

WATERVILLE ESTATES VILLAGE DISTRICT
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

WATERVILLE ESTATES VILLAGE DISTRICT
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TABLE OF CONTENTS

		<u>PAGES</u>
	INDEPENDENT AUDITOR'S REPORT	1 - 3
	BASIC FINANCIAL STATEMENTS	
	Government-wide Financial Statements	
A	Statement of Net Position	4
B	Statement of Activities	5
	Fund Financial Statements	
	<i>Governmental Funds</i>	
C-1	Balance Sheet	6
C-2	Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position.....	7
C-3	Statement of Revenues, Expenditures, and Changes in Fund Balances.....	8
C-4	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	9
	<i>Budgetary Comparison Information</i>	
D-1	Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund	10
D-2	Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – Water Fund	11
	<i>Proprietary Funds</i>	
E-1	Statement of Net Position	12
E-2	Statement of Revenues, Expenses, and Changes in Net Position	13
E-3	Statement of Cash Flows	14
	NOTES TO THE BASIC FINANCIAL STATEMENTS	15 - 34
	REQUIRED SUPPLEMENTARY INFORMATION	
F	Schedule of the District's Proportionate Share of Net Pension Liability.....	35
G	Schedule of District Contributions – Pensions	36
	NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY	37
H	Schedule of the District's Proportionate Share of Net Other Postemployment Benefits Liability	38
I	Schedule of District Contributions – Other Postemployment Benefits	39
	NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION - OTHER POSTEMPLOYMENT BENEFITS LIABILITY	40
	INDIVIDUAL FUND SCHEDULES	
	Governmental Fund	
	<i>Major General Fund</i>	
1	Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis).....	41
2	Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)	42
3	Schedule of Changes in Unassigned Fund Balance.....	43
	INDEPENDENT AUDITOR'S COMMUNICATION OF MATERIAL WEAKNESSES AND SIGNIFICANT DEFICIENCIES	44 - 46



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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Commissioners
Waterville Estates Village District
Campton, New Hampshire

Report on the Financial Statements

Adverse and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund (governmental and proprietary), and aggregate remaining fund information of the Waterville Estates Village District as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Adverse
Business-type Activities	Adverse
Major General Fund	Unmodified
Major Water Fund	Unmodified
Major Proprietary Fund	Adverse
Aggregate Remaining Fund Information	Unmodified

Adverse Opinion on Governmental Activities, Business-type Activities, and Major Proprietary Fund

In our opinion, because of the significance of the matters described in the "Basis for Adverse Opinion on Governmental Activities, Business-type Activities, and Major Proprietary Fund" paragraphs, the accompanying financial statements do not present fairly the financial position of the governmental activities, business-type activities, and major proprietary fund of the Waterville Estates Village District, as of December 31, 2021, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of each major fund and aggregate remaining fund information of the Waterville Estates Village District as of December 31, 2021, and the respective changes in financial position, and the respective budgetary comparison for the major general fund and water funds, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Waterville Estates Village District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Waterville Estates Village District
Independent Auditor's Report***

Basis for Adverse Opinion on Governmental Activities, Business-type Activities, and Major Proprietary Fund

As discussed in Note 1-B to the financial statements, management has not recorded the long-term costs of retirement health care costs and obligations for other postemployment benefits for the single employer plan in the governmental activities, business-type activities, and proprietary funds. Accounting principles generally accepted in the United States of America require that those costs be recorded, which would increase the liabilities, decrease the net position, and increase the expenses of the governmental activities, business-type activities, and proprietary funds. The amount by which this departure would affect the liabilities, net position, and expenses on the governmental activities is not readily determinable.

We were unable to adequately observe or obtain sufficient audit evidence to otherwise support the year-end inventory counts related to the recreation fund. Variances in inventory accounts would affect the assets, net position, and expenses of the business-type activities and proprietary fund. The amount by which this departure would affect the assets, net position, and expenses of the business-type activities and proprietary fund is not readily determinable.

Responsibilities of Management for the Financial Statements

The Waterville Estate Village District's 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Waterville Village District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Waterville Estates Village District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Waterville Estates Village District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information – Accounting principles generally accepted in the United States of America require that the following be presented to supplement the basic financial statements:

- Schedule of the District's Proportionate Share of Net Pension Liability,
- Schedule of District Contributions – Pensions,
- Schedule of the District's Proportionate Share of the Net Other Postemployment Benefits Liability,

***Waterville Estates Village District
Independent Auditor's Report***

- Schedule of District Contributions – Other Postemployment Benefits,
- Notes to the Required Supplementary Information

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.

Management has omitted a Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by the missing information.

Supplementary Information – Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Waterville Estates Village District's basic financial statements. The individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund schedules are the responsibility of management and were 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 individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

August 14, 2023
Concord, New Hampshire

*Plodzik & Sanderson
Professional Association*

BASIC FINANCIAL STATEMENTS

EXHIBIT A
WATERVILLE ESTATES VILLAGE DISTRICT
Statement of Net Position
December 31, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,216,281	\$ 39,785	\$ 1,256,066
Taxes receivables (net)	788,957	-	788,957
Account receivables	18,566	-	18,566
Internal balances	27,070	(27,070)	-
Inventory	-	42,721	42,721
Capital assets:			
Land and construction in progress	190,993	-	190,993
Other capital assets, net of depreciation	1,930,308	439,729	2,370,037
Total assets	4,172,175	495,165	4,667,340
DEFERRED OUTFLOWS OF RESOURCES			
Amounts related to pensions	54,371	20,030	74,401
Amounts related to other postemployment benefits	482	178	660
Total deferred outflows of resources	54,853	20,208	75,061
LIABILITIES			
Accounts payable	97,195	34,296	131,491
Accrued salaries and benefits	8,547	-	8,547
Accrued interest payable	2,217	-	2,217
Long-term liabilities:			
Due within one year	59,615	-	59,615
Due in more than one year	449,523	92,292	541,815
Total liabilities	617,097	126,588	743,685
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - recreation fees	151,900	-	151,900
Amounts related to pensions	107,268	39,516	146,784
Amounts related to other postemployment benefits	68	25	93
Total deferred inflows of resources	259,236	39,541	298,777
NET POSITION			
Net investment in capital assets	2,060,679	439,729	2,500,408
Restricted	200,000	-	200,000
Unrestricted	1,090,016	(90,485)	999,531
Total net position	\$ 3,350,695	\$ 349,244	\$ 3,699,939

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT B
WATERVILLE ESTATES VILLAGE DISTRICT
Statement of Activities
For the Fiscal Year Ended December 31, 2021

	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Change in Net Position		Total
			Governmental Activities	Business-type Activities	
Governmental activities:					
General government	\$ 662,080	\$ -	\$ (662,080)	\$ -	\$ (662,080)
Public safety	19,315	-	(19,315)	-	(19,315)
Highways and streets	197,875	-	(197,875)	-	(197,875)
Water distribution and treatment	318,075	105,835	(212,240)	-	(212,240)
Culture and recreation	508,544	-	(508,544)	-	(508,544)
Interest on long-term debt	1,551	-	(1,551)	-	(1,551)
Total governmental activities	1,707,440	105,835	(1,601,605)	-	(1,601,605)
Business-type activities:					
Recreation	525,089	452,696	-	(72,393)	(72,393)
Total	\$ 2,232,529	\$ 558,531	(1,601,605)	(72,393)	(1,673,998)
General revenues:					
Taxes:					
Property			1,471,988	-	1,471,988
Other			11,198	-	11,198
Unrestricted investment earnings			18,252	10	18,262
Miscellaneous			82,344	-	82,344
Total general revenues			1,583,782	10	1,583,792
Change in net position			(17,823)	(72,383)	(90,206)
Net position, beginning			3,368,518	421,627	3,790,145
Net position, ending			\$ 3,350,695	\$ 349,244	\$ 3,699,939

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT C-1
WATERVILLE ESTATES VILLAGE DISTRICT
Governmental Funds
Balance Sheet
December 31, 2021

