

MERRIMACK VILLAGE DISTRICT 2015 ANNUAL REPORT



Providing Safe, Clean Drinking Water to the Merrimack Community

*Annual Meeting * Merrimack, N.H. * March 29, 2016 at
7pm * Upper Elementary School – Baboosic Lake Road*

MERRIMACK VILLAGE DISTRICT ANNUAL REPORT 2015

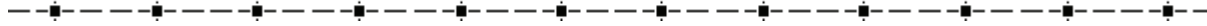


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MVD OFFICERS AND STAFF

District Officers

		<u>Term Expires</u>
Chairman	Lon Woods	2018
Chairman	Joe Comer	2017
Personnel Liaison	Anthony Pellegrino	2017
Commissioner	George (Chip) Keller	2016
Commissioner	John (Jack) Balcom	2018
Moderator	Lynn Christensen	2016
Clerk	Jill Lavoie	2017
Treasurer	Martin Carrier	2015
Secretary	Rita Carlton	Not elected

MVD Staff

Superintendent	Ron Miner
Finance and Human Resources	Natalie Couture
Customer Service & Billing	Carol Sutton
Admin. Manager/Water Quality Support	Jill Lavoie
Distribution Foreman	David Fredrickson
Assistant Distribution Foreman	Stephen Chase
Field Tech – Distribution	Ed Lambert
	Dan St. Pierre
	Heinz Smith
	Brian Hieken
Treatment Supervisor	Kevin Gurney
Assistant Treatment Supervisor	Jason Dubois
Field Tech – Treatment	James Colburn

Contact Information:

Telephone: (603) 424-9241 Fax: (603) 424-0563

Address: 2 Greens Pond Road Merrimack, NH 03054

Payment Information:

Pay on line by visiting the MVD website at www.mvdwater.org. You can pay with *credit cards, pin less debit cards*, or *E-Checks*. We also offer *a toll free number* found on the website to *pay by phone*.

A transaction fee will be charged by the service provider for the above payment methods.

Website: www.mvdwater.org



MERRIMACK VILLAGE DISTRICT

MISSION STATEMENT

“The Merrimack Village District will develop, operate and maintain our water system in a cost effective manner.”

Revised and adopted by the Board of Commissioners September 16, 2013

Merrimack Village District **Board of Commissioners & Elected Officers Update**

The Merrimack Village District Board of Commissioners consists of five members that meet monthly and/or at the call of the Chair. The Commissioners and elected officers are elected by the registered voters at the Annual Meeting in March and strive to provide high quality water and service to the rate payers of the District.

Chairman - Lon Woods had previously served on the MVD Board of Commissioners for many years and was elected again in 2006. Lon has also served the Town of Merrimack in many capacities as a member of the Charter Study Commission, School Board and Budget Committee.

Commissioner - Joe Comer was elected to the Board in 2011 as a commissioner. He worked for over 36 years with the Town of Merrimack in the Fire Department and Building Department.

Commissioner - George (Chip) Keller was elected to the Board in 2007 as a commissioner. He is a registered land surveyor with The State of New Hampshire and is associated with Fieldstone Land Consultants, PLLC. and is the former owner of George F. Keller Inc. Civil Engineers.

Personnel Liaison - Tony Pellegrino was elected to the Board in March 2005. He had previously been a commissioner for more than twelve years. He also served the Town of Merrimack as a selectman and member of the Conservation Commission.

Commissioner – John (Jack) Balcom joined the MVD in 2015 in his 3rd term as a State Representative, his 6th term as Trustee of the Trust Funds and a former School Board member. He is also a former President of the NH Music Teachers Association and of the Friends of Merrimack Public Library.

Moderator - Lynn Christensen

Clerk - Jill Lavoie

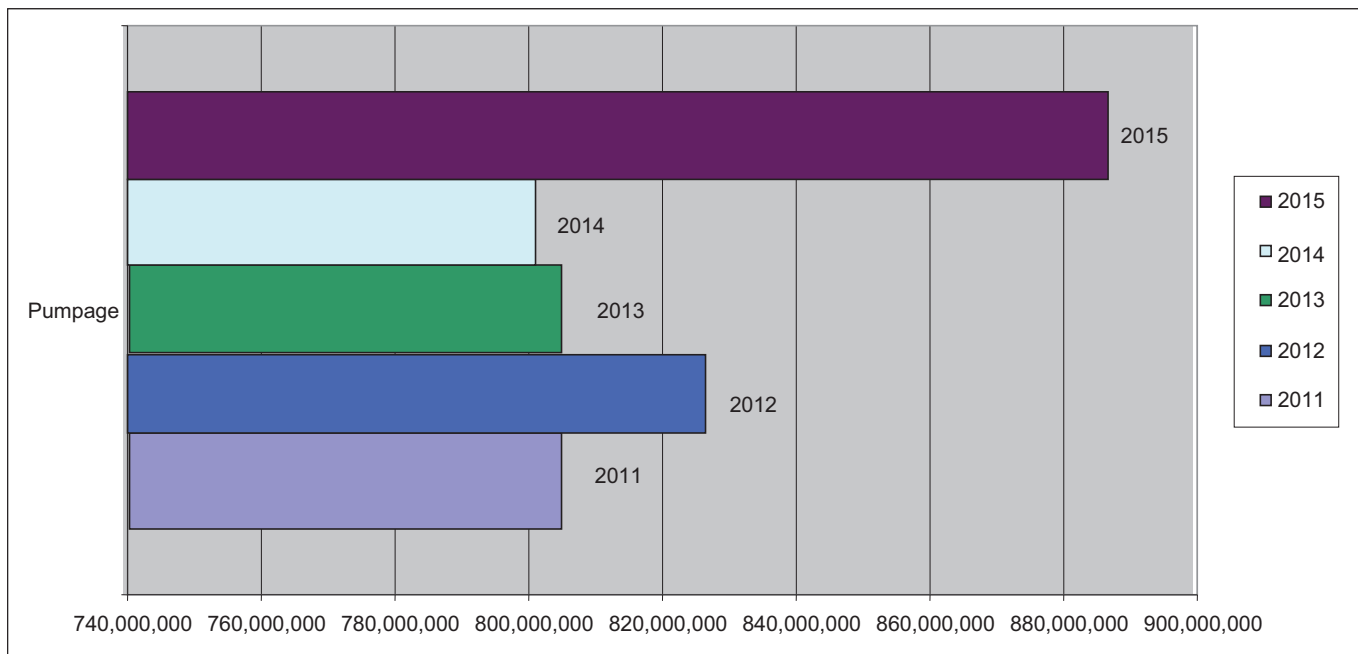
Treasurer - Martin Carrier

Secretary - Rita Pointon (not an elected position)

*Chairman Lon Woods would like to thank the Board of Commissioners
and the entire MVD staff for their support and dedication*

About the Merrimack Village District

The Merrimack Village District (MVD) is a Municipal Corporation established and regulated in accordance with the provisions of RSA 52 as amended. Under this law, the District has similar powers like a town and is governed by a five-member Board of Commissioners, Clerk, Treasurer and Moderator. The registered voters of Merrimack elect the officers at the District's Annual Meeting. The MVD provides water to over 87% of the town by servicing and maintaining 925,762 feet of pipe, 905 fire hydrants, 7 wells (6 active, 1 inactive), 3 water storage tanks and 2 booster stations. The MVD manages over 7,500 customer accounts, which include residents and businesses. As the town continues to grow, new water mains and fire hydrants continue to be added to the MVD system. In 2015, the gallons of water pumped for the year was 897,352,700. The following chart shows the total gallons pumped per year for the past 5 years.



The MVD website (www.mvdwater.org) continues to be updated and provides a vast amount of information for all Merrimack residents. Several items you can find on the website are: Schedule of Rates, Approved Budget, Flushing program, Public/Legal notices and the 2015 Calendar.

Consumer Confidence Report

Merrimack Village District

2015

What is a Consumer Confidence Report?

The Consumer Confidence Report (CCR) details the quality of your drinking water, where it comes from, and where you can get more information. This annual report documents all detected primary and secondary drinking water parameters, and compares them to their respective standards known as Maximum Contaminant Levels (MCLs).

NOW IT COMES WITH A LIST OF INGREDIENTS.



The sources of drinking water

(both tap water and bottled water) include rivers, lakes, streams, ponds, reservoirs, springs, and wells. As water travels over the surface of the land or through the ground, it dissolves naturally-occurring minerals and, in some cases, radioactive material, and can pick up substances resulting from the presence of animals or from human activity.

Contaminants that may be present in source water include:

Microbial contaminants, such as viruses and bacteria, which may come from sewage treatment plants, septic systems, agricultural livestock operations, and wildlife.

Inorganic contaminants, such as salts and metals, which can be naturally occurring or result from urban storm water runoff, industrial or domestic wastewater discharges, oil and gas production, mining or farming.

Pesticides and herbicides, which may come from a variety of sources such as agriculture, urban stormwater runoff, and residential uses.

Organic chemical contaminants, including synthetic and volatile organic chemicals, which are by-products of industrial processes and petroleum production, and can also come from gas stations, urban storm water runoff, and septic systems.

Radioactive contaminants, which can be naturally-occurring or be the result of oil and gas production and mining activities.

In order to ensure that tap water is safe to drink, EPA prescribes regulations which limit the amount of certain contaminants in water provided by public water systems. The US Food and Drug Administration (FDA) regulations establish limits for contaminants in bottled water which must provide the same protection for public health.

What is the source of my drinking water?

The District is supplied by 6 "ground water" wells known locally as Wells 2, 3, 4, 5, 7 and 8. Water is treated as required at the pumping stations prior to being released into the District network. The source assessment done in 2002 indicates that our wells are rated overall in LOW vulnerability to the susceptible criteria used. Four (4) wells were rated low, the other two (2) wells were rated in the medium range. The 4 page completed report can be obtained from the NHDES website at:

<http://des.nh.gov/organization/divisions/water/dwgb/dwsp/rep/repdocs/merrimack.pdf>

Why are contaminants in my water? Drinking water, including bottled water, may reasonably be expected to contain at least small amounts of some contaminants. The presence of contaminants does not necessarily indicate that water poses a health risk. More information about contaminants and potential health effects can be obtained by calling the Environmental Protection Agency's Safe Drinking Water Hotline at 1-800-426-4791.

Do I need to take special precautions? Some people may be more vulnerable to contaminants in drinking water than the general population. Immuno-compromised persons such as persons with cancer undergoing chemotherapy, persons who have undergone organ transplants, people with HIV/AIDS or other immune system disorders, some elderly, and infants can be particularly at risk from infections. These people should seek advice about drinking water from their health care providers. EPA/CDC guidelines on appropriate means to lessen the risk of infection by *Cryptosporidium* and other microbial contaminants are available from the Safe Drinking Water Hotline at 1-800-426-4791.

Source Water Assessment Summary

DES prepared drinking water source assessment reports for all public water systems between 2000 and 2003 in an effort to assess the vulnerability of each of the state's public water supply sources. Included in the report is a map of each source water protection area, a list of potential and known contamination sources, and a summary of available protection options. The results of the assessment, prepared for Well 7 in 2000 and the remainder of the wells in 2002 are noted below.

Well #	Susceptibility Rating		
	High	Medium	Low
1	1	2	9
2	1	2	9
3	1	2	9
4	3	4	5
5	4	3	5
7	1	2	9
8	1	2	9

Note: This information is over 10 years old and includes information that was current at the time the report was completed. Therefore, some of the ratings might be different if updated to reflect current information. At the present time, DES has no plans to update this data.

The complete Assessment Report is available for review at MVD, 2 Greens Pond Road, Merrimack, NH. For more information, call Ronald Miner, Jr. Superintendent at (603) 424-9241 x107 or visit the DES Drinking Water Source Assessment website at <http://des.nh.gov/organization/divisions/water/dwgb/dwsp/dwsap.htm>.

