

**WATERVILLE ESTATES VILLAGE DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

**WATERVILLE ESTATES VILLAGE DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
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**TABLE OF CONTENTS**

	<u>PAGES</u>
<b>INDEPENDENT AUDITOR'S REPORT .....</b>	1 - 3
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>Government-wide Financial Statements</b>	
A Statement of Net Position .....	4
B Statement of Activities .....	5
<b>Fund Financial Statements</b>	
<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 (GAAP Basis/Non-GAAP Budgetary Basis) – Water Fund.....	11
<i>Proprietary Fund</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
<b>NOTES TO THE BASIC FINANCIAL STATEMENTS .....</b>	15 - 32
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
F Schedule of the District's Proportionate Share of Net Pension Liability .....	33
G Schedule of District Contributions – Pensions .....	34
<b>NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY .....</b>	35
H Schedule of the District's Proportionate Share of Net Other Postemployment Benefits Liability .....	36
I Schedule of District Contributions – Other Postemployment Benefits.....	37
<b>NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION - OTHER POSTEMPLOYMENT BENEFITS LIABILITY.....</b>	38
<b>COMBINING AND INDIVIDUAL FUND SCHEDULES</b>	
<b>Governmental Fund</b>	
<i>Major General Fund</i>	
1 Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis).....	39
2 Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis) .....	40
3 Schedule of Changes in Unassigned Fund Balance.....	41
<b>INDEPENDENT AUDITOR'S COMMUNICATION</b>	
<b>OF MATERIAL WEAKNESSES AND SIGNIFICANT DEFICIENCIES .....</b>	42 - 43



## PLODZIK & SANDERSON

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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, 2022, 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 Governmental Fund - General Fund	Unmodified
Major Governmental Fund - Water Fund	Unmodified
Major Recreation Proprietary Fund	Adverse
Aggregate Remaining Fund Information	Unmodified

##### ***Adverse Opinion on Governmental Activities and Business-type Activities and Proprietary Fund***

In our opinion, because of the significance of the matters described in the "Matters Giving Rise to Adverse Opinion on Governmental Activities, Business-type Activities and Proprietary Fund" paragraphs, the financial statements referred to above do not present fairly the financial position of the Governmental Activities, Business-type Activities and Proprietary Fund of the Waterville Estates Village District as of December 31, 2022, or 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 on Each Major Funds and Aggregate Remaining Fund Information***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the each major governmental fund and aggregate remaining fund information of the Waterville Estates Village District as of December 31, 2022, and the respective changes in financial position and the respective budgetary comparison for the general fund and water fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

##### ***Basis for Adverse and Unmodified 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***

***Matters Giving Rise to Adverse Opinion on Governmental Activities, Business-type Activities and Proprietary Fund***

As discussed in Note 11-B to the financial statements, management has not recorded the long-term costs of retirement healthcare costs and obligations for other postemployment benefits for the single employer plan in the governmental activities, business-type activities, and proprietary fund. 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 fund. The amount by which this departure would affect the liabilities, net position, and expenses on the governmental activities, business-type activities, and proprietary fund 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 Estates Village District's management is responsible for the preparation and fair presentation of the 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 Estates 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 generally accepted auditing standards, 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 Estate'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.

***Change in Accounting Principle***

As discussed in Note 2-D to the financial statements, in fiscal year 2022 the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

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

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

Such information is the responsibility of management and, 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's Discussion and Analysis** – 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 accompanying 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.

December 21, 2023  
Concord, New Hampshire

*Plodzik & Sanderson  
Professional Association*

## ***BASIC FINANCIAL STATEMENTS***

**EXHIBIT A**  
**WATERVILLE ESTATES VILLAGE DISTRICT**  
**Statement of Net Position**  
**December 31, 2022**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,047,600	\$ 63,367	\$ 1,110,967
Taxes receivables (net)	894,926	-	894,926
Account receivables	96,561	147	96,708
Internal balances	188,465	(188,465)	-
Inventory	-	42,774	42,774
Prepaid items	24,767	-	24,767
Capital assets:			
Land and construction in progress	319,020	-	319,020
Other capital assets, net of depreciation	2,021,967	402,820	2,424,787
Total assets	<u>4,593,306</u>	<u>320,643</u>	<u>4,913,949</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Amounts related to pensions	336,762	59,736	396,498
Amounts related to other postemployment benefits	998	177	1,175
Total deferred outflows of resources	<u>337,760</u>	<u>59,913</u>	<u>397,673</u>
<b>LIABILITIES</b>			
Accounts payable	263,171	21,878	285,049
Accrued salaries and benefits	18,293	-	18,293
Accrued interest payable	4,791	-	4,791
Long-term liabilities:			
Due within one year	67,017	-	67,017
Due in more than one year	824,162	128,727	952,889
Total liabilities	<u>1,177,434</u>	<u>150,605</u>	<u>1,328,039</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - user charges	284,064	-	284,064
Amounts related to pensions	33,319	5,910	39,229
Total deferred inflows of resources	<u>317,383</u>	<u>5,910</u>	<u>323,293</u>
<b>NET POSITION</b>			
Net investment in capital assets	2,139,980	402,820	2,542,800
Unrestricted	1,296,269	(178,779)	1,117,490
Total net position	<u>\$ 3,436,249</u>	<u>\$ 224,041</u>	<u>\$ 3,660,290</u>