	General	Water	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 940,299	\$ 75,982	\$ 200,000	\$ 1,216,281
Taxes receivable	848,957	-	-	848,957
Accounts receivable	-	18,566	-	18,566
Interfund receivable	26,050	109,244	-	135,294
Total assets	<u>\$ 1,815,306</u>	<u>\$ 203,792</u>	<u>\$ 200,000</u>	<u>\$ 2,219,098</u>
LIABILITIES				
Accounts payable	\$ 45,303	\$ 51,892	\$ -	\$ 97,195
Accrued salaries and benefits	8,547	-	-	8,547
Interfund payable	108,224	-	-	108,224
Total liabilities	<u>162,074</u>	<u>51,892</u>	<u>-</u>	<u>213,966</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	153,759	-	-	153,759
Unavailable revenue - user charges	-	151,900	-	151,900
Total deferred inflows of resources	<u>153,759</u>	<u>151,900</u>	<u>-</u>	<u>305,659</u>
FUND BALANCES				
Restricted	-	-	200,000	200,000
Committed	250,759	-	-	250,759
Assigned	8,228	-	-	8,228
Unassigned	1,240,486	-	-	1,240,486
Total fund balances	<u>1,499,473</u>	<u>-</u>	<u>200,000</u>	<u>1,699,473</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,815,306</u>	<u>\$ 203,792</u>	<u>\$ 200,000</u>	<u>\$ 2,219,098</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT C-2
WATERVILLE ESTATES VILLAGE DISTRICT
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
December 31, 2021

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances of governmental funds (Exhibit C-1)		\$ 1,699,473
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$ 5,423,896	
Less accumulated depreciation	<u>(3,302,595)</u>	
		2,121,301
Pension and other postemployment benefit (OPEB) related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources related to pensions	\$ 54,371	
Deferred inflows of resources related to pensions	(107,268)	
Deferred outflows of resources related to OPEB	482	
Deferred inflows of resources related to OPEB	<u>(68)</u>	
		(52,483)
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (108,224)	
Payables	<u>108,224</u>	
		-
Property taxes are recognized on an accrual basis in the Statement of Net Position and on a modified accrual basis in the governmental funds.		
Deferred inflows of resources - property taxes	\$ 153,759	
Allowance for uncollectible property taxes	<u>(60,000)</u>	
		93,759
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(2,217)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Note	\$ 200,000	
Capital lease	60,622	
Compensated absences	16,384	
Net pension liability	226,907	
Other postemployment benefits	<u>5,225</u>	
		(509,138)
Net position of governmental activities (Exhibit A)		<u><u>\$ 3,350,695</u></u>

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT C-3
WATERVILLE ESTATES VILLAGE DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2021

	General	Water	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 1,548,378	\$ -	\$ -	\$ 1,548,378
Charges for services	-	105,835	-	105,835
Miscellaneous	100,191	405	-	100,596
Total revenues	1,648,569	106,240	-	1,754,809
EXPENDITURES				
Current:				
General government	521,790	-	-	521,790
Public safety	19,315	-	-	19,315
Highways and streets	186,061	-	-	186,061
Water distribution and treatment	-	287,776	-	287,776
Culture and recreation	555,474	-	-	555,474
Capital outlay	96,976	58,680	-	155,656
Total expenditures	1,379,616	346,456	-	1,726,072
Excess (deficiency) of revenues over (under) expenditures	268,953	(240,216)	-	28,737
OTHER FINANCING SOURCES (USES)				
Transfers in	-	240,216	-	240,216
Transfers out	(240,216)	-	-	(240,216)
Note proceeds	-	-	200,000	200,000
Total other financing sources (uses)	(240,216)	240,216	200,000	200,000
Net change in fund balances	28,737	-	200,000	228,737
Fund balances, beginning	1,470,736	-	-	1,470,736
Fund balances, ending	\$ 1,499,473	\$ -	\$ 200,000	\$ 1,699,473

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT C-4
WATERVILLE ESTATES VILLAGE DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds to the Statement of Activities
For the Fiscal Year Ended December 31, 2021

Net change in fund balances of governmental funds (Exhibit C-3)		\$ 228,737
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Depreciation expense exceeded capital outlay expenditures in the current year, as follows:		
Capitalized capital outlay	\$ 196,520	
Depreciation expense	(204,198)	
		(7,678)
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (240,216)	
Transfers out	240,216	
		-
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the governmental funds.		
Change in deferred inflows of resources - property taxes	\$ (45,192)	
Change in allowance for uncollectible property taxes	(20,000)	
		(65,192)
Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Proceeds of debt	\$ (200,000)	
Repayment of capital leases	19,046	
		(180,954)
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.		
Increase in accrued interest expense	\$ (1,551)	
Increase in compensated absences payable	(6,547)	
Net change in net pension liability, and deferred outflows and inflows of resources related to pensions	14,566	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	796	
		7,264
Changes in net position of governmental activities (Exhibit B)		<u>\$ (17,823)</u>

EXHIBIT D-1
WATERVILLE ESTATES VILLAGE DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ 1,495,842	\$ 1,483,186	\$ (12,656)
Miscellaneous	11,895	100,191	88,296
Total revenues	<u>1,507,737</u>	<u>1,583,377</u>	<u>75,640</u>
EXPENDITURES			
Current:			
General government	726,170	656,920	69,250
Public safety	12,795	19,315	(6,520)
Highways and streets	376,688	229,821	146,867
Culture and recreation	542,966	589,105	(46,139)
Capital outlay	21,500	30,935	(9,435)
Total expenditures	<u>1,680,119</u>	<u>1,526,096</u>	<u>154,023</u>
Deficiency of revenues under expenditures	<u>(172,382)</u>	<u>57,281</u>	<u>229,663</u>
OTHER FINANCING USES			
Transfers out	<u>(233,319)</u>	<u>(240,216)</u>	<u>(6,897)</u>
Net change in fund balances	<u>\$ (405,701)</u>	<u>(182,935)</u>	<u>\$ 222,766</u>
Unassigned fund balance, beginning		1,517,180	
Unassigned fund balance, ending		<u>\$ 1,334,245</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT D-2
WATERVILLE ESTATES VILLAGE DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Water Fund
For the Fiscal Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 107,489	\$ 105,835	\$ (1,654)
Miscellaneous	-	405	405
Total revenues	<u>107,489</u>	<u>106,240</u>	<u>(1,249)</u>
EXPENDITURES			
Current:			
Water distribution and treatment	340,808	287,776	53,032
Capital outlay	-	58,680	(58,680)
Total expenditures	<u>340,808</u>	<u>346,456</u>	<u>(5,648)</u>
Deficiency of revenues under expenditures	<u>(233,319)</u>	<u>(240,216)</u>	<u>(6,897)</u>
OTHER FINANCING SOURCES			
Transfers in	<u>233,319</u>	<u>240,216</u>	<u>6,897</u>
Net change in fund balances	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Committed fund balance, beginning		-	
Committed fund balance, ending		<u>\$ -</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT E-1
WATERVILLE ESTATES VILLAGE DISTRICT
Proprietary Funds
Statement of Net Position
December 31, 2021

	Business-type Activities
	Enterprise Fund (Recreation Fund)
ASSETS	
Cash and cash equivalents	\$ 39,785
Inventory	42,721
Capital assets:	
Other capital assets, net of depreciation	439,729
Total assets	<u>522,235</u>
DEFERRED OUTFLOWS OF RESOURCES	
Amounts related to pensions	20,030
Amounts related to other postemployment benefits	178
Total deferred outflows of resources	<u>20,208</u>
LIABILITIES	
Current liabilities:	
Accounts payable	34,296
Internal balances	27,070
Long term liabilities:	
Due in more than one year	92,292
Total liabilities	<u>153,658</u>
DEFERRED INFLOWS OF RESOURCES	
Amounts related to pensions	39,516
Amounts related to other postemployment benefits	25
Total deferred inflows of resources	<u>39,541</u>
NET POSITION	
Net investment in capital assets	439,729
Unrestricted	(90,485)
Total net position	<u>\$ 349,244</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT E-2
WATERVILLE ESTATES VILLAGE DISTRICT
Proprietary Fund
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended December 31, 2021

	Business-type Activities Enterprise Fund (Recreation Fund)
Operating revenues:	
Rental income	\$ 130,799
Management fee	100,000
Membership passes	26,376
Food and beverage income	96,594
Recreation income	7,290
Event and function income	8,063
Campton Mountain	83,574
Total operating revenues	<u>452,696</u>
Operating expenses:	
Salaries and wages	213,545
Operation and maintenance	97,671
Cost of food, beverage, and supplies	57,077
Lounge expenses	47,381
Repairs and maintenance	476
Ski area	59,268
Member services	5,852
Depreciation	43,819
Depreciation and amortization	-
Total operating expenses	<u>525,089</u>
Operating loss	<u>(72,393)</u>
Nonoperating revenue:	
Interest income	<u>10</u>
Change in net position	(72,383)
Net position, beginning	421,627
Net position, ending	<u><u>\$ 349,244</u></u>

