

WATERVILLE ESTATES VILLAGE DISTRICT

FINANCIAL STATEMENTS

DECEMBER 31, 2013

WATERVILLE ESTATES VILLAGE DISTRICT
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INDEPENDENT AUDITOR'S REPORT

To the Commissioners
Waterville Estates Village District
Campton, New Hampshire

We have audited the accompanying financial statements of the governmental activities, and the business-type activities, by major fund of the Waterville Estates Village District as of and for the year ended December 31, 2013, which collectively comprise the District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities of the Waterville Estates Village District, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matter

The Budgetary Comparison Schedule is required to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board. This schedule has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Management has not presented the management discussion and analysis that governmental accounting principles, generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

J. Harding & Company, PLLC

Plymouth, New Hampshire
February 28, 2014

WATERVILLE ESTATES VILLAGE DISTRICT
Statement of Net Assets
December 31, 2013

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-type Activites	Total
ASSETS			
Cash and cash equivalents	\$ 554,459	\$ -	\$ 554,459
Taxes receivable	670,194	-	670,194
Other receivables	20	-	20
Inventory	-	27,848	27,848
Prepaid Expenses	15,451	12,240	27,691
Due (to) from Association	34,458	-	34,458
Interfund receivable (payable)	29,503	(29,503)	-
Capital assets, net of accumulated depreciation	<u>2,595,069</u>	<u>-</u>	<u>2,595,069</u>
Total Assets	<u>\$ 3,899,154</u>	<u>\$ 10,585</u>	<u>\$ 3,909,739</u>
LIABILITIES			
Accounts payable	\$ 44,857	\$ -	\$ 44,857
Accrued interest	1,092	-	1,092
Bonds and notes payable			
Portion due within one year	37,081	-	37,081
Portion due after one year	<u>185,407</u>	<u>-</u>	<u>185,407</u>
Total Liabilities	<u>268,437</u>	<u>-</u>	<u>268,437</u>
NET ASSETS			
Invested in capital assets, net of related debt	2,372,581	-	2,372,581
Unrestricted	<u>1,258,136</u>	<u>10,585</u>	<u>1,268,721</u>
Total Net Assets	<u>3,630,717</u>	<u>10,585</u>	<u>3,641,302</u>
Total Liabilities and Net Assets	<u>\$ 3,899,154</u>	<u>\$ 10,585</u>	<u>\$ 3,909,739</u>

WATERVILLE ESTATES VILLAGE DISTRICT
Reconciliation of Total Governmental Fund Balances to Net Assets
of Governmental Activities
December 31, 2013

Total Governmental Fund Balances	\$ 1,104,062
Amounts reported in governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds net of accumulated depreciation	2,595,069
Deferred revenue that does not provide current financial resources are not reported in the funds	154,074
Bonds and notes payable are not due and payable in the current period and therefore are not reported in the funds	<u>(222,488)</u>
Net Assets of Governmental Activities	<u><u>\$ 3,630,717</u></u>

WATERVILLE ESTATES VILLAGE DISTRICT
Statement of Activities
For the Year Ended December 31, 2013

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants</u>	
Primary Government:				
Governmental Activities				
General Government				
Administration	\$ 176,136	\$ -	\$ -	\$ (176,136)
Building	197,352	-	-	(197,352)
Water	103,361	-	-	(103,361)
Highways and streets	217,410	-	-	(217,410)
Depreciation	162,570	-	-	(162,570)
Operating lease payments	14,338	-	-	(14,338)
Public safety	16,581	-	-	(16,581)
Interest on long-term debt	7,107	-	-	(7,107)
Total Governmental Activities	894,855	-	-	(894,855)
Business Type Activities:				
Recreation Center	680,548	621,355	-	(59,193)
Total business-type activities	680,548	621,355	-	(59,193)
Total primary government	\$ 1,575,403	\$ 621,355	\$ -	\$ (954,048)
Primary Government				
	Governmental	Business-type	Total	
	Activities	Activities		
Changes in net assets:				
Net (expense) revenue	\$ (894,855)	\$ (59,193)	\$ (954,048)	
General Revenues:				
Real estate taxes	1,221,594	-	1,221,594	
Transfers-In (Transfers-Out)	(62,844)	62,844	-	
Interest income	1,748	-	1,748	
Betterment assessment	6,460	-	6,460	
Miscellaneous	4,941	-	4,941	
Total general revenues and transfers	1,171,899	62,844	1,234,743	
Change in net assets	277,044	3,651	280,695	
Net assets - beginning of year	3,348,964	6,934	3,355,898	
Net assets - end of year	\$ 3,626,008	\$ 10,585	\$ 3,636,593	

