

**WATERVILLE ESTATES VILLAGE DISTRICT,  
NEW HAMPSHIRE**

**COMPILATION REPORT**

**AS OF AND FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2016**

**WATERVILLE ESTATES VILLAGE DISTRICT**  
**COMPILATION REPORT**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2016**

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# PLODZIK & SANDERSON

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## INDEPENDENT AUDITOR'S REPORT

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

Management is responsible for the accompanying basic financial statements of the governmental activities, business-type activities, and each major fund of the Waterville Estates Village District, as of and for the year ended December 31, 2016, and related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the basic financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has not recorded a liability for the other postemployment benefit liability in governmental activities, business-type activities and major proprietary fund, and, accordingly, has not recorded an expense for the current period change in that liability. Accounting principles generally accepted in the United States of America require that the other postemployment benefit liability be accrued as liabilities and expenses of the governmental activities, business-type activities and major proprietary fund. Management has not determined the amount by which this departure would affect the liabilities and expenses of the governmental activities, business-type activities and major proprietary fund.

In addition, management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the financial statements in appropriate operational, economic, or historical context.

Accounting principles generally accepted in the United States of America require that Schedule of the District's Proportionate Share of Net Pension Liability, and Schedule of District Contributions on pages 25 and 26, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, are required by the Governmental Accounting Standards Board who considers them to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This information is the representation of management. This information was subject to our compilation engagement, however, we have not audited or reviewed the required supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such information.

The individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules have not been subjected to audit or review procedures and accordingly, we do not express an opinion or provide any assurance on them.

October 26, 2017

*Plodzik & Sanderson  
Professional Association*

**EXHIBIT A**  
**WATERVILLE ESTATES VILLAGE DISTRICT, NEW HAMPSHIRE**  
*Statement of Net Position*  
*For the Fiscal Year Ended December 31, 2016*  
*See Independent Accountant's Compilation Report*

|                                           | Governmental<br>Activities | Business-type<br>Activities | Total        |
|-------------------------------------------|----------------------------|-----------------------------|--------------|
| <b>ASSETS</b>                             |                            |                             |              |
| Cash and cash equivalents                 | \$ 60,766                  | \$ 184,451                  | \$ 245,217   |
| Taxes receivable                          | 726,045                    | -                           | 726,045      |
| Accounts receivable                       | 1,974                      | -                           | 1,974        |
| Inventory                                 | -                          | 21,353                      | 21,353       |
| Internal balances                         | 86,239                     | (86,239)                    | -            |
| Capital assets:                           |                            |                             |              |
| Land and construction in progress         | 68,847                     | -                           | 68,847       |
| Other capital assets, net of depreciation | 2,219,383                  | 774,367                     | 2,993,750    |
| Total assets                              | 3,163,254                  | 893,932                     | 4,057,186    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>     |                            |                             |              |
| Amounts related to pensions               | 110,475                    | -                           | 110,475      |
| <b>LIABILITIES</b>                        |                            |                             |              |
| Accounts payable                          | 43,834                     | -                           | 43,834       |
| Accrued salaries and benefits             | 9,350                      | -                           | 9,350        |
| Accrued interest payable                  | 1,922                      | -                           | 1,922        |
| Other                                     | -                          | 348                         | 348          |
| Long-term liabilities:                    |                            |                             |              |
| Due within one year                       | 37,082                     | -                           | 37,082       |
| Due in more than one year                 | 88,015                     | -                           | 88,015       |
| Net pension liability                     | 416,508                    | -                           | 416,508      |
| Total liabilities                         | 596,711                    | 348                         | 597,059      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>      |                            |                             |              |
| Unearned revenue                          | -                          | 14,680                      | 14,680       |
| Amounts related to pensions               | 70,251                     | -                           | 70,251       |
| Total deferred inflows of resources       | 70,251                     | 14,680                      | 84,931       |
| <b>NET POSITION</b>                       |                            |                             |              |
| Net investment in capital assets          | 2,176,986                  | 774,367                     | 2,951,353    |
| Unrestricted                              | 429,781                    | 104,537                     | 534,318      |
| Total net position                        | \$ 2,606,767               | \$ 878,904                  | \$ 3,485,671 |

The notes to the basic financial statements are an integral part of this statement.

**EXHIBIT B**  
**WATERVILLE ESTATES VILLAGE DISTRICT, NEW HAMPSHIRE**  
*Statement of Activities*  
**For the Fiscal Year Ended December 31, 2016**  
*See Independent Accountant's Compilation Report*

|                                                    | Program<br>Revenue<br>Charges<br>for<br>Services | Net (Expense) Revenue and<br>Change in Net Position |                             |
|----------------------------------------------------|--------------------------------------------------|-----------------------------------------------------|-----------------------------|
|                                                    | Expenses                                         | Governmental<br>Activities                          | Business-type<br>Activities |
|                                                    |                                                  |                                                     | Total                       |
| <b>Governmental activities:</b>                    |                                                  |                                                     |                             |
| General government                                 | \$ 368,283                                       | \$ (368,283)                                        | \$ (368,283)                |
| Public safety                                      | 8,621                                            | (8,621)                                             | (8,621)                     |
| Highways and streets                               | 224,299                                          | (224,299)                                           | (224,299)                   |
| Water distribution and treatment                   | 158,454                                          | (158,454)                                           | (158,454)                   |
| Culture and recreation                             | 425,609                                          | (425,609)                                           | (425,609)                   |
| Interest on long-term debt                         | 5,605                                            | (5,605)                                             | (5,605)                     |
| Total governmental activities                      | 1,190,871                                        | (1,190,871)                                         | (1,190,871)                 |
| <b>Business-type activities:</b>                   |                                                  |                                                     |                             |
| Recreation                                         | 874,409                                          | -                                                   | 7,711                       |
| Total business-type activities                     | 874,409                                          | -                                                   | 7,711                       |
| Total                                              | \$ 2,065,280                                     | (1,190,871)                                         | (1,183,160)                 |
| General revenues:                                  |                                                  |                                                     |                             |
| Taxes:                                             |                                                  |                                                     |                             |
| Property                                           |                                                  | 1,271,620                                           | -                           |
| Other                                              |                                                  | 7,559                                               | -                           |
| Miscellaneous                                      |                                                  | 129                                                 | 13                          |
| Transfers                                          |                                                  | (111,048)                                           | 111,048                     |
| Total general revenues                             |                                                  | 1,168,260                                           | 111,061                     |
| Change in net position                             |                                                  | (22,611)                                            | 118,772                     |
| Net position, beginning, as restated (see Note 12) |                                                  | 2,629,378                                           | 760,132                     |
| Net position, ending                               |                                                  | \$ 2,606,767                                        | \$ 878,904                  |
|                                                    |                                                  |                                                     | \$ 3,485,671                |

The notes to the basic financial statements are an integral part of this statement.

