

TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE

FINANCIAL STATEMENTS  
AND SUPPLEMENTAL SCHEDULES  
With Independent Auditor's Reports Thereon

DECEMBER 31, 2019

# TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE

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December 31, 2019

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# The Mercier Group

*a professional corporation*

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## *INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS*

To the Members of the Selectboard and Management  
Town of Waterville Valley, New Hampshire

**Report on the Financial Statements.** We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Waterville Valley, New Hampshire as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

**Auditor's Responsibility.** Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic 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 risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town'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 evaluation the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluation 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.

**Opinions.** In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Waterville Valley, New Hampshire, as of December 31, 2019, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters:**

*Required Supplementary Information.* Management has not presented a *Management's Discussion and Analysis* of the financial statements. Although it is not required to be part of the basic

financial statements, United States generally accepted accounting principles considers it required supplementary information. Budgetary and other information presented in the section marked *Required Supplementary Information* are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and therefore express no opinion on it.

*Supplementary Information.* Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying schedules listed in the table of contents such as the individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Paul J. Mercier, Jr. cpa for*

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**The Mercier Group**, a professional corporation

Grantham, New Hampshire

April 9, 2020

# **Basic Financial Statements**

Exhibit A1  
**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**

*Statement of Net Position*

December 31, 2019

*All numbers are expressed in USA Dollars*

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	1,764,082
Receivables <i>(net of allowance for uncollectibles)</i>	
Taxes	239,170
Accounts	219,217
Capital assets:	
Land	1,218,435
Buildings and other structures	3,839,445
Construction in progress	1,804,959
Machinery, Vehicles & Equipment	3,430,447
Infrastructure	11,947,720
Accumulated depreciation	(6,820,289)
	<u>17,643,186</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	
Pension related <i>(NHRS)</i>	156,244
OPEB related <i>(NHRS)</i>	257
	<u>156,501</u>
<b>LIABILITIES</b>	
Accounts payable and other current liabilities	50,049
Intergovernmental payable	567,524
Long-term obligations:	
Due within one year	
Bonds & notes payable	506,782
Due Beyond one year:	
Bonds & notes payable	3,822,587
Town share of NHRS net pension liability	2,130,795
Town share of NHRS OPEB liability	181,221
	<u>7,258,958</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related <i>(NHRS)</i>	168,547
OPEB related <i>(NHRS)</i>	519
	<u>169,066</u>
<b>NET POSITION</b>	
Net investment in capital assets	11,091,348
Restricted for:	
Osceola Library	5,603
Conservation Commission	5,423
Capital acquisitions & maintenance	2,900
Capital & noncapital reserves	568,856
Unrestricted(deficit)	(1,302,467)
	<u><u>10,371,663</u></u>

The notes to the financial statements are an integral part of these statements.

Exhibit A2  
**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**

*Statement of Activities*

For the Fiscal Year Ended December 31, 2019

*All numbers are expressed in USA Dollars.*

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		<b>Net (Expense) Revenue and</b>
		<b>Charges for</b>	<b>Operating</b>	<b>Changes in Net Position</b>
		<b>Services</b>	<b>Grants and</b>	<b>Primary Government</b>
			<b>Contributions</b>	<b>Governmental</b>
				<b>Activities</b>
Primary government:				
<i>Governmental activities:</i>				
General Government	924,236	-	15,143	(909,093)
Public safety	880,097	96,922		(783,175)
Highways and streets	399,106		14,330	(384,776)
Sanitation	571,074	447,110		(123,964)
Water distribution & treatment	156,718	249,477		92,759
Health	3,824			(3,824)
Welfare	968			(968)
Culture and recreation	411,707	201,564		(210,143)
Conservation	5,000			(5,000)
Interest on long-term debt	36,083			(36,083)
Depreciation-unallocated	538,582			(538,582)
	<u>3,927,395</u>	<u>995,073</u>	<u>29,473</u>	<u>(2,902,849)</u>
General revenues:				
Taxes:				
Property taxes, levied for general purposes				2,401,110
Property taxes, levied for debt services				563,004
Licenses and permits				144,265
Other local revenues				91,660
				<u>3,200,039</u>
Change in net position				297,190
Net position - beginning, as restated				<u>10,074,473</u>
Net position - ending				<u><u>10,371,663</u></u>

The notes to the financial statements are an integral part of these statements.