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, 2022**

	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Change in Net Position		Total
			Governmental Activities	Business-type Activities	
<b>Governmental activities:</b>					
General government	\$ 915,867	\$ -	\$ (915,867)	\$ -	\$ (915,867)
Public safety	17,089	-	(17,089)	-	(17,089)
Highways and streets	382,837	-	(382,837)	-	(382,837)
Water distribution and treatment	410,773	596,498	185,725	-	185,725
Culture and recreation	978,352	-	(978,352)	-	(978,352)
Interest on long-term debt	7,729	-	(7,729)	-	(7,729)
Total governmental activities	<u>2,712,647</u>	<u>596,498</u>	<u>(2,116,149)</u>	<u>-</u>	<u>(2,116,149)</u>
<b>Business-type activities:</b>					
Recreation	605,271	480,049	-	(125,222)	(125,222)
Total	<u>\$ 3,317,918</u>	<u>\$ 1,076,547</u>	<u>(2,116,149)</u>	<u>(125,222)</u>	<u>(2,241,371)</u>
General revenues:					
Taxes:					
Property			1,619,834	-	1,619,834
Other			6,807	-	6,807
Unrestricted investment earnings			1,327	19	1,346
Miscellaneous			573,735	-	573,735
Total general revenues			<u>2,201,703</u>	<u>19</u>	<u>2,201,722</u>
Change in net position			85,554	(125,203)	(39,649)
Net position, beginning			3,350,695	349,244	3,699,939
Net position, ending			<u>\$ 3,436,249</u>	<u>\$ 224,041</u>	<u>\$ 3,660,290</u>

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, 2022**

	General	Water	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 694,452	\$ 353,148	\$ -	\$ 1,047,600
Taxes receivable	954,926	-	-	954,926
Accounts receivable	51,760	44,801	-	96,561
Interfund receivable	213,996	108,223	-	322,219
Prepaid items	16,752	8,015	-	24,767
Total assets	<u>\$ 1,931,886</u>	<u>\$ 514,187</u>	<u>\$ -</u>	<u>\$ 2,446,073</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 192,872	\$ 70,299	\$ -	\$ 263,171
Accrued salaries and benefits	17,079	1,214	-	18,293
Interfund payable	108,223	-	25,531	133,754
Total liabilities	<u>318,174</u>	<u>71,513</u>	<u>25,531</u>	<u>415,218</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	232,878	-	-	232,878
Unavailable revenue - user charges	-	284,064	-	284,064
Total deferred inflows of resources	<u>232,878</u>	<u>284,064</u>	<u>-</u>	<u>516,942</u>
<b>FUND BALANCES (DEFICIT)</b>				
Nonspendable	16,752	8,015	-	24,767
Committed	259,881	150,595	-	410,476
Unassigned (deficit)	1,104,201	-	(25,531)	1,078,670
Total fund balances (deficit)	<u>1,380,834</u>	<u>158,610</u>	<u>(25,531)</u>	<u>1,513,913</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,931,886</u>	<u>\$ 514,187</u>	<u>\$ -</u>	<u>\$ 2,446,073</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, 2022**

Amounts reported for governmental activities in the Statement of Net Position are different because:		
Total fund balances of governmental funds (Exhibit C-1)		\$ 1,513,913
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$ 5,831,018	
Less accumulated depreciation	(3,490,031)	
		2,340,987
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	\$ 336,762	
Deferred inflows of resources related to pensions	(33,319)	
Deferred outflows of resources related to OPEB	998	
		304,441
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (133,754)	
Payables	133,754	
		-
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	\$ 232,878	
Allowance for uncollectible property taxes	(60,000)	
		172,878
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(4,791)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Notes	\$ 201,007	
Compensated absences	21,981	
Net pension liability	654,815	
Other postemployment benefits	13,376	
		(891,179)
Net position of governmental activities (Exhibit A)		<u>\$ 3,436,249</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, 2022**

	General	Water	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 1,547,522	\$ -	\$ -	\$ 1,547,522
Charges for services	-	596,498	-	596,498
Miscellaneous	564,300	10,762	-	575,062
Total revenues	2,111,822	607,260	-	2,719,082
<b>EXPENDITURES</b>				
Current:				
General government	701,074	-	-	701,074
Public safety	17,089	-	-	17,089
Highways and streets	367,812	-	-	367,812
Water distribution and treatment	-	368,423	-	368,423
Culture and recreation	833,917	-	-	833,917
Debt service:				
Principal	40,000	19,615	-	59,615
Interest	3,342	1,813	-	5,155
Capital outlay	267,227	58,799	225,531	551,557
Total expenditures	2,230,461	448,650	225,531	2,904,642
Net change in fund balances	(118,639)	158,610	(225,531)	(185,560)
Fund balances, beginning	1,499,473	-	200,000	1,699,473
Fund balances, ending	\$ 1,380,834	\$ 158,610	\$ (25,531)	\$ 1,513,913