How can I get involved?

For more information about your drinking water, please call Jill Lavoie, Water Quality Testing at (603) 424-9241 x103 (email jill.lavoie@mvdwater.org) or Superintendent Ronald Miner, Jr. at (603) 424-9241 x107 (email ron.miner@mvdwater.org).

The MVD Board of Commissioners meets the 3rd Monday of each month except holidays. You may submit questions in writing to the MVD by sending them to 2 Greens Pond Road, Merrimack, NH 03054.

Violations None.

Definitions

Ambient Groundwater Quality Standard or AGQS: The maximum concentration levels for contaminants in groundwater that are established under RSA 485-C, the Groundwater Protection Act.

Maximum Contaminant Level or MCL: The highest level of a contaminant that is allowed in drinking water. MCLs are set as close to the MCLGs as feasible using the best available treatment technology.

Maximum Contaminant Level Goal or MCLG: The level of a contaminant in drinking water below which there is

no known or expected risk to health. MCLGs allow for a margin of safety.

Maximum Residual Disinfectant Level or **MRDL**: The highest level of a disinfectant allowed in drinking water. There is convincing evidence that addition of a disinfectant is necessary for control of microbial contaminants.

Maximum Residual Disinfectant Level Goal or **MRDLG**: The level of a drinking water disinfectant below which there is no known or expected risk to health. MRDLGs do not reflect the benefits of the use of disinfectants to control microbial contaminants.

Treatment Technique or **TT**: A required process intended to reduce the level of a contaminant in drinking water.

Turbidity: A measure of the cloudiness of the water. It is monitored by surface water systems because it is a good indicator of water quality and thus helps measure the effectiveness of the treatment process. High turbidity can hinder the effectiveness of disinfectants.

Abbreviations

- BDL: Below Detection Limit
- mg/L: milligrams per Liter
- NA: Not Applicable
- ND: Not Detectable at testing limits
- NTU: Nephelometric Turbidity Unit
- pCi/L: picoCurie per Liter
- ppb: parts per billion
- ppm: parts per million
- RAA: Running Annual Average
- TTHM: Total Trihalomethanes
- UCMR: Unregulated Contaminant Monitoring Rule
- ug/L: micrograms per Liter

Drinking Water Contaminants:

Lead: If present, elevated levels of lead can cause serious health problems, especially for pregnant women and young children. Lead in drinking water is primarily from materials and components associated with service lines and home plumbing. This water system is responsible for high quality drinking water, but can not control the variety of materials used in your plumbing components. When

your water has been sitting for several hours, you can minimize the potential for lead exposure by flushing cold water from your tap for at least 30 seconds before using water for drinking or cooking. Do not use hot water for drinking and cooking. If you are concerned about lead in your water, you may wish to have your water tested. Information on lead in drinking water, testing methods, and steps you can take to minimize exposure is available from the Safe Drinking Water Hotline or at <http://water.epa.gov/drink/info/lead/index.cfm>

Radon: Radon is a radioactive gas that you can't see, taste or smell. It can move up through the ground and into a home through cracks and holes in the foundation. Radon can also get into indoor air when released from tap water from showering, washing dishes, and other household activities. It is a known human carcinogen. Breathing radon can lead to lung cancer. Drinking water containing radon may cause an increased risk of stomach cancer.

Substances required for EPA testing	Highest Level Allowed (MCL)	Average Level Detected	Likely Source of Substance	Substances not required for EPA testing	Highest Level Allowed (MCL)	Average Level Detected	Likely Source of Substance
Lead (Pb)	.015 ppm	<.01 ppm	Corrosion of household plumbing systems	pH	6.4 – 10.00 units	5.90 units	Not a substance; indicator of level of acidity
Copper (Cu)	1.3 ppm	<.01 ppm	Corrosion of household plumbing systems	Radon (Rn)	4000 pCi/L	1414 pCi/L	Natural decomposition of granite rock
Nitrate	10 ppm	.28 ppm	Excessive use of lawn fertilizers	Chloride	250 ppm	159 ppm	Road salt
Nitrite	1 ppm	<.1 ppm	Excessive use of lawn fertilizers	Sodium (Na)	250 ppm	83 ppm	Mixture of naturally occurring salt deposits; most likely road salt
Arsenic (As)	.010 mg/l	<.005 mg/l	Naturally occurring				
Flouride*	4 ppm	<.1 ppm	Erosion of natural deposits, sometimes added to water supply but not in Merrimack				

Merrimack Village District

2 Greens Pond Road, Merrimack, NH 03054

(603) 424-9241 www.mvdwater.org



GROUNDWATER BASICS

What is groundwater?

Many people think of groundwater as underground lakes or rivers. Groundwater, however, is simply water that is stored beneath the earth's surface within the spaces between rocks and sand or between fractures in bedrock.

When enough water beneath the surface is present in a useable quantity, we call this an aquifer. Compared to the water in rivers and streams, groundwater moves very, very slowly.

For more information about groundwater, visit the [National Groundwater Foundation](#)

Where does groundwater come from?

Groundwater, like all water on earth, comes from precipitation-rain and snow-which percolates through the soil until it reaches the zone of saturation. At this point, the water moves toward sites of groundwater discharge, such as lakes, local springs and oceans.

Groundwater Guardian Community Since 1999

For the 15th year in a row, Merrimack has been awarded official Groundwater Guardian status from the National Groundwater Foundation in Lincoln, Nebraska. This program recognizes communities who are dedicated and committed to local groundwater protection to ensure a safe water supply for the future of the community. Merrimack is the only town in New Hampshire awarded this status.

What is the source of your water?

100% of Merrimack water comes from groundwater. Groundwater is precipitation that has soaked through the ground's surface and is stored where there are open spaces between rocks and soil. This water is pumped from wells located in various parts of Merrimack and Hollis. Water from each well is treated on-site at each pumping station and distributed through a network of water mains to homes, business and schools.

Where to go for more information?

Merrimack Village District * www.mvdwater.org * 603-424-9241

NH Department of Environmental Services * www.des.state.nh.us * 603-271-3503

US Environmental Protection Agency, Region 1 * www.epa.gov/region1

*888-372-7341

EPA Safe Drinking Water Hotline * 800-426-2791

US Center for Disease Control (CDC) * www.cdc.gov * 800-311-3435

GENERAL INFORMATION

Many people naturally assume our water comes from nearby rivers or lakes. Merrimack, however, is unique in that 100% of our drinking water comes from groundwater.

Our water distribution system begins with six ground water wells located in various parts of Merrimack and Hollis. Your water is pumped from one of these wells, treated on-site then pumped to one of three water tanks in town. From here, it is distributed through a network of over 175.5 miles of water mains to homes, businesses and schools.

Is there fluoride added to my water?

The Merrimack Village District Water Works does NOT add fluoride to the water.

New Customer?

New customers pay a one time Transfer Fee of \$40.00. You will see this fee on your first water bill. Please call with any questions.

What is the odd/even water restriction?

The water restriction is a tool to help manage our distribution system. Withdrawing water from the aquifer in a controlled manner allows us to protect against seasonal fluctuations. The odd/even restriction limits the days on which outside watering is allowed, based on whether your street address is an odd or even number and the date is an odd or even number.

How do I hook into MVD water?

Once water is established in your area, please come to the District office at 2 Greens Pond Road and/or the MVD website to complete an entrance application. It will be the resident's responsibility to continue service from the district line located at the edge of their property to the home. A meter horn will be furnished by the District, but installation is the responsibility of the homeowner. District personnel will install a water meter and a small black box that will enable our field technicians to read your water meter from outside your home.

Why is my water sometimes brown?

Brown water is often caused by a flushing of pipes in the distribution system: a water main break, or fire hydrant use. These harmless minerals, iron and manganese occur naturally in the water supply and are responsible for the brownish coloring of the water. The discolored water should disappear within a few hours.

Billing and Payments

Bills are sent on a quarterly basis to the property owner and include three components: actual water usage, a meter charge, and a fire hydrant charge. The hydrant fee is used to repair and maintain all hydrants and applies to any home within 600 feet of a hydrant whether or not you are an MVD customer.

Payments may be made by mail, online, and by phone. Information is located on our website at www.mvdwater.org. We also except payments at our office located at 2 Greens Pond Road, between the hours of 8:00 a.m. and 4:30 p.m., Monday through Friday (cash & checks only).

EASY STEPS TO PROTECT YOUR DRINKING WATER

Without realizing it, you could be contaminating your own drinking water. Unfortunately, contaminated groundwater is very difficult and expensive to clean-up. Below are some ways to protect your drinking water.

- ✓ Keep pollutants away from boat marinas and waterways
- ✓ Recycle used antifreeze
- ✓ Homeowners can protect groundwater by properly sealing abandoned wells
- ✓ Install a Backflow Protection Device for commercial properties
- ✓ Do not overuse household chemicals
- ✓ Limit the use of lawn fertilizers, and be sure to use only phosphorus-free lawn fertilizers
- ✓ Check your underground fuel storage tank (USTs) frequently for leaks
- ✓ Reduce paved areas
- ✓ Inspect your septic system every year
- ✓ Recycle used oil
- ✓ Reduce or eliminate pesticide application
- ✓ Report any spills or illegal dumping in designated drinking water protection areas
- ✓ Reduce the amount of trash you create
- ✓ Take advantage of recycling programs to reduce the solid waste
- ✓ Don't dump into storm drains



MERRIMACK VILLAGE DISTRICT

Cash and investments on hand, July 1, 2014 \$ 2,749,637

Receipts:

Water sales and assessments	2,356,485
Protection charges	639,781
Sprinkler system charges	124,194
Earnings on investments	13,279
Service and sales revenue	103,731
Developer fees	29,440
Fines revenue	23,640
Other revenue	64,007
Proceeds of other long term obligations	<u>1,125,716</u>

Total receipts \$4,480,273

Total amount available for the fiscal year \$7,229,910

Less: Net transfers to Trustees of Trust Funds \$318,750

Less: District obligations paid \$2,704,782

Less: Purchase of capital assets \$1,110,540

Cash and investments on hand, June 30, 2015 \$ 3,095,838

Respectfully submitted,

Martin P. Carrier
District Treasurer

MERRIMACK VILLAGE DISTRICT

Warrant

To the inhabitants of the Merrimack Village District in the Town of Merrimack, New Hampshire qualified to vote in District affairs:

You are hereby notified to meet in the **All Purpose Room** of the **James Mastricola Upper Elementary School at 26 Baboosic Lake Road** in said District on the 29th day of March 2016 at 7:00 PM to act upon the following:

ARTICLE 1: To choose one (1) Commissioner for a three-year (3) term of office. (Written ballot vote required)

ARTICLE 2: To choose one (1) Moderator for a two-year (2) term of office. (Written ballot vote required)

ARTICLE 3: To see if the Village District will vote to raise and appropriate the sum of \$3,257,439 for general municipal operations. This article does not include appropriations contained in special or individual articles addressed separately. (Majority vote required.)

Recommended by the Board of Commissioners (4-0-0)

ARTICLE 4: Shall the Merrimack Village District vote to establish a contingency fund by raising and appropriating the amount of \$20,000 to meet the cost of unanticipated expenses that may arise during the fiscal year 2016-2017? This fund shall not exceed one percent (1%) of the amount appropriated exclusive of capital expenditures and amortization of debt by such village district during the proceeding year. This is in accordance with RSA 52:4-a, which requires a detailed report of all expenditures to be made in the annual report. (Majority vote required.)