WATERVILLE ESTATES VILLAGE DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
December 31, 2013

Net Change in Governmental Fund Balances	\$ 41,235
 Amounts reported for the governmental activities in the statement of activities are different because:	
 Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period capital expenditures of (\$ 362,072) exceeded depreciation of (\$ 162,570)	
	199,502
Proceeds of new borrowings	-
Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term bonds and notes payable in the statement of net assets. This is the amount of debt repayment \$ 52,081	52,081
The change in deferred revenue represents revenues recognized due to availability of funds	<u>(15,774)</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 277,044</u></u>

WATERVILLE ESTATES VILLAGE DISTRICT
Balance Sheet
Governmental Funds
December 31, 2013

ASSETS	General Fund
Assets	
Cash and Equivalents	\$ 554,459
Receivables	
Taxes	670,194
Other	20
Due from Rec Fund	29,503
Due from Association	34,458
Prepaid Expenses	15,451
TOTAL ASSETS	\$ 1,304,085
 LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts payable and accrued expenses	\$ 45,949
Deferred tax revenue	154,074
TOTAL LIABILITIES	200,023
 Fund balances	
Nonspendable fund balance	15,451
Restricted fund balance	-
Committed fund balance	-
Assigned fund balance	-
Unassigned fund balance	1,088,611
Total Fund Balances	1,104,062
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,304,085

WATERVILLE ESTATES VILLAGE DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
For the Year Ended December 31, 2013

	General Fund
Revenues	
Property taxes and related interest	\$ 1,237,368
Betterment income	6,460
Miscellaneous	4,941
Interest	1,748
Total Revenues	1,250,517
Expenditures	
General government	176,136
Highways and streets	217,410
Water distribution and treatment	103,361
Building	197,352
Capital expenditures	362,072
Debt service	59,188
Operating leased payments	14,338
Public safety	16,581
Total Expenditures	1,146,438
Excess (Deficiency) of Revenues Over (Under) Expenditures	104,079
Net Change in Fund Balance	104,079
Fund Balance - Beginning of year	1,062,827
Transfers-Out	(62,844)
Fund Balance - End of year	\$ 1,104,062

WATERVILLE ESTATES VILLAGE DISTRICT
Statement of Net Position
Proprietary Fund
December 31, 2013

ASSETS

Assets	
Cash and equivalents	\$ -
Inventory	27,848
Prepaid expenses	<u>12,240</u>
Total Assets	<u>\$ 40,088</u>

LIABILITIES AND NET POSITION

Liabilities	
Due to general fund	<u>\$ 29,503</u>
Fund Net Assets	
Unrestricted Net Assets	<u>10,585</u>
Total Net Position	<u>10,585</u>
Total Liabilities and Fund Net Assets	<u>\$ 40,088</u>

WATERVILLE ESTATES VILLAGE DISTRICT
Statement of Revenues, Expenses and Change in Net Position
Proprietary Fund
For The Year Ended December 31, 2013

Operating Revenues

Rental income	\$ 144,000
Management fee	100,000
Membership passes	32,693
Recreation income	10,087
Food and beverage income	153,796
Catering income	120,906
Campton Mountain income	52,256
Room rental and event income	7,617

Total Operating Revenues	<u>621,355</u>
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Operating Expenses

Wages and related expenses	367,593
Administrative expenses	36,652
Cost of food, beverage and supplies	112,214
Lounge expenses	67,505
Repairs, maintenance and supplies	25,139
Ski Area	48,826
Member services expenses	22,619

Total Operating Expenses	<u>680,548</u>
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Total Operating Income (Loss)	<u>(59,193)</u>
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Nonoperating Revenue and Expense

Interest income	<u>0</u>
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Total Nonoperating Revenues (Expenses)	<u>0</u>
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Change in Net Position	(59,193)
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Net Position - Beginning of Year	6,934
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Transfers-in	<u>62,844</u>
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Net Position - End of Year	<u><u>\$ 10,585</u></u>
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WATERVILLE ESTATES VILLAGE DISTRICT
Statement of Cash Flow
Proprietary Fund
For The Year Ended December 31, 2013