**EXHIBIT C-1**  
**WATERVILLE ESTATES VILLAGE DISTRICT, NEW HAMPSHIRE**  
*Governmental Funds*  
*Balance Sheet*  
*December 31, 2016*  
*See Independent Accountant's Compilation Report*

|                                                                        | General           |
|------------------------------------------------------------------------|-------------------|
| <b>ASSETS</b>                                                          |                   |
| Cash and cash equivalents                                              | \$ 60,766         |
| Taxes receivable                                                       | 726,045           |
| Accounts receivable                                                    | 1,974             |
| Interfund receivable                                                   | 86,239            |
| Total assets                                                           | <u>\$ 875,024</u> |
| <b>LIABILITIES</b>                                                     |                   |
| Accounts payable                                                       | \$ 43,834         |
| Accrued salaries and benefits                                          | 9,350             |
| Total liabilities                                                      | <u>53,184</u>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                   |                   |
| Unavailable revenue - property taxes                                   | <u>149,344</u>    |
| <b>FUND BALANCES</b>                                                   |                   |
| Unassigned                                                             | <u>672,496</u>    |
| Total liabilities, deferred inflows<br>of resources, and fund balances | <u>\$ 875,024</u> |

The notes to the basic financial statements are an integral part of this statement.

**EXHIBIT C-2**  
**WATERVILLE ESTATES VILLAGE DISTRICT, NEW HAMPSHIRE**  
*Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position*  
*December 31, 2016*  
*See Independent Accountant's Compilation Report*

|                                                                                                                                               |                     |
|-----------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Total fund balances of governmental funds (Exhibit C-1)                                                                                       | \$ 672,496          |
| Amounts reported for governmental activities in the Statement of Net Position are different because:                                          |                     |
| Capital assets used in governmental activities are not financial resources, therefore, are not reported in the funds.                         |                     |
| Cost                                                                                                                                          | \$ 4,845,637        |
| Less accumulated depreciation                                                                                                                 | <u>(2,557,407)</u>  |
|                                                                                                                                               | 2,288,230           |
| Certain resources are not current financial resources in the governmental funds, but instead are reported in the Statement of Net Position.   |                     |
| Deferred outflows of resources related to pensions                                                                                            | \$ 110,475          |
| Deferred inflows of resources related to pensions                                                                                             | <u>(70,251)</u>     |
|                                                                                                                                               | 40,224              |
| 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                                                                                                | 149,344             |
| Interest on long-term debt is not accrued in governmental funds.                                                                              |                     |
| Accrued interest payable                                                                                                                      | (1,922)             |
| Long-term liabilities are not due and payable in the current period, therefore, are not reported in the funds.                                |                     |
| Bond                                                                                                                                          | \$ 111,244          |
| Compensated absences                                                                                                                          | 13,853              |
| Net pension liability                                                                                                                         | <u>416,508</u>      |
|                                                                                                                                               | (541,605)           |
| Net position of governmental activities (Exhibit A)                                                                                           | <u>\$ 2,606,767</u> |

**EXHIBIT C-3**  
**WATERVILLE ESTATES VILLAGE DISTRICT, NEW HAMPSHIRE**  
*Governmental Funds*  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
*For the Fiscal Year Ended December 31, 2016*  
*See Independent Accountant's Compilation Report*

|                                                     | General                  |
|-----------------------------------------------------|--------------------------|
| <b>REVENUES</b>                                     |                          |
| Taxes                                               | \$ 1,129,835             |
| Miscellaneous                                       | 129                      |
| Total revenues                                      | <u>1,129,964</u>         |
| <b>EXPENDITURES</b>                                 |                          |
| Current:                                            |                          |
| General government                                  | 266,476                  |
| Public safety                                       | 8,621                    |
| Highways and streets                                | 211,324                  |
| Water distribution and treatment                    | 158,454                  |
| Culture and recreation                              | 321,453                  |
| Debt service:                                       |                          |
| Principal                                           | 37,082                   |
| Interest                                            | 3,683                    |
| Capital outlay                                      | 173,164                  |
| Total expenditures                                  | <u>1,180,257</u>         |
| Deficiency of revenues under expenditures           | <u>(50,293)</u>          |
| <b>OTHER FINANCING USES</b>                         |                          |
| Transfers out                                       | (111,048)                |
| Total other financing sources (uses)                | <u>(111,048)</u>         |
| Net change in fund balances                         | (161,341)                |
| Fund balances, beginning, as restated (see Note 12) | 833,837                  |
| Fund balances, ending                               | <u><u>\$ 672,496</u></u> |

The notes to the basic financial statements are an integral part of this statement.

**EXHIBIT C-4**  
**WATERVILLE ESTATES VILLAGE DISTRICT, NEW HAMPSHIRE**  
*Reconciliation of the Statement of Revenues, Expenditures, and*  
*Changes in Fund Balances of Governmental Funds to the Statement of Activities*  
*For the Fiscal Year Ended December 31, 2016*  
*See Independent Accountant's Compilation Report*

|                                                                                                                                                                                                                                                                                                         |                           |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| Net change in fund balances of governmental funds (Exhibit C-3)                                                                                                                                                                                                                                         | \$ (161,341)              |
| Amounts reported for governmental activities in the Statement of Activities are different because:                                                                                                                                                                                                      |                           |
| Governmental funds report capital outlays as expenditures. In the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capitalized capital outlay in the current period. |                           |
| Capitalized capital outlay                                                                                                                                                                                                                                                                              | \$ 129,227                |
| Depreciation expense                                                                                                                                                                                                                                                                                    | <u>(171,941)</u>          |
|                                                                                                                                                                                                                                                                                                         | (42,714)                  |
| Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expenses.                                                                                            |                           |
| Changes in pension amounts related to GASB Statement No. 68                                                                                                                                                                                                                                             | (4,244)                   |
| Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the governmental funds.                                                                                                                                                          |                           |
| Taxes not collected within 60-days of year-end                                                                                                                                                                                                                                                          | 149,344                   |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.                             |                           |
| Repayment of bond principal                                                                                                                                                                                                                                                                             | 37,082                    |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.                                                                                                                     |                           |
| Increase in accrued interest expense                                                                                                                                                                                                                                                                    | \$ (1,922)                |
| Decrease in compensated absences payable                                                                                                                                                                                                                                                                | <u>1,184</u>              |
|                                                                                                                                                                                                                                                                                                         | (738)                     |
| Changes in net position of governmental activities (Exhibit B)                                                                                                                                                                                                                                          | <u><u>\$ (22,611)</u></u> |

The notes to the basic financial statements are an integral part of this statement.

