

WATERVILLE ESTATES VILLAGE DISTRICT
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

WATERVILLE ESTATES VILLAGE DISTRICT
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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund (governmental and proprietary) of the Waterville Estates Village District as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Summary of Opinions

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

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

As discussed in Note 1-B to the financial statements, management has not recorded the long-term costs of retirement health care costs and obligations for other postemployment benefits for the single employer plan in the governmental activities, business-type activities, and major 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 major proprietary fund. The amount by which this departure would affect the liabilities, net position, and expenses on the governmental activities is not readily determinable.

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

Adverse Opinion

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Governmental Activities, Business-type Activities, and Major Proprietary Fund" paragraph, the financial statements referred to above do not present fairly the financial position of the government-wide and proprietary fund financial statements of the Waterville Estates Village District, as of December 31, 2020, 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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major general fund and major water fund of the Waterville Estates Village District as of December 31, 2020, and the respective changes in financial position and the respective budgetary comparison for the major general and water funds, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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.

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,
- Notes to the Required Supplementary Information

Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

*Plodzik & Sanderson
Professional Association*

January 20, 2023
Concord, New Hampshire

BASIC FINANCIAL STATEMENTS

EXHIBIT A
WATERVILLE ESTATES VILLAGE DISTRICT
Statement of Net Position
December 31, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 784,714	\$ 114,398	\$ 899,112
Taxes receivables (net)	863,054	-	863,054
Account receivables	9,725	555	10,280
Internal balances	65,177	(65,177)	-
Inventory	-	42,774	42,774
Capital assets:			
Land and construction in progress	168,697	-	168,697
Other capital assets, net of depreciation	1,960,282	483,547	2,443,829
Total assets	<u>3,851,649</u>	<u>576,097</u>	<u>4,427,746</u>
DEFERRED OUTFLOWS OF RESOURCES			
Amounts related to pensions	85,362	34,632	119,994
Amounts related to other postemployment benefits	353	143	496
Total deferred outflows of resources	<u>85,715</u>	<u>34,775</u>	<u>120,490</u>
LIABILITIES			
Accounts payable	73,327	20,032	93,359
Accrued salaries and benefits	19,656	-	19,656
Accrued interest payable	666	-	666
Long-term liabilities:			
Due within one year	19,046	-	19,046
Due in more than one year	409,277	147,695	556,972
Total liabilities	<u>521,972</u>	<u>167,727</u>	<u>689,699</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - recreation fees	-	2,500	2,500
Amounts related to pensions	46,730	18,959	65,689
Amounts related to other postemployment benefits	144	59	203
Total deferred inflows of resources	<u>46,874</u>	<u>21,518</u>	<u>68,392</u>
NET POSITION			
Net investment in capital assets	2,049,311	483,547	2,532,858
Unrestricted	1,319,207	(61,920)	1,257,287
Total net position	<u>\$ 3,368,518</u>	<u>\$ 421,627</u>	<u>\$ 3,790,145</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, 2020

	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Change in Net Position		Total
			Governmental Activities	Business-type Activities	
Governmental activities:					
General government	\$ 539,393	\$ -	\$ (539,393)	\$ -	\$ (539,393)
Public safety	40,005	-	(40,005)	-	(40,005)
Highways and streets	357,117	-	(357,117)	-	(357,117)
Water distribution and treatment	242,991	104,544	(138,447)	-	(138,447)
Culture and recreation	253,092	-	(253,092)	-	(253,092)
Interest on long-term debt	666	-	(666)	-	(666)
Total governmental activities	<u>1,433,264</u>	<u>104,544</u>	<u>(1,328,720)</u>	<u>-</u>	<u>(1,328,720)</u>
Business-type activities:					
Recreation	450,024	369,002	-	(81,022)	(81,022)
Total	<u>\$ 1,883,288</u>	<u>\$ 473,546</u>	<u>(1,328,720)</u>	<u>(81,022)</u>	<u>(1,409,742)</u>
General revenues:					
Taxes:					
Property			1,543,093	-	1,543,093
Other			5,180	-	5,180
Unrestricted investment earnings			1,633	11	1,644
Miscellaneous			37,222	-	37,222
Total general revenues			<u>1,587,128</u>	<u>11</u>	<u>1,587,139</u>
Change in net position			258,408	(81,011)	177,397
Net position, beginning			3,110,110	502,638	3,612,748
Net position, ending			<u>\$ 3,368,518</u>	<u>\$ 421,627</u>	<u>\$ 3,790,145</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, 2020

