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REPORT
to the
Village District
of
Eastman

ANNUAL MEETING
9 AM
MARCH 18, 2000
THE CENTER AT EASTMAN



*Do your part
to use water wisely.*

*See that
it's never
wasted.*

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PLEASE NOTE:

Individuals with disabilities who may need services, assistance, or auxiliary communication aids are requested to make their needs known by calling 863-6512 two weeks in advance of the March 18, 2000 meeting.

OFFICERS

Commissioners	John J. Zentis	2000
	Robert G. Barnes	2001
	Leslie G. Taylor	2002
Treasurer	William J. Mannix	Medical Leave
Deputy Treasurer	Peggy R. Martineau	2000
Clerk	Elizabeth E. Monteleone	Retired
Deputy Clerk	Charles L. Amick	2000
Moderator	Richard A. Whiting	2000

Regular meetings are held the third Wednesday of each month at 9 AM
at the Village District Office.

COMMISSIONERS' REPORT

1999 was a very interesting year for the Village District.

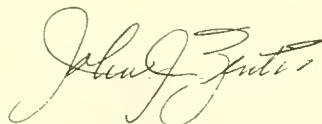
Work was completed on the Greensand Filtration Plant within the allotted funds. Our water is now delivered with the iron and manganese contents well within the recommendations of the State of New Hampshire. We have completed the warranty period. The plant is stable to the point where it runs successfully in the automatic mode. Additional refinements included upgrading some of the feed mechanism for the chemistry, fencing the lagoon that holds the backwash water, and installing an alarm system as protection from fire and vandalism. An additional benefit is that the semi-annual flushing was accomplished in less time and with less water usage because the water mains build up less debris. We anticipate in a few years to undertake this task annually which will save about 1 million gallons of water per year.

We have, as part of the project, put the original Village District Dug Wells back in service. We now have all three sources available for use.

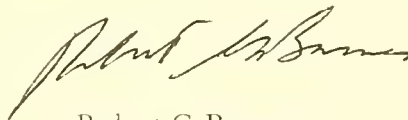
Work has begun on upgrading the landscape surrounding the Snow Hill Storage Tank Facility. Many trees and bushes have been planted while unsightly and dead trees have been removed from the site. This effort will be continued in 2000.

Preliminary work by our engineering consultant has begun on improvements to the distribution system. There are many ways to solve the problem and we have begun to analyze the various options that may be available.

We had a good financial year to the extent that we are able to add \$60,000.00 to the Trust Fund for Water Mains Replacement. Our mains are 26 years old and are constructed extensively of PVC pipe. Because of the high pressure at which we operate, the pipe is stressed to nearer to its design limit than we would like. Replacement is very expensive and we have about 33 miles of mains serving the community.



John J. Zentis



Robert G. Barnes



Leslie G. Taylor

WATER QUALITY REPORT - 2000

Is my drinking water safe?

We are pleased to report that our drinking water is safe and meets federal and state requirements.

What is the source of my water?

The source is ground water from a wellfield located at the end of Wellfield Road, in the Town of Springfield. Two gravel-packed wells and 18 dug wells provide the water supply, which is treated for removal of Iron and Manganese by a Greensand Filtration Plant that was started up in October 1998.

Why are there 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 (EPA) Safe Drinking Water Hotline (1-800-426-4791).

How can I get involved?

To obtain information about your water system, please contact the Business Manager, Ms. Virginia Buckley, at 603-863-6512. You are invited to attend our regular monthly meetings which are held at the Village District Office on Draper Road at the North Eastman Entrance. These meetings are normally held at 9:00 AM on the third Wednesday of each month, but we suggest that you contact the office to confirm the time.

Other information.

The water system presently serves 1,171 customers, and was significantly upgraded in 1998 by the installation of a Greensand Filtration Plant, for removal of Iron and Manganese from the water. The new plant is operating very effectively, and levels of Iron and Manganese have been significantly reduced to well below recommended limits. Finished water is treated to raise the pH to an average of 7.4 (slightly basic), and to provide an average Chlorine level of 0.50 to 1.0 ppm.

Do I need to take special precautions?

Some people may be more vulnerable to contaminants in drinking water than the general population. Immunocompromised 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/Center for Disease Control guidelines on appropriate means to lessen the risk of infection by *Cryptosporidium* and other microbial contaminants are available from the Safe Drinking Water Hotline (1-800-426-4791).

WATER QUALITY DATA

The following table lists only those drinking water contaminants that were detected in 1999. The table is much shorter than the previous year, since the State did not conduct a Sanitary Survey, as we had originally expected. Furthermore, EPA specifies that we only report those contaminants that are actually detected, and that we should not include any test results that are below the detectable limit. The following data is from tests conducted January 1 to December 31, 1999, unless otherwise indicated.

TEST RESULTS

Contaminant	Violation Y/N	Level Detected	Unit Meas.	MCLG	MCL	Likely Source of Contamination
Microbiological Contaminants						
Total Coliform Bacteria (no. positive samples)	No	0		0	presence of coliform bacteria in $\geq 5\%$ of compliance samples	Naturally present in the environment
Fecal coliform and <i>E. coli</i>	No	0		0	a routine sample and repeat sample are total coliform positive, and one is also fecal coliform or <i>E. coli</i> positive	Human and animal fecal waste
Radioactive Contaminants						
Radon	No	585-685	pCi/L	None	None	Erosion of natural deposits
Inorganic Contaminants						
Nitrate (as Nitrogen)	No	<0.5	PPM	10	10	Runoff from fertilizer use; leaching from septic tanks, sewage; erosion of natural deposits

Definitions: MCLG: Maximum Contaminant Level Goal, or 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. • MCLs: The highest level of a contaminant in drinking water below which there is no known or expected risk to health. They are set as close to the MCLGs as feasible using the best available treatment technology

Abbreviations: pCi/L: picocuries per liter • PPM: parts per million

Health Effects Information:

Total Coliform Bacteria - Coliforms are bacteria that are naturally present in the environment and are used as an indicator that other, potentially-harmful, bacteria may be present. In 1998, Coliforms were found in some samples, but they were absent in all 36 tests performed in 1999. Samples are taken each month at 3 different locations.

Radon - We have detected Radon in the water supply at low levels. Exposure to air-transmitted Radon over a long period of time may cause adverse health effects. Radon is commonly found in water supplies throughout New Hampshire.