Recommended by the Board of Commissioners (4-0-0)

ARTICLE 5: Shall the Merrimack Village District vote to raise and appropriate a sum of \$29,440 under provisions of RSA 35:1, I and II to add to the District's "System Development Capital Reserve" for the future system expansion and improvement of the existing system. This sum to come from the fiscal year 2014-2015 surplus fund balance; these are the system development charges collected during the 2013-2014 budget year. (Majority vote required.)

Recommended by the Board of Commissioners (4-0-0)

ARTICLE 6: Shall the Merrimack Village District vote to raise and appropriate a sum of two hundred fifty thousand dollars (\$250,000) to add to the District's capital reserve fund under provisions of RSA 35:1, I and II for Equipment and Facilities associated with existing storage, transmission and production of water? This sum to come from the fiscal year 2014-2015 (year ending June 30, 2015) surplus fund balances. (Majority vote required.)

Recommended by the Board of Commissioners (4-0-0)

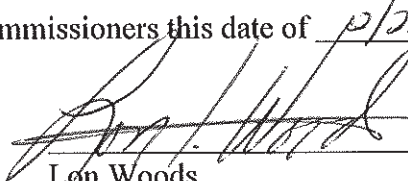
ARTICLE 7: Shall the Merrimack Village District vote to raise and appropriate a sum of two hundred fifty thousand dollars (\$250,000) to add to the District's capital reserve fund under provisions of RSA 35:1, III-a for Land Acquisition associated with existing storage, transmission and production of water? This sum to come from the fiscal year 2014-2015 (year ending June 30, 2015) surplus fund balances. (Majority vote required.)

Recommended by the Board of Commissioners (4-0-0)

ARTICLE 8: Shall the Merrimack Village District vote, pursuant to NH RSA 35:9-a-II, to authorize the Trustees of Trust Funds to pay for Capital reserve fund investment management services, and any other expenses incurred , from capital reserve funds income. No vote by the District to rescind such authority shall occur within five years of the original adoption of this article. (Majority vote required.)

Recommended by the Board of Commissioners (4-0-0)

A true copy of WARRANT – attest Board of Commissioners this date of 8/22, 2016.

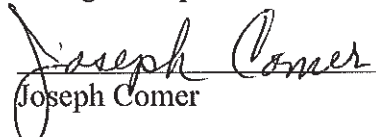


Lon Woods



Anthony Pellegrino

George "Chip" Keller



Joseph Comer

John "Jack" Balcom

**Merrimack Village District
2016/2017 Budget**

Acct #	Description	Actual 2012-2013	Actual 2013-2014	Actual 2014-2015	Approved 2015-2016	Staff Request 2016-2017	BOC Recommended 2016-2017	Annual Meeting 2016-2017	Support Data Page #
50010	Officers Salaries	9,385	9,615	9,510	9,995	9,895	9,895		7&8A
50100	Administrative Salaries	245,143	257,088	271,979	278,336	283,398	283,398		7&8A
50200	Field Staff	508,889	516,066	569,749	573,014	582,323	582,323		8&8A
50300	Unemployment Compensation	5,783	2,839	1,864	3,000	1,500	1,500		7&8
50350	Employee Wellness Program	462	195	1,375	2,000	2,300	2,300		8
50400	Social Security/ Medicare	58,392	60,303	65,551	65,300	66,230	66,230		7&8
50450	Retirement	60,851	70,195	81,386	91,900	96,703	96,703		7&8
50500	Health Insurance	219,401	246,203	213,475	250,472	252,000	252,000		7&8
50525	Dental Insurance	19,479	19,347	19,848	21,000	22,000	22,000		7&8
50550	Life/Short & Long Term Disability Insurance	5,611	5,882	6,372	6,500	6,600	6,600		7&8
50600	Workers Compensation	3,040	1,687	6,412	10,000	12,000	12,000		7&8

**Merrimack Village District
2016/2017 Budget**

Acct #	Description	Actual 2012-2013	Actual 2013-2014	Actual 2014-2015	Approved 2015-2016	Staff Request 2016-2017	BOC Recommended 2016-2017	Annual Meeting 2016-2017	Support Data Page #
60000	Electricity	245,502	222,502	209,715	265,570	257,939	257,939		9
60100	Telephone / Cable	12,795	14,189	21,564	19,000	23,700	23,700		9
60200	Uniforms	2,274	3,835	3,357	4,390	4,090	4,090		9
60225	Education/Seminars	1,623	1,952	1,655	2,455	2,355	2,355		9
60250	Testing / Licensing	2,076	1,918	202	1,850	1,650	1,650		9
60300	Water Purchase	2,142	2,289	3,424	5,500	5,000	5,000		9
60400	Heating Fuel LPG/Propane	7,724	13,321	10,077	10,600	11,200	11,200		9
60450	Gasoline	24,490	29,825	24,484	27,442	27,500	27,500		9
60460	Diesel Fuel	2,065	2,433	2,859	3,500	3,500	3,500		9
60500	Motor Vehicle Maintenance	12,780	14,501	13,890	16,800	16,800	16,800		10
60600	Chemicals	104,812	100,166	84,638	107,297	151,000	151,000		11
60700	Safety Supplies/Equipment	3,814	3,856	3,474	3,600	3,400	3,400		11
60800	Lease	10,754	7,535	10,738	10,000	11,500	11,500		11
60850	Property Taxes	4,170	4,913	5,015	6,000	6,000	6,000		11

**Merrimack Village District
2016/2017 Budget**

Acct #	Description	Actual 2012-2013	Actual 2013-2014	Actual 2014-2015	Approved 2015-2016	Staff Request 2016-2017	BOC Recommended 2016-2017	Annual Meeting 2016-2017	Support Data Page #
70000	Tools	6,648	7,625	8,791	6,200	5,000	5,000	11	
70010	Office Equipment	1,592	366	1,521	28,500	3,500	3,500	11	
70020	Rentals	20	760	0	600	1,100	1,100	11	
70030	Town Sewer Rent / Septic Pump	2,297	2,683	1,330	2,700	2,500	2,500	12	
70050	Repairs & Maintenance- Backflows	311	387	582	1,000	1,000	1,000	12	
70100	Repairs & Maintenance- Communications Equipment	1,095	2,616	5,683	1,500	3,500	3,500	12	
70150	Repair & Maintenance Corrosion Control	2,225	14,847	4,431	10,970	11,000	11,000	12	
70200	Main Lines & Entrances - Enhancements	6,200	2,512	1,363	15,000	15,000	15,000	12	
70250	Repairs & Maintenance - Entrances	2,292	2,419	1,790	11,000	10,000	10,000	13	
70300	Repairs & Maintenance - Hydrants	3,001	4,561	7,043	15,000	14,000	14,000	13	
70400	Repairs & Maintenance - Main Lines	17,041	14,746	18,783	33,775	32,000	32,000	14	
70450	Repairs & Maintenance - Meters	6,411	31,459	18,693	32,000	50,000	50,000	14	

**Merrimack Village District
2016/2017 Budget**

Acct #	Description	Actual 2012-2013	Actual 2013-2014	Actual 2014-2015	Approved 2015-2016	Staff Request 2016-2017	BOC Recommended 2016-2017	Annual Meeting 2016-2017	Support Data Page #
70500	Repairs & Maintenance- Monitoring Wells/Sampling	10,431	19,676	21,160	18,300	12,330	12,330		14
70525	Repairs & Maintenance - Office Equipment	17,111	11,669	16,317	17,000	17,000	17,000		15
70550	Repair & Maintenance Pump Station	14,238	17,966	23,112	43,200	43,000	43,000		15
70600	Repairs & Maintenance - Structures	27,211	10,814	22,246	14,400	22,700	22,700		15
70650	Repairs & Maintenance - Tanks	3,060	0	8,265	5,000	30,000	30,000		16
70700	Repairs & Maintenance - Tools & Equipment	2,039	99	2,128	2,500	2,500	2,500		16
70750	Repairs & Maintenance - Watershed	0	128	14	1,500	1,500	1,500		16
80000	Office Supplies	11,656	13,603	16,048	14,500	16,500	16,500		17
80100	Postage	17,206	17,551	15,225	18,500	16,000	16,000		17
80125	Shipping / Freight / Fuel Charge	2,110	886	1,202	1,500	1,900	1,900		17
80150	Fees Misc.	6,079	6,276	6,022	6,400	6,450	6,450		17

**Merrimack Village District
2016/2017 Budget**

Acct #	Description	Actual 2012-2013	Actual 2013-2014	Actual 2014-2015	Approved 2015-2016	Staff Request 2016-2017	BOC Recommended 2016-2017	Annual Meeting 2016-2017	Support Data Page #
80200	Dues/Subscriptions	1,597	1,747	1,677	2,500	2,100	2,100		17
80300	Meeting Expense	1,005	2,169	1,276	1,500	1,500	1,500		17
80350	Travel Expense	1,467	1,945	1,258	2,000	1,400	1,400		18
80400	Advertising & Public Information	1,718	2,659	1,668	2,800	2,300	2,300		18
81400	Public Education	701	0	473	500	1,500	1,500		18
81600	Land Improvement	243	0	0	2,000	2,000	2,000		18
81700	Insurance General	23,696	24,770	25,747	27,000	27,000	27,000		18
81800	Outside Services	14,790	23,327	37,964	30,000	40,800	40,800		19
81900	Engineering	106,590	53,133	22,277	42,000	35,150	85,150		19
81901	Inspections / Plan Reviews	3,103	0	0	1,000	1,000	1,000		19
81950	Professional Fees	13,839	14,405	12,944	23,000	19,000	19,000		19

**Merrimack Village District
2016/2017 Budget**

Acct #	Description	Actual 2012-2013	Actual 2013-2014	Actual 2014-2015	Approved 2015-2016	Staff Request 2016-2017	BOC Recommended 2016-2017	Annual Meeting 2016-2017	Support Data Page #
90000	Capital Budget Expense	0	69,935	29,243	68,000	60,000	60,000		20
90050	Capital Reserve Fund	200,000	0	200,000	200,000	200,000	150,000		20
90100	Bad Debts	0	0	0	500	200	200		20
90200	Debt Service Principal	455,000	517,472	330,000	365,000	260,000	260,000		21&22
	Debt Service Capital Lease Principal	158,073	0	0	0	0	0		21&22
90300	Debt Service Interest	189,373	184,719	152,980	154,215	142,826	142,826		21&22
	Debt Service Capital Lease Interest	9,624	0	0	0	0	0		21&22
	SRF Loan Interest	0	0	0	43,000	281,600	281,600		
Petitioned Warrant Articles		2,914,550	2,692,585	2,661,869	3,061,581	3,257,439	3,257,439		0
Special / Individual Warrant Articles		0	0	0	20,000	20,000	20,000		0
		2,914,550	2,692,585	2,661,869	3,081,581	3,277,439	3,277,439		0