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT E-3
WATERVILLE ESTATES VILLAGE DISTRICT
Proprietary Fund
Statement of Cash Flows
For the Fiscal Year Ended December 31, 2021

	Business-type Activities
	Enterprise Fund (Recreation Fund)
Cash flows from operating activities:	
Receipts from customers and users	\$ 453,251
Payments to employees	(236,358)
Payments to suppliers	(253,408)
Net cash provided by operating activities	<u>(36,515)</u>
Cash flows from capital and related financing activities:	
Change in interfund borrowing/loans	<u>(38,107)</u>
Cash flows from investing activities:	
Interest received	<u>9</u>
Net increase in cash	(74,613)
Cash, beginning	114,398
Cash, ending	<u>\$ 39,785</u>

Reconciliation of Operating Loss to Net Cash Provided by Operating Activities

Operating loss	<u>\$ (72,393)</u>
Adjustments to reconcile operating gain to net cash provided by operating activities:	
Depreciation expense	43,819
Decrease in receivables	555
Decrease in inventory	53
Increase in accounts payable	14,264
Decrease in compensated absences liability	(3,455)
Decrease in deferred inflows - unavailable revenue	(2,500)
Net change in GASB Statement No. 68 balances relating to pensions	(504)
Net change in GASB Statement No. 75 balances relating to OPEB	<u>(16,354)</u>
Total adjustments	<u>35,878</u>
Net cash provided by operating activities	<u>\$ (36,515)</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

WATERVILLE ESTATES VILLAGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

	<u>NOTE</u>
Summary of Significant Accounting Policies	1
Reporting Entity	1-A
Basis of Accounting and Measurement Focus	1-B
Cash and Cash Equivalents	1-C
Statement of Cash Flows	1-D
Receivables	1-E
Inventory	1-F
Capital Assets	1-G
Interfund Activities	1-H
Property Taxes	1-I
Accounts Payable	1-J
Deferred Outflows/Inflows of Resources	1-K
Long-term Obligations	1-L
Compensated Absences	1-M
Defined Benefit Pension Plan	1-N
Postemployment Benefits Other Than Pensions	1-O
Net Position/Fund Balances	1-P
Use of Estimates	1-Q
Stewardship, Compliance, and Accountability	2
Budgetary Information	2-A
Budgetary Reconciliation to GAAP Basis	2-B

DETAILED NOTES ON ALL FUNDS

Cash and Cash Equivalents	3
Taxes Receivable	4
Other Receivables	5
Capital Assets	6
Interfund Balances and Transfers	7
Deferred Outflows/Inflows of Resources	8
Capital Lease	9
Long-term Liabilities	10
Defined Benefit Pension Plan	11
Postemployment Benefits Other Than Pensions	12
New Hampshire Retirement System (NHRS)	12-A
Waterville Estates Village District Retiree Health Benefit Program	12-B
Encumbrances	13
Net Position	14
Governmental Fund Balances	15
Risk Management	16
Related Party Transactions	17
Contingencies	18
COVID-19	19
Subsequent Events	20

WATERVILLE ESTATES VILLAGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Waterville Estates Village District, New Hampshire (the District), have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

The more significant of the District's accounting policies are described below.

1-A Reporting Entity

The Waterville Estates Village District is a municipal corporation governed by an elected 3-member Board of Commissioners. In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the GASB. The District has no component units to include in its reporting entity.

1-B Basis of Accounting and Measurement Focus

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-wide Financial Statements – The District's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental and business-type activities for the District accompanied by a total column. Fiduciary activities of the District are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position, with the exception of the long-term costs of retirement healthcare and obligations for other postemployment benefits of the District's single employer plan have also been omitted because the liability and expense have not been determined. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. As in the Statement of Net Position the District has not recorded other postemployment benefit expense of the District's single employer plan in this statement. The types of transactions reported as program revenues for the District are reported as charges for services.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated, except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column.

Governmental Fund Financial Statements – Include a balance sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying statement is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements. The District has presented all major funds that met those qualifications.

Governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of reimbursement-based grants, which use a period of one year. Property taxes, licenses, and permits, intergovernmental revenue, and interest associated with the current fiscal period are all considered to

WATERVILLE ESTATES VILLAGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The District reports the following major governmental funds:

General Fund – is the District’s primary operating fund. The general fund accounts for all financial resources except those required to be accounted for in another fund. The primary revenue sources include property taxes and miscellaneous revenue. The primary expenditures are for general government, public safety, highways and streets, culture and recreation, and capital outlay.

Water Fund – accounts for the activities related to the operation of the water treatment plant, wells, and water system.

Additionally, the District reports the following fund type:

Capital Projects Fund – are used to account for the financial resources and activities relating to specific construction projects.

All the governmental funds not meeting the criteria established for major funds are presented in the other governmental column of the fund financial statements. The District reports one nonmajor governmental funds.

Proprietary Fund Financial Statements – Include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows for the major proprietary fund.

Proprietary funds are reported using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary fund are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The District reports the following major proprietary fund:

Recreation Fund – the fund established pursuant to RSA 35-B:2, II is to receive all fees for the use of recreational facilities and concessions including building rental and management fees from the Waterville Estates Association.

1-C Cash and Cash Equivalents

The District considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Deposits with financial institutions consist primarily of demand deposits and savings accounts.

The treasurer is required to deposit such moneys in solvent banks in state or the Public Deposit Investment Pool pursuant to New Hampshire RSA 383:22. Funds may be deposited in banks outside of the state if such banks pledge and deliver to a third party custodial bank or the Federal Reserve Bank, collateral security for such deposits, United States government or government agency obligations or obligations to the State of New Hampshire in value at least equal to the amount of the deposit in each case.

1-D Statement of Cash Flows

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

WATERVILLE ESTATES VILLAGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

1-E Receivables

Receivables recorded in the financial statements represent amounts due to the District at December 31. They are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. They consist primarily of taxes, billing for charges, and other user fees.

1-F Inventory

The inventories of the District are valued at cost using the first-in/first-out (FIFO) method. The inventories of the District's recreation fund consist of expendable material and supplies held for consumption. The cost is recorded as an expense when consumed rather than when purchased.

1-G Capital Assets

Capital assets include property, plant, and equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible assets (i.e., easements) which are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The accounting and reporting treatment applied to capital assets associated with a fund are determined by the fund's measurement focus. General capital assets are assets of the District as a whole. When purchased, such assets are recorded as expenditures in a governmental fund and capitalized as assets in the government-wide Statement of Net Position. Capital assets of the proprietary fund are capitalized in the fund and the cost basis for proprietary fund capital assets is the same as that used for general capital assets.

Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and \$50,000 or more for infrastructure and an estimated useful life in excess of one year. Such assets are carried at historical cost or estimated historical cost. When the cost of the capital assets cannot be determined from available records, estimated historical cost is used. Donated capital assets received on or prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value.

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Capital Asset Classes:	
Land improvements	25
Building and building improvements	10 - 40
Equipment and vehicles	5 - 40
Furniture and fixtures	5 - 15
Infrastructure	10 - 40

1-H Interfund Activities

Interfund activities are reported as follows:

Interfund Receivables and Payables – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business activities are reported in the government-wide financial statements as “internal balances.” Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

Interfund Transfers – Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making the transfers and other financing sources in the funds receiving the transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses. In the government-wide financial statements, all interfund transfers between individual governmental funds have been eliminated.

WATERVILLE ESTATES VILLAGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

1-I Property Taxes

Property tax billings occur semi-annually and are based on the assessed inventory values as of April 1 of each year, which are collected by the Town of Campton and the Town of Thornton and remitted to the District. Interest accrues at a rate of 8% on bills outstanding after the due date and 14% on tax liens outstanding.