There is no Federal Regulation for Radon levels in drinking water in effect at this time. However, EPA proposed a rule for control of Radon in drinking water on Nov. 2, 1999, which would establish an MCL of 300 pCi/L. If this rule is adopted in Aug. 2000, initial testing will not be required before Aug. 2003, and full implementation will be in Feb. 2006. However, we will continue testing the finished water for Radon level on a quarterly basis to build a reliable data base.

WARRANT
VILLAGE DISTRICT OF EASTMAN
Enfield, Grantham, Springfield, New Hampshire

To the inhabitants of Eastman qualified to vote in the Village District:

You are hereby notified that the Annual Meeting of the Village District Of Eastman will be held at THE CENTER AT EASTMAN on Saturday, March 18, 2000.

Polls will be open from 9:00 AM until 11:00 AM for Article 1, the election of officers.

Article 2 and beyond will be taken up at 9:15 AM.

Absentee Ballots will be opened at 10:00 AM.

ARTICLE 1:

To choose Village District Of Eastman Officers: A Commissioner to serve three years, a Clerk to serve three years, and a Moderator to serve two years.

ARTICLE 2:

To see if the Village District Of Eastman will vote to raise and appropriate the sum of \$408,275, which represents the OPERATING BUDGET. Said sum does not include special or individual articles addressed.

The Commissioners recommend this appropriation.

(Majority Vote Required)

ARTICLE 3:

To see if the Village District Of Eastman will vote to raise and appropriate the sum of \$145,163, which represents PRINCIPAL AND INTEREST PAYMENTS for the REACTIVATION OF THE DUG WELL FIELD AND THE CONSTRUCTION OF A GREENSAND FILTRATION WATER TREATMENT PLANT.

The commissioners recommend this appropriation.

(Majority Vote Required)

ARTICLE 4:

To see if the Village District Of Eastman will vote to raise and appropriate the sum of \$13,337 to install a GARAGE SEPTIC SYSTEM. This will be a NON-LAPSING account per RSA 32:3-VI and will not lapse until the system is installed or in two years.

The commissioners recommend this appropriation.

(Majority Vote Required)

ARTICLE 5:

To see if the Village District Of Eastman will vote to raise and appropriate the sum of \$6,000 to purchase INVENTORY HARDWARE.

The commissioners recommend this appropriation.

(Majority Vote Required)

ARTICLE 6:

To see if the Village District Of Eastman will vote to raise and appropriate the sum of \$15,000 to be added to the previously established WATER SYSTEM UPGRADE Capital Reserve fund.

The commissioners recommend this appropriation.

(Majority Vote Required)

ARTICLE 7:

To see if the Village District Of Eastman will vote to establish a Capital Reserve Fund under the provisions of RSA 35:1 for the purpose of a ONE TON DUMP TRUCK and to raise and appropriate the sum of \$12,500 to be placed in this fund and to designate the commissioners as agents to expend.

The commissioners recommend this appropriation.

(Majority Vote Required)

ARTICLE 8:

To see if the Village District Of Eastman will vote to raise and appropriate the sum of \$5,000 to be added to the previously established GENERATORS/PUMPS MAINTENANCE EXPENDABLE TRUST FUND.

The commissioners recommend this appropriation.

(Majority Vote Required)

ARTICLE 9:

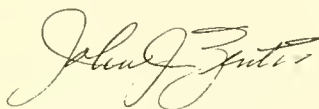
To see if the Village District Of Eastman will vote to raise and appropriate the sum of \$25,000 to be added to the previously established WATER MAINS MAINTENANCE EXPENDABLE TRUST FUND.

The commissioners recommend this appropriation.

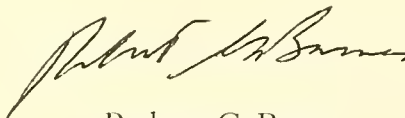
(Majority Vote Required)

ARTICLE 10:


To transact any other business that may legally come before the meeting.



John J. Zentis



Robert G. Barnes



Leslie G. Taylor

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



BUDGET FORM FOR VILLAGE DISTRICTS

DATE OF MEETING: March 18, 2000

VILLAGE DISTRICT: Of Eastman County: Grafton/Sullivan

In the Town(s) Of: Enfield, Grantham, Springfield

Mailing Address: P.O. Box 990
Grantham, NH 03753

Phone #: 863-6512 Fax #: 863-9794 E-Mail: _____

IMPORTANT:

Please read RSA 32:5 applicable to all municipalities.

1. Use this form to list the entire budget in the appropriate recommended and not recommended area. This means the operating budget and all special and individual warrant articles must be posted.

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 above address.

This is to certify that this budget was posted with the warrant on the (date) March 1, 2000

GOVERNING BODY (COMMISSIONERS)

Please sign in ink.

John J. Zentis
Robert G. Barnes
Leslie G. Taylor

JOHN J. ZENTIS
ROBERT G. BARNES
LESLIE G. TAYLOR

1	2	3	4	5	6	7
Acct. #	PURPOSE OF APPROPRIATIONS (RSA 32:3,V)	WARR. ART.#	Appropriations Prior Year As Approved by DRA	Actual Expenditures Prior Year	APPROPRIATIONS ENSUING FY (RECOMMENDED)	APPROPRIATIONS ENSUING FY (NOT RECOMMENDED)

GENERAL GOVERNMENT

XXXXXXXXXX XXXXXXXXXXXX XXXXXXXXXXXX XXXXXXXXXXXX

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

XXXXXXXXXX XXXXXXXXXXXX XXXXXXXXXXXX XXXXXXXXXXXX

4210-4214	Police					
4215-4219	Ambulance					
4220-4229	Fire					
4290-4298	Emergency Management					
4299	Other Public Safety					

HIGHWAYS & STREETS

XXXXXXXXXX XXXXXXXXXXXX XXXXXXXXXXXX XXXXXXXXXXXX

4311-4312	Admin., Highways & Streets					
4313	Bridges					
4316	Street Lighting					
4319	Other					

SANITATION

XXXXXXXXXX XXXXXXXXXXXX XXXXXXXXXXXX XXXXXXXXXXXX

4321-4323	Admin. & Solid Waste Collection					
4324	Solid Waste Disposal					
4325	Solid Waste Clean-up					
4326-4329	Sewage Coll. & Disposal & Other					