Exhibit B1  
**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**  
*Balance Sheet*  
*Governmental Funds*  
December 31, 2019

*All numbers are expressed in USA Dollars*

		Capital &	Non-major Governmental Funds			Total
	General	Noncapital Reserves	Osceola Library	Conservation Commission	WV Capital Improvements	Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	1,647,294	89,230	5,603	5,423	16,532	1,764,082
Receivables						
Taxes	239,170					239,170
Accounts	219,217					219,217
Interfund	2,582					2,582
	<u>2,108,263</u>	<u>89,230</u>	<u>5,603</u>	<u>5,423</u>	<u>16,532</u>	<u>2,225,051</u>
<b>LIABILITIES</b>						
Accounts payable	50,049					50,049
Interfund payable		2,582				2,582
Intergovernmental payable	567,524					567,524
	<u>617,573</u>	<u>2,582</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>620,155</u>
<b>DEFERRED INFLOWS</b>						
Unavailable taxes revenues	55,000					55,000
	<u>55,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,000</u>
<b>FUND BALANCES</b>						
<i>Restricted for</i>						
Osceola Library			5,603			5,603
Conservation Commission				5,423		5,423
National Night Out	2,900					2,900
<i>Committed for</i>						
Capital acquisitions & maintenance	465,676	86,648			16,532	568,856
Unassigned	967,114					967,114
	<u>1,435,690</u>	<u>86,648</u>	<u>5,603</u>	<u>5,423</u>	<u>16,532</u>	<u>1,549,896</u>
	<u>2,108,263</u>	<u>89,230</u>	<u>5,603</u>	<u>5,423</u>	<u>16,532</u>	<u>2,225,051</u>

The notes to the financial statements are an integral part of these statements.



Exhibit B2  
**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**  
*Reconciliation of Governmental Funds*  
*Balance Sheet to the Statement of Net Position*  
December 31, 2019

*All numbers are expressed in USA Dollars*

**Total Fund Balance - Governmental Funds (Exhibit B1)** 1,549,896

Amounts reported for governmental activities in the statement of net position are different because:

*Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:*

Land	1,218,435	
Buildings and other structures	3,839,445	
Construction in progress	1,804,959	
Machinery, Vehicles & Equipment	3,430,447	
Infrastructure	11,947,720	
Accumulated depreciation	(6,820,289)	
		15,420,717

*Receivables in the Balance Sheet that do not provide current financial resources are not recognized in the funds:*

Taxes not available to pay current obligations		55,000
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*Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:*

Notes payable	(4,329,369)	
Town's share of New Hampshire Retirement System:		
Net pension liability	(2,130,795)	
Deferred outflows of resources - Pension	156,244	
Deferred inflows of resources - Pension	(168,547)	
OPEB liability	(181,221)	
Deferred outflows of resources - OPEB	257	
Deferred inflows of resources - OPEB	(519)	
		(2,324,581)
		(6,653,950)

<b>Net Position of Governmental Activities (Exhibit A1)</b>		10,371,663
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The notes to the financial statements are an integral part of these statements.

Exhibit B3  
**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**  
*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
Governmental Funds  
For the Fiscal Year Ended December 31, 2019

All numbers are expressed in USA Dollars

		Capital &	Non-major Governmental Funds			Total
	General	Noncapital Reserves	Osceola Library	Conservation Commission	WV Capital Improvements	Governmental Funds
<b>REVENUES</b>						
Taxes	2,964,114					2,964,114
Licenses and permits	144,265					144,265
State support	29,473					29,473
Charges for services	995,073					995,073
Other local sources	87,548	2,960	1,145	-	7	91,660
	4,220,473	2,960	1,145	-	7	4,224,585
<b>EXPENDITURES</b>						
Current:						
General Government	868,535					868,535
Public safety	880,097					880,097
Highways and streets	382,256	16,850				399,106
Sanitation	571,074					571,074
Water distribution & treatment	156,718					156,718
Health	3,824					3,824
Welfare	968					968
Culture and recreation	407,865		3,842			411,707
Conservation	5,000					5,000
Debt service						
Principal	436,281					436,281
Interest	126,483					126,483
Capital outlay	2,032,760					2,032,760
	5,871,861	16,850	3,842	-	-	5,892,553
Excess of revenues over(under) expenditures	(1,651,388)	(13,890)	(2,697)	-	7	(1,667,968)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	92,936	30,000	2,000			124,936
Transfers out	(32,000)	(92,936)				(124,936)
Proceeds of long-term debt	1,228,000					1,228,000
	1,288,936	(62,936)	2,000	-	-	1,228,000
Net change in fund balances	(362,452)	(76,826)	(697)	-	7	(439,968)
Fund balances - beginning	1,798,142	163,474	6,300	5,423	16,525	1,989,864
Fund balances - ending	1,435,690	86,648	5,603	5,423	16,532	1,549,896