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, 2022**

Net change in fund balances of governmental funds (Exhibit C-3)		\$ (185,560)
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.		
Capital outlay expenditures exceeded depreciation expense in the current year, as follows:		
Capitalized capital outlay	\$ 407,122	
Depreciation expense	<u>(187,436)</u>	
		219,686
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		79,119
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.		
Repayment of notes		59,615
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	\$ (2,574)	
Increase in compensated absences payable	(5,597)	
Net change in net pension liability, and deferred outflows and inflows of resources related to pensions	(71,568)	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>(7,567)</u>	
		(87,306)
Changes in net position of governmental activities (Exhibit B)		<u><u>\$ 85,554</u></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, 2022**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 1,624,909	\$ 1,626,641	\$ 1,732
Charges for services	226,736	-	(226,736)
Miscellaneous	212,402	564,300	351,898
Total revenues	<u>2,064,047</u>	<u>2,190,941</u>	<u>126,894</u>
<b>EXPENDITURES</b>			
Current:			
General government	837,737	680,140	157,597
Public safety	13,179	17,089	(3,910)
Highways and streets	534,858	324,052	210,806
Culture and recreation	882,293	790,141	92,152
Debt service:			
Principal	40,000	40,000	-
Interest	5,980	3,342	2,638
Capital outlay	120,000	376,591	(256,591)
Total expenditures	<u>2,434,047</u>	<u>2,231,355</u>	<u>202,692</u>
Net change in fund balances	<u>\$ (370,000)</u>	<u>(40,414)</u>	<u>\$ 329,586</u>
Increase in nonspendable fund balance		(16,752)	
Unassigned fund balance, beginning		1,334,245	
Unassigned fund balance, ending		<u>\$ 1,277,079</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 (GAAP Basis/Non-GAAP Budgetary Basis)**  
**Water Fund**  
**For the Fiscal Year Ended December 31, 2022**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Charges for services	\$ 532,455	\$ 596,498	\$ 64,043
Miscellaneous	-	10,762	10,762
Total revenues	<u>532,455</u>	<u>607,260</u>	<u>74,805</u>
<b>EXPENDITURES</b>			
Current:			
Water distribution and treatment	532,455	368,423	164,032
Debt service:			
Principal	-	19,615	(19,615)
Interest	-	1,813	(1,813)
Capital outlay	-	58,799	(58,799)
Total expenditures	<u>532,455</u>	<u>448,650</u>	<u>83,805</u>
Net change in fund balances	<u>\$ -</u>	158,610	<u>\$ 158,610</u>
Increase in nonspendable fund balance		(8,015)	
Committed fund balance, beginning		-	
Committed fund balance, ending		<u>\$ 150,595</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, 2022**

	Business-type Activities
	Enterprise Fund (Recreation Fund)
<b>ASSETS</b>	
Cash and cash equivalents	\$ 63,367
Accounts receivable	147
Inventory	42,774
Capital assets:	
Other capital assets, net of depreciation	402,820
Total assets	<u>509,108</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Amounts related to pensions	59,736
Amounts related to other postemployment benefits	177
Total deferred outflows of resources	<u>59,913</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	21,878
Internal balances	188,465
Long term liabilities:	
Due in more than one year	128,727
Total liabilities	<u>339,070</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Amounts related to pensions	<u>5,910</u>
<b>NET POSITION</b>	
Net investment in capital assets	402,820
Unrestricted	(178,779)
Total net position	<u>\$ 224,041</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, 2022**

	Business-type Activities
	Enterprise Fund (Recreation Fund)
Operating revenues:	
Rental income	\$ 48,958
Management fee	100,000
Membership passes	35,486
Food and beverage income	131,982
Recreation income	18,354
Event and function income	14,169
Campton Mountain	131,100
Total operating revenues	480,049
Operating expenses:	
Salaries and wages	229,509
Operation and maintenance	80,683
Cost of food, beverage, and supplies	82,216
Lounge expenses	75,703
Ski area	89,597
Member services	10,654
Depreciation	36,909
Total operating expenses	605,271
Operating loss	(125,222)
Nonoperating revenue:	
Interest income	19
Change in net position	(125,203)
Net position, beginning	349,244
Net position, ending	\$ 224,041

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, 2022**

	Business-type Activities Enterprise Fund (Recreation Fund)
Cash flows from operating activities:	
Receipts from customers and users	\$ 479,902
Payments to employees	(278,828)
Payments to suppliers	(338,906)
Net cash provided by operating activities	<u>(137,832)</u>
Cash flows from capital and related financing activities:	
Change in interfund borrowing/loans	<u>161,395</u>
Cash flows from investing activities:	
Interest received	<u>19</u>
Net increase in cash	23,582
Cash, beginning	39,785
Cash, ending	<u>\$ 63,367</u>
<b>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities</b>	
Operating loss	<u>\$ (125,222)</u>
Adjustments to reconcile operating gain to net cash provided by operating activities:	
Depreciation expense	36,909
Decrease in receivables	(147)
Decrease in inventory	(53)
Increase in accounts payable	(12,418)
Decrease in compensated absences liability	3,422
Net change in GASB Statement No. 68 balances relating to pensions	(40,747)
Net change in GASB Statement No. 75 balances relating to OPEB	424
Total adjustments	<u>(12,610)</u>
Net cash provided by operating activities	<u>\$ (137,832)</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, 2022**