**EXHIBIT D**  
**WATERVILLE ESTATES VILLAGE DISTRICT, NEW HAMPSHIRE**  
*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, 2016*  
*See Independent Accountant's Compilation Report*

|                                                               | Original<br>and Final<br>Budget | Actual            | Variance<br>Positive<br>(Negative) |
|---------------------------------------------------------------|---------------------------------|-------------------|------------------------------------|
| <b>REVENUES</b>                                               |                                 |                   |                                    |
| Taxes                                                         | \$ 1,276,496                    | \$ 1,279,179      | \$ 2,683                           |
| Miscellaneous                                                 | 335                             | 129               | (206)                              |
| Total revenues                                                | <u>1,276,831</u>                | <u>1,279,308</u>  | <u>2,477</u>                       |
| <b>EXPENDITURES</b>                                           |                                 |                   |                                    |
| Current:                                                      |                                 |                   |                                    |
| General government                                            | 280,134                         | 266,476           | 13,658                             |
| Public safety                                                 | 13,006                          | 8,621             | 4,385                              |
| Highways and streets                                          | 260,649                         | 211,324           | 49,325                             |
| Water distribution and treatment                              | 160,002                         | 158,454           | 1,548                              |
| Culture and recreation                                        | 332,698                         | 321,453           | 11,245                             |
| Debt service:                                                 |                                 |                   |                                    |
| Principal                                                     | 37,081                          | 37,082            | (1)                                |
| Interest                                                      | 3,689                           | 3,683             | 6                                  |
| Capital outlay                                                | 430,919                         | 284,212           | 146,707                            |
| Total expenditures                                            | <u>1,518,178</u>                | <u>1,291,305</u>  | <u>226,873</u>                     |
| Excess (deficiency) of revenue<br>over (under) expenditures   | <u>(241,347)</u>                | <u>(11,997)</u>   | <u>229,350</u>                     |
| Net change in fund balances                                   | \$ <u>(241,347)</u>             | <u>(11,997)</u>   | \$ <u>229,350</u>                  |
| Unassigned fund balance, beginning, as restated (see Note 12) |                                 | 833,837           |                                    |
| Unassigned fund balance, ending                               |                                 | <u>\$ 821,840</u> |                                    |

The notes to the basic financial statements are an integral part of this statement.

**EXHIBIT E-1**  
**WATERVILLE ESTATES VILLAGE DISTRICT, NEW HAMPSHIRE**  
*Proprietary Fund*  
*Statement of Net Position*  
*December 31, 2016*  
*See Independent Accountant's Compilation Report*

|                                           | Business-type<br>Activities          |
|-------------------------------------------|--------------------------------------|
|                                           | Enterprise Fund<br>(Recreation Fund) |
| <b>ASSETS</b>                             |                                      |
| Cash and cash equivalents                 | \$ 184,451                           |
| Inventory                                 | 21,353                               |
| Capital assets:                           |                                      |
| Other capital assets, net of depreciation | 774,367                              |
| Total assets                              | <u>980,171</u>                       |
| <b>LIABILITIES</b>                        |                                      |
| Current liabilities:                      |                                      |
| Interfund payable                         | 86,239                               |
| Other                                     | 348                                  |
| Total liabilities                         | <u>86,587</u>                        |
| <b>DEFERRED INFLOWS OF RESOURCES</b>      |                                      |
| Unearned revenue                          | <u>14,680</u>                        |
| <b>NET POSITION</b>                       |                                      |
| Net investment in capital assets          | 774,367                              |
| Unrestricted                              | 104,537                              |
| Total net position                        | <u>\$ 878,904</u>                    |

The notes to the basic financial statements are an integral part of this statement.

**EXHIBIT E-2**  
**WATERVILLE ESTATES VILLAGE DISTRICT, NEW HAMPSHIRE**  
*Proprietary Fund*  
*Statement of Revenues, Expenses, and Change in Net Position*  
*For the Fiscal Year Ended December 31, 2016*  
*See Independent Accountant's Compilation Report*

|                                                    | Business-type<br>Activities          |
|----------------------------------------------------|--------------------------------------|
|                                                    | Enterprise Fund<br>(Recreation Fund) |
| Operating revenues:                                |                                      |
| Rental income                                      | \$ 159,000                           |
| Management fee                                     | 100,000                              |
| Tax supplement income                              | 94,672                               |
| Membership passes                                  | 37,016                               |
| Food and beverage income                           | 200,174                              |
| Recreation income                                  | 41,354                               |
| Event and function income                          | 249,904                              |
| Total operating revenues                           | <u>882,120</u>                       |
| Operating expenses:                                |                                      |
| Salaries and wages                                 | 322,008                              |
| Operation and maintenance                          | 35,332                               |
| Cost of food, beverage, and supplies               | 137,905                              |
| Lounge expenses                                    | 66,452                               |
| Repairs and maintenance                            | 155,922                              |
| Ski area                                           | 48,232                               |
| Member services                                    | 40,380                               |
| Depreciation                                       | 68,178                               |
| Total operating expenses                           | <u>874,409</u>                       |
| Operating gain                                     | <u>7,711</u>                         |
| Nonoperating revenue:                              |                                      |
| Investment and interest income                     | 13                                   |
| Transfer in                                        | 111,048                              |
| Total nonoperating revenues                        | <u>111,061</u>                       |
| Change in net position                             | 118,772                              |
| Net position, beginning, as restated (see Note 12) | 760,132                              |
| Net position, ending                               | <u>\$ 878,904</u>                    |