The notes to the financial statements are an integral part of these statements.

Exhibit B4  
**TOWN OF WATERVILLE VALLEY, 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, 2019

All numbers are expressed in USA Dollars

**Net change in fund balances - total governmental funds (Exhibit B3)** (439,968)

Amounts reported for governmental activities in the statement of activities (Exhibit A2) 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.*

Reduce expenditures for capital outlays increasing capital assets	2,032,760
Increase expenditures for depreciation charges	(538,582)

*The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.*

Reduction in Other Financing Sources for long-term debt issued	(1,228,000)
Bond issue premium applied to principal on debt	90,400
Reduction in expenditures for principal payments on debt	436,281

*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.*

Town's share of New Hampshire Retirement System:

(increase)decrease in net pension liability	(59,458)
Increase(decrease) in deferred outflows of resources - Pension	(36,577)
(Increase)decrease in deferred inflows of resources - Pension	47,509
(increase)decrease in net OPEB liability	5,611
Increase(decrease) in deferred outflows of resources - OPEB	(12,861)
(Increase)decrease in deferred inflows of resources - OPEB	75
	(55,701)

<b>Change in net position of governmental activities (Exhibit A2)</b>	297,190
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The notes to the financial statements are an integral part of these statements.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Waterville Valley is a New Hampshire Municipal Corporation governed by a Selectboard and other elected officials. The financial statements of the Town have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to the 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 Town's accounting policies and its conformity with such principles are disclosed below. These disclosures are an integral part of the Town's financial statements.

### FINANCIAL REPORTING ENTITY

The accompanying financial statements present the Town and its component units. A component unit is defined by GASB 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. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Based on the foregoing criteria, no other organizations are included in the Town's financial reporting entity and the Town is not a component unit of any other primary government.

### 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 activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, constitute all of the Town's activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenue* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

### 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 they occur and expenses are recorded when a 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.

# TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE

## Notes to Financial Statements

December 31, 2019

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**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 Town considers all revenues except property taxes to be available if they are collected within 60 days of the end of the current fiscal period. A period of 180 days is used for property taxes due to large offsetting liabilities for school taxes payable, which are payable in installments through June 30, 2020. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Tax assessments (property and other taxes), grants, charges for services, and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period when measurable and available. If any, only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

- The *General Fund* is the Town's main operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund.
- The *Capital and Noncapital Reserves Fund* is a capital projects fund that accounts for the Town's capital and non-capital reserves, which were created by vote of the legislative body and are restricted for specific purposes.

Private-sector standards of accounting and financial reporting issued on or before November 30, 1989 generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

**General Budget Policies** – 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 that govern the Town's operations. The Town votes appropriations by official ballot in accordance with State Statutes. Appropriations are made on an annual basis for the General and all major Special Revenue Funds. Project-length financial plans are adopted for all Capital Projects. Except as reconciled below, budgets are adopted on a basis generally consistent with the modified accrual basis of accounting. Management may transfer appropriations between operating categories as they deem necessary, but expenditures may not legally exceed budgeted appropriations in total. Unexpended balances of special articles for specific purposes may not be

# TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE

## Notes to Financial Statements

December 31, 2019

transferred. All annual appropriations lapse at year-end unless encumbered. In the case of emergency expenditures, over-expenditures are allowed under the provisions of the Municipal Budget Law (RSA Chapter 32) if prior approval is secured from the State Department of Revenue Administration. State statutes require balanced budgets, but provide for the use of beginning unassigned fund balance to achieve that end. In the fiscal year 2019, \$ 139,365 of the beginning General Fund balance was applied for this purpose.