Cash flows from operating activities:	
Receipts from customers	\$ 621,355
Payments to vendors	(316,606)
Payments to employees	(367,593)
	<u>(62,844)</u>
Net cash flows provided by (used in) operating activities	
	<u>(62,844)</u>
Cash Flows from Noncapital Financing Activities:	
Transfers from General Fund	62,844
	<u>62,844</u>
Cash flows from noncapital and related financing	
	<u>62,844</u>
Cash flows from capital and related financing activities:	
	<u>-</u>
Cash flows from investing activities:	
Interest income	0
	<u>0</u>
Net cash provided by (used in) investing activities	
	<u>0</u>
Net increase (decrease) in cash	
	0
Cash and equivalents - beginning of year	
	<u>0</u>
Cash and equivalents - end of year	
	<u>\$ -</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	\$ (59,193)
Adjustments to reconcile operating income to net cash provided by operating activities:	
(Increase) decrease in assets:	
Inventories	(8,375)
Prepaid expenses	(12,240)
Due to General Fund	16,964
Increase (decrease) in liabilities:	
Accounts payable	-
	<u>-</u>
Net cash flows provided by (used in) operating activities	
	<u>\$ (62,844)</u>

The accompanying notes are an integral part of these financial statements

WATERVILLE ESTATES VILLAGE DISTRICT NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Waterville Estates Village District (the "District") is a New Hampshire Municipal Corporation governed by a Board of Commissioners and other elected officials. The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies and its conformity with such principles are disclosed below.

FINANCIAL REPORTING ENTITY

As required by Governmental Accounting Standards Board statement No. 14, *The Financial Reporting Entity*, these financial statements are required to present the District (primary government), and its component units (if any). A primary government is defined as any state government or general-purpose local government. In addition, a primary government may also consist of a special purpose government (such as a school district or local administrative unit) that meets all of the following criteria: (1) it has a separately elected governing body; (2) it is legally separate; and (3) it is fiscally independent of other governments.

A component unit is defined as a legally separate organization for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government is such that the exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on the foregoing criteria, no other related organizations are included in the District's financial reporting entity.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of activities and changes in net assets) report information on all of the nonfiduciary activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include grants from the State of New Hampshire that are restricted to meeting the operational requirements of a particular function or segment. Other items not properly included in program revenues are reported instead as general revenues. Major individual governmental funds are reported as separate columns in the fund financial statements.

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*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. 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 resource 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 year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The district uses both governmental funds and business-type funds.

Governmental Funds

Governmental funds are those through which most governmental functions of the District are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or may not be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

General Fund – The General Fund is used to account for all financial resources of the District except those required to be accounted for in another fund. The general fund balance is available to the District for any purpose provided it is expended according to the general laws of New Hampshire.

Capital Reserve Fund - The Capital Reserve Fund is used to account for funds set aside for future capital expenditures.

Revenues - Exchange and Non-Exchange Transactions

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 the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 60 days of the fiscal year end. Under the modified accrual basis, only interest is considered to be both measurable and available at year end.

Non-exchange transactions, in which the District receives value without directly giving value in return, include state grants. On the accrual basis, revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

Expenses/Expenditures

On an accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

Cash and Investments

For financial reporting purposes, cash and equivalents include amounts in demand deposits and money market funds as well as certificates of deposit and short-term investments with original maturities of ninety days or less. The District is required by State statute to have custody of all monies belonging to the District and shall pay out the same only upon orders of the Commissioners. The District shall deposit all such monies in solvent banks in the state or in participation units of the public deposit investment pool established pursuant to RSA 383:22. Funds may be deposited in banks outside the state if such banks pledge to deliver to the state treasurer as collateral security for such deposits in value at least equal to the amount of the deposit in each case.

Whenever the District Treasurer has an excess of funds which are not immediately needed for the purpose of expenditure, State statutes require the Treasurer, with the approval of the Commissioners, to invest the same in obligations of the United States government, in savings bank deposits, of banks incorporated under the laws of the State of New Hampshire or in certificates of deposits in banks incorporated under the laws of the State of New Hampshire or in national banks located within this state or the Commonwealth of Massachusetts. Any person who directly or indirectly receives any such funds or monies for deposit or for investment in securities of any kind shall, prior to acceptance of such funds, make available at the time of such deposit or investment an option to have such funds secured by collateral having at least equal value to the amount of such funds. Such collateral shall be segregated for the exclusive benefit of the District. Only securities defined by the bank commissioner as provided by rules adopted pursuant to RSA 386:57 shall be eligible to be pledged as collateral.