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT E-3  
WATERVILLE ESTATES VILLAGE DISTRICT, NEW HAMPSHIRE  
Proprietary Fund  
Statement of Cash Flows  
For the Fiscal Year Ended December 31, 2016  
See Independent Accountant's Compilation Report

|                                                                                       | Business-type<br>Activities          |
|---------------------------------------------------------------------------------------|--------------------------------------|
|                                                                                       | Enterprise Fund<br>(Recreation Fund) |
| Cash flows from operating activities:                                                 |                                      |
| Receipts from customers and users                                                     | \$ 882,730                           |
| Payments to employees                                                                 | (322,008)                            |
| Payments to suppliers                                                                 | (397,408)                            |
| Net cash provided by operating activities                                             | 163,314                              |
| Cash flows from capital and related financing activities:                             |                                      |
| Acquisition and construction of fixed assets                                          | (165,463)                            |
| Cash flows from investing activities:                                                 |                                      |
| Interest income                                                                       | 13                                   |
| Net decrease in cash                                                                  | (2,136)                              |
| Cash, beginning                                                                       | 186,587                              |
| Cash, ending                                                                          | <u>\$ 184,451</u>                    |
| <i>Reconciliation of Operating Gain to Net Cash Provided by Operating Activities</i>  |                                      |
| Operating gain                                                                        | \$ 7,711                             |
| Adjustments to reconcile operating gain to net cash provided by operating activities: |                                      |
| Depreciation expense                                                                  | 68,178                               |
| Decrease in inventory                                                                 | 2,814                                |
| Decrease in prepaid expense                                                           | 12,892                               |
| Increase in other liability                                                           | 348                                  |
| Increase in deferred inflows of resources                                             | 610                                  |
| Increase in interfund payable and prior year balance                                  | 70,761                               |
| Total adjustments                                                                     | 155,603                              |
| Net cash provided by operating activities                                             | <u>\$ 163,314</u>                    |

The notes to the basic financial statements are an integral part of this statement.

**WATERILLE ESTATE VILLAGE DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2016**

|                                                                                   | <u>NOTE</u> |
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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 accounting principles generally accepted in the United States of America 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.

***I-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.

***I-B Government-wide and Fund Financial Statements***

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Net Position presents the financial position of the governmental activities and business-type activities of the District at year-end. This statement includes all of the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental fund and proprietary fund. The major individual governmental fund and major individual enterprise fund are reported as separate columns in the fund financial statements.

Government 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.

***I-C Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for State shared revenue, reimbursement-based grants and interest which use one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. Property taxes 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

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Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges for services. Operating expenses for the enterprise fund includes depreciation on capital assets, labor, supplies, and contracted services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlement, and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, deferred inflows/outflows, and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The District reports the following major governmental fund:

**General Fund** – all general revenues and other receipts that are not allocated by law or contracted agreement to another fund are accounted for in this fund. This fund accounts for general operating expenditures, fixed charges, and the capital improvement costs that are not reported in other funds.

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 from Waterville Estates Association.

***1-D 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. A cash pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and cash equivalents."

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-E 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-F Receivables***

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

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***I-G 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.

***I-H Capital Assets***

Capital assets, which include property, plant, equipment, and infrastructure (except in the governmental activities infrastructure is not included) are reported in the applicable governmental or business-type activities column in the government-wide financial statements.

Capital assets are defined by the District as furniture, equipment and small tools with an individual cost of \$5,000 or more and \$50,000 or more for infrastructure and an estimated minimum useful life in excess of one year. As the District constructs or acquires additional capital assets each year, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

| Capital Asset Classes:                | Years   |
|---------------------------------------|---------|
| Buildings and building improvements   | 10 - 40 |
| Equipment and vehicles                | 5 - 12  |
| Furniture, equipment, and small tools | 5 - 10  |

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

***I-I 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” (i.e. the current portion of interfund loans). All other outstanding balances between funds are reported 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 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 the proprietary fund, transfers are reported after nonoperating revenues and expenses.

***I-J Property Taxes***

Property tax billings occur semi-annually and are based on the assessed inventory values as of April 1 of each year, which is collected by the Town of Campton and Town of Thornton and remitted to the District. Interest accrues at a rate of 12% on bills outstanding after the due date and 18% on tax liens outstanding.

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The District net assessed valuation as of April 1, 2016 utilized in the setting of the tax rate was as follows:

|                             |               |
|-----------------------------|---------------|
| Town of Campton Assessment  | \$ 58,944,507 |
| Town of Thornton Assessment | \$ 18,722,251 |

The tax rates and amounts assessed for the year ended December 31, 2016 were as follows:

|                           | Per \$1,000<br>of Assessed<br>Valuation | Property<br>Taxes<br>Assessed |
|---------------------------|-----------------------------------------|-------------------------------|
|                           |                                         |                               |
| Village District portion: |                                         |                               |
| Town of Campton           | \$16.72                                 | \$ 985,552                    |
| Town of Thornton          | \$15.54                                 | \$ 290,944                    |

***1-K Accounts Payable***

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of December 31, 2016.

***1-L Deferred Outflows/Inflows of Resources***

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

***1-M Long-term Obligations***

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

***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 are prepared by New Hampshire Retirement System, and are audited by the plan’s independent auditors.

***1-O Net Position/Fund Balance Reporting***

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

- a) *Net investment in capital assets* – Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of the capital bond that is attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.
- b) *Unrestricted net position* – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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**Fund Balance Classification** - The fund balance of the governmental fund is reported in one category in the District's governmental fund financial statements as follows:

**Unassigned** – This classification includes the residual fund balance for the general fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

***1-P 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 receivable, and the useful lives and impairment of assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from estimates.

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

***2-A Budgetary Information***

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

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

State statutes require balanced budgets, but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2016, \$241,347 of the beginning general fund unassigned fund balance was applied for this purpose.

***2-B Budgetary Reconciliation to GAAP Basis***

The District employs certain accounting principles for budgetary reporting purposes that differ from a GAAP basis. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis presents the actual results to provide a comparison with the budget.

The following reconciles the general fund budgetary basis to the GAAP basis:

|                                                                       |                     |
|-----------------------------------------------------------------------|---------------------|
| Revenues:                                                             |                     |
| Per Exhibit D (budgetary basis)                                       | \$ 1,279,308        |
| Adjustment:                                                           |                     |
| Basis difference:                                                     |                     |
| Change in property tax revenue relating to 60-day revenue recognition | (149,344)           |
| Per Exhibit C-3 (GAAP basis)                                          | <u>\$ 1,129,964</u> |
| Expenditures and other financing uses:                                |                     |
| Per Exhibit D (budgetary basis)                                       | \$ 1,291,305        |
| Transfer to business-type activities/proprietary fund                 | (111,048)           |
| Per Exhibit C-3 (GAAP basis)                                          | <u>\$ 1,180,257</u> |

**WATERVILLE ESTATES VILLAGE DISTRICT**  
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**DETAILED NOTES ON ALL FUNDS**

**NOTE 3 – CASH AND CASH EQUIVALENTS**

The District's deposits are entirely covered by federal depository insurance (FDIC). The FDIC currently insures the first \$250,000 of the District's deposits at each financial institution, per case custodian. As of year-end, the carrying amount of the District's deposits was \$245,217 and the bank balances totaled \$234,575.