The District net assessed valuation as of April 1, 2021 utilized in the setting of the tax rate was as follows:

Town of Campton Assessment	\$73,869,279
Town of Thornton Assessment	\$28,177,210

The tax rates and amounts assessed for the year ended December 31, 2021 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Village District portion:		
Town of Campton	\$14.64	\$1,081,446
Town of Thornton	\$14.57	\$ 410,542

1-J Accounts Payable

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of December 31, 2021.

1-K Deferred Outflows/Inflows of Resources

Deferred outflows of resources, a separate financial statement element, represents a consumption of net position or fund balance that applies to a future period(s) and thus will not be recognized as an outflow of resources (expenses) until then.

Deferred inflows of resources, a separate financial statement element, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year.

1-L Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, business-type activities, or proprietary fund Statement of Net Position.

In accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, the District utilizes the following classifications to categorize the financial transaction:

Direct Borrowing – financial transactions for a note or a loan where the District negotiates certain terms with a single lender and are not offered for public sale.

1-M Compensated Absences

The District's policy allows certain employees to earn varying amounts of vacation, sick and compensatory time based on the employee's length of employment. Upon separation from service, employees are paid in full for any accrued leave earned as set forth by the District's personnel policy. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

WATERVILLE ESTATES VILLAGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

1-N Defined Benefit Pension Plan

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* and GASB Statement No. 82 *Pension Issues – an amendment of GASB Statement No. 67, No. 68 and No. 73* requires participating employers to recognize their proportionate share of collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, and schedules have been prepared to provide employers with their calculated proportionate share of these amounts. The collective amounts have been allocated based on employer contributions during the respective fiscal years. Contributions from employers are recognized when legally due, based on statutory requirements.

The schedules prepared by New Hampshire Retirement System, and audited by the plan's independent auditors, require management to make a number of estimates and assumptions related to the reported amounts. Due to the inherent nature and uncertainty of these estimates, actual results could differ, and the differences may be material.

1-O Postemployment Benefits Other Than Pensions

The District maintains two separate other postemployment benefit plans (OPEB), as follows:

New Hampshire Retirement System Plan – For the purposes of measuring the total other postemployment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Hampshire Retirement System OPEB Plan (the plan) and additions to/deductions from the plan's fiduciary net position has been determined on the same basis as they are reported by the New Hampshire Retirement System. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Single Employer Plan – The District maintains a single employer plan but has not obtained an actuarial report calculating the other postemployment benefit liability, deferred outflows of resources, and deferred inflows of resources in accordance with Government Accounting Standards Board Statement No. 75.

1-P Net Position/Fund Balances

Government-wide Statements – Equity is classified as net position and displayed in three components:

Net investment in capital assets – Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Results when constraints placed on net position use are either externally imposed by a third party (statutory, bond covenant, or granting agency) or are imposed by law through constitutional provisions or enabling legislation. The District typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a further project.

Unrestricted net position – Consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

Fund Balance Classifications – GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides more clearly defined fund balance categories to make sure the nature and extent of the constraints placed on a government's fund balances are more transparent. The following classifications describe the relative strength of the spending constraints:

Restricted – Amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

WATERVILLE ESTATES VILLAGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

Committed – Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the legislative body (District Meeting). These amounts cannot be used for any other purpose unless the legislative body removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Commissioners through the budgetary process.

Unassigned – Amounts that are available for any purpose. Positive amounts are reported only in the general fund.

When multiple net position/fund balance classifications are available for use, it is the government's policy to utilize the most restricted balances first, then the next most restricted balance as needed. When components of unrestricted fund balance are used, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

1-Q Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the period reported. These estimates include assessing the collectability of taxes receivables, and the useful lives of capital assets, net pension liability, other postemployment benefit liability, deferred outflows and inflows of resources related to both pension and other postemployment benefits, and accrued landfill closure and postclosure care costs, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements which govern the District's operations. At its annual meeting, the District adopts a budget for the current year for the general and water funds. Except as reconciled below, the budget was adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

Management may transfer appropriations between operating categories as deemed necessary, but expenditures may not legally exceed budgeted appropriations in total. All annual appropriations lapse at year-end unless encumbered.

Encumbrance accounting, under which purchase orders, contracts, and continuing appropriations (certain projects and specific items not fully expended at year-end) are recognized, is employed in the governmental funds. Encumbrances are not the equivalent of expenditures, and are therefore, reported as part of the assigned fund balance at year-end, and are carried forward to supplement appropriations of the subsequent year.

State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2021, none of the beginning general fund unassigned fund balance was applied for this purpose and \$405,701 was voted from unassigned fund balance for current year appropriations.

2-B Budgetary Reconciliation to GAAP Basis

While the District reports financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual is presented for each major governmental fund which had a budget. There are no differences between the budgetary basis of accounting for the major water fund.

WATERVILLE ESTATES VILLAGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

Differences between the budgetary basis and GAAP basis of accounting for the general fund are as follows:

Revenues:	
Per Exhibit D-1 (budgetary basis)	\$ 1,583,377
Adjustment:	
Basis difference:	
Change in deferred tax revenue relating to 60-day revenue recognition recognized as revenue on the GAAP basis, but not on the budgetary basis	45,192
Change in the allowance for uncollectible property taxes	20,000
Per Exhibit C-3 (GAAP basis)	<u>\$ 1,648,569</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 1,766,312
Adjustment:	
Basis differences:	
Encumbrances, beginning	112,507
Encumbrances, ending	(258,987)
Per Exhibit C-3 (GAAP basis)	<u>\$ 1,619,832</u>

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

At December 31, 2021, the reported amount of the District's deposits was \$1,256,066 and the bank balance was \$1,323,751. Of the bank balance \$445,922 was covered by federal depository insurance, and \$877,829 was uninsured and uncollateralized.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A) \$ 1,256,066

NOTE 4 – TAXES RECEIVABLE

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2021. The amount has been reduced by an allowance for an estimated uncollectible amount of \$60,000. Taxes receivable by year are as follows:

	As reported on:	
	Exhibit A	Exhibit C-1
Property:		
Levy of 2021	\$ 758,564	\$ 758,564
Unredeemed (under tax lien):		
Levy of 2020	17,874	17,874
Levy of 2019	9,510	9,510
Levies of 2018 and prior	63,009	63,009
Less: allowance for estimated uncollectible taxes	(60,000) *	-
Net taxes receivable	<u>\$ 788,957</u>	<u>\$ 848,957</u>

*The allowance for uncollectible property taxes is not recognized under the modified accrual basis of accounting (Exhibit C-1 and C-3) due to the 60-day rule as explained in Note 1-B. However, the allowance is recognized under the accrual basis of accounting (Exhibits A and B).

WATERVILLE ESTATES VILLAGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

NOTE 5 – OTHER RECEIVABLES

Receivables at December 31, 2021, consisted of accounts (billings for water user charges). Receivables are recorded on the District's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 is as follows:

	Balance, beginning	Additions	Balance, ending
Governmental activities:			
At cost:			
Not being depreciated:			
Land	\$ 93,489	\$ -	\$ 93,489
Construction in progress	75,208	22,296	97,504
Total capital assets not being depreciated	168,697	22,296	190,993
Being depreciated:			
Land improvements	375,638	-	375,638
Buildings and building improvements	2,475,455	-	2,475,455
Equipment and vehicles	624,867	174,224	799,091
Furnitures and fixtures	99,476	-	99,476
Infrastructure	1,483,243	-	1,483,243
Total capital assets being depreciated	5,058,679	174,224	5,232,903
Total all capital assets	5,227,376	196,520	5,423,896
Less accumulated depreciation:			
Land improvements	(100,308)	(15,025)	(115,333)
Buildings and building improvements	(1,623,883)	(78,005)	(1,701,888)
Equipment and vehicles	(394,290)	(54,578)	(448,868)
Furnitures and fixtures	(67,481)	(7,245)	(74,726)
Infrastructure	(912,435)	(49,345)	(961,780)
Total accumulated depreciation	(3,098,397)	(204,198)	(3,302,595)
Net book value, capital assets being depreciated	1,960,282	(29,974)	1,930,308
Net book value, all governmental activities capital assets	\$ 2,128,979	\$ (7,678)	\$ 2,121,301
Business-type activities:			
At cost:			
Being depreciated:			
Buildings and building improvements	\$ 264,096	\$ -	\$ 264,096
Equipment and vehicles	550,154	-	550,154
Furniture and fixtures	44,448	-	44,448
Infrastructure	248,326	-	248,326
Total all capital assets	1,107,024	-	1,107,024
Less accumulated depreciation:			
Buildings and building improvements	(79,835)	(7,850)	(87,685)
Equipment and vehicles	(416,765)	(17,105)	(433,870)
Furniture and fixtures	(38,466)	(6,436)	(44,902)
Infrastructure	(88,410)	(12,428)	(100,838)
Total accumulated depreciation	(623,476)	(43,819)	(667,295)
Net book value, capital assets being depreciated	483,548	(43,819)	439,729
Net book value, all business-type activities capital assets	\$ 483,548	\$ (43,819)	\$ 439,729