ACTUAL AND ESTIMATED REVENUE 2005/2017

	Actual 2005/2006	Actual 2006/2007	Actual 2007/2008	Actual 2008/2009	Actual 2009/2010	Actual 2010/2011	Actual 2011/2012	Actual 2012/2013	Actual 2013/2014	Actual 2014/2015	APPROVED ESTIMATED 2015/2016	STAFF Projected 2016/2017	BOC Projected 2016/2017
Domestic Water Sales	\$1,162,231	\$1,199,585	\$1,483,759	\$1,215,366	\$1,366,107	\$1,390,675	\$1,427,792	\$1,667,472	\$1,411,140	\$1,575,815	\$1,338,134	\$1,441,600	\$1,441,600
Mercantile Water Sales	\$231,336	\$232,801	\$171,282	\$221,418	\$152,001	\$155,479	\$159,963	\$190,432	\$188,448	\$199,119	\$162,814	\$183,900	\$183,900
Industrial Water Sales	\$65,006	\$97,539	\$100,428	\$92,022	\$89,528	\$84,126	\$90,560	\$90,961	\$93,798	\$84,864	\$81,479	\$88,834	\$88,834
Meter Charges	\$409,178	\$425,334	\$437,218	\$442,893	\$444,769	\$494,732	\$425,947	\$518,143	\$539,656	\$540,270	\$494,582	\$530,690	\$530,690
Fines	\$33,737	\$35,784	\$38,151	\$42,048	\$37,465	\$25,033	\$23,490	\$24,032	\$23,921	\$23,593	\$23,814	\$23,215	\$23,215
Transfer Fee	\$0	\$0	\$6,140	\$3,965	\$7,207	\$8,150	\$8,330	\$9,760	\$9,050	\$10,930	\$9,047	\$9,500	\$9,500
Hydrant Charges	\$427,963	\$445,434	\$533,887	\$552,415	\$562,587	\$582,923	\$576,871	\$778,083	\$647,598	\$647,046	\$667,517	\$670,000	\$670,000
Sprinkler Charges	\$57,851	\$75,938	\$94,119	\$97,116	\$99,012	\$102,696	\$109,200	\$121,940	\$118,166	\$124,386	\$116,435	\$121,400	\$121,400
Interest	\$53,143	\$55,010	\$41,525	\$11,156	\$2,147	\$1,592	\$727	\$514	\$431	\$372	\$557	\$300	\$300
Communication Tower Rental	\$30,899	\$28,795	\$35,021	\$35,602	\$35,761	\$36,170	\$35,251	\$36,238	\$39,986	\$40,146	\$37,158	\$39,000	\$39,000
Miscellaneous Income	\$21,995	\$11,467	\$13,557	\$2,244	\$17,458	\$238,115	\$8,097	\$6,127	\$46,594	\$43,569	\$15,000	\$40,000	\$40,000
Service Charge Mains	\$1,950	\$0	\$0	\$3,872	\$0	\$0	\$0	\$0	\$0	\$0	\$1,000	\$1,000	\$1,000
Service Charge Hydrant Hook-Ups	\$4,376	\$7,863	\$11,417	\$4,360	\$7,812	\$1,386	\$324	\$1,419	\$1,688	\$1,384	\$1,900	\$1,500	\$1,500
Service Charge Turn On/Off Water	\$14,848	\$9,164	\$10,837	\$17,090	\$14,025	\$19,345	\$29,259	\$16,110	\$12,057	\$10,503	\$19,142	\$17,000	\$17,000
Miscellaneous Service Charges	\$25,604	\$15,327	\$15,308	\$12,383	\$5,882	\$33,488	\$19,192	\$11,337	\$6,532	\$11,043	\$12,353	\$10,000	\$10,000
Service Charge Backflow Test	\$11,347	\$30,330	\$28,904	\$28,875	\$33,900	\$31,000	\$32,500	\$31,850	\$47,128	\$34,700	\$30,129	\$33,000	\$33,000
Service Charge Entrances	\$54,645	\$69,030	\$50,534	\$49,253	\$16,580	\$91,700	\$20,070	\$35,495	\$15,335	\$35,231	\$23,635	\$21,500	\$21,500
Merchandise Sales	\$9,247	\$9,982	\$4,295	\$4,136	\$1,491	\$4,257	\$9,430	\$2,361	\$2,860	\$4,928	\$4,885	\$3,000	\$3,000
System Development Charge			\$0	\$31,377	\$33,767	\$0	\$163,888	\$33,727	\$0	\$0	\$20,000	\$20,000	\$20,000
Legal Fee Reimbursements			\$0	\$910	\$1,109	\$780	\$795	\$720	\$360	\$0	\$1,000	\$1,000	\$1,000
Inspection / Plan Reviews	\$0	\$723	\$0	\$0	\$70	\$0	\$0	\$1,603	\$0	\$0	\$1,000	\$1,000	\$1,000
DW HWY Interconnect	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Overtime Estimate (reimbursable)	\$0	\$683	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Income Received from State Grants	\$0	\$29,378	\$3,670	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Town of Merrimack Plowing	\$9,711	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$2,615,356	\$2,750,789	\$3,076,382	\$2,868,501	\$2,928,678	\$3,301,647	\$3,741,686	\$3,578,324	\$3,204,748	\$3,387,899	\$3,061,581	\$3,257,439	\$3,257,439
		\$44,899	\$47,842	\$31,145									
	\$2,615,356	\$2,795,688	\$3,124,224	\$2,899,646	\$2,928,678	\$3,301,647	\$3,141,686	\$3,578,324	\$3,204,748	\$3,387,899	\$3,061,581	\$3,257,439	\$3,257,439

Trust Fund Income

**2015 - 2017 LONG TERM DEBT
OUTSTANDING BALANCES
PRINCIPAL & INTEREST BALANCES**

BONDS/LEASE PAYABLES	As of June 30, 2015		As of June 30, 2016		As of June 30, 2017	
	PRINCIPAL BALANCE	INTEREST BALANCE	PRINCIPAL BALANCE	INTEREST BALANCE	PRINCIPAL BALANCE	INTEREST BALANCE
BONDS						
30150	75,000	29,944	75,000	25,126	75,000	25,100
30731	105,000	5,471	0	0	0	0
30740	130,000	93,600	130,000	93,600	130,000	83,471
30735	55,000	25,200	55,000	24,100	55,000	24,100
BOND TOTAL	\$365,000	\$154,215	\$260,000	\$142,826	\$260,000	\$132,671
SRF Loan Interest				43,000		281,600
GRAND TOTAL	\$365,000	\$154,215	\$260,000	\$185,826	\$260,000	\$414,271

Account # 90200: Principal payments to pay on the bonds and lease indebtedness.

Account # 90300: Interest charges on bond/lease indebtedness.

LONG

30150 - \$1,500,000 original bond; issued 2003. Payable in annual principal installments of \$75,000 through August 2022. Interest payable semi-annually with a variable interest rate of 3.00% to 5.00%.

*** Bean Road Project

TERM

30740 - \$2,800,000 original bond; issued 2010. Payable in annual principal installments of \$135,000 - \$130,000 through August 2030. Interest payable semi-annually with a variable interest rate of 3% to 5%.

*** Continental Boulevard Project

DEBT

30735 - \$835,000 original bond; issued 2010. Payable in annual principal installments of \$55,000 - \$50,000 through January 2026. Interest payable semi-annually with a variable interest rate of 3% to 5%.

*** Rehabilitation of Well #6

2006-2015 RATES/INCOMES PER SERVICES

Annual Meter Charges	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
5/8"	43.84	46.00	43.84	46.00	50.00	54.00	54.00	54.00	54.00	54.00
1"	78.12	82.00	78.12	82.00	89.00	96.00	96.00	96.00	96.00	96.00
1 1/2"	121.00	127.00	121.00	127.00	137.00	148.00	148.00	148.00	148.00	148.00
2"	179.20	188.00	179.20	188.00	203.00	219.00	219.00	219.00	219.00	219.00
3"	270.48	284.00	270.48	284.00	307.00	332.00	332.00	332.00	332.00	332.00
4"	420.00	441.00	420.00	441.00	476.00	514.00	514.00	514.00	514.00	514.00
6"	785.64	824.00	785.64	824.00	902.00	961.00	961.00	961.00	961.00	961.00
8"	1,220.00	1,280.00	1,220.00	1,280.00	1,382.00	1,493.00	1,493.00	1,493.00	1,493.00	1,493.00
10"	1,720.00	1,805.00	1,720.00	1,805.00	1,949.00	2,105.00	2,105.00	2,105.00	2,105.00	2,105.00
12"	3,060.00	3,211.00	3,060.00	3,211.00	3,468.00	3,745.00	3,745.00	3,745.00	3,745.00	3,745.00

Annual Sprinkler Charges	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
2"	129.84	161.00	129.84	161.00	174.00	188.00	188.00	188.00	188.00	188.00
4"	259.84	322.00	259.84	322.00	348.00	376.00	376.00	376.00	376.00	376.00
6"	584.28	724.00	584.28	724.00	782.00	845.00	845.00	845.00	845.00	845.00
8"	1,038.72	1,288.00	1,038.72	1,288.00	1,391.00	1,502.00	1,502.00	1,502.00	1,502.00	1,502.00
10"	1,800.00	2,232.00	1,800.00	2,232.00	2,411.00	2,604.00	2,604.00	2,604.00	2,604.00	2,604.00
12"	2,337.12	2,898.00	2,337.12	2,898.00	3,130.00	3,380.00	3,380.00	3,380.00	3,380.00	3,380.00

Annual Hydrant Charges	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Domestic	45.00	56.00	45.00	56.00	60.00	65.00	65.00	65.00	65.00	65.00
Mercantile	100.00	112.00	100.00	112.00	121.00	131.00	131.00	131.00	131.00	131.00
Industrial	240.00	280.00	240.00	280.00	302.00	326.00	326.00	326.00	326.00	326.00

Water Charges cost per 100 cubic feet	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	\$1.55	\$1.65	\$1.55	\$1.65	\$1.80	\$1.95	\$1.95	\$1.95	\$1.95	\$1.95

Water System Improvements
Merrimack Village District
Capital Improvements Plan FY 2017
1/20/2016

Projects	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Storage Tank Improvements (Turkey Hill-2017 and Hutchinson-2018)	\$100,000	\$260,000				
Turkey Hill Booster Station	\$10,000	\$1,200,000				
Lime Station Improvements	\$20,000	\$1,200,000				
Well level monitoring, SCADA/GIS/IT improvements	\$10,000	\$300,000				
Rte. 3 North Improvements		TBD				
Well 5 Pumps/controls			\$200,000			
Belmont Booster Station Pumps/controls				\$50,000		
New Well Site Installation			\$1,500,000			
New Well Treatment			\$10,000	TBD		
Well #3 Treatment			\$25,000	\$4,500,000		
Rate Update	\$15,000					
Loops, dead-ends, and system extensions	TBD					
Town Coordination Projects						
McGaw Bridge	TBD					
Bean Road Bridge	TBD					
Executive Park Drive	TBD					
Wire Road	TBD					
Bedford Road Bridge	TBD					
Route 3 Bridge	TBD					
Distribution System Improvements (Annual Funding to support CIP/AM) - Target	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000
Well, Tank and Pumping Facilities - Target	\$140,000	\$140,000	\$140,000	\$140,000	\$140,000	\$140,000
TOTAL	\$995,000	\$3,800,000	\$2,575,000	\$5,390,000	\$840,000	\$840,000

Future Projects (>20 years)

- Well #6 Treatment Facility
- New Well - Mitchell Woods
- Future Storage Tank
- Projects on Hold
- Blending of Wells 6, 7 & 8
- Increase Production of Well #2
- New MVD Office

Completed and Ongoing Projects

- Distribution system Improvements - CIP Planning Study Phase I
- Turkey Hill Road Bridge Transmission Main Improvements
- Continental Blvd. Transmission Main Improvements
- Premium Outlet Transmission Main loop
- Amherst Road/Turkey Hill Road - Transmission Main Improve.
- Distribution system Improvements - CIP Planning Study Phase II
- Well #7 and #8 - Iron and Manganese Facility
- Land purchase for potential well site
- Potential new well site development
- Sunset Drive, Dawn Ave. and High Noon waterline extension

**MERRIMACK VILLAGE DISTRICT
SUMMARY OF PROJECTS
(UPDATED FOR FISCAL YEAR 2017)
20-Jan-16**

<u>Project</u>	<u>Explanation</u>
Well #7 and #8 - Iron and Manganese Facility	Based on UE's report dated December 2010, a filtration treatment facility for iron and manganese at Wells #7 & #8 was found to be cost-effective and the most reliable to provide additional water supply with improved water quality. First payment due 1 year after project completion.
Land purchase for potential well site	To secure (investigate and purchase) potential future supply site.
Potential new well site development	Investigation and development of potential new well site to increase supply. Possibly spread out over 3 years.
Sunset Drive, Dawn Ave. and high Noon waterline extension	Awaiting Town bids for actual MVD portion.
Storage Tank Improvements	Based on UE's Master Plan report and Asset Management Report. A work plan is currently being developed, which will update costs. Work will include repairs including mixing in Turkey Hill tank and coating of the Hutchinson Tank (power wash and overcoat on exterior and cleaning on interior only). Some other minor safety improvements to ladders as well.
Turkey Hill Booster Station	Based on UE's Master Plan to improve station. Station is aging and has reached the end of it's useful life. Parts and repairs for pumps are non-standard and expensive. Confined space and life safety issues exist as well. Work will include an initial study phase to evaluate alternatives and update costs.
Lime Station Improvements	Existing chemical feed facilities have reached the end of their useful life. Improvements are needed. A study phase will be completed first to evaluate alternative chemicals, such as caustic and to provide updated costs.
Well level monitoring, SCADA/GIS/IT improvements	This work will be a continuation of ongoing SCADA and GIS improvements. The project will include a study phase evaluation first to update costs and identify the most effective way to connect well monitoring to the SCADA system.
Rte. 3 North Improvements	Master Plan identifies need to eliminate parallel mains in Rte. 3 north of Priscilla Lane. Transmission main Improvements are also proposed to support pending mixed use development by Flatley. Much of work will likely be funded by the Developer.
Well 5 Pumps/controls	Planned improvements to upgrade the pumps and controls and Well #5 due to ageing equipment
Belmont Booster Station Pumps/controls	Planned improvements to upgrade the pumps and controls and the Belmont Booster station due to aging equipment
New Well Site Installation	Estimated cost for engineering and construction for new well.