Encumbrance accounting, under which purchase orders, contracts, and continuing appropriations (certain projects and specific items not fully expended at year-end) are recognized, is employed in the governmental funds. Encumbrances are not the equivalent of expenditures and are therefore reported as part of the fund balance at December 31 and are carried forward to supplement appropriations of the subsequent year. Amounts recorded as budgetary expenditures in the *Budgetary Comparison Schedule (Exhibit C1)* are presented on the basis budgeted by the Town. The amounts differ from those reported in conformity with generally accepted accounting principles in the *Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit B3)* as follows:

Expenditures and Other Financing Uses ~ Budgetary Basis ( <i>see Exhibit C1</i> )	\$ 5,506,613
Adjustments:	
Encumbrances - December 31, 2018	865,824
Encumbrances - December 31, 2019	<u>(468,576)</u>
Expenditures and Other Financing Uses ~ GAAP Basis ( <i>see Exhibit B3</i> )	<u>\$ 5,903,861</u>

## ASSETS, LIABILITIES AND FUND EQUITY

**Deposits 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 90 days or less. With the exception of Library and Trust Fund monies, which are held by separately elected trustees, the Town Treasurer is required by State statute to have custody of all monies belonging to the Town and shall pay out the same only upon orders of the Selectboard. The Town Treasurer shall deposit all such monies in solvent banks in the state or in participation units in the public deposit investment pool established pursuant to RSA 383:22. Monies may be deposited in banks outside the state if such banks pledge and 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 Town Treasurer has an excess of monies which are not immediately needed for the purpose of expenditure, State statutes require the Treasurer, with the approval of the Town Manager, 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 of 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 monies for deposit or for investment in securities of any kind shall, prior to acceptance of such monies, make available at the time of such deposit or investment an option to have such monies secured by collateral having a value at least equal to the amount of such monies. Such collateral shall be segregated for the exclusive benefit of the town. 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.

# TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE

## Notes to Financial Statements

December 31, 2019

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The Town Trustees are authorized by State statute to invest Trust Funds, including Capital Reserve Funds, in obligations of political subdivisions and stocks, bonds that are legal for investment by New Hampshire savings banks except mutual funds unless the mutual funds are registered with the Securities and Exchange Commission, qualified for sale in the State of New Hampshire in accordance with the New Hampshire Uniform Securities Act of the New Hampshire Secretary of State's Office, and have in their prospectus a stated investment policy that is consistent with the investment policy adopted by the Trustees of Trust Funds in accordance with RSA 35:9. The Trustees may also invest trust monies in New Hampshire credit unions and in the public deposit investment pool established pursuant to RSA 383:22. Capital Reserve monies must be kept in separate accounts and not intermingled with other monies.

**Receivables and Revenues.** Revenues for the most part are recorded when received, except for the following items for which receivables have been recorded: ***Tax revenue*** is recognized in the period for which the taxes were levied. However, any taxes not liened or deeded within statutory time limits and 1.00% of the remaining uncollected balances are considered in determining the allowance for uncollectible receivables. Property tax revenues not collected within 180 days after year-end are not considered an "available spendable resource" and likewise are reported as deferred inflows of resources in the governmental funds. As prescribed by law, the Tax Collector places a lien on properties for all uncollected property taxes in the following year after taxes are due. The lien on these properties has priority over other liens and accrues interest at 18% per annum. If property is not redeemed within the 2-year redemption period, the property is tax-deeded to the Town. ***Interest on deposits*** is recorded as revenue in the year earned. Certain ***grants*** received from other governments require that eligible expenditures be made in order to recognize the revenue. Revenue for these grants is recorded for the period in which eligible expenditures are made. Various ***service charges*** (Water, Sewer, Landfill, Ambulance, etc.) are recorded as revenue for the period when service was provided.

**Interfund Receivables and Payables.** During the course of normal operations, the Town has activity between funds, including expenditures and transfers of resources to provide services and fund capital outlay. All outstanding balances between funds are reported as "due to/from other funds".

