

**Board of Commissioners
Regular Session (Part I)
Minutes
February 26, 2018
(approved March 19, 2018)**

Present: L. Woods, G. Keller, J. Comer, Superintendent R. Miner, Business Manager J. Lavoie

Excused: T. Pellegrino, J. Balcom

Chairman of the Board L. Woods asked for a moment of silence to honor the memory of former Superintendent James McSweeney who passed away recently.

Financial and Human Resources Review - January 2018

M. Holton noted that at 7 months the District is 58.33% in to the fiscal budget year. The revenues are currently at 59% and the expenditures are at 57.1%. The cell tower rental income in the amount of \$35,000 that was not paid in the prior year will be reclassified to FY 2017. Water Sales account 3402 is below budget due to a reclassification of some accounts from industrial to mercantile. The account for Administration Overtime is over budget due to the transition of staff, but will be coming down and is also offset by the difference in salaries. The Office Equipment budget includes the Elements Asset Management software implementation which is being installed ahead of scheduled. Office Equipment R&M includes the technical support for this software. The bulk of the R & M Pump Station account is for work done by Barry Miller in August. R. Miner noted that the Turkey Hill Road tank has been painted, but other things still remain to be done. The R & M Tanks account is over budget due to additional engineering and improvements. Funds will be transferred from another budget line to offset.

Mike Campo, Plodzick and Sanderson, Director in charge of the MVD audit was present. He noted that the audit will be finalized in the next week or so. He noted he does not anticipate any changes, but the report is still in draft form. He noted that this is the first year that his company has done an audit for the District and there has been a learning curve on both sides.

(See attached Audit Detail provided by Michele Holton)

1. Board of Commissioners to review minutes from the November 20, 2017, December 18, 2017, January 22, 2018 and January 29, 2018 Public and Non-Public Sessions.

A motion was made by G. Keller and seconded by J. Comer to accept the minutes of the November 20, 2017 Public and Non-Public sessions. The motion passed 3-0-0.

A motion was made by G. Keller and seconded by J. Comer to accept the minutes of the December 18, 2017 Public and Non-Public sessions with a change on page 3. The word "care" should be "card". The motion passed 3-0-0.

A motion was made by G. Keller and seconded by J. Comer to approve the record of the questions/comments from the public on January 22, 2018. The motion passed 3-0-0.

A motion was made by G. Keller and seconded by J. Comer to accept the minutes of January 29, 2018 Public and Non-Public sessions. There was some discussion regarding these minutes and the second was withdrawn. These minutes will be brought back at a subsequent meeting.

2. Board of Commissioners to discuss COLA for employees.

L. Woods noted that this discussion has already been held in non-public session and the COLA discussed was 2.3%. M. Holton noted the COLA suggested would be effective January 1, 2018, but not paid until after the approval of the budget at the Annual Meeting in March 2018. R. Miner noted that this is the recommendation of the administration.

A motion was made by J. Comer and seconded by G. Keller to approve a 2.3% COLA for all employees effective January 1, 2018 to be paid retroactively after the approval of the FY 2019 budget at the Annual Meeting in March 2018. The motion passed 3-0-0.

3. Board of Commissioners to discuss Employee Recognition for length of service.

L. Woods noted there is a new line item in the proposed budget (50150) for \$1,450 for payment to employees for recognition of length of service to the District. M. Holton noted that this recognition would be paid in 5 year increments at \$10 per year. The details of this program will be listed in the policies of the District.

A motion was made by G. Keller and seconded by J. Comer to approve the addition of this line item in the amount of \$1,450. The motion passed 3-0-0.

4. Board of Commissioners to discuss PFOA Investigation.

R. Miner noted that additional information was added to the Financial Impact of the Questionnaire. J. Lavoie noted that this questionnaire has been reviewed by EGGI and UEI. Concern was expressed regarding the figure of \$12M for the treatment of Wells 2,3,7&8. The language was changed to read ""could easily exceed \$12,000,000" rather than "could easily reach (or exceed) \$12,000,000".