**MERRIMACK VILLAGE DISTRICT
SUMMARY OF PROJECTS
(UPDATED FOR FISCAL YEAR 2017)
20-Jan-16**

<u>Project</u>	<u>Explanation</u>
New Well Treatment	TBD depending on water quality of new well.
Well #3 Treatment	Planned improvements for Fe/Mn treatment at Well #3. A study phase is proposed to identify cost effective alternatives. This evaluation will coincide with potential treatment for the new well so treatment considerations will be coordinated for both.
Rate Update	Complete rate update should be done every 2-3 years. It is recommended for FY 2017 since it was last done in the spring of 2014. Last rate increase was 2011.
Looping and Dead-Ends	Distribution system improvements to improve water quality and reliability. Supported by Asset Management contributions (below)
Town Coordination Projects	Water projects that should be considered (if needed) as part of Town road/bridge projects. Costs and scope need to be determined on an as needed basis.
Distribution System Improvements (Annual Funding to support CIP/AM)	Suggested budget items to support asset management program of aging infrastructure. Per UE Asset Management Report.
Well, Tank and Pumping Facilities	Suggested budget items to support asset management program of aging infrastructure. Per UE Asset Management Report.

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

Independent Auditor's Report

To the Commissioners of the
Merrimack Village District
Merrimack, New Hampshire

Report on Compliance for Each Major Federal Program

We have audited the Merrimack Village District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Merrimack Village District's major federal program for the year ended June 30, 2015. The Merrimack Village District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Merrimack Village District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Merrimack Village District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Merrimack Village District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Merrimack Village District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Merrimack Village District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Merrimack Village District's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Merrimack Village District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Manchester, New Hampshire
November 9, 2015

**Merrimack Village District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015**

Section I--Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified
 Internal control over financial reporting:
 Material weakness(es) identified? _____yes X no
 Significant deficiency(ies) identified
 not considered to be material weaknesses? _____yes X none reported
 Noncompliance material to financial statements noted? _____yes X no

Federal Awards

Internal Control over major programs:
 Material weakness(es) identified? _____yes X no
 Significant deficiency(ies) identified
 not considered to be material weaknesses? _____yes X none reported
 Type of auditor's report issued on compliance
 for major programs: Unmodified
 Any audit findings disclosed that are required
 to be reported in accordance with
 Circular A-133, Section .510(a)? _____yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
66.468	Capitalization Grants for Drinking Water State Revolving Funds

Dollar threshold used to distinguish
 between Type A and Type B program: \$ 300,000
 Auditee qualified as low-risk auditee? _____yes X no

Section II--Financial Statement Findings

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

Section III--Federal Award Findings and Questioned Costs

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

MERRIMACK VILLAGE DISTRICT
Financial Statements
With Schedule of Expenditures of Federal Awards
June 30, 2015
and
Independent Auditor's Report

**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance
With *Government Auditing Standards***

**Report on Compliance for Each Major Federal Program
and Report on Internal Control Over Compliance**

Schedule of Findings and Questioned Costs

**MERRIMACK VILLAGE DISTRICT
FINANCIAL STATEMENTS
June 30, 2015**

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INDEPENDENT AUDITOR'S REPORT

To the Commissioners of the
Merrimack Village District
Merrimack, New Hampshire

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Merrimack Village District, Merrimack, New Hampshire, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Merrimack Village District, Merrimack, New Hampshire, as of June 30, 2015, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in the District's proportionate share of the net pension liability, and the schedule of District contributions on pages i-vii and 14-16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Merrimack Village District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2015 on our consideration of the Merrimack Village District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of

internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Merrimack Village District's internal control over financial reporting and compliance.

Vachon Cloutay & Company PC

Manchester, New Hampshire
November 9, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

THE FINANCIAL STATEMENTS AND THE REPORTING ENTITY

The Financial Statements

The financial statements presented herein include all of the activities of the Merrimack Village District ("MVD") using the integrated approach as prescribed by GASB Statement 34.

The financial statements present the financial picture of the MVD from the economic resources measurement focus using the accrual basis of accounting. These statements include all assets of MVD (including infrastructure) as well as all liabilities (including long-term debt).

The Merrimack Village District is an independent municipal water district as authorized by RSA 52 operating in the Town of Merrimack, New Hampshire. MVD is governed by a five (5) member Board of Water Commissioners, who are elected by the residents of Merrimack. MVD's primary function is to provide a clean water supply and effective services for residential, commercial, and mercantile entities within the Town of Merrimack. The District is responsible for protecting, improving, maintaining and expanding the existing water distribution system.

REPORTING THE MVD AS A WHOLE

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the MVD as a whole and about its activities. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of MVD using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies, except for the reporting of deferred outflows and deferred inflows. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

These two statements report the MVD's net position and changes in them. Net position is the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources, one way to measure the MVD's financial health, or financial position. Over time, increases or decreases in the MVD's net position is one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the MVD's customer base and condition of the MVD infrastructure.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

MVD AS A WHOLE

Net Position of the MVD for fiscal 2015 and 2014 were as follows:

Capital assets	\$ 16,531,023	\$ 15,757,064
Other assets	8,348,770	7,197,282
Total assets	<u>\$ 24,879,793</u>	<u>\$ 22,954,346</u>
Deferred outflows of resources		
Current and other liabilities:		
Long-term debt outstanding-non current portion	\$ 3,126,136	\$ 3,407,004
Deferred inflows related to pension	137,891	-
Other liabilities	3,191,543	922,702
Total liabilities	<u>\$ 6,455,570</u>	<u>\$ 4,329,706</u>
Deferred inflows of resources		
Net position:		
Net investment in capital assets	\$ 12,122,022	\$ 13,105,461
Unrestricted	6,381,355	5,519,179
Total net position	<u>\$ 18,503,377</u>	<u>\$ 18,624,640</u>

Change in net position for the fiscal years ended June 30, 2015 and 2014 were:

Operating revenue	\$ 3,408,608	\$ 3,328,135
Operating expense	2,475,740	2,556,478
Net operating income	932,868	771,657
Non-operating revenue (expenses)	(128,099)	(111,313)
Capital contributions	15,000	32,130
Change in net position	<u>\$ 819,769</u>	<u>\$ 692,474</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

MVD ACTIVITIES

As shown in the Statement of Revenues, Expenses and Changes in Net Position, the revenue earned from users of the system was \$3,291,521 for the fiscal year ended June 30, 2015. For the fiscal year this represented a 2% increase from June 30, 2014. Other revenues for the fiscal year ended June 30, 2015 totaled \$117,087.

Debt Administration

Debt, considered a liability of district operations, decreased during the fiscal year ended June 30, 2015 by \$351,712 due primarily to normal debt service retirements.

MVD's outstanding general obligation debt at June 30, 2015 consisted of \$3,270,000 in bonds. Additional information on the MVD's long-term debt obligation can be found in Note #6 of the Notes to Financial Statements.

Cash Management

Cash represents cash on hand and cash deposits maintained by the MVD. A portion of these funds are invested in the New Hampshire Deposit Investment Pool (NHDIP) established pursuant to RSA 388:2, to maximize returns and maintain timely availability to meet expenses and debt payment schedule.

Capital Assets

The capital assets of MVD are those assets, which are used in the performance of MVD's functions including infrastructure assets. At June 30, 2015, net capital assets of MVD activities totaled \$16,518,171 See Note #4 in the Notes to the Financial Statements for a summary of all capital assets.

SIGNIFICANT ACCOMPLISHMENTS OF THE MVD FOR FISCAL YEAR 2014/2015

- The District worked with their engineers on various maintenance and upgrade projects that will continue to improve and provide a clean water supply and effective services to the consumers of the District. Some examples:
 - MVD Master Plan
 - Final design of iron and manganese treatment plant was completed and will be going out to bid in July of 2014
 - Continued our Implementation of the GIS/GPS System in conjunction with the NRPC
 - Asset Management Program / CIP

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SIGNIFICANT ACCOMPLISHMENTS OF THE MVD FOR FISCAL YEAR 2014/2015 (CONTINUED)

- These studies have provided much needed information for the District in making decisions for the future
- The District continued Phase VII Exploration and Development of new well fields and the MVD has obtained their groundwater withdrawal permit from NHDES for New Well at Mitchell Woods.
- The District continued the Backflow Prevention Program. Extensive surveys and inspections of all industrial and commercial properties are conducted on an annual basis to determine the level of contaminants from facilities that can potentially enter into the water transmission system. The NH Department of Environmental Services approved the District's updated plans.
- Continued to work with and implement the District's "Schedule of Rates". This schedule of rates maintains the MVD consumption charges, fees, labor, and other charges up to date and reflects charges that are consistent with costs and creates a system of more equitable treatment of water customers and stabilizes the District's income.
- Continued efforts on reducing the sodium and chloride levels within the well head protection area.
- The MVD continued the process of a seasonal unidirectional flushing program district wide. This is an effort in continuing to improve the quality of the drinking water.
- The MVD's Board of Commissioners adopted a System Development Charge (SDC) in August of 2008. This charge is applied to "new" customers & can be described as a "buy-in" fee to achieve an equal equity position with the existing customers. This one-time payment will cover their share of the value of the existing infrastructure.
- The MVD continued regular maintenance (painting/snow removal, raising, replacement) of fire hydrants as well as additions to the system.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SIGNIFICANT ACCOMPLISHMENTS OF THE MVD FOR FISCAL YEAR 2014/2015 (CONTINUED)

- The MVD continues to be awarded official Groundwater Guardian Community status from the National Groundwater Foundation in Lincoln, Nebraska. MVD began with NGF in 1999 to current making this the 14th year. This program recognizes communities who are dedicated and committed to local groundwater protection that ensures a safe water supply for the future of their community.

- The Board of Commissioners continues to receive quarterly and annual Treasurers Report from the district's Treasurer and monthly financial reports from the MVD finance office.

- For convenience to the Merrimack Village District customer's, the MVD has payment option on-line. Visit www.mvdwater.org and pay your water bill ON-LINE with easy to follow instructions.