WATERVILLE ESTATES VILLAGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

Depreciation expense was charged to functions of the District based on their usage of the related assets. The amounts allocated to each function are as follows:

Governmental activities:	
General government	\$ 139,828
Highways and streets	15,025
Water treatment and distribution	49,345
Total depreciation expense	<u>\$ 204,198</u>
Business-type activities:	
Culture and recreation	<u>\$ 43,819</u>

NOTE 7 – INTERFUND BALANCES AND TRANSFERS

Interfund Balances - The composition of interfund balances as of December 31, 2021 is as follows:

Receivable Fund	Payable Fund	Amount
Water	General	\$ 108,224
General	Recreation	26,050
Water	Recreation	1,020
		<u>\$ 135,294</u>

The outstanding balances among funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund Transfers - The composition of interfund transfers for the year ended December 31, 2021 is as follows:

	<u>Transfers In:</u>
	Water
	<u>Fund</u>
Transfers out:	
General fund	<u>\$ 240,216</u>

During the year, transfers are used to (1) move revenues from the fund with collection authority to the fund responsible for expenditure and (2) move general fund resources to provide an annual subsidy.

NOTE 8 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources are as follows:

	Governmental Activities	Business-type Activities and Proprietary Fund
Amounts related to pensions, see Note 11	\$ 54,371	\$ 20,030
Amounts related to OPEB, see Note 12	482	178
Total deferred inflows of resources	<u>\$ 54,853</u>	<u>\$ 20,208</u>

WATERVILLE ESTATES VILLAGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

Deferred inflows of resources are as follows:

	Governmental Activities	Business-type Activities and Proprietary Fund	General Fund	Water Fund
District's portion of property taxes not collected within 60 days of the fiscal within 60 days of the year-end	\$ -	\$ -	\$ 153,759	\$ -
Water user fees fees collected in advance	151,900	-	-	151,900
Amounts related to pensions, see Note 11	107,268	39,516	-	-
Amounts related to OPEB, see Note 12	68	25	-	-
Total deferred inflows of resources	<u>\$ 259,236</u>	<u>\$ 39,541</u>	<u>\$ 153,759</u>	<u>\$ 151,900</u>

NOTE 9 – CAPITAL LEASE

The District has entered into a certain capital lease agreement under which the related equipment will become the property of the District when all the terms of the lease agreements is met.

	Standard Interest Rate	Present Value of Remaining Payments as of December 31, 2021
Capital lease obligations		
John Deere Loader	2.99%	<u>\$ 60,622</u>

Leased equipment under the capital lease, included in capital assets, is as follows:

	Governmental Activities
Equipment:	
John Deere Loader	\$ 101,096
Less: accumulated depreciation	20,219
Total capital lease equipment	<u>\$ 80,877</u>

The annual requirements to amortize the capital lease payable as of December 31, 2021, including interest payments, are as follows:

Fiscal Year Ending December 31,	Governmental Activities
2022	\$ 21,428
2023	21,427
2024	21,428
Total requirements	64,283
Less: interest	3,661
Present value of remaining payments	<u>\$ 60,622</u>

Amortization of lease equipment under capital assets is included with depreciation expense.

WATERVILLE ESTATES VILLAGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

NOTE 10 – LONG-TERM LIABILITIES

Changes in the District's long-term liabilities consisted of the following for the year ended December 31, 2021:

	Balance January 1, 2021	Additions	Reductions	Balance December 31, 2021	Due Within One Year
Governmental activities:					
Direct borrowings - note payable	\$ -	\$ 200,000	\$ -	\$ 200,000	\$ 40,000
Capital leases	79,668	-	(19,046)	60,622	19,615
Compensated absences	9,837	6,547	-	16,384	-
Pension related liability	333,002	-	(106,095)	226,907	-
Net other postemployment benefits	5,816	-	(591)	5,225	-
Total long-term liabilities	<u>\$ 428,323</u>	<u>\$ 206,547</u>	<u>\$ (125,732)</u>	<u>\$ 509,138</u>	<u>\$ 59,615</u>
Business-type activities:					
Compensated absences	\$ 10,233	\$ -	\$ (3,455)	\$ 6,778	\$ -
Pension related liability	135,102	-	(51,513)	83,589	-
Net other postemployment benefits	2,360	-	(435)	1,925	-
Total long-term liabilities	<u>\$ 147,695</u>	<u>\$ -</u>	<u>\$ (55,403)</u>	<u>\$ 92,292</u>	<u>\$ -</u>

The long-term note is comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2021
Direct borrowing - note payable:					
Tennis Courts	\$ 200,000	2021	2025	2.99	<u>\$ 200,000</u>

The annual requirements to amortize the note outstanding as of December 31, 2021, including interest payments, are as follows:

Fiscal Year Ending December 31,	Direct Borrowing		
	Principal	Interest	Total
2022	\$ 40,000	\$ 3,342	\$ 43,342
2023	40,000	4,653	44,653
2024	40,000	3,588	43,588
2025	40,000	2,392	42,392
2026	40,000	1,196	41,196
Totals	<u>\$ 200,000</u>	<u>\$ 15,171</u>	<u>\$ 215,171</u>

All debt is general obligation debt of the District, which is backed by its full faith and credit, and will be repaid from general governmental revenues.

NOTE 11 – DEFINED BENEFIT PENSION PLAN

Plan Description – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system that administers a cost-sharing multiple-employer defined benefit pension plan (Pension Plan), 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. 25. The Pension Plan was established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The Pension Plan is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their beneficiaries. 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 System issues a publicly available financial report that may be obtained by writing the New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301.

WATERVILLE ESTATES VILLAGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

Benefits Provided – Benefit formulas and eligibility requirements for the Pension Plan are set by state law (RSA 100-A). 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.

Group I benefits are provided based on creditable service and average final salary for the highest of either three or five years, depending on when service commenced.

Group II benefits are provided based on age, years of creditable service and benefit multiplier depending on vesting status as of 1/1/12. The maximum retirement allowance for Group II members vested by 1/1/12 (45 years of age with 20 years of service or age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service. For Group II members not vested by 1/1/12 the benefit is calculated the same way, but the multiplier used in the calculation will change depending on age and years of creditable service as follows:

Years of Creditable Service as of 1/1/12	Minimum Age	Minimum Service	Benefit Multiplier
At least 8 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	23	2.2%
Less than 4 years	49	24	2.1%

Members of both groups 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.

Contributions - The System is financed by contributions from both the employees and the District. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. Group I (employee and teacher) members are required to contribute 7% of earnable compensation and Group II (police and fire) members contribute 11.55% and 11.80% respectively. For the period of January 1, 2021 to June 30, 2021, the District contributed 24.77% for police, 26.43% for fire and 10.88% for other employees. For the period of July 1, 2021 to December 31, 2021 the District contributed 30.67% for police, 29.78% for fire and 13.75% for other employees. The contribution requirement for the fiscal year 2021 was \$51,118, which was paid in full.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At December 31, 2021 the District reported a liability of \$310,496, of which \$226,907 is reported in the governmental activities and \$83,589 in the business-type activities and proprietary fund for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2021, the District's proportion was .007% which was the same as its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the District recognized pension expense of \$14,238. At December 31, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental activities:		
Changes in proportion	\$ 3,542	\$ 41,431
Changes in assumptions	23,699	-
Net difference between projected and actual investment earnings on pension plan investments	-	63,461
Differences between expected and actual experience	6,354	2,376
Contributions subsequent to the measurement date	20,776	-
Total governmental activities	54,371	107,268
		(Continued)

WATERVILLE ESTATES VILLAGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

Deferred outflows and inflows of resources continued:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Business-type activities:		
Changes in proportion	1,305	15,263
Changes in assumptions	8,731	-
Net difference between projected and actual investment earnings on pension plan investments	-	23,378
Differences between expected and actual experience	2,340	875
Contributions subsequent to the measurement date	7,654	-
Total business-type activities	<u>20,030</u>	<u>39,516</u>
Grand total	<u>\$ 74,401</u>	<u>\$ 146,784</u>

The \$28,430 reported as deferred outflows of resources related to pensions results from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending December 31,	Governmental Activities	Business-type Activities	Total
2022	\$ (16,812)	\$ (6,193)	\$ (23,005)
2023	(18,357)	(6,762)	(25,119)
2024	(15,732)	(5,795)	(21,527)
2025	(22,773)	(8,389)	(31,162)
2026	-	-	-
Thereafter	-	-	-
Totals	<u>\$ (73,674)</u>	<u>\$ (27,139)</u>	<u>\$ (100,813)</u>

Actuarial Assumptions – The collective total pension liability was based on the following assumptions:

Inflation:	2.0%
Salary increases:	5.6% average, including inflation
Wage inflation:	2.75% (2.25% for Teachers)
Investment rate of return:	6.75% net of pension plan investment expense, including inflation

Mortality rates were based on the Pub-2010 Healthy Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 – June 30, 2019.