Risk Management

The District is exposed to various risk of loss related to torts; theft of, damage to, or destruction of assets, errors or omissions, injuries to employees, or acts of God. During 2013, there were no significant reductions in insurance coverage from the prior year.

Capital Assets

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The District possesses roads and water system as infrastructure assets. The cost of the water system is known and capitalized. However, cost for roads has not been maintained, and as a Phase III municipality, the District elects to record road infrastructure costs prospectively as allowed by GASB Statement No. 34. Improvements to assets are capitalized but the normal maintenance and repairs that do not add materially to the value of the assets or materially extend the asset's life are expensed when incurred.

Net Assets

Net assets present the difference between assets and liabilities in the statement of net assets. Net assets invested in capital assets are reduced by any outstanding borrowings used to acquire those assets.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Deferred Revenue

The District reports deferred revenue in the governmental fund balance sheet. Deferred revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. In general, monies received within 60 days after year-end are considered to have been for the prior year services.

The District levies property taxes, which according to State Law, is collected by the Towns of Campton and Thornton and then remitted to the district. Property taxes are levied in May and November based on assessed valuations as of April 1 of each year. Campton and Thornton taxes are recognized based on collections during the year and for 60 days subsequent to December 31 in accordance with GASB 33. Any taxes receivable not collected within the 60 days are classified as deferred revenue and recognized as

revenue when received. The Towns of Campton and Thornton remit taxes to the District for amounts collected.

Budget Policy and Practice

The District's manager submits an annual budget to the Commissioners as required by law. The budget is presented to the Commissioners for review, and public hearings are held to address priorities and the allocation of resources. In March, the District adopts the annual fiscal year budget for the District's operating funds. Once approved, the Commissioners may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

Basis of Budgeting

The budgets for operating funds are prepared on the cash and expenditures basis. Revenues are budgeted in the year receipt is expected; and expenditures are budgeted in the year that the expenditure is to be incurred.

NOTE 2 - CASH AND EQUIVALENTS

Deposits – The District's cash deposits are categorized to give an indication of the level of risk assumed by the District at December 31. *Category 1* - Includes deposits that are insured or collateralized with securities held by the District or by its agent in the District's name. *Category 2* – Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name. *Category 3* - Includes deposits that are uninsured and uncollateralized.

	Category			Bank Balance	Carrying Value
	1	2	3		
Bank Deposits	<u>\$ 250,000</u>	<u>\$ 106,318</u>	<u>\$ 69,844</u>	<u>\$ 426,162</u>	<u>\$ 554,000</u>

NOTE 3 - CAPITAL ASSETS

A summary of changes in general fixed assets for the year ended December 31, 2013 is as follows:

	Balance 1/1/13	Additions	Deletions	Balance 12/31/13
Capital Assets - Nondepreciable				
Land	<u>\$ 18,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,200</u>
Capital Assets - Depreciable				
Buildings	1,960,552	226,948	-	2,187,500
Equipment	389,660	4,336	-	393,996
Ski Area	155,269	-	-	155,269
Paving	145,322	68,223	-	213,545
Vehicles	287,886	-	-	287,886
Water System	1,626,978	62,564	-	1,689,542
Total Depreciable Assets	<u>4,565,667</u>	<u>362,071</u>	<u>-</u>	<u>4,927,738</u>
Less Accumulated Depreciation	<u>(2,188,299)</u>	<u>(162,570)</u>	<u>-</u>	<u>(2,350,869)</u>
Total Depreciable Assets - Net	<u>2,377,368</u>	<u>199,501</u>	<u>-</u>	<u>2,576,869</u>
Net Book Value of Assets	<u>\$ 2,395,568</u>	<u>\$ 199,501</u>	<u>\$ -</u>	<u>2,595,069</u>

NOTE 4 - LONG-TERM DEBT

The following is a summary of the District's general long-term debt transactions for the year ended December 31, 2013:

	General Obligation Debt Payable
Balance - January 1	\$ 274,570
Issued	-
Retired	<u>(52,081)</u>
Balance - December 31	<u>\$ 222,489</u>

General long-term debt payable at December 31, 2013 consists of the following issues:

<u>Description of Issue</u>	<u>Original Issue</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Outstanding December 31</u>
<i>General Obligation Debt</i>					
Water Project	\$ 259,571	6/1/12	4/15/19	2.48	<u>\$ 222,489</u>

During 2012, the Water Project debt was refinanced for the purpose of obtaining an interest rate 2.09% lower than the previous obligation.