- The Board of Commissioners and Staff reinforced the importance of following the Odd/Even watering ban as one of the Districts conservation effort.

- The MVD website at www.mvdwater.org has been up and running since March 2001. This website is updated quarterly and includes but is not limited to the following information for Merrimack residents:
 - Listing of the current Board of Commissioners and MVD Staff
 - Current Board of Commissioners Meeting Agenda's
 - Mission Statement as approved by the Board of Commissioners
 - 2014 – 2015 Approved Budget
 - 2014 Consumer Confidence Report (CCR)
 - Merrimack Village District By-Laws
 - Charges for Services and Schedule of Rates
 - Calendar with all the significant dates
 - Flushing Notifications with detailed street listings
 - Entrance Applications for mainline extensions, water and fire service
 - Backflow Programs and other Projects
 - Q & A's
 - Press Release and/or Public Notice meetings
 - Notification and location of on going construction projects
 - 2014 Annual Report

- The MVD staff reviews plans for all construction projects in the Town of Merrimack. We work closely with Community Development and other town departments through bi-weekly meetings to insure water construction specifications are being met and each project is inspected prior to project acceptance and water service commencing.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

- On March 26, 2013 it was passed before 2/3 votes to build a 4.3 million dollar water treatment plant to deal with increasing levels of iron and manganese in Well 7 & 8. The building of a treatment plant is in line with our Capital Improvement Plan and is the next step of the needed improvements as identified in our "water supply evaluation update."

The adopted budget of MVD for the fiscal year 2014/2015 was \$3,162,677 and is summarized as follows:

<i>Operations expense</i>	<i>\$2,326,774</i>
<i>Debt service Principal and Interest of general obligations</i>	<i>\$664,374</i>
<i>Total</i>	<i><u>\$2,991,148</u></i>
<i>Transfer to capital reserve funds</i>	<i>\$233,728</i>
<i>Total</i>	<i><u>\$3,224,876</u></i>

ECONOMIC FACTORS, RATES AND 2015/2016 BUDGET

In considering the MVD Projected Revenue for the fiscal year 2015/2016 the Board of Commissioners may determine a need to increase the water rates and/or or service charges for the fiscal year 2015/2016. Other key assumptions in our revenue forecast are:

- Projected increase or decrease in revenue due to customer base
- Charges for Services
- Continue efforts to assure all customers are properly metered and billed accurately
- Establish goals and objectives in conjunction with the 2015 - 2021 Capital Improvement Program to reflect improvements for the future years
- Continue to study the need for improvement to the infrastructure and the method of balancing rates for 2015/2016 and beyond to pay for these improvements
- Increase our efforts to examine ways and means to make sure rates are equitable, defensible and affordable
- Promote an understanding that the burden of paying for construction, operation and maintenance of our facilities falls mainly on the customers of our system realizing costs are rising rapidly

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

2015/2016 Budget

Major new items specifically addressed in the budget are:

- | | |
|----------------------|----------|
| • Dump Truck Repair | \$40,000 |
| • New Dodge Ram 2500 | \$28,000 |

The adopted budget of MVD for the fiscal year 2015/2016 was \$3,081,581 and is summarized as follows:

<i>Operations expense</i>	<u>\$2,519,366</u>
<i>Debt service Principal and Interest of general obligations</i>	<u>\$562,215</u>
<i>Total</i>	<u>\$3,081,581</u>

CONTACTING MVD'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, regulator and creditors with a general overview of the Merrimack Village District finances and to show the MVD's accountability for the money it receives. If you have any question about this report or need additional information, contact the Merrimack Village District at 2 Greens Pond Road, Merrimack, NH 03054, phone (603) 424-9241 or e-mail at www.mvdwater.org

MERRIMACK VILLAGE DISTRICT
Statement of Net Position
June 30, 2015

ASSETS	2015
CURRENT ASSETS:	
Cash and equivalents	\$ 1,878,802
Restricted cash	749,393
Investments	467,643
Accounts receivable	485,754
Unbilled water charges	333,694
Due from other governments	4,315,485
Prepaid expenses	6,132
Inventories	111,867
TOTAL CURRENT ASSETS	<u>8,348,770</u>
NONCURRENT ASSETS:	
Due from other governments	12,852
Capital assets:	
Non-depreciable capital assets	2,279,055
Depreciable capital assets, net	14,239,116
TOTAL NONCURRENT ASSETS	<u>16,531,023</u>
TOTAL ASSETS	<u>24,879,793</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pension	79,154
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>79,154</u>
LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable	167,419
Accrued expenses	57,723
Accrued payroll	115,271
Retainage payable	110,038
Contractor advances	13,145
Current portion bonds payable	280,868
TOTAL CURRENT LIABILITIES	<u>744,464</u>
NON-CURRENT LIABILITIES:	
Bonds payable	3,126,136
Other long term obligations	1,592,160
Net pension liability	854,919
TOTAL NON-CURRENT LIABILITIES	<u>5,573,215</u>
TOTAL LIABILITIES	<u>6,317,679</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pension	137,891
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>137,891</u>
NET POSITION	
Net investment in capital assets	12,122,022
Unrestricted	6,381,355
TOTAL NET POSITION	<u>\$ 18,503,377</u>

See accompanying notes to basic financial statements

MERRIMACK VILLAGE DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2015

	<u>2015</u>
Operating revenues:	
Water sales and assessments	\$ 2,416,526
Protection charges	647,070
Sprinkler system charges	124,194
Service charges	103,731
Developer fees	29,440
Fines	23,640
Other income	64,007
Total operating revenues	<u>3,408,608</u>
Operating expenses:	
Production	318,712
Repairs and maintenance	165,796
General and administrative	1,420,471
Depreciation	570,761
Total operating expenses	<u>2,475,740</u>
Net operating income	<u>932,868</u>
Non-operating revenue (expenses):	
Loss on sale of assets	(4,005)
Interest income	13,279
Interest expense	(137,373)
Total non-operating revenue (expenses)	<u>(128,099)</u>
Income before capital contributions	804,769
Capital contributions	<u>15,000</u>
Change in net position	819,769
Total net position - beginning, as restated	<u>17,683,608</u>
Total net position - ending	<u>\$ 18,503,377</u>

See accompanying notes to basic financial statements

MERRIMACK VILLAGE DISTRICT
Statement of Cash Flows
For the Year Ended June 30, 2015

	<u>2015</u>
Cash Flows from Operating Activities:	
Cash received from customers	\$ 3,247,831
Cash received from developer fees	29,440
Cash received from other miscellaneous sources	64,007
Cash paid to suppliers	(1,192,117)
Cash paid to employees	(835,758)
Net Cash Provided by Operating Activities	<u>1,313,403</u>
Cash Flows from Capital and Related Financing Activities:	
Proceeds of other long-term obligations	1,125,716
Principal paid on debt	(330,000)
Interest paid on debt	(155,452)
Capital contributions	21,426
Purchase of capital assets	(1,110,540)
Net Cash (Used) by Capital and Related Financing Activities	<u>(448,850)</u>
Cash Flows from Investing Activities:	
Interest on investments	<u>13,279</u>
Net Cash Provided by Investing Activities	<u>13,279</u>
Net Increase in Cash and Equivalents	877,832
Cash and equivalents, beginning	<u>6,347,901</u>
Cash and equivalents, ending	<u>\$ 7,225,733</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 932,868
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	570,761
Pension expense	51,778
Employer pension contributions	(79,154)
Change in current assets and liabilities:	
(Increase) in accounts receivable	(50,641)
(Increase) in unbilled water charges	(16,689)
(Increase) in prepaid expenses	(34)
(Increase) in inventories	(46,406)
(Decrease) in accounts payable	(52,220)
Increase in accrued expenses	5,790
(Decrease) in contractor advances	(2,650)
	<u>\$ 1,313,403</u>
Supplemental Disclosure of Non-cash Transactions:	
Amortization of bond premium	\$ 21,712
Capital asset additions included in year end liabilities	249,362
	<u>\$ 247,045</u>

See accompanying notes to basic financial statements

MERRIMACK VILLAGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Merrimack Village District conform to accounting principles generally accepted in the United States of America as applicable to governmental units which operate in a manner similar to private business enterprises, except as indicated hereinafter. The following is a summary of significant accounting policies.

Financial Reporting Entity

The Merrimack Village District (District) was incorporated in 1955 to provide water for domestic, mercantile and industrial usage to the Town of Merrimack, New Hampshire. The District is organized as a Village District (special purpose district) under the laws of the State of New Hampshire and operates under the direction of an elected Board of Commissioners.

Basis of Accounting

The financial statements are presented on the accrual basis of accounting, wherein revenues are recognized when earned and expenses are recognized when incurred.

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. Significant estimates include depreciation expense.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

Investments – Investments are recorded at fair value. At June 30, 2015 investments consist solely of deposits with the New Hampshire Public Deposit Investment Pool (NHPDIP).

Inventory – Inventories consist of water system materials and supplies and are valued at lower of cost or market.

Cash and Cash Equivalents - For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of the following.

Cash	\$ 1,878,802
Restricted Cash	749,393
Investment in NHPDIP	467,643
Due from other governments	4,129,895
	<u>\$ 7,225,733</u>

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

Capital Assets – Capital assets are recorded at cost and updated for additions and retirements during the year. Donated capital assets are recorded at their estimated fair value as of the date received. Improvements are capitalized; 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. Depreciation is recorded using the straight-line method over the estimated useful lives of the related assets. Estimated useful lives are as follows:

	<u>Years</u>
Wells and structures	7-50
Services and improvements	5-50
Vehicles and equipment	3-30

Bond Premiums - Bond premiums are deferred and amortized as a component of interest expense over the life of the related bond using the effective interest rate method. Bonds payable are reported in the accompanying financial statements gross of any applicable bond premium. The balances of the unamortized bond premiums as of June 30, 2015 are \$137,004.

Net Position – Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. The net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes or other borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Revenues and Expenses

Operating Revenues and Expenses – Operating revenues are those revenues that are generated directly from the primary activity of the District. These operating revenues consist of charges to customers for sales and services as well as miscellaneous charges in the normal course of operations. Operating expenses, which include depreciation on capital assets, are necessary costs incurred to provide the service that is the primary activity of the District. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Capital Contributions – Funds received from other governments for the purpose of constructing assets are recorded as capital contributions.

NOTE 2--RISK MANAGEMENT

The District 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 fiscal year ended June 30, 2015, the District was a member of and participated in a public entity risk pool (Trust) for property and liability insurance and worker’s compensation coverage. Coverage has not been

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

significantly reduced from the prior year and settled claims have not exceeded coverage in any of the past three years.

The Trust agreements permit the Trust 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 foresees no likelihood of an additional assessment for any of the past years. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Based on the best available information there is no liability at June 30, 2015.

Property and Liability Insurance

The Trust provides certain property and liability insurance coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. As a member of the Trust, the District shares in contributing to the cost of and receiving benefit from a self-insured pooled risk management program. The program includes a Self-Insured Retention Fund from which is paid up to \$500,000 for each and every covered property, crime and/or liability loss that exceeds \$1,000, up to an aggregate of \$5,000,000.

Each property loss is subject to a \$1,000 deductible. All losses over the aggregate are covered by insurance policies.

Worker's Compensation

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

NOTE 3--DEPOSITS AND INVESTMENTS

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

Statement of Net Position:	
Cash and equivalents	\$ 1,878,802
Restricted cash	749,393
Investments	<u>467,643</u>
Total deposits and investments	<u>\$ 3,095,838</u>

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

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

Deposits with financial institutions	\$ 2,628,095
Cash on hand	100
Investments	<u>467,643</u>
Total deposits and investments	<u>\$ 3,095,838</u>

The District's investment policy requires that deposits be made in New Hampshire based financial institutions that are participants in one of the federal depository insurance programs. The District 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), an external investment pool in accordance with New Hampshire State law (RSA 197:23-a).