WATER DISTRIBUTION & TREATMENT

XXXXXXXXXX XXXXXXXXXXXX XXXXXXXXXXXX XXXXXXXXXXXX

4331	Administration	2	245,220	246,919	270,275	
4332	Water Services	2	106,200	87,830	107,500	
4335	Water Treatment	2	9,500	5,946	9,000	
4336-4339	Water Conservation & Other	2	16,500	14,987	21,000	

HEALTH

XXXXXXXXXX XXXXXXXXXXXX XXXXXXXXXXXX XXXXXXXXXXXX

4411-4414	Administration & Pest Control					
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CULTURE & RECREATION

XXXXXXXXXX XXXXXXXXXXXX XXXXXXXXXXXX XXXXXXXXXXXX

4520-4529	Parks & Recreation					
4589	Other Culture & Recreation					

1	2	3	4	5	6	7
Acct.#	PURPOSE OF APPROPRIATIONS (RSA 32:3,V)	WARR. ART.#	Appropriations Prior Year As Approved by DRA	Actual Expenditures Prior Year	APPROPRIATIONS ENSUING FY (RECOMMENDED)	APPROPRIATIONS ENSUING FY (NOT RECOMMENDED)
DEBT SERVICE			XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
4711	Princ. - Long Term Bonds & Notes	3	133,334	133,334	133,334	
4721	Interest-Long Term Bonds & Notes	3	20,000	20,000	11,829	
4723	Int. on Tax Anticipation Notes	2	500	0	500	
4790-4799	Other Debt Service					
CAPITAL OUTLAY			XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
4901	Land & Improvements					
4902	Machinery, Vehicles & Equipment	5	41,485	25,807	6,000	
4903	Buildings		6,200	3,250		
4909	Improvements Other Than Bldgs	4	0	0	13,337	
OPERATING TRANSFERS OUT			XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
4912	To Special Revenue Fund					
4913	To Capital Projects Fund					
4914	To Proprietary Fund					
4915	To Capital Reserve Fund	6,7	5,000	5,000	27,500	
4916	To Trust and Agency Funds	8,9	15,981	15,981	30,000	
SUBTOTAL 1			599,920	559,054	630,275	

If you have a line item of appropriations from more than one warrant article, please use the space below to identify the make-up of the the line total for the ensuing year.

Acct. #	Warr. Art. #	Amount	Acct. #	Warr. Art. #	Amount
4915	6	15,000			
	7	12,500			
4916	8	5,000			
	9	25,000			

****SPECIAL WARRANT ARTICLES****

Special warrant articles are defined in RSA 32:3,VI, as appropriations 1) in petitioned warrant articles; 2) appropriations raised by bonds or notes; 3) appropriations 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)	WARR. ART.#	Appropriations Prior Year As Approved by DRA	Actual Expenditures Prior Year	APPROPRIATIONS ENSUING FY (RECOMMENDED)	APPROPRIATIONS ENSUING FY (NOT RECOMMENDED)
4909	Garage & Septic	4	6,200	3,250	13,337	
4915	Water System Upgrade	6	5,000	5,000	15,000	
4916	Generators/Pumps	8	15,981	15,981	5,000	
4916	Water Mains	9	0	0	25,000	
4915	Dump Truck	7	0	0	12,500	-
SUBTOTAL 2 RECOMMENDED			XXXXXXXXXX	XXXXXXXXXX		XXXXXXXXXX

****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, or items of a one time nature you wish to address individually.

1	2	3	4	5	6	7
Acct.#	PURPOSE OF APPROPRIATIONS (RSA 32:3,V)	WARR. ART.#	Appropriations Prior Year As Approved by DRA	Actual Expenditures Prior Year	APPROPRIATIONS ENSUING FY (RECOMMENDED)	APPROPRIATIONS ENSUING FY (NOT RECOMMENDED)
4902	Inventory	5	6,000	6,000	6,000	
SUBTOTAL 3 RECOMMENDED			XXXXXXXXXX	XXXXXXXXXX		XXXXXXXXXX

****BUDGET SUMMARY****

SUBTOTAL 1 Appropriations Recommended (from page 3)	630,275
SUBTOTAL 2 Special Warrant Articles Recommended (from above)	
SUBTOTAL 3 "Individual" Warrant Articles Recommended (from above)	
TOTAL Appropriations Recommended	630,275
Less: Amount of Estimated Revenues & Credits (from page 5)	408,275
Estimated Amount of Taxes to be Raised	222,000

1	2	3	4	5	6
Acct.#	SOURCE OF REVENUE	WARR. ART.#	Estimated Revenues Prior Year	Actual Revenues Prior Year	ESTIMATED REVENUES ENSUING YEAR
TAXES					
			XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
3190	Interest & Penalties on Delinquent Taxes				
3311-3319	FROM FEDERAL GOVERNMENT				
FROM STATE					
			XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
3351	Shared Revenues				
3354	Water Pollution Grant				
3359	Other (Including Railroad Tax)				
3379	FROM OTHER GOVERNMENTS				
CHARGES FOR SERVICES					
			XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
3401-3404	Income from Departments		324,500	372,883	367,375
3409	Other Charges		27,275	27,275	29,900
MISCELLANEOUS REVENUES					
			XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
3501	Sale of Village District Property		14,785	14,785	0
3502	Interest on Investments		6,500	8,366	8,000
3503-3509	Other		3,000	6,934	3,000
INTERFUND OPERATING TRANSFERS IN					
			XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
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					
			XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
3934	Proc. from Long Term Bonds & Notes				
	Amts VOTED From F/B ("Surplus")				
	Fund Balance ("Surplus") to Reduce Taxes		1,860	0	0
TOTAL ESTIMATED REVENUE & CREDITS			377,920	430,243	408,275

COMPARATIVE STATEMENT
OPERATING BUDGET

	1999 <u>DRA Approved</u>	1999 <u>Audited</u>	2000 <u>Estimated</u>
REVENUES			
Annual Flat Fee	\$148,500	\$149,220	\$145,375
Usage	145,000	193,002	193,000
Interest	6,500	8,366	8,000
Reimbursement	27,275	27,275	29,900
Service	7,000	5,161	5,000
New Connections	24,000	25,500	24,000
Miscellaneous	3,000	6,934	3,000
Sale of Vehicle	14,785	14,785	0
Cash Forward	<u>1,860</u>	<u>0</u>	<u>0</u>
Total Revenues	\$377,920	\$430,243	\$408,275