	<b><u>NOTE</u></b>
<b>Summary of Significant Accounting Policies .....</b>	<b>1</b>
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
Prepaid Items .....	1-G
Capital Assets .....	1-H
Interfund Balances.....	1-I
Property Taxes.....	1-J
Accounts Payable .....	1-K
Deferred Outflows/Inflows of Resources .....	1-L
Compensated Absences .....	1-M
Long-term Obligations .....	1-N
Defined Benefit Pension Plan .....	1-O
Postemployment Benefits Other Than Pensions (OPEB).....	1-P
Net Position/Fund Balances.....	1-Q
Use of Estimates .....	1-R
<b>Stewardship, Compliance, and Accountability.....</b>	<b>2</b>
Budgetary Information.....	2-A
Budgetary Reconciliation to GAAP Basis .....	2-B
Deficit Fund Balance .....	2-C
Accounting Change .....	2-D

***DETAILED NOTES ON ALL FUNDS***

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

**WATERVILLE ESTATES VILLAGE DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

**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 have 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 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 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.

**WATERVILLE ESTATES VILLAGE DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

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 types:

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

**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 each major proprietary fund and for the non-major funds aggregated.

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 funds 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.

***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.

**WATERVILLE ESTATES VILLAGE DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

**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 Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**1-H Capital Assets**

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation, if received on or before June 15, 2015. Donated capital assets received after June 15, 2015 are recorded at acquisition value. The District has established a threshold of \$5,000 and \$50,000 or more for infrastructure assets and an estimate useful life in excess of one year for capitalization of depreciable assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

**1-I Interfund Balances**

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.

**1-J 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	\$ 74,794,694
Town of Thornton Assessment	\$ 30,225,292

The tax rates and amounts assessed for the year ended December 31, 2022 were as follows:

	<u>Per \$1,000 of Assessed Valuation</u>	<u>Property Taxes Assessed</u>
Village District portion:		
Town of Campton	\$ 16.44	\$ 1,229,625
Town of Thornton	12.91	390,209
Total	<u>\$ 29.35</u>	<u>\$ 1,619,834</u>

**WATERVILLE ESTATES VILLAGE DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

***1-K 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, 2022.

***1-L 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-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.

***1-N 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-O 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-P Postemployment Benefits Other Than Pensions (OPEB)***

The District maintains two separate other postemployment benefit plans, 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

**WATERVILLE ESTATES VILLAGE DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

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 pronouncement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

***1-Q 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:

**Nonspendable** – Amounts that cannot be spent because they are either (a) not in spendable form (such as prepaid items, inventory or tax deeded property subject to resale); or (b) are legally or contractually required to be maintained intact.

**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.

**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 Selectmen through the budgetary process.

**Unassigned** – Amounts that are available for any purpose. Positive amounts are reported only in the general fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by the offsetting of assigned fund balance amounts.

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.

**WATERVILLE ESTATES VILLAGE DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

**1-R 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/expenditures during the period reported. These estimates include assessing the collectability of receivables, recoverability of inventory, the useful lives capital assets, net pension liability, other postemployment benefit liability, and deferred outflows and inflows of resources related to both pension and other postemployment benefits, 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 US generally accepted accounting principles.

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 2022, \$370,000 of the beginning general fund unassigned fund balance was applied for this purpose.

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

Revenues:	
Per Exhibit D-1 (budgetary basis)	\$ 2,190,941
Adjustment:	
Basis difference:	
GASB Statement No. 54:	
Change in deferred tax revenue relating to 60-day revenue recognition recognized as revenue on the GAAP basis, but not on the budgetary basis	(79,119)
Per Exhibit C-3 (GAAP basis)	<u>\$ 2,111,822</u>
Expenditures:	
Per Exhibit D-1 (budgetary basis)	\$ 2,231,355
Adjustment:	
Basis differences:	
Encumbrances, beginning	258,987
Encumbrances, ending	(259,881)
Per Exhibit C-3 (GAAP basis)	<u>\$ 2,230,461</u>

**WATERVILLE ESTATES VILLAGE DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

**2-C Deficit Fund Balances**

The capital project fund had a deficit fund balance of \$25,531 at December 31, 2022. This deficit will be financed through funds from the general fund once the project is complete.

**2-D Accounting Change**

Governmental Accounting Standards Board Statement No. 87, *Leases*, was implemented during fiscal year 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. As a result of implementation of this Statement, the prior year capital lease payable was reclassified as notes payable. However, there was no restatement to the beginning net position or fund balance. The District has assessed all potential agreements that may be applicable for reporting under GASB Statement No. 87 and have determined that none of the agreements have met the requirements of the pronouncement.