Long-term Rates of Return – The long-term expected rate of return on pension plan investment was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation.

WATERVILLE ESTATES VILLAGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

Following is a table presenting target allocations and geometric real rates of return for each asset class:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return <u>2021</u>
Large Cap Equities	22.50%	6.46%
Small/Mid Cap Equities	7.50%	1.14%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	14.00%	5.53%
Emerging Int'l Equities	6.00%	2.37%
Total international equity	20.00%	
Core US Fixed Income	25.00%	3.60%
Total fixed income	25.00%	
Private equity	10.00%	8.85%
Private debt	5.00%	7.25%
Total alternative investments	15.00%	
Real estate	10.00%	6.60%
Total	100.00%	

Discount Rate – The discount rate used to measure the collective total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member 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. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the Pension Plan's actuarial funding policy as required by RSA 100-A:16. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Pension Plan investment was applied to all periods of projected benefit payments to determine the collective total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.75% 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 (5.75%) or 1-percentage point higher (7.75%) than the current rate:

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2021	\$ 444,045	\$ 310,496	\$ 199,095

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued New Hampshire Retirement System Cost-Sharing Multiple Employer Defined Benefit Pension Plan financial report.

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

12-A New Hampshire Retirement System (NHRS)

Plan Description – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system which administers a cost-sharing multiple-employer other postemployment benefit (OPEB) plan. For additional system information, please refer to the 2021 Annual Comprehensive Financial Report, which can be found on the system's website at www.nhrs.org.

WATERVILLE ESTATES VILLAGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

Benefits Provide - Benefit amounts and eligibility requirements for the OPEB Plan are set by State law (RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b), and members are designated in statute by type. The four membership types are Group II, Police Officers and Firefighters; Group I, Teachers; Group I, Political Subdivision Employees; and Group I, State Employees. The OPEB Plan provides a medical insurance subsidy to qualified retired members. The medical insurance subsidy is a payment made by NHRS to the former employer or its insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certified dependent children with a disability who are living in the household and being cared for by the retiree. If the health insurance premium amount is less than the medical subsidy amount, then only the health insurance premium amount will be paid. If the health insurance premium amount exceeds the medical subsidy amount, then the retiree or other qualified person is responsible for paying any portion that the employer does not pay.

Group I benefits are based on creditable service, age, and retirement date. Group II benefits are based on hire date, age, and creditable service. The OPEB plan is closed to new entrants.

Maximum medical subsidy rates paid during fiscal year 2021 were as follows:

For qualified retirees not eligible for Medicare, the amounts were \$375.56 for a single-person plan and \$751.12 for a two-person plan.

For those qualified retirees eligible for Medicare, the amounts were \$236.84 for a single-person plan and \$473.68 for a two-person plan.

Contributions – The OPEB Plan is funded by allocating to the 401(h) subtrust the lesser of: 25% of all employer contributions made in accordance with RSA 100-A:16 or the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided under RSA 100-A:53-b, RSA 100-A:53-c, and RSA 100-A:53-d. For fiscal year 2018, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For the period of January 1, 2021 to June 30, 2021, the District contributed 3.66% for police and fire, and 0.29% for other employees. For the period of July 1, 2021 to December 31, 2021, the District contributed 3.21% for police and fire, and 0.31% for other employees. The contribution requirement for the fiscal year 2021 was \$1,226, which was paid in full.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – At December 31, 2021, the District reported a liability of \$7,150, of which \$5,225 is reported in the governmental activities and \$1,925 in the business-type activities and proprietary fund for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2021, the District's proportion was .002% which was the same as its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the District recognized OPEB benefit of \$193. At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental activities:		
Changes in proportion	\$ -	\$ 2
Net difference between projected and actual investment earnings on pension plan investments	-	65
Differences between expected and actual experience	-	1
Contributions subsequent to the measurement date	482	-
Total governmental activities	482	68
		(Continued)

WATERVILLE ESTATES VILLAGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

Deferred outflows and inflows of resources continued:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Business-type activities:		
Changes in proportion	-	1
Changes in assumptions	-	-
Net difference between projected and actual investment earnings on pension plan investments	-	24
Contributions subsequent to the measurement date	178	-
Total business-type activities	178	25
Grand total	\$ 660	\$ 93

The \$660 reported as deferred outflows of resources related to OPEB results from the District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending December 31,	Governmental Activities	Business-type Activities	Total
2022	\$ (18)	\$ (7)	\$ (25)
2023	(14)	(5)	(19)
2024	(15)	(6)	(21)
2025	(20)	(8)	(28)
2026	-	-	-
Thereafter	-	-	-
Totals	\$ (67)	\$ (26)	\$ (93)

Actuarial Assumptions – The collective total OPEB liability was based on the following actuarial assumptions:

Inflation:	2.0%
Salary increases:	5.6 % average, including inflation
Wage inflation:	2.75% (2.25% for Teachers)
Investment rate of return:	6.75% net of OPEB plan investment expense, including inflation for determining solvency contributions

Mortality rates were based on the Pub-2010 Healthy Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 - June 30, 2019.

Long-term Rates of Return – The long-term expected rate of return on OPEB plan investment was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation.

WATERVILLE ESTATES VILLAGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

Following is a table presenting target allocations and geometric real rates of return for each asset class:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return <u>2021</u>
Large Cap Equities	22.50%	6.46%
Small/Mid Cap Equities	7.50%	1.14%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	14.00%	5.53%
Emerging Int'l Equities	6.00%	2.37%
Total international equity	20.00%	
Core US Fixed Income	25.00%	3.60%
Total fixed income	25.00%	
Private equity	10.00%	8.85%
Private debt	5.00%	7.25%
Total alternative investments	15.00%	
Real estate	10.00%	6.60%
Total	100.00%	

Discount Rate – The discount rate used to measure the total OPEB liability as of June 30, 2021 was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statutes RSA 100-A:16 and 100-A:53. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

Sensitivity of the District's Proportionate Share of the OPEB Liability to Changes in the Discount Rate – The following table presents the District's proportionate share of the OPEB liability calculated using the discount rate of 6.75% as well as what the District's proportionate share of the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2021	\$ 7,773	\$ 7,150	\$ 6,608

Sensitivity of the District's Proportionate Share of the OPEB Liability to Changes in the Healthcare Cost Trend Assumption – GASB No. 75 requires the sensitivity of the OPEB liability to the healthcare cost trend assumption. Since the medical subsidy benefits are fixed stipends, there is no sensitivity to changes in the healthcare cost trend assumption.

OPEB Plan Fiduciary Net Position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued New Hampshire Retirement System Cost-Sharing Multiple Employer Defined Benefit OPEB Plan financial report.

12-B Waterville Estates Village District Retiree Health Benefit Program

The District provides postemployment benefit options for health care to eligible retirees, terminated employees, and their dependents in accordance with the provisions of various employment contracts. The benefit levels, employee contributions, and employer contributions are governed by the District's contractual agreements.