**NOTE 4 – TAXES RECEIVABLE**

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2016. Taxes receivable by year are as follows:

|                              |                   |
|------------------------------|-------------------|
| Property:                    |                   |
| Levy of 2016                 | \$ 674,254        |
| Unredeemed (under tax lien): |                   |
| Levy of 2015                 | 44,802            |
| Levy of 2014                 | 6,989             |
| Net taxes receivable         | <u>\$ 726,045</u> |

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2016 consisted of the following:

|                                                            | Balance,<br>beginning<br>(as restated) | Additions          | Disposals   | Balance,<br>ending  |
|------------------------------------------------------------|----------------------------------------|--------------------|-------------|---------------------|
| <b>Governmental activities:</b>                            |                                        |                    |             |                     |
| At cost:                                                   |                                        |                    |             |                     |
| Not being depreciated:                                     |                                        |                    |             |                     |
| Land                                                       | \$ 62,703                              | \$ -               | \$ -        | \$ 62,703           |
| Construction in progress                                   | -                                      | 6,144              | -           | 6,144               |
| Total capital assets not being depreciated                 | <u>62,703</u>                          | <u>6,144</u>       | <u>-</u>    | <u>68,847</u>       |
| Being depreciated:                                         |                                        |                    |             |                     |
| Land improvements                                          | 303,555                                | 16,653             | -           | 320,208             |
| Buildings and building improvements                        | 2,079,418                              | 60,883             | -           | 2,140,301           |
| Equipment and vehicles                                     | 473,228                                | 45,547             | -           | 518,775             |
| Furniture and fixtures                                     | 107,963                                | -                  | -           | 107,963             |
| Infrastructure                                             | 1,689,543                              | -                  | -           | 1,689,543           |
| Total capital assets being depreciated                     | <u>4,653,707</u>                       | <u>123,083</u>     | <u>-</u>    | <u>4,776,790</u>    |
| Total all capital assets                                   | <u>4,716,410</u>                       | <u>129,227</u>     | <u>-</u>    | <u>4,845,637</u>    |
| Less accumulated depreciation:                             |                                        |                    |             |                     |
| Land improvements                                          | (30,947)                               | (12,975)           | -           | (43,922)            |
| Buildings and building improvements                        | (1,244,377)                            | (58,412)           | -           | (1,302,789)         |
| Equipment and vehicles                                     | (200,896)                              | (42,620)           | -           | (243,516)           |
| Furniture and fixtures                                     | (37,237)                               | (8,588)            | -           | (45,825)            |
| Infrastructure                                             | (872,009)                              | (49,346)           | -           | (921,355)           |
| Total accumulated depreciation                             | <u>(2,385,466)</u>                     | <u>(171,941)</u>   | <u>-</u>    | <u>(2,557,407)</u>  |
| Net book value, capital assets being depreciated           | <u>2,268,241</u>                       | <u>(48,858)</u>    | <u>-</u>    | <u>2,219,383</u>    |
| Net book value, all governmental activities capital assets | <u>\$ 2,330,944</u>                    | <u>\$ (42,714)</u> | <u>\$ -</u> | <u>\$ 2,288,230</u> |

*(continued)*

**WATERVILLE ESTATES VILLAGE DISTRICT**  
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*Capital assets continued:*

|                                                             | Balance,<br>beginning<br>(as restated) | Additions  | Disposals | Balance,<br>ending |
|-------------------------------------------------------------|----------------------------------------|------------|-----------|--------------------|
| <b>Business-type activities:</b>                            |                                        |            |           |                    |
| At cost:                                                    |                                        |            |           |                    |
| Being depreciated:                                          |                                        |            |           |                    |
| Buildings and building improvements                         | \$ 264,095                             | \$ 129,980 | \$ -      | \$ 394,075         |
| Equipment and vehicles                                      | 621,571                                | -          | -         | 621,571            |
| Furniture and fixtures                                      | 69,929                                 | 35,484     | -         | 105,413            |
| Infrastructure                                              | 188,832                                | -          | -         | 188,832            |
| Total capital assets being depreciated                      | 1,144,427                              | 165,464    | -         | 1,309,891          |
| Total all capital assets                                    | 1,144,427                              | 165,464    | -         | 1,309,891          |
| Less accumulated depreciation:                              |                                        |            |           |                    |
| Buildings and building improvements                         | (40,584)                               | (16,382)   | -         | (56,966)           |
| Equipment and vehicles                                      | (347,305)                              | (32,205)   | -         | (379,510)          |
| Furniture and fixtures                                      | (45,463)                               | (11,088)   | -         | (56,551)           |
| Infrastructure                                              | (33,994)                               | (8,503)    | -         | (42,497)           |
| Total accumulated depreciation                              | (467,346)                              | (68,178)   | -         | (535,524)          |
| Net book value, capital assets being depreciated            | 677,081                                | 97,286     | -         | 774,367            |
| Net book value, all business-type activities capital assets | \$ 677,081                             | \$ 97,286  | \$ -      | \$ 774,367         |

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

|                                  |            |
|----------------------------------|------------|
| <b>Governmental activities:</b>  |            |
| General government               | \$ 54,810  |
| Highways and streets             | 12,975     |
| Culture and recreation           | 104,156    |
| Total depreciation expense       | \$ 171,941 |
| <b>Business-type activities:</b> |            |
| Recreation                       | \$ 68,178  |

**NOTE 6 – INTERFUND BALANCES AND TRANSFERS**

*Interfund Balances* - The composition of interfund balances as of December 31, 2016 is as follows:

|         | Receivable Fund | Payable Fund | Amount    |
|---------|-----------------|--------------|-----------|
| General |                 | Recreation   | \$ 86,239 |

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, 2016 is as follows:

|                |               |
|----------------|---------------|
|                | Transfers In: |
|                | Recreation    |
|                | Fund          |
| Transfers out: |               |
| General fund   | \$ 111,048    |

During the year, transfers were used to record the value of recreation capital assets purchased by the general fund for the benefit of the recreation fund. This represents a non-budgetary transfer, as identified in note 2-B.