	1999 <u>Recommended</u>	1999 <u>Audited</u>	2000 <u>Recommended</u>
EXPENSES			
<u>Equipment Maintenance</u>			
Auxiliary Equipment	\$ 1,500	\$ 355	\$ 1,000
Backhoe	1,500	963	1,500
Compressor	500	0	500
Generator	2,000	270	1,500
Pumps	2,000	325	1,000
Vehicle	1,500	607	1,500
Vehicle Gas	2,800	3,334	3,000
Diesel Fuel	<u>0</u>	<u>0</u>	<u>500</u>
Total Equipment Maintenance	\$ 11,800	\$ 5,854	\$ 10,500
<u>Facility Maintenance</u>			
General Operating Supplies	\$ 2,000	\$ 5,570	\$ 4,000
Mains	1,500	971	2,000
Meters	500	0	500
Sand/Gravel/Blasting	500	225	500
Gate Boxes	500	16	500
Booster Stations	0	144	500
Structure	3,000	594	1,500
Storage Tanks	3,000	2,328	3,000
Treatment Plant	500	1,123	3,500
Wells	12,000	804	3,000
Chemical Feed Building	<u>0</u>	<u>0</u>	<u>500</u>
Total Facility Maintenance	\$ 23,500	\$ 11,775	\$ 19,500

Office

Equipment (Copier/Computer/Fax)	\$ 2,000	\$ 1,782	\$ 2,500
Rent/Heat/Cleaning	15,500	14,936	16,000
Supplies	5,000	5,783	6,000
Postage	<u>4,500</u>	<u>3,125</u>	<u>4,500</u>
Total Office	\$ 27,000	\$ 25,626	\$ 29,000

Personnel

Wages	\$180,000	\$179,900	\$192,000
Benefits	33,000	31,190	34,500
Contract Labor	6,000	15,373	18,000
Payroll Taxes	13,770	13,751	14,700
Unemployment Compensation	<u>500</u>	<u>0</u>	<u>500</u>
Total Personnel	\$233,270	\$240,214	\$259,700

Professional Fees

Audit	\$ 3,450	\$ 3,450	\$ 3,575
Engineering	2,500	0	1,000
Legal	<u>6,000</u>	<u>3,255</u>	<u>6,000</u>
Total Professional Fees	\$ 11,950	\$ 6,705	\$ 10,575

Water Treatment

Sodium Hydroxide	\$ 3,500	\$ 4,262	\$ 4,500
Laboratory Supplies	1,000	56	1,000
Potassium Permanganate	500	0	500
Hypo Chlorite	1,500	812	1,500
Laboratory Services	<u>2,500</u>	<u>816</u>	<u>1,500</u>
Total Water Treatment	\$ 9,000	\$ 5,946	\$ 9,000

Utilities

Electric	\$ 29,000	\$ 28,775	\$ 30,500
Telephone/Alarm/Radio/SIS	11,900	10,869	12,000
Propane (Heating & Pumping)	<u>3,500</u>	<u>4,931</u>	<u>6,000</u>
Total Utilities	\$ 44,400	\$ 44,575	\$ 48,500

Miscellaneous

Insurance	\$ 7,500	\$ 6,118	\$ 7,500
Interest – TANS	500	0	500
Meetings/Memberships/Publications	8,000	7,070	8,500
Miscellaneous	500	1,799	500
Wellhead Protection Program	500	0	500
Education & Training	<u>0</u>	<u>0</u>	<u>4,000</u>
Total Miscellaneous	\$ 17,000	\$ 14,987	\$ 21,500

Total Expenses	\$377,920	\$355,682	\$408,275
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**COMPARATIVE STATEMENT
CAPITAL BUDGET**

	1999 DRA Approved	1999 Actuals	2000 Proposed
DEBT SERVICE	\$153,334	\$153,334	\$145,163
PROJECT	6,200	3,250	13,337
EQUIPMENT	41,485	25,807	6,000
RESERVE FUND	5,000	5,000	27,500
TRUST FUNDS	<u>15,981</u>	<u>15,981</u>	<u>30,000</u>
	\$222,000	\$203,372	\$222,000

TEN YEAR CAPITAL IMPROVEMENT PROGRAM

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
PROJECTS										
Treatment/Filtration (Principal & Interest)	\$145,163	\$108,005								
Garage Septic System	13,337									
EQUIPMENT										
Computers		11,000				\$ 11,000				
Pickup Truck			21,000		\$ 24,500		\$ 23,000		\$ 24,500	
Pickup Truck			5,000				5,000			
Copier			6,000	6,000	6,000	6,000	6,000	6,000	6,000	\$ 6,000
Inventory Hardware	6,000	6,000								
RESERVE FUNDS										
Water System Upgrade (\$6,696)	15,000	48,995								
One Ton Dump Truck	12,500	18,000								
TRUST FUNDS										
Generators/Pumps (\$34,563)	5,000	5,000	5,000	5,000	5,000	25,000	25,000	25,000	25,000	25,000
Water Mains (\$224,443)	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Taxes	\$222,000	\$222,000	At this point in time we will evaluate our fee structure.							

**DEBT SERVICE
LOAN #510055320**

Due Date	Interest	Principal
12/30/00	\$11,829.56	\$133,333.33
12/30/01	<u>\$ 5,143.10</u>	<u>\$102,861.96</u>
	\$16,972.66	\$236,195.29

VILLAGE DISTRICT OF EASTMAN INVESTMENT OBJECTIVES

The commissioners of the Village District Of Eastman consider the following criteria the basis of their investment policy:

The safety of Village District Of Eastman Funds

The accessibility of Village District Of Eastman Funds

A fair rate of return on Village District Of Eastman Funds

The nurturing of relationships with local lenders

It is understood that at no time are Village District Of Eastman funds to be exposed to any unnecessary risk.

The New Hampshire Public Investment Pool is regarded as a suitable investment tool for Village District Of Eastman Funds.

Further, it is agreed that these objectives will be reviewed annually.

VILLAGE DISTRICT OF EASTMAN
ANNUAL MEETING
March 20, 1999
THE CENTER AT EASTMAN
Grantham, NH

Notices of this meeting were posted at the Village District Of Eastman Office, The CENTER AT EASTMAN, the ECA Office, and The Kearsarge Shopper.

Supervisors of the checklists representing the towns of Enfield, Grantham, and Springfield were present.

Moderator Richard A Whiting convened the meeting at 9:00 AM and the polls were opened.

Mr. Whiting appointed Marjorie Bostrom and Pauline Kleinfelter as ballot counters.