	General	Water	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 776,590	\$ 8,124	\$ 784,714
Taxes receivable	903,054	-	903,054
Accounts receivable	2,732	6,993	9,725
Interfund receivable	65,177	14,807	79,984
Total assets	<u>\$ 1,747,553</u>	<u>\$ 29,924</u>	<u>\$ 1,777,477</u>
LIABILITIES			
Accounts payable	\$ 43,403	\$ 29,924	\$ 73,327
Accrued salaries and benefits	19,656	-	19,656
Interfund payable	14,807	-	14,807
Total liabilities	<u>77,866</u>	<u>29,924</u>	<u>107,790</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	198,951	-	198,951
FUND BALANCES			
Committed	104,409	-	104,409
Assigned	8,098	-	8,098
Unassigned	1,358,229	-	1,358,229
Total fund balances	<u>1,470,736</u>	<u>-</u>	<u>1,470,736</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,747,553</u>	<u>\$ 29,924</u>	<u>\$ 1,777,477</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, 2020

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

Total fund balances of governmental funds (Exhibit C-1)		\$ 1,470,736
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$ 5,227,376	
Less accumulated depreciation	<u>(3,098,397)</u>	
		2,128,979
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	\$ 85,362	
Deferred inflows of resources related to pensions	(46,730)	
Deferred outflows of resources related to OPEB	353	
Deferred inflows of resources related to OPEB	<u>(144)</u>	
		38,841
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (14,807)	
Payables	<u>14,807</u>	
		-
Property taxes are recognized on an accrual basis in the Statement of Net Position and on a modified accrual basis in the governmental funds.		
Deferred inflows of resources - property taxes	\$ 198,951	
Allowance for uncollectible property taxes	<u>(40,000)</u>	
		158,951
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(666)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Capital lease	\$ 79,668	
Compensated absences	9,837	
Net pension liability	333,002	
Other postemployment benefits	<u>5,816</u>	
		(428,323)
Net position of governmental activities (Exhibit A)		<u><u>\$ 3,368,518</u></u>

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

EXHIBIT C-3
WATERVILLE ESTATES VILLAGE DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2020

	General	Water	Total Governmental Funds
REVENUES			
Taxes	\$ 1,519,499	\$ -	\$ 1,519,499
Charges for services	-	104,544	104,544
Miscellaneous	8,064	5	8,069
Total revenues	<u>1,527,563</u>	<u>104,549</u>	<u>1,632,112</u>
EXPENDITURES			
Current:			
General government	382,754	-	382,754
Public safety	40,005	-	40,005
Highways and streets	314,494	-	314,494
Water distribution and treatment	-	215,074	215,074
Culture and recreation	253,092	-	253,092
Capital outlay	101,096	62,288	163,384
Total expenditures	<u>1,091,441</u>	<u>277,362</u>	<u>1,368,803</u>
Excess (deficiency) of revenues over (under) expenditures	<u>436,122</u>	<u>(172,813)</u>	<u>263,309</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	172,813	172,813
Transfers out	(172,813)	-	(172,813)
Capital lease	101,096	-	101,096
Total other financing sources (uses)	<u>(71,717)</u>	<u>172,813</u>	<u>101,096</u>
Net change in fund balances	364,405	-	364,405
Fund balances, beginning	1,106,331	-	1,106,331
Fund balances, ending	<u>\$ 1,470,736</u>	<u>\$ -</u>	<u>\$ 1,470,736</u>

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, 2020

Net change in fund balances of governmental funds (Exhibit C-3)		\$ 364,405
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Depreciation expense exceeded capital outlay expenditures in the current year, as follows:		
Capitalized capital outlay	\$ 172,742	
Depreciation expense	<u>(208,354)</u>	
		(35,612)
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (172,813)	
Transfers out	<u>172,813</u>	
		-
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		28,774
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.		
Inception of capital lease	\$ (101,096)	
Repayment of capital lease	<u>21,428</u>	
		(79,668)
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	\$ (666)	
Increase in compensated absences payable	(3,802)	
Net change in net pension liability, and deferred outflows and inflows of resources related to pensions	(16,190)	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>1,167</u>	
		(19,491)
Changes in net position of governmental activities (Exhibit B)		<u>\$ 258,408</u>

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

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, 2020

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ 1,543,484	\$ 1,548,273	\$ 4,789
Miscellaneous	-	8,064	8,064
Total revenues	<u>1,543,484</u>	<u>1,556,337</u>	<u>12,853</u>
EXPENDITURES			
Current:			
General government	365,149	382,975	(17,826)
Public safety	15,430	40,005	(24,575)
Highways and streets	350,126	314,494	35,632
Culture and recreation	521,962	253,092	268,870
Capital outlay	96,543	(5,922)	102,465
Total expenditures	<u>1,349,210</u>	<u>984,644</u>	<u>364,566</u>
Excess of revenues over expenditures	<u>194,274</u>	<u>571,693</u>	<u>377,419</u>
OTHER FINANCING USES			
Transfers out	<u>(278,968)</u>	<u>(172,813)</u>	<u>106,155</u>
Net change in fund balances	<u>\$ (84,694)</u>	<u>398,880</u>	<u>\$ 483,574</u>
Unassigned fund balance, beginning		<u>1,118,300</u>	
Unassigned fund balance, ending		<u>\$ 1,517,180</u>	