**WATERVILLE ESTATES VILLAGE DISTRICT**  
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**NOTE 7 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

Deferred outflows of resources \$110,475 reported in the Statement of Net Position consist of amounts related to pensions. Deferred inflows of resources of \$84,391 in the Statement of Net Position consist of \$70,251 related to pensions, and \$14,680 related to recreation fees received in advance of services. See Note 9 for more information on pension related deferrals.

**NOTE 8 – LONG-TERM LIABILITIES**

Changes in the District's long-term liabilities consisted of the following for the year ended December 31, 2016:

|                                 | Balance<br>January 1,<br>2016 | Additions         | Reductions         | Balance<br>December 31,<br>2016 | Due Within<br>One Year |
|---------------------------------|-------------------------------|-------------------|--------------------|---------------------------------|------------------------|
| General obligation bond payable | \$ 148,326                    | \$ -              | \$ (37,082)        | \$ 111,244                      | \$ 37,082              |
| Compensated absence liability   | 15,037                        | -                 | (1,184)            | 13,853                          | -                      |
| Net pension liability           | 290,221                       | 126,287           | -                  | 416,508                         | -                      |
| Total long-term liabilities     | <u>\$ 453,584</u>             | <u>\$ 126,287</u> | <u>\$ (38,266)</u> | <u>\$ 541,605</u>               | <u>\$ 37,082</u>       |

The long-term bond is comprised of the following:

|                                  | Original<br>Amount | Issue<br>Date | Maturity<br>Date | Interest<br>Rate % | Outstanding at<br>December 31,<br>2016 | Current<br>Portion |
|----------------------------------|--------------------|---------------|------------------|--------------------|----------------------------------------|--------------------|
| General obligation bond payable: |                    |               |                  |                    |                                        |                    |
| Water project                    | \$ 259,570         | 2013          | 2019             | 2.48%              | <u>\$ 111,244</u>                      | <u>\$ 37,082</u>   |

The annual requirements to amortize the general obligation bond outstanding as of December 31, 2016, including interest payments, are as follows:

| Fiscal Year Ending<br>June 30, | Principal         | Interest        | Total             |
|--------------------------------|-------------------|-----------------|-------------------|
| 2017                           | \$ 37,082         | \$ 2,751        | \$ 39,833         |
| 2018                           | 37,082            | 1,839           | 38,921            |
| 2019                           | 37,080            | 920             | 38,000            |
| Totals                         | <u>\$ 111,244</u> | <u>\$ 5,510</u> | <u>\$ 116,754</u> |

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

**NOTE 9 – DEFINED BENEFIT PENSION PLAN**

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

**Benefits Provided:** 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. All assets are held in a single trust and available to pay retirement benefits to all members.

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Group I members at age 60 or 65 (for members who commence service after July 1, 2011) qualify for a normal service retirement allowance based on years of creditable service and average final salary for the highest of either three or five years, depending on when their service commenced. The yearly pension amount is 1/60 or 1.667% of average final compensation (AFC) multiplied by years of creditable service. At age 65, the yearly pension amount is recalculated at 1/66 or 1.515% of AFC multiplied by years of creditable service.

Group II members who are age 60, or members who are at least age 45 with at least 20 years of creditable service, can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years. Members commencing service on or after July 1, 2011 or members who have nonvested status as of January 1, 2012 can receive a retirement allowance at age 52.5 with 25 years of service or age 60. The benefit shall be equal to 2% of AFC times creditable service up to 42.5 years. However, a member who commenced service on or after July 1, 2011 shall not receive a retirement allowance until attaining the age of 52.5, but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service where the allowance shall be reduced, for each month by which the member attains 52.5 years of age by  $\frac{1}{4}$  of 1% or age 60.

Members of both groups may qualify for vested deferred allowances, disability allowances and death benefit allowances, subject to meeting various eligibility requirements. Benefits are based on AFC or earnable compensation and/or service.

**Contributions:** The System is financed by contributions from both the employees and the District. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. All employees are required to contribute 7% of earnable compensation. For fiscal year 2016, the District contributed 11.17% for eligible employees. The contribution requirements for the fiscal years 2014, 2015, and 2016 were \$28,047, \$24,578 and \$28,689 respectively, which were paid in full in each year.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At December 31, 2016 the District reported a liability of \$416,208 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2016, the District's proportion was .00783263% which was an increase of .00050664% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the District recognized pension expense of \$28,759. At December 31, 2016 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                                             | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Changes in proportion                                                                       | \$ 16,901                            | \$ 64,992                           |
| Difference between expected and actual experience                                           | 1,157                                | 5,259                               |
| Net difference between projected and actual investment earnings on pension plan investments |                                      | -                                   |
| Changes in assumption                                                                       | 26,059                               | -                                   |
| Contributions subsequent to the measurement date                                            | 51,259                               | -                                   |
| Total                                                                                       | 15,099                               | -                                   |
|                                                                                             | <u>\$ 110,475</u>                    | <u>\$ 70,251</u>                    |

The \$15,099 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 June 30, 2017.

**WATERVILLE ESTATES VILLAGE DISTRICT**  
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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<br>December 31, | Governmental<br>Activities |
|------------------------------------|----------------------------|
| 2017                               | \$ (2,815)                 |
| 2018                               | (2,815)                    |
| 2019                               | 10,289                     |
| 2020                               | 19,188                     |
| 2021                               | 1,278                      |
| Totals                             | <u>\$ 25,125</u>           |

**Actuarial Assumptions:** The collective total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2015, using the following actuarial assumptions which, accordingly apply to 2016 measurements:

Inflation: 2.5%  
Salary increases: 5.6% average, including inflation  
Investment rate of return: 7.25% net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 employee generational mortality tables for males and females, adjusted for mortality improvements using Scale MP-2015, based on last experience study.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 – June 30, 2015.