ARTICLE 1:

To choose a Village District Of Eastman Commissioner to serve three years.

Leslie G. Taylor was unanimously elected.

ARTICLE 2:

To see if the Village District Of Eastman will vote to raise and appropriate the sum of \$377,920, which represents the OPERATING BUDGET. Said sum does not include special or individual articles addressed.

The Commissioners recommend this appropriation.

(Majority Vote Required)

Voters unanimously approved Article 2 as printed.

ARTICLE 3:

To see if the Village District Of Eastman will vote to raise and appropriate the sum of \$153,334, which represents PRINCIPAL AND INTEREST PAYMENTS for the REACTIVATION OF THE DUG WELL FIELD AND THE CONSTRUCTION OF A GREENSAND FILTRATION WATER TREATMENT PLANT.

The commissioners recommend this appropriation.

(Majority Vote Required)

Voters unanimously approved Article 3 as printed.

ARTICLE 4:

To see if the Village District Of Eastman will vote to raise and appropriate the sum of \$6,200 to install LAGOON FENCING. This will be a NON-LAPSING account per RSA 32:3-V1 and will not lapse until the fencing is installed or in two years.

The Commissioners recommend this appropriation.

(Majority Vote Required)

Voters unanimously approved Article 4 as printed.

ARTICLE 5:

To see if the Village District Of Eastman will vote to raise and appropriate the sum of \$3,400 to purchase a BACKHOE PLOW.

The Commissioners recommend this appropriation.

(Majority Vote Required)

Voters unanimously approved Article 5 as printed.

ARTICLE 6:

To see if the Village District Of Eastman will vote to raise and appropriate the sum of \$22,085 to purchase a PICKUP TRUCK.

The commissioners recommend this appropriation.

(Majority Vote Required)

Voters unanimously approved Article 6 as printed.

ARTICLE 7:

To see if the Village District Of Eastman will vote to sell the 1995 FORD PICKUP TRUCK.

The commissioners recommend this appropriation.

(Majority Vote required)

Voters unanimously approved Article 7 as printed.

ARTICLE 8:

To see if the Village District Of Eastman will vote to raise and appropriate the sum of \$6,000 to purchase INVENTORY HARDWARE.

The commissioners recommend this appropriation.

(Majority Vote Required)

Voters unanimously approved Article 8 s printed.

ARTICLE 9:

To see if the Village District Of Eastman will vote to raise and appropriate the sum of \$10,000 to purchase DITCH SAFETY EQUIPMENT.

The commissioners recommend this appropriation.

(Majority Vote Required)

Voters unanimously approved Article 9 as printed.

ARTICLE 10:

To see if the Village District Of Eastman will vote to raise and appropriate the sum of \$5,000 to be added to the previously established WATER SYSTEM UPGRADE Capital Reserve Fund.

The commissioners recommend this appropriation.

(Majority Vote Required)

Voters unanimously approved Article 10 as printed.

ARTICLE 11:

To see if the Village District Of Eastman will vote to raise and appropriate the sum of \$15,981 to be added to the previously established GENERATORS/PUMPS EXPENDABLE TRUST FUND.

The Commissioners recommend this appropriation.

(Majority Vote Required)

Voters unanimously approved Article 11 as printed.

ARTICLE 12:

To transact any other business that may legally come before the meeting.

Mr. Zentis thanked Commissioner Saisi for his dedicated service. He also thanked former Commissioner Bill Stevenson for his efforts as consultant on the Treatment Plant Project. He also noted that former Commissioner Amick, who served two terms, has acted as Deputy Clerk for several years.

Mr. Horton demonstrated how water quality has improved since the water treatment plant has been in operation. Four beaker samples of water were presented for everyone to see the changes from raw water to tap water.

Mr. Nichols requested to be brought up-to-date on the “problem” with the town of Springfield. He noted that Springfield had a Warrant Article to dissolve Article 20 Committee which was formed to evaluate the impact of Village District wells on the water supply in the town. Ms. Buckley was happy to report that an independent consultant hired by Springfield satisfied all the questions raised. Village District has always maintained good relationships with all three towns and our aim is to keep communications between the district and the three towns open.

Nancy Springsteen complimented the Village District on its work to remove the iron and manganese from the water, which caused discoloration problems. She no longer smells or tastes chlorine. She is very pleased and thanked all.

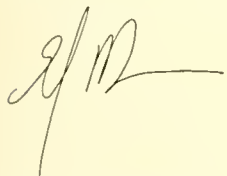
Mr. Hansen asked if chlorine will continue to be used. Mr. Horton answered that we will continue to use 1/2 part per million treatment level.

The business portion of the meeting closed at 9:50 AM.

Absentee ballots were opened at 10 AM.

There being no further questions, the moderator adjourned the meeting at 11 AM.

Respectfully submitted,



Elizabeth E. Monteleone
Clerk

1999 TAXES ASSESSED AND TAX RATES

Town	%	Valuation	Taxes Assessed	Rates
Enfield	3.42	\$ 6,383,200	\$ 7,592	1.19
Grantham	94.19	170,744,172	209,102	1.23
Springfield	<u>2.39</u>	<u>4,510,000</u>	<u>5,306</u>	1.19
	100%	\$181,637,372	\$222,000	

2000 ESTIMATED TAXES AND TAX RATES

Town	%	Valuation	Taxes Assessed	Rates
Enfield	3.42	\$ 6,383,200	\$ 7,592	1.19
Grantham	94.19	172,244,172	209,102	1.21
Springfield	<u>2.39</u>	<u>4,510,000</u>	<u>5,306</u>	1.19
	100%	\$183,137,372	\$222,000	

VILLAGE DISTRICT OF EASTMAN
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 1999 AND 1998

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INDEPENDENT AUDITOR'S REPORT

MASON+RICH

PROFESSIONAL
ASSOCIATION

CERTIFIED
PUBLIC
ACCOUNTANTS

January 10, 2000

To the Board of Commissioners
Village District of Eastman
Grantham, New Hampshire

We have audited the accompanying balance sheets of the Village District of Eastman as of December 31, 1999 and 1998 and the related statements of revenue, expenses and changes in retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Village District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of the Village District of Eastman as of December 31, 1999 and 1998 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The schedule of changes in property, plant and equipment reported on Schedule 1 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

MASON + RICH PROFESSIONAL ASSOCIATION
Certified Public Accountants

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VILLAGE DISTRICT OF EASTMAN
BALANCE SHEETS
DECEMBER 31, 1999 AND 1998
ASSETS