WATERVILLE ESTATES VILLAGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

The Governmental Accounting Standards Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* in 2015. GASB Statement No. 75 requires state and local government employers to recognize the net OPEB liability and the OPEB expense on their financial statements, along with the related deferred outflows and inflows of resources. The District has not fully implemented GASB Statement No. 75 at December 31, 2021 or contracted with an actuarial firm to assist in evaluating the impact of this standard on the District's single employer plan. The amounts that should be recorded as the net OPEB liability and the OPEB expense for the District's single employer plan are unknown.

NOTE 13 – ENCUMBRANCES

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at December 31, 2021 and are as follows:

General fund:	
General government	\$ 143,228
Highways and streets	43,760
Culture and recreation	71,999
Total encumbrances	<u>\$ 258,987</u>

NOTE 14 – NET POSITION

Net position reported on the governmental and business-type activities Statements of Net Position at December 31, 2021 include the following:

	Governmental Activities	Business-type Activities and Proprietary Fund	Total
Net investment in capital assets:			
Net book value, all capital assets	\$ 2,121,301	\$ 439,729	\$ 2,561,030
Less:			
Capital leases payable	(60,622)	-	(60,622)
Total net investment in capital assets	<u>2,060,679</u>	<u>439,729</u>	<u>2,500,408</u>
Restricted net position:			
Unspent bond proceeds	200,000	-	200,000
Unrestricted	1,090,016	(90,485)	999,531
Total net position	<u>\$ 3,350,695</u>	<u>\$ 349,244</u>	<u>\$ 3,699,939</u>

NOTE 15 – GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2021 include the following:

	General Fund	Nonmajor Funds	Total Governmental Funds
Restricted:			
Bond proceeds	\$ -	\$ 200,000	\$ 200,000
Committed:			
Nonlapsing appropriations	250,759	-	250,759
Assigned:			
Encumbrances	8,228	-	8,228
Unassigned	1,240,486	-	1,240,486
Total governmental fund balances	<u>\$ 1,499,473</u>	<u>\$ 200,000</u>	<u>\$ 1,699,473</u>

WATERVILLE ESTATES VILLAGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

NOTE 16 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2021, the District was a member of the New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs.

The New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from January 1, 2021 to December 31, 2021 by Primex³, which retained \$1,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits Primex³ to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. In 2021 the District paid \$30,905 and \$24,204 respectively, to Primex for property, liability, and worker's compensation. At this time, Primex³ foresees no likelihood of any additional assessment for this or any prior year.

The District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 17 – RELATED PARTY TRANSACTIONS

Effective July 1, 2006, the District established a Recreation Revolving Fund pursuant to RSA 25-B:2, II. The fund is a proprietary fund for accounting and reporting purposes. The fund receives all fees for the use of recreation facilities and concessions, including building rental and management fees from the Waterville Estates Association, a related homeowners' association. Additionally, Waterville Estates Association may also contribute funding for capital improvements or provide in-kind contributions of capital items. Rent and management fees received for the year-ended December 31, 2021 were \$130,799 and \$100,000, respectively.

NOTE 18 – CONTINGENCIES

The District is a defendant in various claims and suits. Although the outcome of these claims and suits is not presently determinable, in the opinion of the District's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Waterville Estates Village District.

NOTE 19 – COVID-19

As a result of the spread of COVID-19, Coronavirus, economic uncertainties continue. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

NOTE 20 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date but arose after the date. Management has evaluated subsequent events through August 14, 2023, the date the December 31, 2021 financial statements were available to be issued, and the following occurred that requires recognition or disclosure.

At the 2022 Annual District Meeting, the voters approved Warrant Article No. 5 which appropriated the use of fund balance in the amount of \$120,000 for the purchase of a diesel plow truck and the related equipment to outfit the truck.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT F
WATERVILLE ESTATES VILLAGE DISTRICT
Schedule of the District's Proportionate Share of Net Pension Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2021
Unaudited

	December 31,								
	2013	2014	2015	2016	2017	2018	2019	2020	2021
District's proportion of the net pension liability	0.010%	0.009%	0.007%	0.008%	0.008%	0.009%	0.009%	0.007%	0.007%
District's proportionate share of the net pension liability	\$ 433,438	\$ 331,938	\$ 290,221	\$ 416,508	\$ 414,483	\$ 437,752	\$ 409,108	\$ 468,104	\$ 310,496
District's covered payroll (as of measurement date)	\$ 239,866	\$ 274,799	\$ 226,318	\$ 206,971	\$ 284,755	\$ 340,497	\$ 317,272	\$ 298,819	\$ 350,724
District's proportionate share of the net pension liability as a percentage of its covered payroll	180.70%	120.79%	128.24%	201.24%	145.56%	128.56%	128.95%	156.65%	88.53%
Plan fiduciary net position as a percentage of the total pension liability	59.81%	66.32%	65.47%	58.30%	62.66%	64.73%	65.59%	58.72%	72.22%

EXHIBIT G
WATERVILLE ESTATES VILLAGE DISTRICT
Schedule of District Contributions - Pensions
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2021
Unaudited

	December 31,								
	2013	2014	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 25,042	\$ 28,689	\$ 24,578	\$ 28,047	\$ 30,875	\$ 38,424	\$ 37,001	\$ 31,500	\$ 51,118
Contributions in relation to the contractually required contributions	25,042	28,689	24,578	28,047	30,875	38,424	37,001	31,500	51,118
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll (as of fiscal year-end)	\$239,866	\$274,799	\$226,318	\$206,971	\$284,755	\$340,497	\$317,272	\$289,520	\$ 415,085
Contributions as a percentage of covered payroll	10.44%	10.44%	10.86%	13.55%	10.84%	11.28%	11.66%	10.88%	12.32%

WATERVILLE ESTATES VILLAGE DISTRICT
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

***Schedule of the District's Proportionate Share of Net Pension Liability and
Schedule of District Contributions - Pensions***

Changes in Benefit Terms - There were no changes in benefit terms for the current period.

Changes in Assumptions – There were no changes in assumptions for the current period.

Methods and Assumptions Used to Determine Contribution Rates – A full list of the methods and assumptions used to determine the contribution rates can be found in the most recent actuarial valuation report. This report can be located at www.nhrs.org.

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits F and G represent the actuarial determined costs associated with the District's pension plan at December 31, 2021. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

EXHIBIT H
WATERVILLE ESTATES VILLAGE DISTRICT
Schedule of the District's Proportionate Share of the Net Other Postemployment Benefit Plan Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2021
Unaudited

	December 31,					
	2016	2017	2018	2019	2020	2021
District's proportion of the net OPEB liability	0.001%	0.001%	0.002%	0.002%	0.002%	0.002%
District's proportionate share of the net OPEB liability (asset)	\$ 6,682	\$ 6,804	\$ 10,775	\$ 9,626	\$ 8,176	\$ 7,150
District's covered payroll (as of measurement date)	\$206,971	\$284,755	\$340,497	\$317,272	\$298,819	\$350,274
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	3.23%	2.39%	3.16%	3.03%	2.74%	2.04%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%	7.74%	11.06%

The Note to the Required Supplementary Information – Other Postemployment Benefit Liability is an integral part of this schedule.

EXHIBIT I
WATERVILLE ESTATES VILLAGE DISTRICT
Schedule of District Contributions - Other Postemployment Benefits
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2021
Unaudited

	December 31,					
	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 802	\$ 882	\$ 1,041	\$ 1,002	\$ 840	\$ 1,226
Contributions in relation to the contractually required contribution	802	882	1,041	1,002	840	1,226
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll (as of fiscal year-end)	\$ 206,971	\$ 284,755	\$ 340,497	\$ 317,272	\$ 289,520	\$ 415,085
Contributions as a percentage of covered payroll	0.39%	0.31%	0.31%	0.32%	0.29%	0.30%

The Note to the Required Supplementary Information – Other Postemployment Benefit Liability is an integral part of this schedule.

WATERVILLE ESTATES VILLAGE DISTRICT
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFIT LIABILITY
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

***Schedule of the District's Proportionate Share of Net Other Postemployment Benefits Liability and
Schedule of District Contributions – Other Postemployment Benefits***

Changes in Benefit Terms - There were no changes in benefit terms for the current period.

Changes in Assumptions – There were no changes in assumptions for the current period.

Methods and Assumptions Used to Determine Contribution Rates– A full list of the methods and assumptions used to determine the contribution rates can be found in the most recent actuarial valuation report. This report can be located at www.nhrs.org.