**DETAILED NOTES ON ALL FUNDS**

**NOTE 3 – CASH AND CASH EQUIVALENTS**

At December 31, 2022, the reported amount of the District's deposits was \$1,110,967 and the bank balance was \$1,385,362. Of the bank balance \$500,000 was covered by federal depository insurance and \$885,362 was uninsured and uncollateralized.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 1,110,967
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**NOTE 4 – TAXES RECEIVABLE**

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2022. 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 2022	\$ 890,806	\$ 890,806
Unredeemed (under tax lien):		
Levy of 2020	6,729	6,729
Levies of 2019 and prior	57,391	57,391
Less: allowance for estimated uncollectible taxes	(60,000) *	-
Net taxes receivable	\$ 894,926	\$ 954,926

\*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 full 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, 2022**

**NOTE 5 – OTHER RECEIVABLES**

Receivables at December 31, 2022, 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, 2022 is as follows:

	Balance, beginning	Additions	Deletions	Balance, ending
<b>Governmental activities:</b>				
At cost:				
Not being depreciated:				
Land	\$ 93,489	\$ -	\$ -	\$ 93,489
Construction in progress	97,504	225,531	(97,504)	225,531
Total capital assets not being depreciated	190,993	225,531	(97,504)	319,020
Being depreciated:				
Land improvements	375,638	-	-	375,638
Buildings and building improvements	2,475,455	47,929	-	2,523,384
Equipment and vehicles	799,091	133,662	-	932,753
Furnitures and fixtures	99,476	-	-	99,476
Infrastructure	1,483,243	97,504	-	1,580,747
Total capital assets being depreciated	5,232,903	279,095	-	5,511,998
Total all capital assets	5,423,896	504,626	(97,504)	5,831,018
Less accumulated depreciation:				
Land improvements	(115,333)	(15,026)	-	(130,359)
Buildings and building improvements	(1,701,888)	(78,005)	-	(1,779,893)
Equipment and vehicles	(448,868)	(44,918)	-	(493,786)
Furnitures and fixtures	(74,726)	(7,137)	-	(81,863)
Infrastructure	(961,780)	(42,350)	-	(1,004,130)
Total accumulated depreciation	(3,302,595)	(187,436)	-	(3,490,031)
Net book value, capital assets being depreciated	1,930,308	91,659	-	2,021,967
Net book value, all governmental activities capital assets	\$ 2,121,301	\$ 317,190	\$ (97,504)	\$ 2,340,987
<b>Business-type activities:</b>				
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	(87,685)	(7,850)	-	(95,535)
Equipment and vehicles	(433,870)	(14,700)	-	(448,570)
Furniture and fixtures	(44,902)	(2,389)	-	(47,291)
Infrastructure	(100,838)	(11,970)	-	(112,808)
Total accumulated depreciation	(667,295)	(36,909)	-	(704,204)
Net book value, all business-type activities capital assets	\$ 439,729	\$ (36,909)	\$ -	\$ 402,820

**WATERVILLE ESTATES VILLAGE DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

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:

<b>Governmental activities:</b>	
General government	\$ 130,060
Highways and streets	15,026
Water treatment and distribution	42,350
Total depreciation expense	<u>\$ 187,436</u>
<b>Business-type activities:</b>	
Culture and recreation	<u>\$ 36,909</u>

**NOTE 7 – INTERFUND/INTERNAL BALANCES**

The composition of interfund/internal balances as of December 31, 2022 is as follows:

Receivable Fund	Payable Fund	Amount
General	Recreation	\$ 188,465 *
General	Nonmajor	25,531
Water	General	108,223
		<u>\$ 322,219</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.

\* Represents an internal balance between the governmental funds and the proprietary funds, see Exhibit A to see elimination of balance on the Government-wide Financial Statements.

**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 10	\$ 336,762	\$ 59,736
Amounts related to OPEB, see Note 11	998	177
Total deferred inflows of resources	<u>\$ 337,760</u>	<u>\$ 59,913</u>

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	\$ -	\$ -	\$ 232,878	\$ -
Water user fees fees collected in advance	284,064	-	-	284,064
Amounts related to pensions, see Note 10	33,319	5,910	-	-
Total deferred inflows of resources	<u>\$ 317,383</u>	<u>\$ 5,910</u>	<u>\$ 232,878</u>	<u>\$ 284,064</u>

**WATERVILLE ESTATES VILLAGE DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

**NOTE 9 – LONG-TERM LIABILITIES**

Changes in the District's long-term liabilities consisted of the following for the year ended December 31, 2022:

	Balance January 1, 2022	Additions	Reductions	Balance December 31, 2022	Due Within One Year	Due in More Than One Year
<b>Governmental activities:</b>						
Direct borrowings - notes payable	\$ 260,622	\$ -	\$ (59,615)	\$ 201,007	\$ 60,201	\$ 140,806
Compensated absences	16,384	5,597	-	21,981	-	21,981
Pension related liability	226,907	427,908	-	654,815	-	654,815
Net other postemployment benefits	5,225	8,151	-	13,376	6,816	6,560
Total long-term liabilities	<u>\$ 509,138</u>	<u>\$ 441,656</u>	<u>\$ (59,615)</u>	<u>\$ 891,179</u>	<u>\$ 67,017</u>	<u>\$ 824,162</u>
<b>Business-type activities:</b>						
Compensated absences	\$ 6,778	\$ 3,422	\$ -	\$ 10,200	\$ -	\$ 10,200
Pension related liability	83,589	32,565	-	116,154	-	116,154
Net other postemployment benefits	1,925	448	-	2,373	-	2,373
Total long-term liabilities	<u>\$ 92,292</u>	<u>\$ 36,435</u>	<u>\$ -</u>	<u>\$ 128,727</u>	<u>\$ -</u>	<u>\$ 128,727</u>