	<u>1999</u>	<u>1998</u>
<u>Current Assets</u>		
Cash	\$63,611	\$2,828
Temporary Investments	42,739	117,349
Accounts Receivable: (Note 1)		
Water	38,746	27,117
Inventory, Materials and Supplies	10,871	11,618
Prepaid Expenses	1,838	3,845
Total Current Assets	<u>157,805</u>	<u>162,757</u>
<u>Restricted Assets (Note 1 and Note 3)</u>		
Cash	-	65,978
Due From Town of Grantham, Trustees of Trust Funds	265,702	179,097
Total Restricted Assets	<u>265,702</u>	<u>245,075</u>
<u>Property, Plant and Equipment (Note 1)</u>		
Property, Plant and Equipment	3,730,109	3,663,208
Less: Accumulated Depreciation	(909,682)	(829,993)
Net Depreciated Value	<u>2,820,427</u>	<u>2,833,215</u>
<u>Other Assets</u>		
Water Receivables, Amount Due After One Year	27,541	22,360
Total Other Assets	<u>27,541</u>	<u>22,360</u>
 TOTAL ASSETS	 <u>\$3,271,475</u>	 <u>\$3,263,407</u>

LIABILITIES AND FUND EQUITY

<u>Current Liabilities</u>		
Accounts Payable and Retainage Payable	\$18,893	\$70,512
Accrued Vacation Time (Note 2)	1,066	918
Notes Payable (Note 5)	133,333	133,333
Total Current Liabilities	<u>153,292</u>	<u>204,763</u>
<u>Long Term Liabilities</u>		
Notes Payable (Note 5)	<u>133,333</u>	<u>266,667</u>
<u>Fund Equity</u>		
Contributed Capital (Note 1)	<u>155,862</u>	<u>155,862</u>
Retained Earnings:		
Reserved for Specific Capital Outlay (Note 4)	-	61,105
Unreserved	<u>2,828,988</u>	<u>2,575,010</u>
Total Retained Earnings	<u>2,828,988</u>	<u>2,636,115</u>
Total Fund Equity	<u>2,984,850</u>	<u>2,791,977</u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u>\$3,271,475</u>	 <u>\$3,263,407</u>

The Accompanying Notes are an Integral Part of This Financial Statement

VILLAGE DISTRICT OF EASTMAN
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
<u>Operating Revenues</u>	<u>\$342,222</u>	<u>\$296,515</u>
<u>Operating Expenses</u>		
Salaries and Wages	211,090	203,492
Contractual Services	15,372	8,175
Utilities	39,644	39,163
Repairs and Maintenance	23,708	41,822
Vehicle Expense	3,940	4,139
Depreciation	93,123	78,019
Insurance	6,118	6,414
Payroll Taxes	13,751	13,428
Professional Fees	7,521	9,658
Office and Miscellaneous	34,536	33,495
Total Operating Expenses	<u>448,803</u>	<u>437,805</u>
Operating Income (Loss)	<u>(106,581)</u>	<u>(141,290)</u>
<u>Non-Operating Revenues (Expenses)</u>		
District Taxes	222,000	222,000
Interest Income	17,766	25,463
Miscellaneous Income	64,903	65,152
Gain (Loss) on Disposal of Vehicle and Equipment	14,785	(760)
Interest Expense	(20,000)	(9,973)
Total Non-Operating Revenues (Expenses)	<u>299,454</u>	<u>301,882</u>
Net Income Before Extraordinary Item	192,873	160,592
<u>Extraordinary Item</u>		
Abandonment of Well #3	<u>-</u>	<u>(77,864)</u>
Net Income	192,873	82,728
Retained Earnings, Beginning of Year	<u>2,636,115</u>	<u>2,553,387</u>
Retained Earnings, End of Year	<u>\$2,828,988</u>	<u>\$2,636,115</u>

The Accompanying Notes are an Integral Part of This Financial Statement

VILLAGE DISTRICT OF EASTMAN
STATEMENTS OF CASH FLOWS
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
<u>Cash Flows From Operating Activities</u>		
Net Operating Income (Loss) - Exhibit B	(\$106,581)	(\$141,290)
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	93,123	78,019
Change in Operating Assets and Liabilities:		
(Increase) Decrease In:		
Accounts Receivable	(16,810)	(4,371)
Inventories	747	897
Prepaid Expenses	2,007	(317)
Increase (Decrease) In:		
Accounts Payable and Retainage Payable	(51,619)	67,390
Accrued Expenses	148	(671)
Total Adjustments	<u>27,596</u>	<u>140,947</u>
Other Items:		
Non-Operating Revenues and Expenses	<u>286,903</u>	<u>287,152</u>
Net Cash Provided by Operating Activities	<u>207,918</u>	<u>286,809</u>
<u>Cash Flows From Capital and Related Financing Activities</u>		
Acquisition of Property, Plant and Equipment	(65,549)	(925,302)
Proceeds from Notes Payable	-	400,000
Payment of Note Payable Principal	(133,334)	-
Payments to Capital Reserves - Trustee of Trust Funds	(80,981)	(105,000)
Received From Capital Reserves - Trustees of Trust Funds	3,776	311,578
Net Cash Provided by Capital Activities	<u>(276,088)</u>	<u>(318,724)</u>
<u>Cash Flows From Investing Activities</u>		
Interest on Investments	8,365	14,942
Interest Expense	(20,000)	(9,973)
(Purchase) Sale of Temporary Investments	-	78,060
Net Cash Provided by Investing Activities	<u>(11,635)</u>	<u>83,029</u>
Increase (Decrease) in Cash and Cash Equivalents	(79,805)	51,114
Cash and Cash Equivalents at Beginning of Year	<u>186,155</u>	<u>135,041</u>
Cash and Cash Equivalents at End of Year	<u>\$106,350</u>	<u>\$186,155</u>
<u>Non-Cash Transactions</u>		
Retirement of Property, Plant and Equipment	<u>\$13,433</u>	<u>\$62,749</u>
Interest Earned on Investments Held by Town of Grantham	<u>\$9,400</u>	<u>\$10,521</u>
Gain on Disposal of Vehicle	<u>\$14,785</u>	<u>\$ -</u>
Abandonment of Well #3	<u>\$ -</u>	<u>\$77,864</u>
<u>Summary of Cash and Cash Equivalents</u>		
Cash - Balance Sheet	\$63,611	\$2,828
Temporary Investments as Cash Equivalents - Balance Sheet	42,739	117,349
Restricted Cash - Balance Sheet	-	65,978
Total Cash and Cash Equivalents	<u>\$106,350</u>	<u>\$186,155</u>

The Accompanying Notes are an Integral Part of This Financial Statement

**VILLAGE DISTRICT OF EASTMAN
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of the Village District of Eastman is presented to assist in understanding the financial statements. These accounting policies conform to generally accepted accounting principles as applicable to governmental units and have been consistently applied in the preparation of the financial statements.

