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Berlin, New Hampshire (The City) as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and the Required Supplementary Information on pages 3-13 and 44-45, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2004 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the City of Berlin's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The combining financial statements listed as schedules in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Berlin, New Hampshire. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects, in relation to the basic financial statements taken as a whole.

*Vacha, Clukay & Co. PC*

November 9, 2004



EXHIBIT A  
CITY OF BERLIN, NEW HAMPSHIRE  
Statement of Net Assets  
June 30, 2004

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 5,219,098		\$ 5,219,098	\$ 1,050,298
Investments	521,064		521,064	617,513
Taxes receivable, net	3,035,557		3,035,557	
Accounts receivable, net	52,930	\$ 221,296	274,226	84,129
Note Receivable		8,673	8,673	
Due from other governments	2,286,341	1,286,853	3,573,194	273,152
Internal balance	(555,945)	555,945	-	
Prepaid expenses	12,559	1,733	14,292	23,500
Prepaid financing costs			-	27,612
Inventory	7,972	25,502	33,474	169,605
Total Current Assets	<u>10,579,576</u>	<u>2,100,002</u>	<u>12,679,578</u>	<u>2,245,809</u>
Noncurrent Assets:				
Restricted cash and investments	5,278		5,278	
Tax deeded property	82,008		82,008	
Capital assets-nondepreciable	615,529	2,694,520	3,310,049	6,031,872
Capital assets-other, net	13,088,511	19,831,476	32,919,987	30,201,284
Total Noncurrent Assets	<u>13,791,326</u>	<u>22,525,996</u>	<u>36,317,322</u>	<u>36,233,156</u>
Total Assets	<u>\$ 24,370,902</u>	<u>\$ 24,625,998</u>	<u>\$ 48,996,900</u>	<u>\$ 38,478,965</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 268,364	\$ 312,772	\$ 581,136	\$ 285,884
Accrued expenses	373,179	5,875	379,054	307,862
Retainage payable	5,400	166,565	171,965	149,352
Deferred revenue	5,906,365	137,236	6,043,601	
Deferred debt refinancing interest savings			-	203,850
Current portion of bonds payable	1,261,703		1,261,703	886,959
Current portion of capital leases payable	127,268		127,268	17,484
Current portion of estimated liability for landfill closure and postclosure care costs	10,523	64,913	75,436	
Total Current Liabilities	<u>7,952,802</u>	<u>687,361</u>	<u>8,640,163</u>	<u>1,851,391</u>
Noncurrent Liabilities:				
Payable from restricted assets	5,270		5,270	
Bonds payable	7,152,212		7,152,212	13,325,554
Capital leases payable	564,291		564,291	77,212
Compensated absences	1,565,170	68,388	1,633,558	95,206
Other long-term obligations		2,208,523	2,208,523	1,802,114
Estimated liability for landfill closure and postclosure care costs	231,495	253,575	485,070	
Total Noncurrent Liabilities	<u>9,518,438</u>	<u>2,530,486</u>	<u>12,048,924</u>	<u>15,300,086</u>
Total Liabilities	<u>17,471,240</u>	<u>3,217,847</u>	<u>20,689,087</u>	<u>17,151,477</u>
NET ASSETS				
Invested in capital assets, net of related debt	9,367,481	20,317,473	29,684,954	20,123,834
Restricted for:				
Capital projects	180,321		180,321	
Endowments	143,578		143,578	
Unrestricted (deficit)	(2,791,718)	1,090,678	(1,701,040)	1,203,654
Total Net Assets	<u>6,899,662</u>	<u>21,408,151</u>	<u>28,307,813</u>	<u>21,327,488</u>
Total Liabilities and Net Assets	<u>\$ 24,370,902</u>	<u>\$ 24,625,998</u>	<u>\$ 48,996,900</u>	<u>\$ 38,478,965</u>

See accompanying notes to the basic financial statements

**EXHIBIT B**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Statement of Activities**  
**For the Year Ended June 30, 2004**

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government		Total	
						Governmental Activities	Business-type Activities		
<b>Governmental Activities:</b>									
General government	\$ 2,692,590	\$ 88,650			\$ (2,603,940)	\$ (2,603,940)		\$ (2,603,940)	
Public safety	3,079,663	17,531	\$ 459,549		(2,602,583)	(2,602,583)		(2,602,583)	
Airport/Aviation center	308,556	222,415			(86,141)	(86,141)		(86,141)	
Highways and streets	1,797,541	106,564	206,427		(1,484,550)	(1,484,550)		(1,484,550)	
Health and welfare	506,739	457,729	2,091		(46,919)	(46,919)		(46,919)	
Sanitation	928,295	32,588			(895,707)	(895,707)		(895,707)	
Culture and recreation	479,532	73,425			(406,107)	(406,107)		(406,107)	
Education	12,835,447	1,088,365	8,008,127		(3,738,955)	(3,738,955)		(3,738,955)	
Food service	496,070	233,537	250,276		(12,257)	(12,257)		(12,257)	
Capital outlay	102,616				(102,616)	(102,616)		(102,616)	
Principal retirement	605,000		605,000		(54,975)	(54,975)		(54,975)	
Interest and fiscal charges	796,520	741,545			(1,184,906)	(1,184,906)		(1,184,906)	
Intergovernmental	1,262,877	77,971			(13,219,656)	(13,219,656)		(13,219,656)	
Total governmental activities	25,891,446	2,320,804	10,350,986	\$ -	\$ -	\$ -		\$ -	
<b>Business-type activities:</b>									
Sewer	1,719,129	1,370,609			(348,520)	(348,520)		(348,520)	
Nonmajor funds	150,625				(150,625)	(150,625)		(150,625)	
Total business-type activities	1,869,754	1,370,609			(499,145)	(499,145)		(499,145)	
Total primary government	\$ 27,761,200	\$ 3,691,413	\$ 10,350,986	\$ -	(13,219,656)	(13,219,656)		(13,718,801)	
<b>Component unit:</b>									
Water	\$ 2,499,679	\$ 2,321,110	\$ -	\$ 1,970,029					\$ 1,791,460
Total component unit	\$ 2,499,679	\$ 2,321,110	\$ -	\$ 1,970,029					1,791,460
<b>General revenues:</b>									
Property and other taxes					11,754,270	11,754,270		11,754,270	
Licenses and permits					1,277,184	1,277,184		1,277,184	
Grants and contributions:									
State shared revenues					965,481	965,481		965,481	
Rooms and meals tax distribution					315,095	315,095		315,095	
State and federal forest land					33,215	33,215		33,215	
Interest and investment earnings					79,586	79,586	118	79,704	15,468
Miscellaneous					316,701	316,701	136,463	453,164	79,689
Special item									
Gain on sale of capital asset							15,287	15,287	2,353
Total general revenues and transfers					14,741,532	14,741,532	151,868	14,893,400	97,510
Change in net assets					1,521,876	1,521,876	(347,277)	1,174,599	1,888,970
Net assets - beginning (see note 17)					5,377,786	5,377,786	21,755,428	27,133,214	19,438,518
Net assets - ending					\$ 6,899,662	\$ 6,899,662	\$ 21,408,151	\$ 28,307,813	\$ 21,327,488