Long-term notes are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2022
<b>Governmental activities:</b>					
Direct borrowing - notes payable:					
Tennis Courts	\$ 200,000	2021	2026	2.99	\$ 160,000
John Deere Loader	\$ 101,096	2020	2024	2.95	41,007
Total					<u>\$ 201,007</u>

The annual requirements to amortize all general obligation notes outstanding as of December 31, 2022, including interest payments, are as follows:

Fiscal Year Ending December 31,	Direct Borrowings - Notes Payable		
	Principal	Interest	Total
2023	\$ 60,201	\$ 5,879	\$ 66,080
2024	60,806	4,210	65,016
2025	40,000	2,392	42,392
2026	40,000	1,196	41,196
Totals	<u>\$ 201,007</u>	<u>\$ 13,677</u>	<u>\$ 214,684</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 10 – DEFINED BENEFIT PENSION PLAN**

**Plan Description** – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system that administers one 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 with in 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, 2022**

**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 members are required to contribute 7% of earnable compensation and group II members (police and fire) are required to contribute 11.55% and 11.80% respectively. For fiscal year 2022, the District contributed 13.75% for other employees. The contribution requirement for the fiscal year 2022 was \$95,610, which was paid in full.

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions** – At December 31, 2022 the District reported a liability of \$770,969 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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 Districts and school districts, actuarially determined. At June 30, 2022, the District's proportion was 0.013% which was an increase of 0.006% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the District recognized pension expense of \$129,968. At December 31, 2022 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
<b>Governmental activities:</b>		
Changes in proportion	\$ 222,566	\$ 30,805
Changes in assumptions	34,831	-
Net difference between projected and actual investment earnings on pension plan investments	24,817	-
Differences between expected and actual experience	12,290	2,514
Contributions subsequent to the measurement date	42,258	-
Total governmental activities	<u>336,762</u>	<u>33,319</u>

(Continued)

**WATERVILLE ESTATES VILLAGE DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

*Deferred outflows of resources and deferred inflows of resources continued:*

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>Business-type activities:</b>		
Changes in proportion	39,480	5,464
Changes in assumptions	6,178	-
Net difference between projected and actual investment earnings on pension plan investments	4,402	-
Differences between expected and actual experience	2,180	446
Contributions subsequent to the measurement date	7,496	-
Total business-type activities	<u>59,736</u>	<u>5,910</u>
Grand total	<u>\$ 396,498</u>	<u>\$ 39,229</u>

The \$49,754 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, 2023. 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
2023	\$ 66,286	\$ 11,758	\$ 78,044
2024	68,031	12,068	80,099
2025	43,662	7,745	51,407
2026	83,206	14,759	97,965
Thereafter	-	-	-
Totals	<u>\$ 261,185</u>	<u>\$ 46,330</u>	<u>\$ 307,515</u>

**Actuarial Assumptions** – The collective total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2021, using the following actuarial assumptions which, accordingly apply to 2022 measurements:

Inflation:	2.0%
Salary increases:	5.4% 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 Health 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, 2021 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2015 – 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, 2022**

Following is a table presenting target allocations and long-term rates of return for 2022:

Asset Class	Target Allocation	30 Year Geometric Return
Broad US Equity (1)	30.00%	7.60%
Global Ex-US Equity (2)	20.00%	7.90%
Total public equity	50.00%	
Real Estate Equity	10.00%	6.60%
Private Equity	10.00%	8.85%
Total private market equity	20.00%	
Private Debt	5.00%	7.25%
Core U.S. Fixed Income (3)	25.00%	3.60%
Inflation	0.00%	2.25%
Total	100.00%	7.30%

**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, 2022	\$ 1,034,446	\$ 770,969	\$ 551,912

**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 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**11-A New Hampshire Retirement System (NHRS)**

**Plan Description** – The New Hampshire Retirement System (NHRS or the System) administers a cost-sharing multiple-employer other postemployment benefit plan medical subsidy healthcare plan (OPEB Plan). For additional system information, please refer to the 2022 Comprehensive Annual Financial Report, which can be found on the system's website at [www.nhrs.org](http://www.nhrs.org).

**Benefits Provided** – 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,

**WATERVILLE ESTATES VILLAGE DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

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 2022 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 2022, 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 fiscal year 2022, the District contributed 0.31% for other employees. The contribution requirement for the fiscal year 2022 was \$2,165, which was paid in full.

**OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB** – At December 31, 2022, the District reported a liability of \$15,749 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. 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 Districts and school districts, actuarially determined. At June 30, 2022, the District's proportion was 0.004% which was an increase of 0.002% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the District recognized OPEB expense of \$10,217. At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
<b>Governmental activities:</b>	
Net difference between projected and actual investment earnings on pension plan investments	\$ 37
Contributions subsequent to the measurement date	961
Total governmental activities	<u>998</u>
<b>Business-type activities:</b>	
Net difference between projected and actual investment earnings on pension plan investments	6
Contributions subsequent to the measurement date	171
Total business-type activities	<u>177</u>
Grand total	<u><u>\$ 1,175</u></u>