A. Reporting Entity

The Village District of Eastman was established under N.H. RSA 52 to provide water service to the residents of the Village District, which covers parts of the Towns of Enfield, Grantham, and Springfield, and to operate and maintain the wells, water lines and pumping stations of the system. Its revenue consists primarily of user charges for water services, a flat fee and also an annual Village District assessment (District Taxes) which is included in the property tax bills sent to each property owner in the Village District.

Management of the Village District is vested in an elected three member Board of Commissioners who are elected for three-year terms.

B. Basis of Presentation

The Village District of Eastman is a village water district. Village districts account for operations (a) that are financed and operated in a manner similar to private business enterprises -- where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The Village District is accounted for using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

The Village District uses a cost of services of "capital maintenance" measurement focus, which means that all assets and all liabilities (whether current or non-current) associated with its activity are included on the balance sheet. Its reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. The Village District's operating statements present increases (revenues) and decreases (expenses) in net total assets.

VILLAGE DISTRICT OF EASTMAN
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

D. Cash and Temporary Investments

Deposits

At year end the carrying amounts of the Village District's deposits were \$63,611 and \$68,806 and the bank balances were \$140,698 and \$82,373 at December 31, 1999 and 1998, respectively. Of the bank balance, \$100,000 was covered by Federal depository insurance and \$40,698 was uninsured and uncollateralized at December 31, 1999 and \$82,373 was covered by Federal depository insurance at December 31, 1998.

Temporary Investments

Temporary investments are carried at cost, which approximates market value. These consist of deposits in the New Hampshire Public Deposit Investment Pool and certificates of deposit with a maturity of more than three months.

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

For purposes of the statement of cash flows, the Village District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

New Hampshire Public Deposit Investment Pool

The Village District participates in the New Hampshire Public Deposit Investment Pool established in accordance to N.H. RSA 383:22-24. Total funds on deposit with the Pool at year end were \$42,739 and \$117,349 at December 31, 1999 and 1998, respectively, and are reported as temporary investments. Based on GASB Statement No. 3, investments with the Pool are considered to be unclassified. At this time, the Pool's investments are limited to "short-term U.S. Treasury and U.S. Government Agency obligations, State of New Hampshire and New Hampshire municipal obligations, certificates of deposit from A1/P1-rated banks, money market mutual funds (maximum of 20% of portfolio), overnight to 30-day repurchase agreements (no limit, but collateral level at 102% in the U.S. Treasury and Government Agency instruments delivered to Custodian) and reverse overnight repurchase agreements with primary dealers or dealer banks".

E. Accounts Receivable

Revenues are recognized on semi-annual cycle billings based on usage. Revenues are also recognized on an annual flat fee billing to all properties. Amounts due for 1999 and 1998 services are considered current and prior year's receivables are considered non-current. Non-current receivables consist mainly of prior years' availability and annual flat fees. The District places liens on the related properties and will collect this fee when the property is sold. District taxes are recognized as revenues in the year levied.

**VILLAGE DISTRICT OF EASTMAN
NOTES TO FINANCIAL STATEMENTS
(Continued)**

F. Inventory, Materials and Supplies

Inventory consists of replacement parts required to service the mains, hydrants and other property of the Village District and is carried at cost (first-in, first-out basis).

G. Restricted Assets

Restricted assets consist of the amounts being held in trust (Capital Reserves) by the Trustees of Trust Funds of the Town of Grantham and cash. The Restricted Cash is held for the retainage due on the Dug Well project. The amounts held by the Trustees are designated for future capital expenditures as approved at the annual meeting.

H. Property, Plant and Equipment

Property, plant and equipment are recorded at cost.

Assets acquired by the Village District are depreciated on the straight-line method over their estimated useful lives. The range of annual depreciation periods and the costs by major asset classes at year end are as follows:

		<u>1999</u>	<u>1998</u>
Land	-	\$ 167,588	\$ 167,588
Dug Wells	40 Years	176,479	165,260
Mains	40 Years	981,678	981,593
Pumping Equipment	15 Years	51,074	51,074
Services	40 Years	160,490	158,460
Meters	10 Years	40,850	38,431
Buildings (Non-Utility)	40 Years	41,392	40,794
Vehicles and Work Equipment	3-10 Years	93,545	72,386
Office Equipment	5- 7 Years	23,173	23,173
Specialized Tools	5-10 Years	19,784	19,784
Wells #2 and #4	40 Years	281,913	281,913
Radio	10 Years	3,850	3,850
Snow Hill Storage Tank	40 Years	470,623	470,623
Wells #5	40 Years	60,956	60,956
Hill Top Tank	40 Years	50,707	50,707
Chemical Feed Building	40 Years	61,087	61,087
Treatment/Filtration	40 Years	1,041,144	1,015,529
Water System Upgrade	40 Years	3,776	-0-
Total		<u>\$3,730,109</u>	<u>\$3,663,208</u>

I. Contributed Capital

The fair market value of land donated by individuals or companies is an addition to the equity of the Village District. This addition to equity is recognized by adding the fair market value to contributed capital.

VILLAGE DISTRICT OF EASTMAN
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

J. Budgetary Accounting, Encumbrances and Reserve for Encumbrances

Expenditures are limited to the District's budget adopted at the annual or special District meeting subject to RSA Chapter 32. The District is required to properly enter and record expenditures. The Commissioners may transfer budget amounts between appropriations, but no new purpose may be introduced that was not contained in the adopted budget. No amounts may be transferred from special warrant articles. Total expenditures may not exceed the total amount approved at the annual or special District meeting, with certain statutory exceptions.

All appropriations lapse at year end unless (1) the expenditure has been legally committed by an outstanding contract or purchase order, (2) the amount is in a special non-lapsing fund such as a Capital Reserve, Special Revenue or Trust Fund, (3) the amount has been raised by a bond issue or is to be received as part of a grant or (4) is a special warrant article. A special warrant article may be encumbered by the Commissioners for one additional year or for up to five years if the original adopted article so states.