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned to it. Currently, the District has no investment policy for assurance against custodial credit risk. Of the District's deposits with financial institutions at June 30, 2015, \$2,615,582 was collateralized by securities held by the bank in the bank's name.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments at June 30, 2015 consists solely of deposits in NHPDIP which are rated AAA.

The District has no policy regarding credit risk for its governmental funds as of June 30, 2015.

Investments in NHPDIP

The District is a voluntary participant in the New Hampshire Public Deposit Investment Pool (NHPDIP). 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.

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

NOTE 4--CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ending June 30, 2015:

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

	<u>Balance</u> <u>7/1/2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/2015</u>
Capital assets not being depreciated:				
Land, easement and land improvements	\$ 531,303			\$ 531,303
Construction in progress	<u>441,122</u>	<u>\$ 1,306,630</u>		<u>1,747,752</u>
Total capital assets not being depreciated	<u>972,425</u>	<u>1,306,630</u>	<u>\$ -</u>	<u>2,279,055</u>
Other capital assets:				
Wells and Structures	4,679,278		(478)	4,678,800
Services and improvements	20,952,287		(6,190)	20,946,097
Vehicles and equipment	<u>1,013,924</u>	<u>29,243</u>	<u>(98,122)</u>	<u>945,045</u>
Total other capital assets	<u>26,645,489</u>	<u>29,243</u>	<u>(104,790)</u>	<u>26,569,942</u>
Less: accumulated depreciation for:				
Wells and Structures	(2,123,049)	(89,052)	478	(2,211,623)
Services and improvements	(8,878,930)	(440,764)	2,185	(9,317,509)
Vehicles and equipment	<u>(858,871)</u>	<u>(40,945)</u>	<u>98,122</u>	<u>(801,694)</u>
Total accumulated depreciation	<u>(11,860,850)</u>	<u>(570,761)</u>	<u>100,785</u>	<u>(12,330,826)</u>
Total other capital assets, net	<u>14,784,639</u>	<u>(541,518)</u>	<u>(4,005)</u>	<u>14,239,116</u>
Total capital assets, net	<u>\$ 15,757,064</u>	<u>\$ 765,112</u>	<u>\$ (4,005)</u>	<u>\$ 16,518,171</u>

NOTE 5--PENSION PLAN

Plan Description

The District contributes to the New Hampshire Retirement System (NHRS), a component unit of the State of New Hampshire, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, Financial Reporting for Pension Plans - an amendment of GASB Statement No. 27. The New Hampshire Retirement System is a public employee retirement system that administers a single cost-sharing multiple-employer defined benefit pension plan. The plan provides service, disability, death and vested retirement allowances to plan members and beneficiaries. Benefit provisions are established and may be amended by the New Hampshire State legislature.

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

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

The Pension Plan is divided into two membership groups. State and local employees and teachers belong to Group I. Police and firefighters belong to Group II. All assets are held in a single trust and are available to pay retirement benefits to all members. Substantially all of the District's eligible employees are classified as Group I.

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

Benefits Provided

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

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

Funding Policy

Plan members are required to contribute 7.0% of their covered salary and the District is required to contribute at an actuarially determined rate. The District's contribution rates for the covered payroll of employees was 10.77% (10.44% pension and .33% medical subsidy). The District contributes 100% of the employer cost for teachers and general employees of the District.

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 District's contributions to the NHRS for the year ending June 30, 2015 was \$81,386.

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

At June 30, 2015, the District reported a liability of \$854,919 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013. The District's proportion of the net pension liability was based on actual contributions by the District during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2014, the District's proportion was approximately 0.0228 percent, which was a decrease of 0.0008 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$51,778. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments		\$ 109,387
Changes in proportion and differences between District contributions and proportionate share of contributions		28,504
District contributions subsequent to the measurement date	<u>\$ 79,154</u>	<u> </u>
Total	<u>\$ 79,154</u>	<u>\$ 137,891</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to pensions is reflected as an increase to unrestricted net position in the amount of \$58,737. The District reported \$79,154 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended <u>June 30,</u>	
2015	\$ (33,533)
2016	(33,533)
2017	(33,533)
2018	(33,532)
2019	<u>(3,760)</u>
	<u>\$ (137,891)</u>

Actuarial Assumptions

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

Inflation	3.0 percent
Wage inflation	3.75 percent
Salary increases	5.8 percent, average, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Net of inflation assumption of 3.0%)</u>
Fixed income	25%	(0.47)-2.0%
Domestic equity	30%	3.3%
International equity	20%	4.25-6.5%
Real estate	10%	3.3%
Private equity	5%	5.8%
Private debt	5%	5.0%
Opportunistic	5%	2.5%
Total	<u>100%</u>	

Discount Rate

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

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

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

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
District's proportionate share of the net pension liability	\$ 1,126,067	\$ 854,919	\$ 626,165

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

NOTE 6--LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the years ending June 30, 2015:

	Balance <u>7/1/2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>6/30/2015</u>	Amounts Due Within <u>One Year</u>
General Obligation Bonds	\$ 3,600,000		\$ (330,000)	\$ 3,270,000	\$ 260,000
Unamortized bond premium	158,716		(21,712)	137,004	20,868
Total General Obligation Bonds	3,758,716	\$ -	(351,712)	3,407,004	280,868
Other long-term obligations	287,280	1,304,880		1,592,160	-
	<u>\$ 4,045,996</u>	<u>\$ 1,304,880</u>	<u>\$ (351,712)</u>	<u>\$ 4,999,164</u>	<u>\$ 280,868</u>

General obligation bonds are direct obligations of the District for which its full faith and credit are pledged, and are payable from charges for services earned on all properties with District boundaries.

General obligation bonds payable at June 30, 2015 consists of the following:

	Original Issue <u>Amount</u>	Interest <u>Rate</u>	Final Maturity <u>Date</u>	Balance at <u>June 30, 2015</u>
2002 Series B issue	\$ 1,500,000	3.0-5.0%	August 2022	\$ 600,000
2010 Series B issue	835,000	3.0-5.0%	January 2026	2,080,000
2010 Series D issue	2,800,000	3.0-5.0%	August 2030	590,000
	<u>\$ 5,135,000</u>			3,270,000
			Add: <i>Unamortized bond premiums</i>	137,004
				<u>\$ 3,407,004</u>

Debt service requirements to retire general obligation bonds outstanding as of June 30, 2015 are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 260,000	\$ 142,034	\$ 402,034
2017	260,000	132,671	392,671
2018	260,000	121,933	381,933
2019	260,000	110,753	370,753
2020	260,000	102,525	362,525
2021-2025	1,140,000	359,577	1,499,577
2026-2030	700,000	114,950	814,950
2031	130,000	3,250	133,250
	3,270,000	1,087,693	4,357,693
Add: <i>Unamortized Bond Premium</i>	137,004		137,004
	<u>\$ 3,407,004</u>	<u>\$ 1,087,693</u>	<u>\$ 4,494,697</u>

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

Other Long-Term Obligations

The Town has drawn \$1,592,160 of approximately \$4,300,000 in funds under the State of New Hampshire, Drinking Water State Revolving Loan Fund Program for the construction of the Iron and Manganese Treatment Facility Project. 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. Interest is accrued at 1% during the construction period of the project and is to be paid upon completion of the construction project within the following year. Total funding to date of \$1,592,160 has been reported as 'Other long-term obligations'.

NOTE 7--CONTINGENT LIABILITIES

Litigation

In the opinion of District management, any potential claims against the District, which are not covered by insurance are immaterial and would not affect the financial position of the District.

NOTE 8--RESTATEMENT OF EQUITY

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

	Business-type Activities
Net Position - July 1, 2014 (as previously reported)	\$ 18,624,640
Amount of restatement due to:	
Net Pension Liability	(1,014,923)
Contributions subsequent to measurement date	<u>73,891</u>
Net Position - July 1, 2014, as restated	<u>\$ 17,683,608</u>

SCHEDULE 1
MERRIMACK VILLAGE DISTRICT
 Schedule of Changes in the District's Proportionate Share of the Net Pension Liability
 For the Year Ended June 30, 2015

	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.0228%	0.0236%
District's proportionate share of the net pension liability (asset)	\$ 854,919	\$ 1,014,923
District's covered-employee payroll	\$ 764,291	\$ 709,048
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	111.86%	143.14%
Plan fiduciary net position as a percentage of the total pension liability	66.32%	59.81%

See accompanying notes to the required supplementary information

SCHEDULE 2
MERRIMACK VILLAGE DISTRICT
Schedule of District Contributions
For the Year Ended June 30, 2015

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 73,891	\$ 58,638
Contributions in relation to the contractually required contribution	<u>(73,891)</u>	<u>(58,638)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 764,291	\$ 709,048
Contributions as a percentage of covered-employee payroll	9.67%	8.27%

See accompanying notes to the required supplementary information

MERRIMACK VILLAGE DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015

**NOTE 1—SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY AND SCHEDULE OF DISTRICT CONTRIBUTIONS**

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

SCHEDULE 1
MERRIMACK VILLAGE DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Federal Granting Agency/Recipient State Agency/Grant Program/State Grant Number	Federal Catalogue Number	<u>Expenditures</u>
ENVIRONMENTAL PROTECTION AGENCY		
Pass Through Payments from New Hampshire Department of Environmental Services Capitalization Grants for Drinking Water State Revolving Funds #1531010	66.468	<u>\$ 1,027,011</u>
Total Environmental Protection Agency		<u>1,027,011</u>
Total Federal Financial Assistance		<u>\$ 1,027,011</u>

See notes to schedule of expenditures of federal awards

MERRIMACK VILLAGE DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2015

NOTE 1--FINANCIAL REPORTING ENTITY

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Merrimack Village District. The Merrimack Village District's reporting entity is defined in Note 1 to the District's basic financial statements.

NOTE 2--BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the District's basic financial statements.

NOTE 3--RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The amount of \$1,027,011 represents funds drawn down from the State Revolving Loan Fund Program. Federal funds for the loan were awarded by the Environmental Protection Agency to the State of New Hampshire, which then makes subawards in the form of loans to its subrecipients.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

Independent Auditor's Report

To the Commissioners of the
Merrimack Village District
Merrimack, New Hampshire

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Merrimack Village District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Merrimack Village District's basic financial statements, and have issued our report thereon dated November 9, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Vachon Clark & Company PC". The signature is written in black ink and is positioned above the typed name and date.

Manchester, New Hampshire
November 9, 2015

BUDGET FORM FOR VILLAGE DISTRICTS

without Budget Committee Under RSA 32:14-24

DATE OF MEETING: March 29, 2016 For Fiscal Year: 2016/2017

VILLAGE DISTRICT: Merrimack County: Hillsborough

In the Town(s) Of: Merrimack

Mailing Address: 2 Greens Pond Road
Merrimack, NH 03054

Phone #: 603-424-9241 Fax #: 603-424-0563 E-Mail: natalie.couture@mvdwater.org

IMPORTANT:

Please read RSA 32:5 applicable to all municipalities.

1. Use this form to list the operating budget and all special and individual warrant articles in the appropriate recommended and not recommended area. All proposed appropriations must be on this form.
2. Hold at least one public hearing on this budget.
3. When completed, a copy of the budget must be posted with the warrant. Another copy must be placed on file with the village district clerk, and a copy sent to the Department of Revenue Administration at the address below within 20 days of the meeting.

This is to certify that this budget was posted with the warrant on the (date) March 4, 2016.

GOVERNING BODY (COMMISSIONERS)

Please sign in ink.

Under penalties of perjury, I declare that I have examined the information contained in this form and to the best of my belief it is true, correct and complete.