EXHIBIT C  
CITY OF BERLIN, NEW HAMPSHIRE  
Balance Sheet  
Governmental Funds  
June 30, 2004

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,217,570	\$ 1,528	\$ 5,219,098
Investments	177,313	343,751	521,064
Taxes receivable, net	3,035,557		3,035,557
Accounts receivable, net	37,701	662	38,363
Due from other governments	1,174,771	1,111,570	2,286,341
Due from other funds	961,424	331,221	1,292,645
Prepaid expenses	6,904	5,655	12,559
Inventory		7,972	7,972
Tax deeded property	82,008		82,008
Restricted cash and investments	5,278		5,278
Total Assets	<u>\$ 10,698,526</u>	<u>\$ 1,802,359</u>	<u>\$ 12,500,885</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 201,480	\$ 66,884	\$ 268,364
Accrued expenses	210,877	1,420	212,297
Retainage payable	5,400		5,400
Deferred revenue	6,304,811		6,304,811
Due to other funds	730,942	1,103,081	1,834,023
Payable from restricted assets	5,270		5,270
Total Liabilities	<u>7,458,780</u>	<u>1,171,385</u>	<u>8,630,165</u>
<b>FUND BALANCES</b>			
Reserved for endowments		143,578	143,578
Reserved for encumbrances	146,894		146,894
Reserved for prepaid expenses	6,904	5,655	12,559
Reserved for tax deeded property	82,008		82,008
Reserved for special purposes	7,222		7,222
Unreserved, reported in:			
General fund	2,996,718		2,996,718
Special revenue funds		99,719	99,719
Capital projects funds		180,321	180,321
Permanent funds		201,701	201,701
Total Fund Balances	<u>3,239,746</u>	<u>630,974</u>	<u>3,870,720</u>
Total Liabilities and Fund Balances	<u>\$ 10,698,526</u>	<u>\$ 1,802,359</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds 13,704,040

Property taxes are recognized on an accrual basis in the statement of net assets, not the modified accrual basis 398,446

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities at year end consist of:

Bonds payable (8,413,915)  
Capital leases payable (691,559)  
Accrued interest on long-term obligations (160,882)  
Compensated absences (1,565,170)  
Estimated liability for landfill closure and postclosure care costs (242,018)

Net assets of governmental activities \$ 6,899,662

**EXHIBIT D**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Statement of Revenues, Expenditures and**  
**Governmental Funds**  
**For the Year Ended June 30, 2004**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 11,867,256		\$ 11,867,256
Licenses and permits	1,277,184		1,277,184
Intergovernmental	10,093,301		11,708,046
Charges for services	1,792,527	\$ 1,614,745	2,281,746
Interest income	76,101	489,219	79,586
Miscellaneous	236,795	3,485	312,490
Total Revenues	<u>25,343,164</u>	<u>2,183,144</u>	<u>27,526,308</u>
Expenditures:			
Current operations:			
General government	2,683,125	10,193	2,693,318
Public safety	3,068,551		3,068,551
Airport/Aviation center	1,449,383	183,374	183,374
Highways and streets	507,345	1,424	508,769
Health and welfare	866,215	62,752	928,967
Sanitation	384,816	66,725	451,541
Culture and recreation	11,331,396	1,409,461	12,740,857
Education	494,417		494,417
Food service	1,514,284	1,375	1,515,659
Capital outlay			
Debt service:			
Principal retirement	2,166,703		2,166,703
Interest and fiscal charges	832,892		832,892
Intergovernmental	1,262,877		1,262,877
Total Expenditures	<u>26,067,587</u>	<u>2,229,721</u>	<u>28,297,308</u>
Excess of revenues over (under) expenditures	<u>(724,423)</u>	<u>(46,577)</u>	<u>(771,000)</u>
Other financing sources (uses):			
Proceeds from capital lease	574,378		574,378
Operating transfers in	29,735	27,152	56,887
Operating transfers out	(16,683)	(40,204)	(56,887)
Total other financing sources (uses)	<u>587,430</u>	<u>(13,052)</u>	<u>574,378</u>
Excess of revenues and other sources under expenditures and other uses	<u>(136,993)</u>	<u>(59,629)</u>	<u>(196,622)</u>
Fund balances at beginning of year	<u>3,376,739</u>	<u>690,603</u>	<u>4,067,342</u>
Fund balances at end of year	<u>\$ 3,239,746</u>	<u>\$ 630,974</u>	<u>\$ 3,870,720</u>

**CITY OF BERLIN, NEW HAMPSHIRE**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2004**

Change in Fund Balances--Total Governmental Funds	\$ (196,622)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	782,275
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(112,986)
Proceeds from debt issues are an other financing source in the funds, but a debt issue increases long-term liabilities in the statement of net assets.	(574,378)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	1,561,703
Repayment of principal on capital leases is an expenditure in the governmental funds, but the repayment reduces long- term liabilities in the statement of net assets.	75,685
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	36,372
Some expense reported in the statement of activities, such as compensated absences and the estimated liability for landfill closure and postclosure care costs, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(50,173)
Change in Net Assets of Governmental Activities	<u>\$ 1,521,876</u>