Under rules adopted by the Department of Revenue Administration, beginning fund equity (retained earnings) may be used at the discretion of the Commissioners as a revenue source in establishing the Village District tax rate.

NOTE 2 - ACCRUED VACATION TIME

Employees earn two weeks vacation leave for up to five years of service; after five years and up to the nineteenth year of service, they earn three weeks. After twenty years of service, employees earn four weeks of vacation. Employees receive full payment for accumulated vacation leave upon retirement or termination. Accumulated unearned vacation pay is accrued when earned. At December 31, 1999 and 1998 the accrued employee compensation liabilities were \$1,066 and \$918, respectively.

NOTE 3 - CAPITAL RESERVES

The Commissioners and taxpayers voted to establish capital reserve funds per RSA 35:1 and 7. The funds are held in trust by the Trustees of the Trust Funds of the Town of Grantham. These funds are recorded in 1999 and 1998 as restricted assets due from the Town of Grantham and are designated for future capital expenditures as follows:

	1999	1998
Water System Upgrade	\$ 6,696	\$ 5,067
Generators/Pumps Maintenance	34,563	17,188
Water Main Maintenance	224,443	156,842
Total	\$ 265,702	\$ 179,097

**VILLAGE DISTRICT OF EASTMAN
NOTES TO FINANCIAL STATEMENTS
(Continued)**

NOTE 4 - RESERVED FOR SPECIFIC CAPITAL OUTLAYS

At December 31, 1998, \$61,105 was reserved for the reactivation of the dug well field and the construction of a greensand filtration water treatment plant.

NOTE 5 - NOTES PAYABLE

Notes Payable are comprised of the following items:

	<u>1999</u>	<u>1998</u>
\$400,000 - 1998 Water Improvement Note, Due in Annual Installments of \$133,333 through December 2001, Interest at 5%	<u>\$266,666</u>	<u>\$400,000</u>
Total	266,666	400,000
Less Portion Due Within One Year	<u>(133,333)</u>	<u>(133,333)</u>
Long-Term Portion	<u>\$133,333</u>	<u>\$266,667</u>

The debt service requirements for the above note are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2000	\$ 133,333	\$ 13,643	\$ 146,976
2001	<u>133,333</u>	<u>6,822</u>	<u>140,155</u>
Total	<u>\$ 266,666</u>	<u>\$ 20,465</u>	<u>\$ 287,131</u>

NOTE 6 - DEBT AUTHORIZED, UNISSUED

At the 1997 Annual Meeting the voters approved bonds or notes of up to \$495,500, of which \$400,000 was issued in 1998. In addition, at the 1998 Annual Meeting, the voters approved additional bonds or notes totaling \$51,150 for additional improvements to the 1997 project.

SUPPLEMENTARY INFORMATION

VILLAGE DISTRICT OF EASTMAN
WATER WORKS
SCHEDULE OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	Balance		1998		1998		1999		Balance	
	December 31 1997	December 31 1998	Additions	Retirements	December 31 1998	December 31 1999	Additions	Retirements	December 31 1999	December 31 1999
Land	\$167,588	\$	-	-	\$167,588	-	-	-	\$	\$167,588
Dug Wells	165,260	-	-	-	165,260	11,219	-	-	-	176,479
Mains	981,227	-	366	-	981,593	85	-	-	-	981,678
Pumping Equipment	89,100	-	-	(38,026)	51,074	-	-	-	-	51,074
Services	157,203	-	1,257	-	158,460	2,030	-	-	-	160,490
Meters (Installed)	36,714	-	1,717	-	38,431	2,419	-	-	-	40,850
Buildings (Non Utility)	40,794	-	-	-	40,794	598	-	-	-	41,392
Vehicles and Work Equipment	72,386	-	-	-	72,386	34,592	-	(13,433)	-	93,545
Office Equipment	16,077	-	9,631	(2,535)	23,173	-	-	-	-	23,173
Specialized Tools	19,784	-	-	-	19,784	-	-	-	-	19,784
Wells #2 and #4	381,965	-	-	(100,052)	281,913	-	-	-	-	281,913
Radio	3,850	-	-	-	3,850	-	-	-	-	3,850
Snow Hill Storage Tank	470,623	-	-	-	470,623	-	-	-	-	470,623
Well #5	60,956	-	-	-	60,956	-	-	-	-	60,956
Hill Top Tank	50,707	-	-	-	50,707	-	-	-	-	50,707
Chemical Feed Building	61,087	-	-	-	61,087	-	-	-	-	61,087
Treatment/Filtration	103,198	-	912,331	-	1,015,529	25,615	-	-	-	1,041,144
Water System Upgrade	-	-	-	-	-	3,776	-	-	-	3,776
TOTALS	\$2,878,519	\$925,302	\$	(\$140,613)	\$3,663,208	\$80,334	(\$13,433)	-	\$3,730,109	



MASON+RICH

PROFESSIONAL
ASSOCIATION

CERTIFIED
PUBLIC
ACCOUNTANTS

January 10, 2000

To the Commissioners
Village District of Eastman
Grantham, New Hampshire

In planning and performing our audit of the financial statements of the Village District of Eastman for the year ended December 31, 1999 we considered the District's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

During the course of our audit, we did not become aware of any matters that were opportunities for strengthening internal controls and operating efficiencies.

This letter does not affect our report dated January 10, 2000 on the financial statements of the Village District.

Respectfully submitted,

Mason+Rich, P.A.

SIX

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SERVING PUBLIC COMPANIES
PRACTICE SECTION

~ NOTES ~

Where's the master valve?



Do you know where the master water supply valve is in your home? Does everyone else in the family know where it is?

If there's an emergency, you'll need to know in a hurry. You can't afford to waste precious minutes searching while the basement floods or the carpets are drenched. You've got to act fast.

These are the most likely locations:

- Where the water supply pipe enters your home.
- Near your clothes washer hook-up.
- Near your water heater.

Every home, apartment and business has a master water supply valve. But be sure you've found the right one. Don't make a mistake! Try turning it off briefly and see if all the water faucets in the building are shut off. If they aren't, try again.

Once you've found the right valve, mark it with a tag, a bright ribbon or colorful paint. Make it easy to see. If the worst happens — and we hope it never does — you'll have to find it quickly.

1999 ANNUAL REPORT



Village District of Eastman
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