R. Miner noted that the intent is to make this questionnaire available at the Town Meeting. B. McCarthy, District Moderator, noted that this questionnaire must be outside of the voting area.

R. Miner questioned whether it might be better to send this questionnaire to all rate payers via a bulk mailing.

R. Miner noted that there has been a conversation with CT Male and Pennichuck Water Works (PWW) regarding the Back River Road extension. An agreement between PWW and MVD would allow PWW to service the two homes in Merrimack. CT Male is still looking at the option of an extension of Back River Road into Merrimack to pick up these two homes and would be an ad/alt to the PWW/Bedford extension project. NHDES is very close to an agreement with SGPP regarding other private wells.

5. Board of Commissioners to review 2018-2019 Warrant Articles with explanation for the Public Hearing.

L. Woods noted the following:

Article 4 (Turkey Hill Road Booster Pump Station-\$1.3M) was assigned to L. Woods with J. Comer seconding.

Article 5 (Operating Budget) was assigned to J. Comber with J. Balcom seconding.

Article 6 (Contingency) was assigned to T. Pellegrino with L. Woods seconding.

Article 7 (System Development Capital Reserve Fund) was assigned to G. Keller with J. Balcom seconding.

Article 8 (Equipment and Facilities Capital Reserve Fund) was assigned to L. Woods with G. Keller seconding.

The Board takes no action on petitioned Warrant Articles.

6. Board of Commissioners to review 2018-2019 Budget Memo for the Public Hearing.

J. Lavoie noted that any changes needed can be made in time for the Annual Meeting.

7. Old Business

There was no old business at this time.

8. New Business

There was no new business at this time.

9. Superintendent's Report

Greenfield Farms - The developer hopes to start the sewer work on this project in the spring. The cost for the water main to Jensen will fall to the developer.

Flatley - NHDES wants soils samples, etc. from this project. The developer wants to start this project no later than April 1, 2018. The crossing at Priscilla Lane will be constructed. This project has already been reviewed by the District's engineers. There can be no approval of the Certificate of Occupancy without the District's sign off.

10. Questions from the Public

Steve Miller, 42 Belmont Drive, noted that \$125,500 was put into the school budget by the School Board to put filters in the schools. He noted he is not in favor of the questionnaire at the Town Meeting. He would like to see the questionnaires go out with the first quarter bills. He noted that a more comprehensive return from the rate payers is needed than may be gained at the Town Meeting. He noted that there had been an attempt to disband the MVD some years ago and it was firmly rejected at that time. He noted that the value of the MVD would become an asset to the Town of Merrimack if the MVD is disbanded.

11. Questions from the Press

There were no questions from the press at this time.

Recess

The public session of the MVD Board of Commissioners was recessed at 5:35 PM to be reconvened after the Public Hearing at the Merrimack High School Little Theatre at 7:00 PM.

Respectfully submitted,
Rita Pointon, Recording Secretary

**Board of Commissioners
Regular Session (Part II)
Minutes
February 26, 2018
(approved March 19, 2018)**

Present: L. Woods, G. Keller, J. Comer, Superintendent R. Miner, Business Manager J. Lavoie

Excused: T. Pellegrino, J. Balcom

A motion was made by G. Keller and seconded by J. Comer to accept the Operating Budget and Warrant Articles as presented. The motion passed 3-0-0.

A motion was made by G. Keller and seconded by J. Comer to adjourn the meeting at 8:10 PM. The motion passed 3-0-0.

Respectfully submitted,
Rita Pointon, Recording Secretary

**Merrimack Village District, Board of Commissioners, Regular Session (Part 1),
2/26/18, Audit Review Detail by M. Holton**

M. Camp noted that the District received a “clean opinion” from the audit of the fiscal year ending June 30, 2017. He noted this means under Generally Accepted Accounting Principles (GAAP), all requirements for a government of the District’s nature have been met, including capital assets and net pension liability.