**EXHIBIT E**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2004**

	Business-type Activities		
	Sewer Fund	Nonmajor Enterprise Funds	Totals
<b>ASSETS</b>			
Current Assets:			
Accounts receivable, net	\$ 221,296		\$ 221,296
Note receivable		\$ 8,673	8,673
Due from other governments	1,000,862	285,991	1,286,853
Due from other funds	476,189	82,749	558,938
Prepaid expenses	1,733		1,733
Inventory	25,502		25,502
Total Current Assets	<u>1,725,582</u>	<u>377,413</u>	<u>2,102,995</u>
Noncurrent Assets:			
Capital assets, net	21,424,010	1,101,986	22,525,996
Total Noncurrent Assets	<u>21,424,010</u>	<u>1,101,986</u>	<u>22,525,996</u>
Total Assets	<u>\$ 23,149,592</u>	<u>\$ 1,479,399</u>	<u>\$ 24,628,991</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	\$ 310,058	\$ 2,714	\$ 312,772
Accrued expenses	5,523	352	5,875
Retainage payable	155,165	11,400	166,565
Deferred revenue	107,171	30,065	137,236
Due to other funds		2,993	2,993
Current portion of estimated liability for landfill closure and postclosure care costs		64,913	64,913
Total Current Liabilities	<u>577,917</u>	<u>112,437</u>	<u>690,354</u>
Noncurrent Liabilities:			
Compensated absences	65,313	3,075	68,388
Other long-term obligations	2,208,523		2,208,523
Estimated liability for landfill closure and postclosure care costs		253,575	253,575
Total Noncurrent Liabilities	<u>2,273,836</u>	<u>256,650</u>	<u>2,530,486</u>
Total Liabilities	<u>2,851,753</u>	<u>369,087</u>	<u>3,220,840</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	19,215,487	1,101,986	20,317,473
Unrestricted	1,082,352	8,326	1,090,678
Total Net Assets	<u>20,297,839</u>	<u>1,110,312</u>	<u>21,408,151</u>
Total Liabilities and Net Assets	<u>\$ 23,149,592</u>	<u>\$ 1,479,399</u>	<u>\$ 24,628,991</u>

*See accompanying notes to the basic financial statements*

EXHIBIT F  
CITY OF BERLIN, NEW HAMPSHIRE  
Statement of Revenues, Expenses and Changes in Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2004

	Business-type Activities		
	Sewer Fund	Nonmajor Enterprise Funds	Totals
Operating revenues:			
Charges for services	\$ 1,370,609		\$ 1,370,609
Miscellaneous		\$ 136,463	136,463
Total operating revenues	<u>1,370,609</u>	<u>136,463</u>	<u>1,507,072</u>
Operating expenses:			
Personal services	583,522	39,746	623,268
Repairs and maintenance	25,920	2,187	28,107
Administrative	40,111		40,111
Materials and supplies	207,698	26,066	233,764
Utilities	112,848	14,384	127,232
Depreciation	749,030	68,151	817,181
Total operating expenses	<u>1,719,129</u>	<u>150,534</u>	<u>1,869,663</u>
Operating income (loss)	<u>(348,520)</u>	<u>(14,071)</u>	<u>(362,591)</u>
Non-operating revenues (expenses):			
Interest revenue		118	118
Interest expense		(91)	(91)
Gain on sale of asset		15,287	15,287
Net non-operating revenues (expenses)	<u>-</u>	<u>15,314</u>	<u>15,314</u>
Change in net assets	(348,520)	1,243	(347,277)
Total net assets at beginning of year	<u>20,646,359</u>	<u>1,109,069</u>	<u>21,755,428</u>
Total net assets at end of year	<u>\$ 20,297,839</u>	<u>\$ 1,110,312</u>	<u>\$ 21,408,151</u>

EXHIBIT G  
CITY OF BERLIN, NEW HAMPSHIRE  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2004

	Business-type Activities		
	Sewer Fund	Nonmajor Enterprise Funds	Totals
Cash flows from operating activities:			
Cash received from customers	\$ 1,334,769	\$ 198,357	\$ 1,533,126
Cash paid to suppliers and employees	(972,624)	(570,828)	(1,543,452)
Net cash provided (used) by operating activities	<u>362,145</u>	<u>(372,471)</u>	<u>(10,326)</u>
Cash flows from capital and related financing activities:			
Proceeds from long-term debt	1,067,430		1,067,430
Payments from loan receivable		(8,673)	(8,673)
Proceeds from sale of assets		114,137	114,137
Purchases of capital assets	(1,666,276)	(28,959)	(1,695,235)
Principal paid on note payable		(89,453)	(89,453)
Interest paid on note payable		(91)	(91)
Net cash provided (used) for capital and related financing activities	<u>(598,846)</u>	<u>(13,039)</u>	<u>(611,885)</u>
Cash flows from investing activities:			
Interest on investments		118	118
Net cash provided by investing activities	<u>-</u>	<u>118</u>	<u>118</u>
Net decrease in cash and cash equivalents	(236,701)	(385,392)	(622,093)
Cash and cash equivalents at beginning of year, as restated	712,890	465,148	1,178,038
Cash and cash equivalents (deficiency) at end of year	<u>\$ 476,189</u>	<u>\$ 79,756</u>	<u>\$ 555,945</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating loss	\$ (348,520)	\$ (14,071)	\$ (362,591)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation expense	749,030	68,151	817,181
Changes in assets and liabilities:			
Accounts receivable, net	(35,840)		(35,840)
Due from other governments		35,222	35,222
Prepaid expenses	1,435		1,435
Inventory	(5,136)		(5,136)
Accounts payable	(10,927)	(164,635)	(175,562)
Accrued expenses	6,154	(485)	5,669
Retainage payable		(17,001)	(17,001)
Deferred revenue		26,673	26,673
Compensated absences	5,949	956	6,905
Estimated liability for landfill closure and postclosure care costs		(307,281)	(307,281)
Net cash provided (used) by operating activities	<u>\$ 362,145</u>	<u>\$ (372,471)</u>	<u>\$ (10,326)</u>
Supplemental disclosure of non-cash transactions:			
Cost basis of disposed capital assets		\$ 98,850	\$ 98,850
Capital asset additions included in year end liabilities	\$ 291,862		291,862
	<u>\$ 291,862</u>	<u>\$ 98,850</u>	<u>\$ 390,712</u>