Annual requirements to amortize all general obligation debt outstanding as of December 31, 2013, including interest payments, are as follows:

Year Ending December 31	<u>Governmental Fund Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 37,081	\$ 5,518	\$ 42,599
2015	37,082	4,598	41,680
2016	37,081	3,689	40,770
2017	37,082	2,751	39,833
2018	37,081	1,839	38,920
2019	<u>37,082</u>	<u>920</u>	<u>38,002</u>
	<u>\$ 222,489</u>	<u>\$ 19,315</u>	<u>\$ 241,804</u>

NOTE 5 – RECREATION REVOLVING FUND AND RELATED PARTY TRANSACTION

Effective July 1, 2006, the District established a Recreation Revolving Fund pursuant to RSA 35-B: 2, II. This fund is a proprietary fund for accounting and reporting purposes. The fund is to receive all fees for the use of the recreational facilities and concessions including building rental and management fees from Waterville Estates Association. Rent and management fees received for the current year were \$ 144,000 and \$ 100,000, respectively. In addition, funds may accumulate from year to year and shall not be considered part of the District's unreserved fund balance.

NOTE 6 – RETIREMENT PLAN

The District participates in the New Hampshire Retirement System (the System). The plan is a contributory, defined benefit plan providing service, disability, death and vested benefits to members and their beneficiaries. Provisions for benefits are established and can be amended by the New Hampshire Legislature. The System issues a publicly available financial that may be obtained by writing the New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301.

The system is financed by contributions from both the employees and the District. All employees are required to contribute 7% of eligible compensation. The District contributed for its employees 8.80% for the period January 1 to June 30, 2013 and 12.13% for the remainder of the year. The employer contribution requirement for 2013 was \$ 28,592.

NOTE 7 – CONTINGENCIES

Amounts of grants received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may be disallowed by the grantor, and may constitute a liability of the applicable funds. The amount of the expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

WATERVILLE ESTATES VILLAGE DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2013

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Taxes	\$ 1,219,754	\$ 1,253,142	\$ 33,388
Interest income on investments	1,078	1,748	670
Miscellaneous and betterment assessment	-	11,401	11,401
Total Revenues	1,220,832	1,266,291	45,459
Expenditures			
General government	188,352	176,136	12,216
Highways and streets	245,776	217,410	28,366
Water Distribution and Treatment	161,205	103,361	57,844
Capital outlay	561,533	362,072	199,461
Building	285,359	197,352	88,007
Debt Service	76,044	73,526	2,518
Public safety	12,801	16,581	(3,780)
Total Expenditures	1,531,070	1,146,438	384,632
Excess (Deficiency) of Revenues Over (Under) Expenditures	(310,238)	119,853	430,091
Other Sources (Uses)			
Proceeds of debt	-	-	-
Proceeds grants	-	-	-
Total Other Sources (Uses)	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(310,238)	119,853	430,091
Budgetary Fund Balance - Beginning of year	1,064,707	1,064,707	-
Operating transfers	-	(62,844)	(62,844)
Budgetary Fund Balance - End of year	\$ 754,469	\$ 1,121,716	\$ 367,247

WATERVILLE ESTATES VILLAGE DISTRICT
Note to required Supplementary Information
For the year ended December 31, 2013

Reconciliation of General Fund Budgetary Basis to GAAP

Revenues and other financing sources budgetary basis	\$ 1,266,291
Adjustments to budgetary basis:	
Decrease in deferred revenue	<u>(15,774)</u>
Revenues per Statement of Activity - GAAP basis	<u>\$ 1,250,517</u>
Expenditures and other financing uses - budgetary basis	
Budgetary and GAAP basis expenditures	<u>\$ 1,209,282</u>
Fund Balance - Budgetary basis	\$ 1,121,716
Adjustment - deferred revenue differential	<u>(15,774)</u>
Fund Balance - GAAP Basis	<u>\$ 1,105,942</u>