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

EXHIBIT D-2
WATERVILLE ESTATES VILLAGE DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Water Fund
For the Fiscal Year Ended December 31, 2020

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 103,200	\$ 104,544	\$ 1,344
Miscellaneous	-	5	5
Total revenues	103,200	104,549	1,349
EXPENDITURES			
Current:			
Water distribution and treatment	220,651	215,074	5,577
Capital outlay	161,517	62,288	99,229
Total expenditures	382,168	277,362	104,806
Excess (deficiency) of revenues over (under) expenditures	(278,968)	(172,813)	106,155
OTHER FINANCING SOURCES			
Transfers in	278,968	172,813	(106,155)
Net change in fund balances	\$ -	-	\$ -
Committed fund balance, beginning		-	
Committed fund balance, ending		\$ -	

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, 2020

	Business-type Activities
	Enterprise Fund (Recreation Fund)
ASSETS	
Cash and cash equivalents	\$ 114,398
Accounts receivable	555
Inventory	42,774
Capital assets:	
Other capital assets, net of depreciation	483,547
Total assets	<u>641,274</u>
DEFERRED OUTFLOWS OF RESOURCES	
Amounts related to pensions	34,632
Amounts related to other postemployment benefits	143
Total deferred outflows of resources	<u>34,775</u>
LIABILITIES	
Current liabilities:	
Accounts payable	20,032
Internal balances	65,177
Long term liabilities:	
Due in more than one year	147,695
Total liabilities	<u>232,904</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - recreation fees	2,500
Amounts related to pensions	18,959
Amounts related to other postemployment benefits	59
Total deferred inflows of resources	<u>21,518</u>
NET POSITION	
Net investment in capital assets	483,547
Unrestricted	(61,920)
Total net position	<u>\$ 421,627</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, 2020

	Business-type Activities
	Enterprise Fund (Recreation Fund)
Operating revenues:	
Rental income	\$ 126,598
Management fee	100,000
Membership passes	5,420
Food and beverage income	4,218
Recreation income	4,142
Event and function income	100
Campton Mountain	128,524
Total operating revenues	369,002
Operating expenses:	
Salaries and wages	150,577
Operation and maintenance	54,905
Cost of food, beverage, and supplies	34,957
Lounge expenses	69,496
Repairs and maintenance	37,938
Ski area	55,481
Member services	2,936
Depreciation	43,734
Total operating expenses	450,024
Operating loss	(81,022)
Nonoperating revenue:	
Interest income	11
Change in net position	(81,011)
Net position, beginning	502,638
Net position, ending	\$ 421,627

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, 2020

	Business-type Activities
	Enterprise Fund (Recreation Fund)
Cash flows from operating activities:	
Receipts from customers and users	\$ 369,002
Payments to employees	(130,864)
Payments to suppliers	(285,453)
Net cash used by operating activities	(47,315)
Cash flows from capital and related financing activities:	
Change in interfund borrowing/loans	7,191
Cash flows from investing activities:	
Interest received	11
Net decrease in cash	(40,113)
Cash, beginning	154,511
Cash, ending	\$ 114,398
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Operating loss	\$ (81,022)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	43,734
Increase in inventory	(5,301)
Decrease in accounts payable	(24,439)
Increase in compensated absences liability	3,955
Net change in GASB Statement No. 68 balances relating to pensions	16,000
Net change in GASB Statement No. 75 balances relating to OPEB	(242)
Total adjustments	33,707
Net cash used by operating activities	\$ (47,315)

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, 2020

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WATERVILLE ESTATES VILLAGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1-A Reporting Entity

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

1-B Basis of Accounting, and Measurement Focus

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

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

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

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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.

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, State grants and motor vehicle permit fees. 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.

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

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

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

The District reports the following major proprietary fund:

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

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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 materials and supplies held for consumption. The cost is recorded as an expense when consumed rather than when purchased.

1-G Capital Assets

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

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

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

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

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

1-H Interfund Activities

Interfund activities are reported as follows:

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

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

1-I Property Taxes

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

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The District net assessed valuation as of April 1, 2020 utilized in the setting of the tax rate was as follows:

Town of Campton Assessment	\$ 71,177,846
Town of Thornton Assessment	\$ 27,368,513

The tax rates and amounts assessed for the year ended December 31, 2020 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Village District portion:		
Town of Campton	\$15.83	\$ 1,126,745
Town of Thornton	\$15.20	\$ 416,001

1-J Accounts Payable

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of December 31, 2020.

1-K Deferred Outflows/Inflows of Resources

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

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

1-L Long-term Obligations

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

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 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.

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1-O Postemployment Benefits Other Than Pensions

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

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

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

1-P Net Position/Fund Balances

Government-wide Statements – Equity is classified as net position and displayed in two 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.