See accompanying notes to the basic financial statements

**EXHIBIT H**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2004**

	Private- Purpose <u>Trusts</u>	Agency <u>Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 777	\$ 131,456
Investments	<u>128,979</u>	
Total assets	<u>\$ 129,756</u>	<u>\$ 131,456</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 305	
Due to other funds	14,567	
Due to student groups		<u>\$ 131,456</u>
Total liabilities	<u>14,872</u>	<u>\$ 131,456</u>
<b>NET ASSETS</b>		
Held in trust	<u>114,884</u>	
Total net assets	<u>\$ 114,884</u>	

*See accompanying notes to the basic financial statements*



**EXHIBIT I**  
**CITY OF BERLIN, NEW HAMPSHIRE**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2004**

	<u>Private- Purpose Trust Fund</u>
<b>ADDITIONS:</b>	
Investment earnings:	
Interest	\$ 320
Total Additions	<u>320</u>
<b>DEDUCTIONS:</b>	
Benefits	<u>3,496</u>
Total Deductions	<u>3,496</u>
Change in Net Assets	(3,176)
Net assets - beginning of year	<u>118,060</u>
Net assets - end of year	<u>\$ 114,884</u>

*See accompanying notes to the basic financial statements*

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2004**

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the City of Berlin, New Hampshire conform to accounting policies generally accepted in the United States of America for local governmental units, except as indicated hereinafter. The following is a summary of significant accounting policies.

***Financial Reporting Entity***

The City of Berlin, New Hampshire (the City) was incorporated in 1829. The City operates under the City Council/City Mayor form of government and performs local governmental functions authorized by State law.

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

Accounting principles generally accepted in the United States of America (Governmental Accounting Standards Board Statement No. 14) require that all component units for which the City maintains financial oversight be included in the financial statements. Oversight responsibility is derived from a number of criteria including financial interdependency, selection of governing authority, designation of management, ability to influence operations and accountability for fiscal matters. The relative importance of each criteria must be evaluated in light of specific circumstances.

Although the decision to include or exclude a component unit is left to the professional judgment of local responsible officials, a positive response to any of the criteria requires that the specific reason for excluding the component unit be disclosed.

**Discretely Presented Component Unit**

The component unit columns in the government-wide financial statements include the financial data of the City's component unit, the Berlin Water Works. It is reported in a separate column to emphasize that they are legally separate from the City.

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

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

***Basis of Presentation***

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

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2004**

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**1. Government-Wide Financial Statements:**

The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds, and its component unit.

The statement of net assets presents the financial condition of the governmental activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the City.

**2. Fund Financial Statements:**

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

***Fund Accounting***

The City uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

**1. Governmental Funds:**

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following is the City's major governmental fund:

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

**CITY OF BERLIN, NEW HAMPSHIRE  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2004**

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Deferred Revenue:**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

**3. Expenses/Expenditures:**

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

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

***Budgetary Data***

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

State law requires balanced budgets but permits the use of beginning fund balance to reduce the property tax rate. For the year ended June 30, 2004, the City applied \$594,000 of its unappropriated fund balance to reduce taxes.

***Encumbrance Accounting***

Encumbrance accounting, under which purchase orders and other commitments for expenditure of monies are recorded in order to reserve a portion of the applicable appropriation, is employed as an extension of formal budgetary integration in Governmental Funds. Encumbrances outstanding at year end are reported as a component of fund balance since they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services.

***Cash and Cash Equivalents***

The City pools its cash resources for the governmental and proprietary funds. Cash applicable to a particular fund is reflected as an interfund balance. For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of the following:

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2004**

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

***Basis of Accounting***

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

In the government-wide financial statements and proprietary fund statements, private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are followed to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

**1. Revenues – Exchange and Non-exchange Transactions:**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days of fiscal year end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 2). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes and interest on investments.

Licenses and permits, charges for services, and miscellaneous revenues (except interest on investments) are recorded as revenues when received in cash because they are generally not measurable until actually received.

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2004**

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Proprietary Funds:**

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

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

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

**3. Fiduciary Funds:**

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

***Measurement Focus***

**1. Government-Wide Financial Statements:**

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

**2. Fund Financial Statements:**

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

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2004**

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Totals</u>
Proprietary Funds:			
Sewer fund	\$ 476,189		\$ 476,189
Nonmajor funds	<u>82,749</u>	<u>\$ (2,993)</u>	<u>79,756</u>
	<u>\$ 558,938</u>	<u>\$ (2,993)</u>	<u>\$ 555,945</u>

***Investments***

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

***Taxes Receivable***

Taxes levied during the current fiscal year and prior and uncollected at June 30, 2004 are recorded as receivables net of reserves for estimated uncollectibles of \$313,195.

***Prepaid Expenses***

Payments made to vendors for services that will benefit periods beyond June 30, 2004 are recorded as prepaid items.

***Inventory***

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased.

***Restricted Cash and Investments***

Restricted cash and investments consist of deposits held in escrow accounts.

***Capital Assets***

General capital assets result from expenditures in the governmental and proprietary funds. These assets are reported in the government-wide statement of net assets, but are not reported in the fund financial statements.

All capital assets including infrastructure are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$10,000. The City's infrastructure consists of roads, bridges, sidewalks, sewer collection and treatment system, and similar

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2004**

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

items. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized.

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

<u>Description</u>	<u>Years</u>
Infrastructure	15-30
Land improvements	30
Buildings and improvements	10-60
Vehicles and equipment	3-30

***Compensated Absences***

Employees earn vacation and sick leave as they provide services. Provision is made in the annual budget for vacation and sick leave. Pursuant to City personnel policy and collective bargaining agreements, employees may accumulate (subject to certain limitations) unused sick pay earned and, upon retirement, resignation or death will be compensated for such amounts at current rates of pay.

For governmental fund financial statements, compensated absences are reported as liabilities and expenditures as payments come due each period upon the occurrence of employee death or retirement. The entire compensated absence liability is reported on the government-wide financial statements.

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

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

***Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances on any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.



**CITY OF BERLIN, NEW HAMPSHIRE  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2004**

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The City's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

***Fund Balance Reserves***

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances, prepaid expenses and special purposes.

***Interfund Activity***

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

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

***Operating Revenues and Expenses***

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

***Estimates***

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

**NOTE 2--PROPERTY TAXES**

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1 (\$265,849,142 as of April 1, 2003) and are due in two installments on July 1, 2003 and December 1, 2003. Taxes paid after the due dates accrue interest at 12% per annum. Property taxes are recognized as revenue when received in cash or if available to finance current period operations (within sixty days of year end) in the governmental fund statements only. Full accrual is reported in the government wide financial statements.