M. Campo noted the Management Discussion & Analysis (MD&A) was not done due to the late in the year transition of the finance director & treasurer roles. He noted Plodzick & Sanderson recommend clients in this position hold off a year on this document, since they do not have the direct knowledge to expand on what went on during the year.

L. Woods inquired if the financial information M. Holton presented to Plodzick & Sanderson indicated that the District in on the right track. M. Campo replied, “Yes, absolutely.” M. Campo noted there were no serious deficiencies or material weaknesses detected. M. Campo noted that he shared some best practice & process recommendations at the time of audit, and observed that many are already implemented. He also noted the District’s management provided a lot of information in advance to the auditors, so fieldwork was an effective use of the District’s time.

L. Woods noted the District’s By-Laws indicate the financial statements shall be audited within 90 days after the end of each fiscal year. He noted that due to the staff transition this year’s audit went beyond this timeframe, and he inquired if the District can expect to meet this timeframe going forward. M. Campo noted that this was the first audit of the District for Plodzick & Sanderson, and needed to be more involved than future audits. M. Campo noted the Government Financial Officers’ Association’s (GFOA) highest mark for government financial reporting requires audit completion within 6 months of the end of a fiscal year. He suggested that the District consider revising the By-Laws to reflect the 6 month timeframe, and that there would be no issue with meeting this timeframe going forward.

M. Campo reviewed financial statements which reflected the District’s net position of \$20,001,329 broken down as follows:

Net Investment in Capital Assets	\$12,392,298	(Capital Assets less Depreciation & Related Debt)
Restricted	\$157,304	(Unspent Bond Proceeds less Related Debt)
<u>Unrestricted</u>	<u>\$7,451,727</u>	
Total Net Position	\$20,001,329	

M. Campo further noted that \$4,969,232 of the unrestricted balance is capital reserve funds held by the Trustees of Trust Funds, and outside of that amount, \$2,482,495 is in the unrestricted net position. L. Woods inquired if the District has a good net position considering the size of its budget. M. Campo replied yes and noted that the District has a healthy net position.

**Merrimack Village District, Board of Commissioners, Regular Session (Part 1),
2/26/18, Audit Review Detail by M. Holton**

M. Campo noted that the financial report Note 5 – Due From Other Governments includes the capital reserve funds since they are held by the Town of Merrimack’s Trustees of Trust Funds. He reviewed the following breakdown of each fund:

Acquisition of Land	\$1,465,810
Equipment & Facilities	\$3,009,085
<u>System Development Charge</u>	<u>\$494,337</u>
Total Capital Reserve Funds	\$4,969,232

M. Campo noted the \$216,495 receivable from Saint-Gobain for the Pennichuck Booster Station is classified as an Extraordinary Item (Note 12) since it is a unique item, not received on a regular basis. He noted it is separated out so as not to skew results and allow for year over year comparison of financial information.

M. Campo noted Contingent Liabilities (Note 13) include Litigation which is a common disclosure as any government has a lot of activity going on that will involve legal claims and suits. He also noted that the Environmental Remediation is included in this note, which has a detailed description of the situation provided by the Superintendent.

M. Campo noted that there are two Subsequent Events (Note 14) included in the financial report. M. Campo explained that accounting standards require anything of a material financial nature that occurs before the issuance of the audit report be disclosed. He noted that the Finance Director researched and discovered \$35,464 in additional funds due from a Verizon Land Lease. The funds have been recorded and the District is receiving these funds from Verizon. He also noted that a Petition Warrant Article to disband the District was submitted. He noted that the outcome of the warrant article is unknown.

L. Woods inquired if the District received a letter of good practice recommendations. M. Campo noted he would be providing one to M. Holton to review at the next Board of Commissioners meeting. He noted that the management of the District has been very good to work with. They work very hard and have been helpful & available.