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:

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

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

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

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

1-Q Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the period reported. These estimates include assessing the collectability of accounts, and taxes receivables, and the useful lives of capital assets, net pension liability, other postemployment benefit liability, deferred outflows and inflows of resources related to both pension and other postemployment benefits, 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.

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NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

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

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

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

State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2020, none of the beginning general fund unassigned fund balance was applied for this purpose and \$84,694 was voted from unassigned fund balance for current year appropriations.

2-B Budgetary Reconciliation to GAAP Basis

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

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

Revenues:	
Per Exhibit D-1 (budgetary basis)	\$ 1,556,337
Adjustment:	
Basis difference:	
Inception of capital leases	101,096
Change in deferred tax revenue relating to 60-day revenue recognition recognized as revenue on the GAAP basis, but not on the budgetary basis	(28,774)
Per Exhibit C-3 (GAAP basis)	<u>\$ 1,628,659</u>
Expenditures and other financing uses:	
Per Exhibit D-1 (budgetary basis)	\$ 1,157,457
Adjustment:	
Basis differences:	
Inception of capital leases	101,096
Encumbrances, beginning	118,208
Encumbrances, ending	(112,507)
Per Exhibit C-3 (GAAP basis)	<u>\$ 1,264,254</u>

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DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

At December 31, 2020, the reported amount of the District's deposits was \$899,112 and the bank balance was \$1,052,537. Of the bank balance \$564,964 was covered by federal depository insurance or by collateral held by the pledging bank in the District's name, and \$487,573 was uninsured and uncollateralized.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	<u>\$ 899,112</u>
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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, 2020. The amount has been reduced by an allowance for an estimated uncollectible amount of \$40,000. Taxes receivable by year are as follows:

	As reported on:	
	Exhibit A	Exhibit C-1
Property:		
Levy of 2020	\$ 814,776	\$ 814,776
Unredeemed (under tax lien):		
Levy of 2019	17,125	17,125
Levy of 2018	29,451	29,451
Levies of 2017 and prior	41,702	41,702
Less: allowance for estimated uncollectible taxes	<u>(40,000) *</u>	<u>-</u>
Net taxes receivable	<u>\$ 863,054</u>	<u>\$ 903,054</u>

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

NOTE 5 – OTHER RECEIVABLES

Receivables at December 31, 2020, 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.

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NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 is as follows:

	Balance, beginning	Additions	Adjustments/ Deletions	Balance, ending
Governmental activities:				
At cost:				
Not being depreciated:				
Land	\$ 62,703	\$ 30,786	\$ -	\$ 93,489
Construction in progress	34,348	40,860	-	75,208
Total capital assets not being depreciated	97,051	71,646	-	168,697
Being depreciated:				
Land improvements	375,638	-	-	375,638
Buildings and building improvements	2,475,455	-	-	2,475,455
Equipment and vehicles	523,771	101,096	-	624,867
Furnitures and fixtures	99,476	-	-	99,476
Infrastructure	1,483,243	-	-	1,483,243
Total capital assets being depreciated	4,957,583	101,096	-	5,058,679
Total all capital assets	5,054,634	172,742	-	5,227,376
Less accumulated depreciation:				
Land improvements	(85,283)	(15,025)	-	(100,308)
Buildings and building improvements	(1,545,878)	(78,005)	-	(1,623,883)
Equipment and vehicles	(335,740)	(58,550)	-	(394,290)
Furnitures and fixtures	(60,052)	(7,429)	-	(67,481)
Infrastructure	(863,090)	(49,345)	-	(912,435)
Total accumulated depreciation	(2,890,043)	(208,354)	-	(3,098,397)
Net book value, capital assets being depreciated	2,067,540	(107,258)	-	1,960,282
Net book value, all governmental activities capital assets	\$ 2,164,591	\$ (35,612)	\$ -	\$ 2,128,979
Business-type activities:				
At cost:				
Being depreciated:				
Buildings and building improvements	\$ 264,096	\$ -	\$ -	\$ 264,096
Equipment and vehicles	550,154	-	-	550,154
Furniture and fixtures	44,448	-	-	44,448
Infrastructure	248,325	-	-	248,325
Total all capital assets	1,107,023	-	-	1,107,023
Less accumulated depreciation:				
Buildings and building improvements	(71,985)	(7,850)	-	(79,835)
Equipment and vehicles	(395,989)	(20,776)	-	(416,765)
Furniture and fixtures	(35,828)	(2,638)	-	(38,466)
Infrastructure	(75,940)	(12,470)	-	(88,410)
Total accumulated depreciation	(579,742)	(43,734)	-	(623,476)
Net book value, capital assets being depreciated	527,281	(43,734)	-	483,547
Net book value, all business-type activities capital assets	\$ 527,281	\$ (43,734)	\$ -	\$ 483,547