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2004**

**NOTE 2--PROPERTY TAXES (CONTINUED)**

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

In accordance with State law, the City collects taxes for Coos County, an independent governmental unit, which are remitted to the County as required by law. Taxes appropriated to Coos County for the year ended June 30, 2004 were \$1,262,877. The City bears responsibility for uncollected taxes.

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

At June 30, 2004 the following nonmajor governmental fund was in a deficit position:

Airport Authority Fund	<u>\$ 91,906</u>
------------------------	------------------

The City's management intends to rectify the above conditions by transferring funds from the General Fund to offset the deficit positions.

**NOTE 4--RISK MANAGEMENT**

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2004, the City was a member of the New Hampshire Public Risk Management Exchange (PRIMEX). The City currently reports all of its risk management activities in its General Fund. The Trust is classified as a "Risk Pool" in accordance with accounting principles generally accepted in the United States of America.

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

The Trust agreement permits the Trusts to make additional assessments to members should there be a deficiency in Trust assets to meet its liabilities. Accounting principles generally accepted in the United States of America require members of pools with a sharing of risk to determine whether or not such assessment is probable and, if so, a reasonable estimate of such assessment. At this time, the Trust foresee no likelihood of an additional assessment for any of the past years.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Based on the best available information there is no liability at June 30, 2004.

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2004**

**NOTE 5--CASH AND INVESTMENTS**

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

The City's investment policy for governmental fund types requires that deposits and investments be made in New Hampshire based financial institutions that are participants in one of the federal depository insurance programs. The City limits its investments to demand deposits, money market accounts, certificates of deposit, and repurchase agreements in accordance with New Hampshire State law (RSA 41:29) or the New Hampshire Public Deposit Investment Pool (NHPDIP), and external investment pool. Responsibility for the investments of the Trust Funds is with the Board of Trustees. Investments of the Student Activities Agency Funds are at the discretion of the School Principals.

The NHPDIP is not registered with the United States Securities and Exchange Commission as an investment company. The NHPDIP was created by state law and is administered by a public body of state, local and banking officials.

At year end, the carrying amount of the City's cash deposits for its governmental, proprietary, and fiduciary funds, included restricted cash, was \$5,356,609 and the bank balance was \$6,379,215. Of the bank balance, \$6,341,957 was covered by federal depository insurance or collateralized by securities held by the bank and \$37,258 was uninsured and uncollateralized.

The City's investments are categorized to provide an indication of the level of risk assumed by the City of Berlin. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the City's name. Category 3 includes uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the City's name.

At year end, the City's investment balances for its governmental and fiduciary funds were as follows:

	Category			Fair Value
	1	2	3	
Certificates of deposit	<u>\$ 225,173</u>	<u>\$ 17,753</u>	<u>\$ -</u>	\$ 242,926
Investments in New Hampshire Public Deposit Investment Pool (NHPDIP)				<u>407,117</u>
Total Investments				<u>\$ 650,043</u>

Investments in the NHPDIP are not investment securities and, as such, are not categorized by risk.

**NOTE 6—DUE FROM OTHER GOVERNMENTS**

Receivables from other governments at June 30, 2004 consists of tuition from other Districts and various federal and state fundings. All receivables are considered collectible in full and will be received within one year. A summary of the principal items of intergovernmental receivables is as follows:

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2004**

**NOTE 6—DUE FROM OTHER GOVERNMENTS (CONTINUED)**

State shared revenues	\$ 474,616
Police grants	64,892
Medicaid	41,500
Tuition from other Districts	591,842
Berlin Water Works reimbursement	772
Fire department reimbursement	1,149
School lunch program	17,651
Airport improvement program grants	7,604
State revolving loan proceeds receivable	1,000,862
Bridge improvement grant	7,396
Cates Hill landfill closure project	285,991
Federal Projects grants:	
Title I grants	365,545
Title II grants	97,875
Title IV grants	9,062
Special education grants	346,749
Vocational education grants	18,581
Education technology grants	169,684
New teachers grant	51,000
Safe and drug-free schools grant	20,423
	<u>\$ 3,573,194</u>

**NOTE 7—CAPITAL ASSETS**

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

	Balance 07/01/03	Additions	Reductions	Balance 06/30/04
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 532,948	\$ 60,881		\$ 593,829
Construction in process	532,624		\$ (510,924)	21,700
Total capital assets not being depreciated	<u>1,065,572</u>	<u>60,881</u>	<u>(510,924)</u>	<u>615,529</u>
Other capital assets:				
Infrastructure	6,214,740	74,688		6,289,428
Land improvements	4,146,442	369,736		4,516,178
Buildings and improvements	7,478,439	147,386		7,625,825
Vehicles and equipment	4,592,015	1,462,038	(42,300)	6,011,753
Total other capital assets at historical cost	<u>22,431,636</u>	<u>2,053,848</u>	<u>(42,300)</u>	<u>24,443,184</u>
Less accumulated depreciation for:				
Infrastructure	(2,345,334)	(222,239)		(2,567,573)
Land improvements	(2,108,426)	(92,814)		(2,201,240)

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2004**

**NOTE 7—CAPITAL ASSETS (CONTINUED)**

Buildings and improvements	(3,479,845)	(140,263)		(3,620,108)
Vehicles and equipment	(2,641,838)	(361,214)	37,300	(2,965,752)
Total accumulated depreciation	(10,575,443)	(816,530)	37,300	(11,354,673)
Total other capital assets, net	11,856,193	1,237,318	(5,000)	13,088,511
Total capital assets, net	<u>\$ 12,921,765</u>	<u>\$ 1,298,199</u>	<u>\$ (515,924)</u>	<u>\$ 13,704,040</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 16,790
Public safety	145,174
Airport/Aviation center	125,182
Highways and streets	341,370
Sanitation	9,850
Health and welfare	2,071
Culture and recreation	13,646
Education	160,794
Food service	1,653
Total governmental activities depreciation expense	<u>\$ 816,530</u>

The balance of the assets acquired through capital leases as of June 30, 2004 is as follows:

Buildings and improvements	\$ 467,847
Vehicles and equipment	732,772
Less accumulated depreciation for:	
Buildings and improvements	(140,354)
Vehicles and equipment	(117,720)
	<u>\$ 942,545</u>

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

	Balance 07/01/03	Additions	Reductions	Balance 06/30/04
Business-type activities:				
Capital assets not depreciated:				
Land	\$ 401,883		\$ (27,000)	\$ 374,883
Construction in process	361,499	\$ 1,958,138	-	2,319,637
Total capital assets not being depreciated	<u>763,382</u>	<u>1,958,138</u>	<u>(27,000)</u>	<u>2,694,520</u>
Other capital assets:				
Buildings and improvements	35,388,191	28,960	(186,088)	35,231,063
Vehicles and equipment	801,884			801,884
Total other capital assets at historical cost	<u>36,190,075</u>	<u>28,960</u>	<u>(186,088)</u>	<u>36,032,947</u>

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2004**

**NOTE 7—CAPITAL ASSETS (CONTINUED)**

Less accumulated depreciation for:				
Buildings and improvements	(15,049,388)	(741,084)	114,237	(15,676,235)
Vehicles and equipment	(449,140)	(76,096)		(525,236)
Total accumulated depreciation	(15,498,528)	(817,180)	114,237	(16,201,471)
Total other capital assets, net	20,691,547	(788,220)	(71,851)	19,831,476
Total capital assets, net	<u>\$ 21,454,929</u>	<u>\$ 1,169,918</u>	<u>\$ (98,851)</u>	<u>\$ 22,525,996</u>

Depreciation expense was charged to proprietary funds as follows:

Sewer Fund	\$ 749,030
Nonmajor Funds	68,151
Total business-type activities depreciation expense	<u>\$ 817,181</u>

**NOTE 8—DEFINED BENEFIT PENSION PLAN**

***Plan Description***

The City contributes to the New Hampshire Retirement System (NHRS), a cost-sharing multiple-employer defined benefit pension plan administered by the NHRS Board of Trustees. The plan provides service, disability, death and vested retirement allowances to plan members and beneficiaries. Benefit provisions are established and may be amended by the New Hampshire State legislature. The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System, 4 Chenell Drive, Concord, New Hampshire 03301.

***Funding Policy***

Covered public safety employees are required to contribute 9.3% of their covered salary, whereas teachers and general employees are required to contribute 5.0% of their covered salary. The City is required to contribute at an actuarially determined rate. The City's contribution rates for the covered payroll of police officers, fire employees, teachers, and general employees were 7.87%, 13.44%, 2.64%, and 5.90%, respectively. The City contributes 65% of the employer cost for police officers, fire employees, and teachers, and the State contributes the remaining 35% of the employer cost. The City contributes 100% of the employer cost for general employees of the City. In accordance with accounting principles generally accepted in the United States of America (GASB #24), on-behalf fringe benefits contributed by the State of New Hampshire of \$193,811 have been reported as a revenue and expenditure of the General Fund in these financial statements.

Per RSA-100:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the NHRS Board of Trustees based on an actuarial valuation. The City's contributions to the NHRS for the years ending June 30, 2004, 2003, and 2002 were \$498,881, \$388,581, and \$379,822, respectively, equal to the required contributions for each year.

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2004**

**NOTE 9—LONG-TERM OBLIGATIONS**

***Changes in Long-Term Obligations***

The changes in the City's long-term obligations for the year ended June 30, 2004 are as follows:

	Balance <u>07/01/03</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>06/30/04</u>	Due Within <u>One Year</u>
<b>Governmental activities:</b>					
Bonds payable	\$ 9,975,618		\$ (1,561,703)	\$ 8,413,915	\$ 1,261,703
Capital leases payable	192,866	\$ 574,378	(75,685)	691,559	127,268
Compensated absences	1,504,475	60,695		1,565,170	-
Total governmental activities	<u>\$ 11,672,959</u>	<u>\$ 635,073</u>	<u>\$ (1,637,388)</u>	<u>\$ 10,670,644</u>	<u>\$ 1,388,971</u>
<b>Business-type activities:</b>					
Notes payable	\$ 89,453		\$ (89,453)		
Other long-term obligations	140,231	\$ 2,068,292		\$ 2,208,523	
Compensated absences	51,752	16,636		68,388	-
Total business-type activities	<u>\$ 281,436</u>	<u>\$ 2,084,928</u>	<u>\$ (89,453)</u>	<u>\$ 2,276,911</u>	<u>\$ -</u>
<b>Component unit activities:</b>					
Bonds payable	\$ 13,218,952	\$ 2,000,000	\$ (1,006,439)	\$ 14,212,513	\$ 886,959
Other long-term obligations	1,996,517	1,805,597	(2,000,000)	1,802,114	-
Total component unit activities	<u>\$ 15,215,469</u>	<u>\$ 3,805,597</u>	<u>\$ (3,006,439)</u>	<u>\$ 16,014,627</u>	<u>\$ 886,959</u>

Payments on the general obligation bonds and capital leases are paid out of the General Fund. Payments on the notes payable are paid out of the Berlin Industrial Development and Park Authority Fund. Compensated absences will be paid from the fund where the employee's salary is paid. Payments on the landfill closure and postclosure care costs for the East Milan landfill are paid out of the General Fund. Payments on the landfill closure and postclosure care costs for the Cates Hill landfill are paid out of the Cates Hill Landfill Fund.

Payments on the long-term obligations of the component unit are paid by the Berlin Water Works.