**Inventories and Prepaid Items.** Inventory in the Governmental and Proprietary Funds consists of expendable supplies held for consumption. The cost thereof has been recorded as an expenditure at the time individual inventory items were purchased. Certain payments to vendors reflect costs applicable to future reporting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Capital Assets.** Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the in the government-wide financial statements. Capital assets are defined by the Town as assets with an individual cost of more than \$5,000 and an initial estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. Property, plant, and equipment of the Town are

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# TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE

## Notes to Financial Statements

December 31, 2019

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depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20
Public domain infrastructure	40
Light vehicles	5
Heavy vehicles	10
Office equipment	5
Computer equipment	5
Other equipment & furnishings	10

**Deferred Outflows of Resources.** Deferred outflows of resources represent the consumption of resources that are applicable to future accounting periods. In subsequent periods, when expense recognition criteria are met, the deferred outflow is removed from the balance sheet and expense is recognized.

**Compensated Absences.** It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All benefits are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**Long-Term Obligations.** In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities. If any, bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Deferred Inflows of Resources.** Deferred inflows of resources arise in governmental funds when potential non-exchange revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred inflows also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the deferred inflow is removed from the balance sheet and revenue is recognized.

**Fund Equity.** In the governmental fund Balance Sheet, fund balances are reported using a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned depending on the level of constraints. *Nonspendable fund balance* includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. *Restricted fund balance* is the amount that is restricted to specific purposes by external requirements such

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# TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE

## Notes to Financial Statements

December 31, 2019

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as those of creditors, grantors, contributors or laws and regulations or imposed by law through constitutional provisions or legally enforceable enabling legislation. *Committed fund balance* is the amount that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority (the legislative body). *Assigned fund balance* is the amount that is constrained by the Town's intent to be used for specific purposes, but is not restricted or committed. *Unassigned fund balance* is the residual classification for the general fund. Whenever multiple classifications of resources are available for use, it is the Town's policy to use restricted, committed and assigned resources in that order first, then unassigned resources as they are needed.

**Accounting Estimates.** Accounting estimates are an integral part of the financial statements. They are based on our knowledge and experience about past and current events and assumptions about future events. Actual results may differ from our estimates.

## ASSETS

### CASH AND CASH EQUIVALENTS

**Deposits.** Throughout the fiscal year, all bank deposits were insured by Federal Depository Insurance (FDIC) or collateralized with securities held by the Town or its agent in the Town's name.

**Cash Equivalents.** The Town participates in the *New Hampshire Public Deposit Investment Pool*. At this time, the Pool's investments are made only in securities approved by the New Hampshire Bank Commissioner with the assistance of the Advisory Committee, and in accordance with policies designed to preserve capital. While the Pool seeks to maintain a stable net asset value of \$1.00 per Share, it is possible to lose money investing in the Pool. An investment in the Pool is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.

**Concentrations of credit and market risk.** Financial instruments that potentially expose the Town to credit risk consist primarily of bank deposits and participation units of the New Hampshire Public Deposit Investment Pool. It is the Town's policy to deposit monies in high quality financial institutions according to State Statutes and to limit risk by maintaining deposits within the Federal Depository Insurance Corporation (FDIC) limits whenever possible or to require banking institutions to collateralize deposits. The Town has not experienced any losses on its cash deposits during 2019 and management believes the Town is not exposed to significant credit risk on those amounts. Each participation unit of the Pool is valued at one-dollar and does not fluctuate with the market values of underlying investments.

### PROPERTY TAXES

The property tax year is from April 1 to March 31 and all property taxes are assessed on the inventory taken in April of that year. The 2019 property tax levy was based on a net assessed valuation as of April 1, 2019 of \$331,620,845. State Education Taxes were based on a State-wide equalized valuation of \$328,961,445. In connection with the setting of the tax rate, Town Officials, with the approval of the New Hampshire Department of Revenue Administration, establish and raise through taxation an amount for abatements and refunds of property taxes, known as overlay.

# TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE

## Notes to Financial Statements

December 31, 2019

This amount is reported as a reduction in tax revenue and is adjusted by management for any tax reserves at year-end. Property taxes collected by the Town include taxes levied for the State of New Hampshire, the Waterville Valley School District and Grafton County, which are remitted to these entities as required by law.