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

Governmental activities:	
General government	\$ 119,917
Highways and streets	39,092
Water treatment and distribution	49,345
Total depreciation expense	<u>\$ 208,354</u>
Business-type activities:	
Culture and recreation	<u>\$ 43,734</u>

NOTE 7 – INTERFUND BALANCES AND TRANSFERS

Interfund Balances - The composition of interfund balances as of December 31, 2020 is as follows:

Receivable Fund	Payable Fund	Amount
General	Recreation	\$ 65,177
Water	General	14,807
		<u>\$ 79,984</u>

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

Interfund Transfers - The composition of interfund transfers for the year ended December 31, 2020 is as follows:

	Transfers In:
	Water
	Fund
Transfers out:	
General fund	<u>\$ 172,813</u>

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

NOTE 8 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources are as follows:

	Governmental Activities	Business-type Activities and Proprietary Fund	Total Governmental Activities
Amounts related to pensions, see Note 11	\$ 85,362	\$ 34,632	\$ 119,994
Amounts related to OPEB, see Note 12	353	143	496
Total deferred inflows of resources	<u>\$ 85,715</u>	<u>\$ 34,775</u>	<u>\$ 120,490</u>

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Deferred inflows of resources are as follows:

	Governmental Activities	Business-type Activities and Proprietary Fund	Total Governmental Activities	General Fund
District's portion of property taxes not collected within 60 days of the fiscal year-end	\$ -	\$ -	\$ -	\$ 198,951
Recreation fees collected in advance	-	2,500	2,500	-
Amounts related to pensions, see Note 11	46,730	18,959	65,689	-
Amounts related to OPEB, see Note 12	144	59	203	-
Total deferred inflows of resources	<u>\$ 46,874</u>	<u>\$ 21,518</u>	<u>\$ 68,392</u>	<u>\$ 198,951</u>

NOTE 9 – CAPITAL LEASE

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

	Standard Interest Rate	Present Value of Remaining Payments as of December 31, 2020
Capital lease obligation:		
John Deere Loader	2.99%	<u>\$ 79,668</u>

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

	Governmental Activities
Equipment:	
John Deere Loader	\$ 101,096
Less: accumulated depreciation	10,110
Total capital lease equipment	<u>\$ 90,986</u>

The annual requirements to amortize the capital lease payable as of December 31, 2020, including interest payments, are as follows:

Fiscal Year Ending December 31,	Governmental Activities
2021	\$ 21,428
2022	21,428
2023	21,427
2024	21,428
Total requirements	85,711
Less: interest	6,043
Present value of remaining payments	<u>\$ 79,668</u>

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

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NOTE 10 – LONG-TERM LIABILITIES

Changes in the District's long-term liabilities consisted of the following for the year ended December 31, 2020:

	Balance January 1, 2019	Additions	Reductions	Balance December 31, 2020	Due Within One Year
Governmental activities:					
Capital lease	\$ -	\$ 101,096	\$ (21,428)	\$ 79,668	\$ 19,046
Compensated absences	6,035	3,802	-	9,837	-
Pension related liability	298,225	34,777	-	333,002	-
Net other postemployment benefits	7,017	-	(1,201)	5,816	-
Total long-term liabilities	<u>\$ 311,277</u>	<u>\$ 139,675</u>	<u>\$ (22,629)</u>	<u>\$ 428,323</u>	<u>\$ 19,046</u>
Business-type activities:					
Compensated absences	\$ 6,278	\$ 3,955	\$ -	\$ 10,233	\$ -
Pension related liability	110,883	24,219	-	135,102	-
Net other postemployment benefits	2,609	-	(249)	2,360	-
Total long-term liabilities	<u>\$ 119,770</u>	<u>\$ 28,174</u>	<u>\$ (249)</u>	<u>\$ 147,695</u>	<u>\$ -</u>

NOTE 11 – DEFINED BENEFIT PENSION PLAN

Plan Description – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system that administers a cost-sharing multiple-employer defined benefit pension plan (Pension Plan), a component unit of the State of New Hampshire, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* – an amendment of GASB Statement No. 25. The Pension Plan was established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The Pension Plan is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their beneficiaries. Substantially all full-time State employees, public school teachers and administrators, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan. The System issues a publicly available financial report that may be obtained by writing the New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301.

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.