**WATERVILLE ESTATES VILLAGE DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

The \$1,132 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, 2023. 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
2023	\$ 6	\$ 1	\$ 7
2024	2	-	2
2025	(15)	(2)	(17)
2026	44	7	51
Thereafter	-	-	-
Totals	<u>\$ 37</u>	<u>\$ 6</u>	<u>\$ 43</u>

**Actuarial Assumptions** – The total OPEB liability in this report is based on an actuarial valuation performed as of June 30, 2021 and a measurement date of June 30, 2022. The total OPEB liability was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Price inflation:	2.0% per year
Wage inflation:	2.75% (2.25% for teachers)
Salary increases:	5.4% average, including inflation
Investment rate of return:	6.75% net of OPEB plan investment expense, including inflation
Health care trend rate:	Not applicable, given that the benefits are fixed stipends

Mortality rates were based on the Pub-2010 Health 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, 2021 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2015 – 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. Following is a table presenting target allocations and long-term rates of return for 2022:

Asset Class	Target Allocation	30 Year Geometric Return
Broad US Equity (1)	30.00%	7.60%
Global Ex-US Equity (2)	20.00%	7.90%
Total public equity	50.00%	
Real Estate Equity	10.00%	6.60%
Private Equity	10.00%	8.85%
Total private market equity	20.00%	
Private Debt	5.00%	7.25%
Core U.S. Fixed Income (3)	25.00%	
Inflation	0.00%	2.25%
Total	100.00%	7.30%

**Discount Rate** – The discount rate used to measure the total OPEB liability as of June 30, 2022 was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statute RSA 100-A:16 and that plan member contributions will be made under RSA 100-A:16. 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.

**WATERVILLE ESTATES VILLAGE DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

**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, 2022	\$ 17,099	\$ 15,749	\$ 14,574

**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.

**11-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. Expenses for the cost of providing health insurance for currently enrolled retirees are recognized in the general fund of the funds financial statements as payments are made.

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, 2022, or contracted with an actuarial firm to assist in evaluating the impact of this standard on the District. The amounts that should be recorded as the net OPEB liability and the OPEB expense is unknown.

**NOTE 12 - ENCUMBRANCES**

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at December 31, 2022 are as follows:

General fund:	
General government	\$ 122,294
Culture and recreation	28,223
Capital outlay	109,364
Total encumbrances	<u>\$ 259,881</u>

**NOTE 13 – GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES NET POSITION**

Governmental and business-type activities net position reported on the Statements of Net Position at December 31, 2022 include the following:

	Governmental Activities	Business-type Activities and Proprietary Fund	Total
Net investment in capital assets:			
Net book value, all capital assets	\$ 2,340,987	\$ 402,820	\$ 2,743,807
Less:			
Notes payable	(201,007)	-	(201,007)
Total net investment in capital assets	2,139,980	402,820	2,542,800
Unrestricted	1,296,269	(178,779)	1,117,490
Total net position	<u>\$ 3,436,249</u>	<u>\$ 224,041</u>	<u>\$ 3,660,290</u>

**WATERVILLE ESTATES VILLAGE DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

**NOTE 14 – GOVERNMENTAL FUND BALANCES**

Governmental fund balances reported on the fund financial statements at December 31, 2022 include the following:

	General Fund	Water Fund	Nonmajor Funds	Total Governmental Funds
<b>Nonspendable:</b>				
Prepaid items	\$ 16,752	\$ 8,015	\$ -	\$ 24,767
<b>Committed:</b>				
Water services	\$ -	\$ 150,595	\$ -	\$ 150,595
Nonlapsing appropriations	259,881	-	-	259,881
Total committed fund balance	259,881	150,595	-	410,476
<b>Unassigned (deficit)</b>				
Unassigned	1,104,201	-	-	1,104,201
Deficit	-	-	(25,531)	(25,531)
Total unassigned fund balance (deficit)	1,104,201	-	(25,531)	1,078,670
Total governmental fund balances (deficit)	\$ 1,380,834	\$ 158,610	\$ (25,531)	\$ 1,513,913

**NOTE 15 – 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 2022, the District was a member of the New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers' Compensation and Property/Liability Programs.

The New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from January 1, 2022 to December 31, 2022 by Primex<sup>3</sup>, which retained \$2,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and for each property loss it is based upon the District's property schedule on file with Primex<sup>3</sup>. 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 Primex<sup>3</sup> 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 fiscal year 2022 the District paid \$32,775 and \$23,587 respectively, to Primex for property, liability and worker's compensation. At this time, Primex<sup>3</sup> 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 16 – 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. The full extent of the financial impact cannot be determined as of the date of the financial statements.

**NOTE 17 – 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 December 21, 2023, the date the December 31, 2022 financial statements were available to be issued, and the following no events occurred that require recognition or disclosure.