***General Obligation Bonds***

**Primary Government:**

Bonds payable at June 30, 2004 are comprised of the following individual issues:

\$5,100,000 Deficit Funding Bonds due in annual installments of \$510,000 through July, 2009; interest at 4.5% - 5.25%	\$ 3,060,000
\$1,134,062 Landfill Closure Bonds due in annual installments of \$56,703 through November, 2016; interest at 4.48%	737,140

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2004**

**NOTE 9—LONG-TERM OBLIGATIONS (CONTINUED)**

\$4,500,000 State Guaranteed School Improvement Bonds due in annual installments of \$300,000 through January, 2013; interest at 4.15% - 4.9%	2,700,000
\$1,500,000 School Improvement Bonds due in annual installments of \$100,000 through January, 2013; interest at 4.3% - 4.95%	900,000
\$450,000 Fire Truck Bonds due in annual installments of \$45,000 through August, 2004; interest at 4.7% - 7.0%	45,000
\$69,275 Asbestos Grant Loan due in annual installments of \$5,000 through 2005 and \$1,775 in 2006	6,775
\$1,210,000 Public Works Bond due in annual installments of \$245,000 through August, 2004 and \$240,000 through August, 2007; interest at 3.0% - 3.5%	965,000
	<u>\$ 8,413,915</u>

Debt service requirements to retire general obligation bonds outstanding at June 30, 2004 are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2005	\$ 1,261,703	\$ 371,211	\$ 1,632,914
2006	1,208,478	316,809	1,525,287
2007	1,206,703	262,668	1,469,371
2008	1,206,703	208,378	1,415,081
2009	966,703	157,888	1,124,591
2010-2014	2,393,516	280,915	2,674,431
2015-2017	170,109	15,242	185,351
	<u>\$ 8,413,915</u>	<u>\$ 1,613,111</u>	<u>\$ 10,027,026</u>

The State of New Hampshire annually reimburses the City for its share of sewer and landfill related debt service payments. For the year ended June 30, 2004, the sewer reimbursement was \$165,626, and the landfill closure reimbursement was \$13,242.

As included on the Statement of Activities (Exhibit B), interest expense for the year ended June 30, 2004 was \$796,520 on general obligation debt for the City of Berlin.

Component Unit:

Bonds payable at June 30, 2004 are comprised of the following individual issues:



**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2004**

**NOTE 9—LONG-TERM OBLIGATIONS (CONTINUED)**

Bond payable due in annual installments of \$150,000 through August, 2013; interest at 5.3% - 5.875%	\$ 1,500,000
Bond payable due in annual installments of \$150,000 through August, 2014; interest at 6.125% - 7.0%	1,650,000
Bond payable due in annual installments of \$305,000 through August, 2016; interest at 5.25% - 5.625%	3,660,000
State revolving loan payable due in variable annual installments of \$110,477 to \$14,462 through December, 2020; interest at 3.8%	1,317,143
State revolving loan payable due in variable annual installments of \$142,470 to \$18,479 through November, 2020; interest at 3.8%	1,698,534
State revolving loan payable due in variable annual installments of \$56,016 to \$6,934 through December, 2021; interest at 3.704%	713,946
State revolving loan payable due in variable annual installments of \$137,384 to \$17,007 through December, 2021; interest at 3.704%	1,751,016
State revolving loan payable due in variable annual installments of \$103,859 to \$53,742 through May, 2023; interest at 3.728%	1,921,874
	<u>\$ 14,212,513</u>

Debt service requirements to retire general obligation bonds outstanding, net of principal forgiveness from the State of New Hampshire to be forgiven over a period of 19 years from the start of the individual State Revolving Loan Funds of \$2,106,939 at June 30, 2004 are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2005	\$ 886,959	\$ 644,030	\$ 1,530,989
2006	893,056	596,553	1,489,609
2007	898,991	548,429	1,447,420
2008	904,705	499,680	1,404,385
2009	910,121	450,312	1,360,433
2010-2014	4,612,911	1,490,478	6,103,389
2015-2019	2,319,392	459,817	2,779,209
2020-2023	679,439	72,738	752,177
	<u>\$ 12,105,574</u>	<u>\$ 4,762,037</u>	<u>\$ 16,867,611</u>

Interest expense for the year ended June 30, 2004 was \$684,936 on general obligation debt for the Berlin Water Works.

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2004**

**NOTE 9—LONG-TERM OBLIGATIONS (CONTINUED)**

Under state law, the City is required to issue general obligation debt for the Berlin Water Works (a component unit of the City). Accordingly, this general obligation debt is recognized as a liability of the Berlin Water Works and is not recorded as a long term obligation of the City. The Commissioners of the Berlin Water Works have agreed to reimburse the City for the annual principal and interest payments on this debt. For the year ended June 30, 2004, the reimbursement was \$1,003,266, which consists of \$605,000 in principal and \$398,266 in interest.

The State of New Hampshire annually forgives a portion of the Berlin Water Works' State Revolving Loan debt principal under the Disadvantaged System Program. For the year ended June 30, 2004, the Berlin Water Works received a forgiveness of principal of \$125,687.

***Capital Lease Obligations***

Capital lease obligations represent lease agreements entered into for the financing of equipment acquisitions. These contracts are subject to cancellation should funds not be appropriated to meet payment obligations. Amounts are annually budgeted in the applicable function. Following are the individual capital lease obligations at June 30, 2004:

Equipment, due in monthly installments of \$4,708, including interest at 6.5%, through February, 2005	\$ 48,929
Equipment, due in annual installments of \$69,673, including interest at 4.09%, through April, 2013	528,295
Equipment, due in monthly installments of \$7,572, with no stated interest rate, through September, 2004	7,571
Equipment, due in annual installments of \$23,298, including interest at 3.5%, through August, 2008	106,764
	<u>\$ 691,559</u>

Debt service requirements to retire capital lease obligations outstanding at June 30, 2004 are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2005	\$ 127,268	\$ 23,381	\$ 150,649
2006	71,947	21,023	92,970
2007	74,810	18,160	92,970
2008	77,788	15,183	92,971
2009	80,884	12,086	92,970
2010-2013	258,862	19,831	278,693
	<u>\$ 691,559</u>	<u>\$ 109,664</u>	<u>\$ 801,223</u>

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2004**

**NOTE 9—LONG-TERM OBLIGATIONS (CONTINUED)**

*Other Long-Term Obligations*

Primary Government:

The City has drawn \$2,208,523 of approximately \$8,342,200 in funds under the State of New Hampshire, State Water Pollution Control Revolving Fund Program for the improvements to the Wastewater Treatment Facility and Pump Stations. Payments are not scheduled to commence until the first anniversary of the scheduled completion date of the project or the date of substantial completion, whichever is earliest. The scheduled completion date is March 1, 2005.

Component Unit:

As of June 30, 2004, the Berlin Water Works has drawn down on two State Revolving Loan Funds a total amount of \$1,802,114. These State Revolving Loan Funds were issued in the City's name. These loans are not scheduled to be repaid until the projects are completed and all of the funds needed have been drawn down.