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Contributions - The System is financed by contributions from both the employees and the District. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. Group I (employee and teacher) members are required to contribute 7% of earnable compensation. For fiscal year 2020, the District contributed 10.88% for other employees. The contribution requirement for the fiscal year 2020 was \$31,500, which was paid in full.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At December 31, 2020 the District reported a liability of \$468,104, of which \$333,002 is reported in the governmental activities and \$135,102 in the business-type activities and proprietary funds for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2020, the District's proportion was 0.00731853% which was a decrease of 0.0011839% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the District recognized pension expense of \$63,690. At December 31, 2020 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental activities:		
Changes in proportion	\$ 11,835	\$ 43,155
Changes in assumptions	32,941	-
Net difference between projected and actual investment earnings on pension plan investments	20,597	-
Differences between expected and actual experience	8,993	3,575
Contributions subsequent to the measurement date	10,997	-
Total governmental activities	<u>85,363</u>	<u>46,730</u>
Business-type activities:		
Changes in proportion	4,802	17,508
Changes in assumptions	13,364	-
Net difference between projected and actual investment earnings on pension plan investments	8,356	-
Differences between expected and actual experience	3,648	1,451
Contributions subsequent to the measurement date	4,462	-
Total business-type activities	<u>34,632</u>	<u>18,959</u>
Grand total	<u>\$ 119,995</u>	<u>\$ 65,689</u>

The \$15,459 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, 2021.

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
2021	\$ 7,644	\$ 3,101	\$ 10,745
2022	6,798	2,758	9,556
2023	5,345	2,169	7,514
2024	7,848	3,184	11,032
2025	-	-	-
Thereafter	-	-	-
Totals	<u>\$ 27,635</u>	<u>\$ 11,212</u>	<u>\$ 38,847</u>

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

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

Mortality rates were based on the Pub-2010 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, 2020 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 – June 30, 2019.

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

Asset Class	Target Allocation	Weighted average long-term expected real rate of return <u>2020</u>
Large Cap Equities	22.50%	3.71%
Small/Mid Cap Equities	7.50%	4.15%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	13.00%	3.96%
Emerging Int'l Equities	7.00%	6.20%
Total international equity	20.00%	
Core Bonds	9.00%	0.42%
Global Multi-Sector Fixed Income	10.00%	1.66%
Absolute Return Fixed Income	6.00%	0.92%
Total fixed income	25.00%	
Private equity	10.00%	7.71%
Private debt	5.00%	4.81%
Total alternative investments	15.00%	
Real estate	10.00%	2.95%
Total	100.00%	

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

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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, 2020	\$ 606,004	\$ 468,104	\$ 355,421

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

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

12-A New Hampshire Retirement System (NHRS)

Plan Description – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system which administers a cost-sharing multiple-employer other postemployment benefit (OPEB) plan. For additional system information, please refer to the 2019 Comprehensive Annual Financial Report, which can be found on the system's website at 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, 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 2020 were as follows:

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

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

Contributions – The OPEB Plan is funded by allocating to the 401(h) subtrust the lesser of: 25% of all employer contributions made in accordance with RSA 100-A:16 or the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided under RSA 100-A:53-b, RSA 100-A:53-c, and RSA 100-A:53-d. For fiscal year 2018, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For fiscal year 2020, the District contributed 3.66% for police and fire, and 0.29% for other employees. The contribution requirement for the fiscal year 2020 was \$840, which was paid in full.

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OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – At December 31, 2020, the District reported a liability of \$8,176, of which \$5,816 is reported in the governmental activities and \$2,360 in the business-type activities and proprietary fund for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2020, the District's proportion was 0.00186784% which was a decrease of 0.0003278% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the District recognized OPEB benefit of \$568. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental activities:		
Changes in proportion	\$ -	\$ 127
Changes in assumptions	38	-
Net difference between projected and actual investment earnings on pension plan investments	22	-
Differences between expected and actual experience	-	17
Contributions subsequent to the measurement date	293	-
Total governmental activities	<u>353</u>	<u>144</u>
Business-type activities:		
Changes in proportion	-	52
Changes in assumptions	15	-
Net difference between projected and actual investment earnings on pension plan investments	9	-
Differences between expected and actual experience	-	7
Contributions subsequent to the measurement date	119	-
Total business-type activities	<u>143</u>	<u>59</u>
Grand total	<u>\$ 496</u>	<u>\$ 203</u>

The \$412 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, 2021. 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
2021	\$ (105)	\$ (43)	\$ (148)
2022	6	3	9
2023	8	3	11
2024	6	3	9
2025	-	-	-
Thereafter	-	-	-
Totals	<u>\$ (85)</u>	<u>\$ (34)</u>	<u>\$ (119)</u>

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

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

Mortality rates were based on the Pub-2010 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, 2019 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 – June 30, 2019.

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

Asset Class	Target Allocation	Weighted average long-term expected real rate of return
		<u>2020</u>
Large Cap Equities	22.50%	3.71%
Small/Mid Cap Equities	7.50%	4.15%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	13.00%	3.96%
Emerging Int'l Equities	7.00%	6.20%
Total international equity	20.00%	
Core Bonds	9.00%	0.42%
Global Multi-Sector Fixed Income	10.00%	1.66%
Absolute Return Fixed Income	6.00%	0.92%
Total fixed income	25.00%	
Private equity	10.00%	7.71%
Private debt	5.00%	4.81%
Total alternative investments	15.00%	
Real estate	10.00%	2.95%
Total	100.00%	

Discount Rate – The discount rate used to measure the total OPEB liability as of June 30, 2020 was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statutes RSA 100-A:16 and 100-A:53. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

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

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2020	\$ 8,878	\$ 8,176	\$ 7,566

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

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

12-B Waterville Estates Village District Retiree Health Benefit Program

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

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, 2020 or contracted with an actuarial firm to assist in evaluating the impact of this standard on the District's single employer plan. The amounts that should be recorded as the net OPEB liability and the OPEB expense for the District's single employer plan are unknown.