As required by GASB Statement No. 75, Exhibits H and I represent the actuarial determined costs associated with the District's other postemployment benefits at December 31, 2021. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

INDIVIDUAL FUND SCHEDULES

SCHEDULE 1
WATERVILLE ESTATES VILLAGE DISTRICT
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2021

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 1,491,771	\$ 1,471,988	\$(19,783)
Interest and penalties on taxes	4,071	11,198	7,127
Total from taxes	<u>1,495,842</u>	<u>1,483,186</u>	<u>(12,656)</u>
Miscellaneous:			
Sale of municipal property	278	5,500	5,222
Interest on investments	702	1,260	558
Other	10,915	93,431	82,516
Total from miscellaneous	<u>11,895</u>	<u>100,191</u>	<u>88,296</u>
Total revenues	<u>1,507,737</u>	<u>\$ 1,583,377</u>	<u>\$ 75,640</u>
Amounts voted from fund balance	<u>405,701</u>		
Total revenues and use of fund balance	<u>\$ 1,913,438</u>		

SCHEDULE 2
WATERVILLE ESTATES VILLAGE DISTRICT
Major General Fund
Schedule of Appropriations and Expenditures (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2021

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 140,275	\$ 175,866	\$ -	\$ (35,591)
Financial administration	8,098	26,228	26,938	8,228	(840)
Legal	-	40,000	182,761	-	(142,761)
Personnel administration	-	12,496	12,650	-	(154)
Planning and zoning	-	235,243	-	-	235,243
General government buildings	-	135,000	1,240	135,000	(1,240)
Insurance, not otherwise allocated	-	90,582	71,896	-	18,686
Advertising and regional associations	-	59	2,710	-	(2,651)
Other	-	46,287	47,729	-	(1,442)
Total general government	8,098	726,170	521,790	143,228	69,250
Public safety:					
Fire	-	12,795	19,315	-	(6,520)
Highways and streets:					
Administration	-	6,054	13,477	-	(7,423)
Highways and streets	-	324,705	172,284	23,760	128,661
Other	-	45,929	300	20,000	25,629
Total highways and streets	-	376,688	186,061	43,760	146,867
Culture and recreation:	38,368	542,966	555,474	71,999	(46,139)
Capital outlay	66,041	21,500	96,976	-	(9,435)
Other financing uses:					
Transfers out	-	233,319	240,216	-	(6,897)
Total appropriations, expenditures, and other financing uses	\$112,507	\$ 1,913,438	\$ 1,619,832	\$ 258,987	\$ 147,126

SCHEDULE 3
WATERVILLE ESTATES VILLAGE DISTRICT
Major General Fund
Schedule of Changes in Unassigned Fund Balance
For the Fiscal Year Ended December 31, 2021

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)		\$ 1,517,180
Changes:		
Amounts voted from fund balance		(405,701)
2021 Budget summary:		
Revenue surplus (Schedule 1)	\$ 75,640	
Unexpended balance of appropriations (Schedule 2)	147,126	
2021 Budget surplus		<u>222,766</u>
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		1,334,245
Reconciliation on Non-GAAP Budgetary Basis to GAAP Basis		
To record deferred property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis		(153,759)
Elimination of the allowance for uncollectible taxes		<u>60,000</u>
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)		<u><u>\$ 1,240,486</u></u>



PLODZIK & SANDERSON

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INDEPENDENT AUDITOR'S COMMUNICATION OF MATERIAL WEAKNESSES AND SIGNIFICANT DEFICIENCIES

To the Members of the Board of Commissioners
Waterville Estates Village District
Campton, New Hampshire

In planning and performing our audit of the basic financial statements of the Waterville Estates Village District as of and for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Waterville Estates Village District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Waterville Estates Village District's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, significant deficiencies or material weaknesses may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and another deficiency that we consider to be a significant deficiency.

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 over financial reporting, 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 reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.
- Probable. The future event or events are likely to occur.

We consider the following deficiencies in the Waterville Estates Village District's internal control to be material weaknesses:

Budgeting

We noted significant variances between amounts budgeted and approved by voters and actual results of activity recorded. A large percentage of the variances relate to the budgeting of recreation expenses in both the governmental general fund and the proprietary recreation fund, and capital items purchased by one fund for the benefit of the other fund. The amount of recreation expenditures actually recorded in the general fund appeared to be based on the revenue results and financial position of the recreation fund, rather than an identifiable or systematic process of allocating expenditures between funds. We recommend that an expenditure budget be created based on a reasonable, systematic process of allocating expenditures. An alternative to this approach, would be to budget all recreation expenditures in the proprietary recreation fund, and budget one amount, representing the general fund's subsidy of the difference between the total recreation expenditure budget, anticipated recreation revenue, and revenue committed from Waterville Estates Association.

***Waterville Estates Village District
Independent Auditor's Communication of Material Weaknesses and Significant Deficiencies***

Procedural changes need to be made relative to the purchase and recording of capital items, as well as transfers of funds by Waterville Estates Association for the benefit of Waterville Estates Village District. According to the Recreation Management Agreement dated October 29, 2016, between Waterville Estates Village District and Waterville Estates Association:

"On or before November 1 of each year, the Association shall advise the District of the irrevocable commitment of the amount of money the Association shall make available to the District for recreational activities for the ensuing year. At this time, the Association shall also provide a proposed program of recreational activities, together with the estimated cost of each such activity. Additionally, the Association shall provide a separate proposal for capital improvements, all with a corresponding commitment of Association funds to be made available for such."

The District should use the accepted, irrevocable commitment from the Association in developing the annual budgets for the general and recreation funds. Commitments pledged for the benefit of the general fund should be budgeted directly in the general fund in an identifiable account, funds should be transferred directly to the general fund bank account, and purchases should be made from this account. The transfers should be recorded in a clearly identifiable manner in the general fund. If the transfer is related to the purchase of a capital item, the nature of the expenditure should also be clearly identified, so the District can properly record the item for financial reporting purposes. This process should also be followed for commitments pledged to the recreation fund.

Journal Entries

During the audit, it was noted that most journal entries were not formally reviewed and approved and often lacked adequate supporting documentation. We recommend that management categorize journal entries into recurring journal entries and nonrecurring journal entries, where authorization for recurring entries is established at the beginning of the year. Nonrecurring journal entries would require formal review and approval by management, that should be demonstrated by a signature or initialing or another method that would allow for confirmation of the approval. Journal entries should always be supported by appropriate documentation where possible. Good documentation serves as an accounting record and facilitates future follow-up as well as additional insight for other users.

Review of Accounting Software Permissions and Proper Segregation of Duties

Accounting software permission should be reviewed, and employees should be restricted to permissions relevant and appropriate to their position. Software permissions are critical in ensuring that employees are not able to override internal control policies and procedures designed by management. We recommend that the District apply the principle of the least privilege for all users. Employees/users should be permitted access on an as-required basis such that they can perform their required tasks. By reducing access to only designated individuals, as needed, it helps ensure that segregation of duties is maintained and reduces the risk of management override of controls.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the entity's internal control to be significant deficiencies:

Accounting Policies and Procedures

During our audit, we noted that the District has not developed several accounting policies and procedures. Reconciliation policies and procedures have not been established. The District has started the process of documenting various procedures in the finance department. We recommend that they continue to document these procedures, and ultimately develop Board approved policies, that are maintained in a formal procedures manual. This procedures manual should be distributed to all employees, to ensure that proper procedures and related internal controls are in place and consistently followed.

Petty Cash

In review of the District's transactions, we identified one instance in which a check was made payable to cash. The amount of the check issued was \$4,500 and it was indicated that these funds were used to pay for event expenses. Upon further review, there was no reconciliation or other supporting documentation detailing how the funds were utilized and if any excess funds were returned to the District. We recommend that supporting documentation is obtained for all financial transactions. When petty cash is needed, the check should be made payable to the District, so that only authorized individuals may cash the check. A reconciliation should then be prepared detailing how the funds were used and to support any funds that are deposited back into the District's bank accounts.

Waterville Estates Village District

Independent Auditor's Communication of Material Weaknesses and Significant Deficiencies

This communication is intended solely for the information and use of management, the Board of Commissioners, and others within the Waterville Estates Village District, and is not intended to be, and should not be, used by anyone other than these specified parties.

August 14, 2023
Concord, New Hampshire

*Plodzik & Sanderson
Professional Association*