***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, 2022*  
**Unaudited**

Fiscal year-end	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
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%	0.013%
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	\$ 770,969
District's covered payroll (as of the measurement date)	\$ 239,866	\$ 274,799	\$ 226,318	\$ 206,971	\$ 284,755	\$ 340,497	\$ 317,272	\$ 298,819	\$ 350,724	\$ 712,761
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%	108.17%
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%	65.12%

**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, 2022*  
**Unaudited**

Fiscal year-end	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Contractually required contribution	\$ 25,042	\$ 28,689	\$ 24,578	\$ 28,047	\$ 30,875	\$ 38,424	\$ 37,001	\$ 31,500	\$ 51,118	\$ 95,610
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	95,610
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	\$ 712,761
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%	13.41%

**WATERVILLE ESTATES VILLAGE DISTRICT**  
**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –**  
**PENSION LIABILITY**  
**FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

***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*** – Salary increases changed to 5.4% from 5.6% in 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](http://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, 2022. 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, 2022*  
**Unaudited**

Fiscal year-end	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
District's proportion of the net OPEB liability	0.001%	0.001%	0.002%	0.002%	0.002%	0.002%	0.004%
District's proportionate share of the net OPEB liability (asset)	\$ 6,682	\$ 6,804	\$ 10,775	\$ 9,626	\$ 8,176	\$ 7,150	\$ 15,749
District's covered payroll (as of measurement date)	\$ 206,971	\$ 284,755	\$ 340,497	\$ 317,272	\$ 298,819	\$ 350,274	\$ 712,761
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%	2.21%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%	7.74%	11.06%	10.64%

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, 2022*  
**Unaudited**

Fiscal year-end	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Contractually required contribution	\$ 802	\$ 882	\$ 1,041	\$ 1,002	\$ 840	\$ 1,226	\$ 2,165
Contributions in relation to the contractually required contribution	802	882	1,041	1,002	840	1,226	2,165
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll (as of fiscal year-end)	\$ 206,971	\$ 284,755	\$ 340,497	\$ 317,272	\$ 289,520	\$ 415,085	\$ 712,761
Contributions as a percentage of covered payroll	0.39%	0.31%	0.31%	0.32%	0.29%	0.30%	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, 2022**

***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*** – Salary increases changed to 5.4% from 5.6% in 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](http://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, 2022. 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.

***COMBINING AND 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, 2022*

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 1,619,383	\$ 1,619,834	\$ 451
Interest and penalties on taxes	5,526	6,807	1,281
Total from taxes	<u>1,624,909</u>	<u>1,626,641</u>	<u>1,732</u>
Charges for services:			
Income from departments	<u>226,736</u>	<u>-</u>	<u>(226,736)</u>
Miscellaneous:			
Sale of municipal property	1,486	-	(1,486)
Interest on investments	774	1,308	534
Other	210,142	562,992	352,850
Total from miscellaneous	<u>212,402</u>	<u>564,300</u>	<u>351,898</u>
Total revenues	2,064,047	<u>\$ 2,190,941</u>	<u>\$ 126,894</u>
Amounts voted from fund balance	370,000		
Total revenues and use of fund balance	<u>\$ 2,434,047</u>		

See Independent Auditor's Report.

**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, 2022*

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 363,023	\$ 220,592	\$ -	\$ 142,431
Election and registration	-	15,263	-	-	15,263
Financial administration	8,228	19,475	64,581	-	(36,878)
Legal	-	122,800	119,851	-	2,949
Personnel administration	-	14,093	21,033	-	(6,940)
Planning and zoning	-	1	-	-	1
General government buildings	135,000	175,000	54,539	122,294	133,167
Insurance, not otherwise allocated	-	54,727	105,543	-	(50,816)
Advertising and regional associations	-	1,000	5,657	-	(4,657)
Other	-	72,355	109,278	-	(36,923)
Total general government	143,228	837,737	701,074	122,294	157,597
Public safety:					
Fire	-	13,179	17,089	-	(3,910)
Highways and streets:					
Administration	-	12,738	10,865	-	1,873
Highways and streets	23,760	458,868	334,935	-	147,693
Other	20,000	63,252	22,012	-	61,240
Total highways and streets	43,760	534,858	367,812	-	210,806
Culture and recreation:	71,999	882,293	833,917	28,223	92,152
Debt service:					
Principal of long-term debt	-	40,000	40,000	-	-
Interest on long-term debt	-	5,980	3,342	-	2,638
Total debt service	-	45,980	43,342	-	2,638
Capital outlay	-	120,000	267,227	109,364	(256,591)
Total appropriation and expenditures	\$ 258,987	\$ 2,434,047	\$ 2,230,461	\$ 259,881	\$ 202,692

See Independent Auditor's Report.

**SCHEDULE 3**  
**WATERVILLE ESTATES VILLAGE DISTRICT**  
**Major General Fund**  
**Schedule of Changes in Unassigned Fund Balance**  
**For the Fiscal Year Ended December 31, 2022**

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)		\$ 1,334,245
Changes:		
Amounts voted from fund balance		(370,000)
2022 Budget summary:		
Revenue surplus (Schedule 1)	\$ 126,894	
Unexpended balance of appropriations (Schedule 2)	<u>202,692</u>	
2022 Budget surplus		329,586
Increase in nonspendable fund balance		<u>(16,752)</u>
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		1,277,079
<b>Reconciliation on Non-GAAP Budgetary Basis to GAAP Basis</b>		
To record deferred property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis		(232,878)
Elimination of the allowance for uncollectible taxes		<u>60,000</u>
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)		<u><u>\$ 1,104,201</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, 2022, 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 with the 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.

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.

December 21, 2023  
Concord, New Hampshire

*Plodzik & Sanderson*  
*Professional Association*