NOTE 13 – ENCUMBRANCES

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at December 31, 2020 and are as follows:

General fund:	
General government	\$ 8,098
Culture and Recreation	38,368
Capital outlay	66,041
Total encumbrances	<u>\$ 112,507</u>

NOTE 14 – NET POSITION

Net position reported on the Statements of Net Position at December 31, 2020 include the following:

	Governmental Activities	Business-type Activities and Proprietary Fund	Total
Net investment in capital assets:			
Net book value, all capital assets	\$ 2,128,979	\$ 483,547	\$ 2,612,526
Less:			
Capital lease payable	(79,668)	-	(79,668)
Total net investment in capital assets	2,049,311	483,547	2,532,858
Unrestricted	1,319,207	(61,920)	1,257,287
Total net position	<u>\$ 3,368,518</u>	<u>\$ 421,627</u>	<u>\$ 3,790,145</u>

None of the net position is restricted by enabling legislation.

WATERVILLE ESTATES VILLAGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 15 – GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2020 include the following:

	General Fund
Committed:	
Non-lapsing warrant articles	\$ 104,409
Assigned:	
Encumbrances	8,098
Unassigned	1,358,229
Total governmental fund balances	\$ 1,470,736

NOTE 16 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2020, the District was a member of the New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs.

The New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from January 1, 2020 to December 31, 2020 by Primex³, which retained \$1,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits Primex³ to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. In 2020 the District paid \$30,905 and \$24,204 respectively, to Primex for property, liability and worker's compensation. At this time, Primex³ foresees no likelihood of any additional assessment for this or any prior year.

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

NOTE 17 – RELATED PARTY TRANSACTIONS

Effective July 1, 2006, the District established a Recreation Revolving Fund pursuant to RSA 25-B:2, II. The fund is a proprietary fund for accounting and reporting purposes. The fund receives all fees for the use of recreational facilities and concessions, including building rental and management fees from the Waterville Estates Association, a related homeowner's association. Additionally, Waterville Estates Association may also contribute funding for capital improvements or provide in-kind contributions of capital items. Rent and management fees received for the year ended December 31, 2020 were \$126,598 and \$100,000, respectively.

NOTE 18 – CONTINGENT LIABILITIES

There are various legal claims and suits pending against the District which arose in the normal course of the governments activities. In the opinion of management, the ultimate disposition of these various claims and suits will not have a material effect on the financial position of the District.

NOTE 19 – COVID-19

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

WATERVILLE ESTATES VILLAGE DISTRICT
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NOTE 20 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date, but arose after the date. Management has evaluated subsequent events through January 20, 2023, the date the December 31, 2020 financial statements were available to be issued, and no events that requires recognition or disclosure were identified.

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, 2020

	December 31,							
	2013	2014	2015	2016	2017	2018	2019	2020
District's proportion of the net pension liability	0.01007108%	0.00884323%	0.00732599%	0.00783263%	0.00842789%	0.00909104%	0.00850243%	0.00731853%
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
District's covered payroll	\$ 239,866	\$ 274,799	\$ 226,318	\$ 206,971	\$ 284,755	\$ 340,497	\$ 317,272	\$ 298,819
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%
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%

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, 2020

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

WATERVILLE ESTATES VILLAGE DISTRICT
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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

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, 2020. 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.

Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year 2020:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	20 years beginning July 1, 2019 (30 years beginning July 1, 2009)
Asset Valuation Method	5-year smooth market for funding purposes: 20% corridor
Price Inflation	2.5% per year
Wage Inflation	3.25% per year (3.00% for teachers) in the 2017 valuation
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	2.45% per year
Investment Rate of Return	7.25% per year, net of investment expenses, including inflation
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Based on the 2010-215 experience study.
Mortality	RP-2014 Healthy Annuitant and Employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the 2010-2015 experience study.

Other Information:

Notes	The Board has adopted new assumptions based on the 2015-2019 experience study effective for employer contributions in the 2022-23 biennium.
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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, 2020

	December 31,				
	2016	2017	2018	2019	2020
District's proportion of the net OPEB liability	0.00138023%	0.00148810%	0.00235345%	0.00219564%	0.00186784%
District's proportionate share of the net OPEB liability (asset)	\$ 6,682	\$ 6,804	\$ 10,775	\$ 9,626	\$ 8,176
District's covered payroll	\$ 206,971	\$ 284,755	\$ 340,497	\$ 317,272	\$ 298,819
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%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%	7.74%

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, 2020

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

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, 2020

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

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, 2020. 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.