Anthony Pellego
Joseph M. Connor
George A. Villa

Don. Wood

THIS BUDGET SHALL BE POSTED WITH THE VILLAGE DISTRICT WARRANT

FOR DRA USE ONLY

NH DEPARTMENT OF REVENUE ADMINISTRATION
 MUNICIPAL SERVICES DIVISION
 P.O. BOX 487, CONCORD, NH 03302-0487
 (603)271-3397

1	2	3	4	5	6	7
Acct. #	PURPOSE OF APPROPRIATIONS (RSA 32:3,V)	OP Bud. Warr. Art.#	Appropriations Prior Year As Approved by DRA	Actual Expenditures Prior Year	Appropriations Ensuing FY (Recommended)	Appropriations Ensuing FY (Not Recommended)
GENERAL GOVERNMENT						
4130-4139	Executive					
4150-4151	Financial Administration					
4153	Legal Expense					
4155-4159	Personnel Administration					
4194	General Government Buildings					
4196	Insurance					
4197	Advertising & Regional Assoc.					
4199	Other General Government					
PUBLIC SAFETY						
4210-4214	Police					
4215-4219	Ambulance					
4220-4229	Fire					
4290-4298	Emergency Management					
4299	Other Public Safety					
HIGHWAYS & STREETS						
4311-4312	Admin., Highways & Streets					
4313	Bridges					
4316	Street Lighting					
4319	Other					
SANITATION						
4321-4323	Admin. & Solid Waste Collection					
4324	Solid Waste Disposal					
4325	Solid Waste Clean-up					
4326-4329	Sewage Coll. & Disposal & Other					
WATER DISTRIBUTION & TREATMENT						
4331	Administration		386,725	367,215	392,243	
4332	Water Services		1,421,145	1,247,844	1,577,308	
4335	Water Treatment		424,904	334,587	393,462	
4338-4339	Water Conservation & Other					
HEALTH						
4411-4414	Administration & Pest Control					
CULTURE & RECREATION						
4520-4529	Parks & Recreation					
4589	Other Culture & Recreation					

1	2	3	4	5	6	7
Acct. #	PURPOSE OF APPROPRIATIONS (RSA 32:3,V)	OP Bud. Warr. Art.#	Appropriations Prior Year As Approved by DRA	Actual Expenditures Prior Year	Appropriations Ensuing FY (Recommended)	Appropriations Ensuing FY (Not Recommended)
DEBT SERVICE						
4711	Princ.- Long Term Bonds & Notes		455,000	330,000	260,000	
4721	Interest-Long Term Bonds & Notes		209,374	152,980	424,426	
4723	Int. on Tax Anticipation Notes					
4790-4799	Other Debt Service					
CAPITAL OUTLAY						
4901	Land & Improvements					
4902	Machinery, Vehicles & Equipment		74,000	29,243	60,000	
4903	Buildings					
4909	Improvements Other Than Bldgs					
OPERATING TRANSFERS OUT						
4912	To Special Revenue Fund		200,000	200,000	150,000	
4913	To Capital Projects Fund					
4914	To Proprietary Fund (Contingency)		20,000			
OPERATING BUDGET SUBTOTAL			3,191,148	2,661,869	3,257,439	

****SPECIAL WARRANT ARTICLES****

Special warrant articles are defined in RSA 32:3,VI, as: 1) appropriations in petitioned warrant articles; 2) appropriations raised by bonds or notes; 3) appropriation to a separate fund created pursuant to law, such as capital reserve funds or trust funds; 4) an appropriation designated on the warrant as a special article or as a nonlapsing or nontransferable article.

1	2	3	4	5	6	7
Acct. #	PURPOSE OF APPROPRIATIONS (RSA 32:3,V)	OP Bud. Warr. Art.#	Appropriations Prior Year As Approved by DRA	Actual Expenditures Prior Year	Appropriations Ensuing FY (Recommended)	Appropriations Ensuing FY (Not Recommended)
4915	To Capital Reserve Fund (System Dev.Charge)	5			29,440	
	To add to Capital Reserve Fund	6			250,000	
	To add to Capital Reserve Fund	7			250,000	
SPECIAL ARTICLES RECOMMENDED					529,440	

****INDIVIDUAL WARRANT ARTICLES****

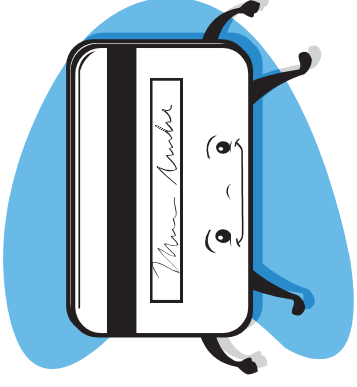
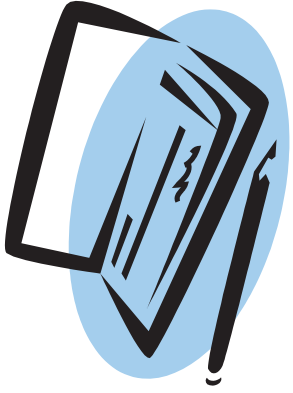
"Individual" warrant articles are not necessarily the same as "special warrant articles". Examples of individual warrant articles might be negotiated cost items for labor agreements, leases, or items of a one time nature.

1	2	3	4	5	6	7
Acct. #	PURPOSE OF APPROPRIATIONS (RSA 32:3,V)	OP Bud. Warr. Art.#	Appropriations Prior Year As Approved by DRA	Actual Expenditures Prior Year	Appropriations Ensuing FY (Recommended)	Appropriations Ensuing FY (Not Recommended)
	Contingency Fund	4			20,000	
INDIVIDUAL ARTICLES RECOMMENDED					20,000	

1	2	3	4	5	6
Acct.#	SOURCE OF REVENUE	WARR. ART.#	Estimated Revenues Prior Year	Actual Revenues Prior Year	Estimated Revenues Ensuing Fiscal Year
TAXES					
3190	Interest & Penalties on Delinquent Taxes				
3311-3319	FROM FEDERAL GOVERNMENT				
FROM STATE					
3351	Shared Revenues				
3354	Water Pollution Grant				
3359	Other (Including Railroad Tax)				
3379	FROM OTHER GOVERNMENTS				
CHARGES FOR SERVICES					
3401	Income from Departments				
3402	Water Supply System Charges				
3403	Sewer User Charges				
3404	Garbage - Refuse Charges				
3409	Other Charges (water supply)		3,065,110	3,264,248	3,140,924
MISCELLANEOUS REVENUES					
3501	Sale of Village District Property				
3502	Interest on Investments		950	372	300
3503-3509	Other Charges (Fines, Misc. etc...)		105,086	123,279	116,215
INTERFUND OPERATING TRANSFERS IN					
3912	From Special Revenue Funds				
3913	From Capital Projects Funds				
3914	From Proprietary Funds				
3915	From Capital Reserve Funds				
3916	From Trust & Agency Funds				
OTHER FINANCING SOURCES					
3934	Proc. from Long Term Bonds & Notes				
	Amounts Voted From Fund Balance				
	Estimated Fund Balance to Reduce Taxes				
TOTAL ESTIMATED REVENUE & CREDITS			3,171,146	3,387,899	3,257,439

BUDGET SUMMARY

	PRIOR YEAR	
OPERATING BUDGET Appropriations Recommended (from page 3)	3,387,899	3,257,439
Special Warrant Articles Recommended (from page 4)		529,440
Individual Warrant Articles Recommended (from page 4)		20,000
TOTAL Appropriations Recommended	3,387,899	3,806,879
Less: Amount of Estimated Revenues & Credits (from above)	3,387,899	3,806,879
Estimated Amount of Taxes to be Raised	0	0



Pay “On-Line” by visiting www.mvdwater.org

OR

TOLL FREE #1-800-272-9829

CREDIT CARDS, PINLESS DEBIT CARDS AND E-CHECKS ACCEPTED

*** A transaction fee will be charged by the service provider for payment methods. There is a limit of \$250.00 per transaction***

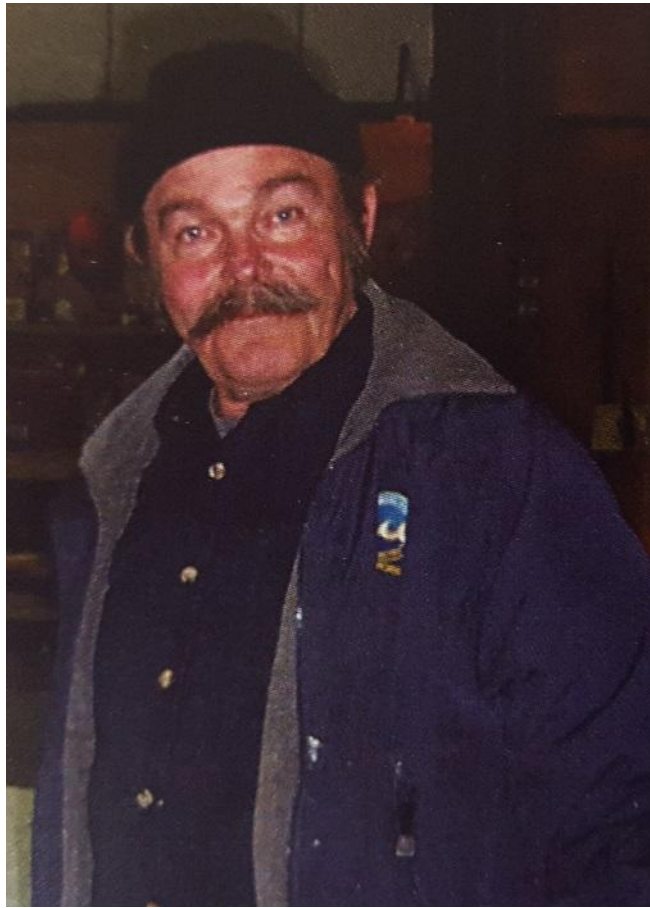
Please note: credit cards and debit cards cannot be processed at the Merrimack Village District office



DATES TO REMEMBER

Monthly	Board of Commissioners meets on the 3 rd Monday of each month
Annual/Biannual	Backflow Testing (for Commercial/Industrial Businesses)
Year Around	Odd/Even watering restriction is a tool to help manage our distribution system
April – Oct. 2016	Flushing of pipes in the distribution system. Watch for flushing notices in the newspaper, public access channel, and MVD website (www.mvdwater.org)
May 2016	Hydrant painting & maintenance begins
July 1, 2016	2016 Water Quality Report is mailed to all (Merrimack) Residents, Businesses, and Condominium Associations
March 28, 2017	Merrimack Village District Annual Meeting

*THE MERRIMACK VILLAGE DISTRICT WOULD LIKE TO
THANK THE RESIDENTS AND BUSINESSES OF
MERRIMACK FOR THEIR CONTINUED SUPPORT*



David Dandurant
1944 – 2016

Dave worked for the MVD for over 21 years as a Distribution Utility Field Technician. His main job was to read, repair and install meters but he was always willing to lend a hand wherever he was needed. Even after retirement Dave worked part time during the summer painting hydrants. He remained very much a part of the crew visiting on holidays and keeping in touch with his many friends to talk football. Dave will be remembered for his good-natured pranks, his colorful stories and endless supply of jokes.

*IN APPRECIATION
EMPLOYEES RECOGNITION*

36 Years of Service

Carol Sutton

24 Years of Service

Jason Dubois

23 Years of Service

Kevin Gurney

19 Years of Service

Stephen Chase

18 Years of Service

Ron Miner

14 - 15 Years of Service

James Colburn

Ed Lambert

Dan St. Pierre

Natalie Couture

5 - 10 Years of Service

David Fredrickson

Brian Hieken

Jill Lavoie

Heinz Smith