**NOTE 10—LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS**

State and federal laws and regulations require that the City place a final cover on its two landfills when closed and perform certain maintenance and monitoring functions at the landfill sites for thirty years after closure. An estimated liability has been recorded based on the future closure and postclosure care costs that will be incurred near or after the date the landfills no longer accept waste. These landfill closure and postclosure care costs are based on the amount of the landfills used. The estimated liability for landfill closure and postclosure care costs has a balance of \$560,505 as of June 30, 2004, which is based on 100% usage of the East Milan landfill and 100% usage of the Cates Hill landfill. The estimated liability for the closure and postclosure care costs of the East Milan landfill (\$242,017) and the Cates Hill landfill (\$318,488) has been reported as a liability of the Governmental Funds and the Cates Hill Landfill Proprietary Fund, respectively. The East Milan landfill was capped during fiscal year 1997, and the Cates Hill landfill is expected to be capped during fiscal year 2005. The estimated total current cost of the landfill closure and postclosure care of \$560,505 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor and maintain the landfills were acquired as of June 30, 2004. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The closure costs of the East Milan landfill were financed through the issuance of debt under the State of New Hampshire, State Water Pollution Control Revolving Fund Program. The remaining postclosure care costs for the East Milan landfill are expected to be financed through annual taxation. The City has entered into an intermunicipal agreement with surrounding communities for the reimbursement of their share of the Cates Hill landfill closure and postclosure care costs. The remaining closure and postclosure care costs for the Cates Hill landfill are expected to be financed from the motor vehicle surcharges previously collected in the Cates Hill Landfill Fund.

The following is a summary of changes in the estimated liability for closure and postclosure care costs for the year ended June 30, 2004:

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2004**

**NOTE 10—LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS (CONTINUED)**

	Balance <u>07/01/03</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>06/30/04</u>	Amounts Due Within <u>One Year</u>
Governmental activities	\$ 252,540		\$ (10,523)	\$ 242,017	\$ 10,523
Business-type activities	<u>625,769</u>		<u>(307,281)</u>	<u>318,488</u>	<u>64,913</u>
	<u>\$ 878,309</u>	<u>\$ -</u>	<u>\$ (317,804)</u>	<u>\$ 560,505</u>	<u>\$ 75,436</u>

**NOTE 11—INTERFUND BALANCES AND TRANSFERS**

The City has combined the cash resources of its governmental, proprietary, and fiduciary fund types. For accounting and reporting purposes, that portion of the pooled cash balance is reported in the specific fund as an interfund balance. Interfund balances at June 30, 2004 are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Major Funds:		
General Fund	\$ 961,424	\$ 730,942
Sewer Fund	476,189	
Nonmajor Funds:		
Governmental Funds	331,221	1,103,081
Proprietary Funds	82,749	2,993
Fiduciary Funds:		
Private-Purpose Trusts		<u>14,567</u>
	<u>\$ 1,851,583</u>	<u>\$ 1,851,583</u>

During the year, several interfund transactions occurred between funds. The general fund participated in multiple transfers in and out resulting from nonmajor funds being discontinued during the year. Interfund transfers for the year ended June 30, 2004 are as follows:

<u>Fund</u>	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>
Major Funds:		
General Fund	\$ 29,735	\$ 16,683
Nonmajor Funds:		
Governmental Funds	<u>27,152</u>	<u>40,204</u>
	<u>\$ 56,887</u>	<u>\$ 56,887</u>

**NOTE 12—PERMANENT FUNDS**

Cemetery care funds are accounted for as permanent funds. The principal amounts of all cemetery care funds are restricted in that only income earned may be expended. Principal and income balances at June 30, 2004 are as follows:

**CITY OF BERLIN, NEW HAMPSHIRE  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2004**

**NOTE 12—PERMANENT FUNDS (CONTINUED)**

	<u>Principal</u>	<u>Income</u>	<u>Total</u>
Cemetery Funds	\$ 143,578	\$ 201,701	\$ 345,279

**NOTE 13—RESERVED FOR SPECIAL PURPOSES**

The balance reserved for special purposes at June 30, 2004 is as follows:

Unity Street Park	\$ 949
Sanitary landfill	<u>6,273</u>
	<u>\$ 7,222</u>

**NOTE 14—UNRESERVED FUND BALANCES**

The unreserved fund balance of the General Funds as of June 30, 2004 is as follows:

Designated for continuing appropriations	\$ 1,949,888
Undesignated	<u>1,046,830</u>
Total per Exhibit C	<u>\$ 2,996,718</u>

**NOTE 15—TOP TAXPAYERS**

The following are the five major property owners as they relate to the assessed property valuation of \$265,849,142:

<u>Taxpayer</u>	<u>Property Valuation</u>	<u>Percentage of Total Valuation</u>
Public Service of New Hampshire	\$ 33,727,300	12.69%
GNE, LLC	25,017,100	9.41%
Fraser NH, LLC	19,982,900	7.52%
Portland Natural Gas	10,797,600	4.06%
Individual taxpayer	1,765,300	0.66%

**NOTE 16—COMMITMENTS AND CONTINGENCIES**

***Ambulance Contract***

During 2003, the City entered into a long-term contract with an independent ambulance company to provide ambulance services until December 31, 2006. Terms of the contract include minimum payments, which are payable in monthly installments. For the year ended June 30, 2004, the City expended \$250,800 under the terms of the agreement. Minimum future payments are as follows:

**CITY OF BERLIN, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2004**

**NOTE 16—COMMITMENTS AND CONTINGENCIES (CONTINUED)**

Year Ending <u>June 30,</u>	<u>Amount</u>
2005	\$ 291,000
2006	318,000
2007	<u>162,000</u>
	<u>\$ 771,000</u>

*Other Contingencies*

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

**NOTE 17—RESTATEMENT OF EQUITY**

*Correction of an Error*

During the year ended June 30, 2004, capital assets were restated to correct the overstatement of food service assets and the understatement of solid waste fund assets as follows:

	Governmental <u>Funds</u>
Balance, July 1 - as previously reported	\$ 5,302,167
Amount of restatement due to:	
Capital assets not previously recorded	90,595
Capital assets overstated	<u>(14,976)</u>
Balance, July 1 - as restated	<u>\$ 5,377,786</u>

## MAYORS OF THE CITY OF BERLIN

### The Honorable...

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

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

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## CITY MANAGERS OF THE CITY OF BERLIN

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