The following assumptions were changed in the current year:

- Reduced the assumed rate of investment return from 7.25% to 6.75%
- Reduced the wage inflation from 3.25% to 2.75% (2.25% for teachers)
- Reduced price inflation from 2.5% to 2.0%
- Updated economic assumptions, including merit and longevity salary increases, disability rates, retirement rates, and mortality tables (specifically the new public pension plan mortality tables).

Methods and Assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	Not applicable under statutory funding
Asset Valuation Method	5-year smooth market: 20% corridor
Price Inflation	2.5% per year
Wage Inflation	3.25% per year (3.00% for teachers) in the 2017 valuation
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	2.45% per year
Investment Rate of Return	7.25% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions
Funding Discount Rate	3.25% per year
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Based on the 2010-2015 experience study.
Mortality	RP-2014 Healthy Annuitant and Employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the 2010-2015 experience study.

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, 2020

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 1,542,013	\$ 1,543,093	\$ 1,080
Interest and penalties on taxes	1,471	5,180	3,709
Total from taxes	<u>1,543,484</u>	<u>1,548,273</u>	<u>4,789</u>
Miscellaneous:			
Interest on investments	-	1,627	1,627
Other	-	6,437	6,437
Total from miscellaneous	<u>-</u>	<u>8,064</u>	<u>8,064</u>
Total revenues	1,543,484	<u>\$ 1,556,337</u>	<u>\$ 12,853</u>
Amounts voted from fund balance	84,694		
Total revenues and use of fund balance	<u>\$ 1,628,178</u>		

SCHEDULE 2
WATERVILLE ESTATES VILLAGE DISTRICT
Major General Fund
Schedule of Appropriations and Expenditures (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2020

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 180,377	\$ 185,258	\$ -	\$ (4,881)
Financial administration	7,877	8,098	14,227	8,098	(6,350)
Legal	-	13,509	53,380	-	(39,871)
Personnel administration	-	12,161	12,524	-	(363)
Insurance, not otherwise allocated	-	112,817	95,345	-	17,472
Advertising and regional associations	-	58	818	-	(760)
Other	-	38,129	21,202	-	16,927
Total general government	7,877	365,149	382,754	8,098	(17,826)
Public safety:					
Fire	-	15,430	40,005	-	(24,575)
Highways and streets:					
Administration	-	5,499	7,044	-	(1,545)
Highways and streets	-	318,927	299,462	-	19,465
Other	-	25,700	7,988	-	17,712
Total highways and streets	-	350,126	314,494	-	35,632
Culture and recreation:					
Parks and recreation	38,368	521,962	253,092	38,368	268,870
Capital outlay	71,963	96,543	-	66,041	102,465
Other financing uses:					
Transfers out	-	278,968	172,813	-	106,155
Total appropriations, expenditures, encumbrances, and other financing uses	\$ 118,208	\$ 1,628,178	\$ 1,163,158	\$ 112,507	\$ 470,721

SCHEDULE 3
WATERVILLE ESTATES VILLAGE DISTRICT
Major General Fund
Schedule of Changes in Unassigned Fund Balance
For the Fiscal Year Ended December 31, 2020

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)		\$ 1,118,300
Changes:		
Amounts voted from fund balance		(84,694)
2020 Budget summary:		
Revenue surplus (Schedule 1)	\$ 12,853	
Unexpended balance of appropriations (Schedule 2)	<u>470,721</u>	
2020 Budget surplus		<u>483,574</u>
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		1,517,180
Reconciliation on Non-GAAP Budgetary Basis to GAAP Basis		
To record deferred property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis		(198,951)
Elimination of the allowance for uncollectible taxes		<u>40,000</u>
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)		<u><u>\$ 1,358,229</u></u>



PLODZIK & SANDERSON

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INDEPENDENT AUDITOR'S COMMUNICATION OF SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES

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

In planning and performing our audit of the financial statements of the governmental activities, business-type activities, and major funds (governmental and proprietary) as of and for the year ended December 31, 2020, 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 auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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 material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in Waterville Estates Village District's internal control to be material weaknesses:

Budgeting

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

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."

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

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.

Treasurer

We noted that during the period under audit there was no elected or appointed Treasurer for the District. According to State statute, RSA 41:29-a *Treasurer's Duties*, a Treasurer should be appointed to keep a separate set of cash records which are reconciled monthly to the Village District's cash general ledger account and be the signer on the bank accounts. We recommend that the District appoint a Treasurer as soon as possible.

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 deficiency in the entity's internal control to be a significant deficiency:

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, Board of Commissioners, and others within the District, and is not intended to be, and should not be, used by anyone other than those specified parties.

January 20, 2023

Concord, New Hampshire

*Blodzik & Sanderson
Professional Association*