**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 long-term rates of return for 2016:

| Asset Class                      | Target<br>Allocation | Weighted average long-term<br>expected real rate of return |
|----------------------------------|----------------------|------------------------------------------------------------|
| Large Cap Equities               | 22.50%               | 4.25%                                                      |
| Small/Mid Cap Equities           | 7.50%                | 4.50%                                                      |
| Total domestic equity            | 30.00%               |                                                            |
| Int'l Equities (unhedged)        | 13.00%               | 4.75%                                                      |
| Emerging Int'l Equities          | 7.00%                | 6.25%                                                      |
| Total international equity       | 20.00%               |                                                            |
| Core Bonds                       | 5.00%                | (.064%)                                                    |
| Short Duration                   | 2.00%                | (.025%)                                                    |
| Global Multi-Sector Fixed Income | 11.00%               | (1.71%)                                                    |
| Absolute Return Fixed Income     | 7.00%                | 1.08%                                                      |
| Total fixed income               | 25.00%               |                                                            |
| Private equity                   | 5.00%                | 6.25%                                                      |
| Private debt                     | 5.00%                | 4.75%                                                      |
| Opportunistic                    | 5.00%                | 3.68%                                                      |
| Total alternative investments    | 15.00%               |                                                            |
| Real estate                      | 10.00%               | 3.25%                                                      |
| Total                            | <u>100.00%</u>       |                                                            |

**WATERVILLE ESTATES VILLAGE DISTRICT**  
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**Discount Rate:** The discount rate used to measure the collective total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the Pension Plan's actuarial funding policy as required by RSA 100-A:16. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Pension Plan investment was applied to all periods of projected benefit payments to determine the collective total pension liability.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:** The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.25% 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 (6.25%) or 1-percentage point higher (8.25%) than the current rate:

| Actuarial<br>Valuation<br>Date | Current Single       |                          |                      |
|--------------------------------|----------------------|--------------------------|----------------------|
|                                | 1% Decrease<br>6.25% | Rate Assumption<br>7.25% | 1% Increase<br>8.25% |
| June 30, 2016                  | \$ 535,184           | \$ 416,508               | \$ 318,084           |

**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 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

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. There are six participants currently eligible. Expenses for the cost or providing health insurance for currently enrolled retirees are recognized in the general fund as payments are made.

The Governmental Accounting Standards Board (GASB) issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB Statement No. 45, which was effective for the District on January 1, 2009, requires that the long-term cost of retirement health care and obligations for other postemployment benefits (OPEB) be determined on an actuarial basis and reported on the financial statements. The District has not implemented GASB Statement No. 45 at December 31, 2016 or contracted with an actuarial firm to assist in evaluating the impact of this standard on the District. The amounts that should be recorded as the annual required contribution/OPEB cost and the net OPEB obligation are unknown.

**NOTE 11 – GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES NET POSITION**

Governmental and business-type activities net position reported on the government-wide Statement of Net Position at December 31, 2016 include the following:

|                                        | Governmental<br>Activities | Business-type<br>Activities | Total        |
|----------------------------------------|----------------------------|-----------------------------|--------------|
| Net investment in capital assets:      |                            |                             |              |
| Net property, buildings, and equipment | \$ 2,288,230               | \$ 774,367                  | \$ 3,062,597 |
| Less:                                  |                            |                             |              |
| Bonds payable                          | (111,244)                  | -                           | (111,244)    |
| Total net investment in capital assets | 2,176,986                  | 774,367                     | 2,951,353    |
| Unrestricted                           | 429,781                    | 104,537                     | 534,318      |
| Total net position                     | \$ 2,606,767               | \$ 878,904                  | \$ 3,485,671 |

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**NOTE 12 – PRIOR PERIOD ADJUSTMENT**

Net position/fund balance at January 1, 2016 was restated to give retroactive effect to the following prior period adjustments:

|                                                                      | Governmental<br>Activities | Business-type<br>Activities | General<br>Fund   |
|----------------------------------------------------------------------|----------------------------|-----------------------------|-------------------|
| To record balance of prior year interfund receivable                 | \$ 90,223                  | \$ (90,223)                 | \$ 90,223         |
| To adjust prior year Town of Thornton tax receivable to actual       | 33,372                     | -                           | 33,372            |
| Net effect of balances recorded in the wrong fund                    | 3,279                      | (3,279)                     | 3,279             |
| To report recreation related assets in the recreation fund           | (453,135)                  | 453,135                     | -                 |
| To record compensated absence liability, previously unreported       | (15,037)                   | -                           | -                 |
| To adjust prior year deferred inflows related to pensions to actual  | 18,632                     | -                           | -                 |
| To record recreation assets transferred from Association to District | -                          | 173,962                     | -                 |
| To record unrecorded recreation fund assets                          | -                          | 49,983                      | -                 |
| Net position/fund balance, as previously reported                    | 2,952,044                  | 176,554                     | 706,963           |
| Net position/fund balance, as restated                               | <u>\$ 2,629,378</u>        | <u>\$ 760,132</u>           | <u>\$ 833,837</u> |

**EXHIBIT F**  
**WATERVILLE ESTATES VILLAGE DISTRICT, NEW HAMPSHIRE**  
*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, 2016*

| Fiscal<br>Year<br>End | Valuation<br>Date | District's                             |  | Proportionate                     |            | District Proportionate                                                  |  | Plan Fiduciary<br>Net Position |
|-----------------------|-------------------|----------------------------------------|--|-----------------------------------|------------|-------------------------------------------------------------------------|--|--------------------------------|
|                       |                   | Proportion of Net<br>Pension Liability |  | Share of Net<br>Pension Liability |            | Share of Net Pension<br>Liability as a Percentage<br>of Covered Payroll |  |                                |
| December 31, 2016     | June 30, 2016     | 0.00783263%                            |  | \$ 416,508                        | \$ 206,971 | 201.24%                                                                 |  | 58.30%                         |

The note to the required supplementary information is an integral part of this schedule.

**EXHIBIT G**  
**WATERVILLE ESTATES VILLAGE DISTRICT, NEW HAMPSHIRE**  
*Schedule of District Contributions*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended December 31, 2016*

| Fiscal<br>Year<br>End | Valuation<br>Date | Contractually |              | Actual<br>Contribution | Contribution<br>Deficiency<br>(Excess) | Covered<br>Payroll | Contributions as<br>a Percentage of<br>Covered Payroll |
|-----------------------|-------------------|---------------|--------------|------------------------|----------------------------------------|--------------------|--------------------------------------------------------|
|                       |                   | Required      | Contribution |                        |                                        |                    |                                                        |
| December 31, 2016     | June 30, 2016     | \$ 28,047     | \$ 28,047    | \$ 28,047              | \$ -                                   | \$ 206,971         | 13.55%                                                 |

The note to the required supplementary information is an integral part of this schedule.

**WATERVILLE ESTATES VILLAGE DISTRICT**  
**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2016**

*Schedule of the Districts' Proportionate Share of Net Pension Liability & Schedule of District Contributions*  
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, 2016.

**Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year 2016:**

|                               |                                                                                                                                                                                      |
|-------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Actuarial Cost Method         | Entry Age Normal                                                                                                                                                                     |
| Amortization Method           | Level Percentage-of-Payroll, Closed                                                                                                                                                  |
| Remaining Amortization Period | 23 Years beginning July 1, 2016 (30 years beginning July 2, 2009)                                                                                                                    |
| Asset Valuation Method        | 5-Year smooth market for funding purposes                                                                                                                                            |
| Price Inflation               | 2.5% per year                                                                                                                                                                        |
| Wage Inflation                | 3.25% per year                                                                                                                                                                       |
| Salary Increases              | 5.6% Average, including inflation                                                                                                                                                    |
| Municipal Bond Rate           | 2.85% per year                                                                                                                                                                       |
| Investment Rate of Return     | 7.25% per year                                                                                                                                                                       |
| Retirement Age                | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015. |

**Mortality**

RP-2014 Employee generational mortality tables for males and females, adjusted for mortality improvements using Scale MP-2015, based on the last experience study.

**Other Information:**

**Notes**

Contribution rates for Fiscal Year 2014 were determined based on the benefit changes adopted under House Bill No. 2 as amended by 011-2513-CofC.

**SCHEDULE 1**  
**WATERVILLE ESTATES VILLAGE DISTRICT, NEW HAMPSHIRE**  
**Major General Fund**  
*Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended December 31, 2016*

|                                                 | Estimated                  | Actual              | Variance<br>Positive<br>(Negative) |
|-------------------------------------------------|----------------------------|---------------------|------------------------------------|
| Taxes:                                          |                            |                     |                                    |
| Property                                        |                            |                     |                                    |
| Interest and penalties on taxes                 | \$ 1,276,496               | \$ 1,271,620        | \$ (4,876)                         |
| Total from taxes                                | <u>1,276,496</u>           | <u>1,279,179</u>    | <u>2,683</u>                       |
| Miscellaneous:                                  |                            |                     |                                    |
| Interest on investments                         | 335                        | 27                  | (308)                              |
| Other                                           | -                          | 102                 | 102                                |
| Total from miscellaneous                        | <u>335</u>                 | <u>129</u>          | <u>(206)</u>                       |
| Total revenues                                  | <u>1,276,831</u>           | <u>\$ 1,279,308</u> | <u>\$ 2,477</u>                    |
| Unassigned fund balance used to reduce tax rate | <u>241,347</u>             |                     |                                    |
| Total revenues and use of fund balance          | <u><u>\$ 1,518,178</u></u> |                     |                                    |

**SCHEDULE 2**  
**WATERVILLE ESTATES VILLAGE DISTRICT, NEW HAMPSHIRE**  
**Major General Fund**  
*Schedule of Appropriations and Expenditures (Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended December 31, 2016*

|                                        | Appropriations | Expenditures | Variance<br>Positive<br>(Negative) |
|----------------------------------------|----------------|--------------|------------------------------------|
| Current:                               |                |              |                                    |
| General government:                    |                |              |                                    |
| Executive                              | \$ 149,734     | \$ 135,521   | \$ 14,213                          |
| Financial administration               | 7,700          | 16,011       | (8,311)                            |
| Legal                                  | 12,192         | 28,050       | (15,858)                           |
| Personnel administration               | 10,002         | 8,901        | 1,101                              |
| Insurance, not otherwise allocated     | 86,170         | 69,040       | 17,130                             |
| Advertising and regional associations  | 52             | 596          | (544)                              |
| Other                                  | 14,284         | 8,357        | 5,927                              |
| Total general government               | 280,134        | 266,476      | 13,658                             |
| Public safety:                         |                |              |                                    |
| Fire                                   | 13,006         | 8,621        | 4,385                              |
| Total public safety                    | 13,006         | 8,621        | 4,385                              |
| Highways and streets:                  |                |              |                                    |
| Public works garage                    | 2,718          | 2,379        | 339                                |
| Highways and streets                   | 257,359        | 208,945      | 48,414                             |
| Other                                  | 572            | -            | 572                                |
| Total highways and streets             | 260,649        | 211,324      | 49,325                             |
| Water distribution and treatment       |                |              |                                    |
| Administration                         | -              | 149          | (149)                              |
| Water services                         | 151,711        | 155,438      | (3,727)                            |
| Water treatment                        | 8,291          | 2,867        | 5,424                              |
| Total water distribution and treatment | 160,002        | 158,454      | 1,548                              |
| Culture and recreation:                |                |              |                                    |
| Parks and recreation                   | 332,698        | 321,453      | 11,245                             |
| Total culture and recreation           | 332,698        | 321,453      | 11,245                             |
| Debt service:                          |                |              |                                    |
| Principal of long-term debt            | 37,081         | 37,082       | (1)                                |
| Interest on long-term debt             | 3,689          | 3,683        | 6                                  |
| Total debt service                     | 40,770         | 40,765       | 5                                  |
| Capital outlay                         | 430,919        | 284,212      | 146,707                            |
| and other financing uses               | \$ 1,518,178   | \$ 1,291,305 | \$ 226,873                         |

**SCHEDULE 3**  
**WATERVILLE ESTATES VILLAGE DISTRICT, NEW HAMPSHIRE**  
**Major General Fund**  
*Schedule of Changes in Unassigned Fund Balance*  
*For the Fiscal Year Ended December 31, 2016*

|                                                                                                                                                     |                          |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| Unassigned fund balance, beginning as restated (Non-GAAP Budgetary Basis)                                                                           | \$ 833,837               |
| Changes:                                                                                                                                            |                          |
| Unassigned fund balance used to reduce 2016 tax rate                                                                                                | (241,347)                |
| 2016 Budget summary:                                                                                                                                |                          |
| Revenue surplus (Schedule 1)                                                                                                                        | \$ 2,477                 |
| Unexpended balance of appropriations (Schedule 2)                                                                                                   | 226,873                  |
| 2016 Budget surplus                                                                                                                                 | <u>229,350</u>           |
| Unassigned fund balance, ending (Non-GAAP Budgetary Basis)                                                                                          | 821,840                  |
| <b>Reconciliation of Non-GAAP Budgetary Basis to GAAP Basis:</b>                                                                                    |                          |
| To record deferred inflows of resources for property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis | (149,344)                |
| Unassigned fund balance, ending (GAAP basis Exhibit C-1)                                                                                            | <u><u>\$ 672,496</u></u> |