The tax rates and amounts assessed for the year ended December 31, 2019, were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Levied
Municipal portion	\$ 8.79	\$ 2,916,334
County Tax Assessment	1.86	615,273
Local School Tax Assessment	1.44	477,258
State Education Tax Assessment	2.05	675,266
	<u>\$ 14.14</u>	<u>\$ 4,684,131</u>

## TAXES RECEIVABLE

Taxes receivable at December 31, 2019, are as follows:

<u>Uncollected Taxes</u>	
Property	\$ 218,221
Unassigned credits	<u>(11,167)</u>
	\$ 207,054
<u>Unredeemed Taxes (under tax liens)</u>	
Levy of 2018	\$ 22,848
Levy of 2017	7,917
Levy of 2016	4,283
Levy of 2015	<u>2,068</u>
	<u>37,116</u>
	244,170
Reserve for uncollectible taxes receivable	<u>(5,000)</u>
	<u>\$ 239,170</u>

The responsibility for the collection of taxes rests with the Town and tax amounts must be remitted to other municipal entities as requested. Any amounts due at year-end are reported in these financial statements as Intergovernmental payables.

The Town subscribes to the semi-annual method of tax collection as provided for by RSA 76:15-a. Under this method, tax bills are sent on or around June 1 and November 1 of each year, with interest accruing at a rate of 12% on bills outstanding for more than 30 days. The June 1 billing is considered an estimate only and is one-half of the previous year's tax billing. The remaining balance of taxes due is billed in the fall after the State Department of Revenue Administration has calculated and approved the Town's tax rate for the fiscal year.

As prescribed by law, within 18 months of the date assessed, the Tax Collector places a lien on properties for all uncollected property taxes in the following year after taxes are due. The lien on these properties has priority over other liens and accrues interest at 18% per annum. If the property

**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE***Notes to Financial Statements*

December 31, 2019

lien is not redeemed within the 2-year redemption period, the property is tax-deeded to the Town.

**ACCOUNTS RECEIVABLE**

Accounts receivables as of December 31, 2019 are as follows:

Accounts

Utility services ( <i>Sewer, Water &amp; MSD</i> )	205,951
Other	13,266
	<u>\$ 219,217</u>

**INTERFUND RECEIVABLES/PAYABLES**

Individual fund interfund receivable and payable balances at December 31, 2019 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
<b><i>Governmental Activities:</i></b>		
General Fund	\$ 2,582	\$ -
Capital & Non-capital Reserves:		
Ladder Truck		697
Road Repairs	-	1,885
	<u>\$ 2,582</u>	<u>\$ 2,582</u>

**CAPITAL ASSETS**

A summary of changes in capital assets for the fiscal year ended December 31, 2019 is as follows:

	<i>Governmental Activities</i>			
	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
Land	\$ 1,111,369	\$ 107,066	\$ -	\$ 1,218,435
Buildings & Other Structures	3,718,622	120,823	-	3,839,445
Construction in Progress	6,467,944	684,648	5,347,633	1,804,959
Machinery, Vehicles & Equipmen	3,243,950	1,494,963	1,308,466	3,430,447
Infrastructure	<u>6,974,827</u>	<u>4,972,893</u>	<u>-</u>	<u>11,947,720</u>
	21,516,712	7,380,393	6,656,099	22,241,006
Less: Accumulated Depreciation	<u>(7,590,173)</u>	<u>(538,582)</u>	<u>(1,308,466)</u>	<u>(6,820,289)</u>
	<u>\$ 13,926,539</u>	<u>\$ 6,841,811</u>	<u>\$ 5,347,633</u>	<u>\$ 15,420,717</u>

**RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets, errors or omissions, injuries to employees, and natural disasters. During the fiscal year, the Town was a member of the following public-entity risk pools, currently operating as a common risk management and insurance programs for member towns and school administrative units.

The *New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers' Compensation*

# TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE

## Notes to Financial Statements

December 31, 2019

**and Property/Liability** are pooled risk management programs under RSA 5-B and RSA 281-A. A coverage summary of worker's compensation and property/liability programs provided from 1/1/19 – 1/1/20 by *Primex*<sup>3</sup>, which retained \$1,000,000 of each Workers' Compensation loss, \$500,000 of each Liability loss and \$200,000 of each Property Loss is available on file at the Town Office. The Board has decided to retain the aggregate exposure and has allocated resources based on actuarial analysis for that purpose.

The Workers' Compensation Section of the Membership Agreement permits *Primex*<sup>3</sup> to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. At this time, Town management understands that the Trust foresees no likelihood of an additional assessment for this or any prior year. Claims have not exceeded insurance coverage in any of the past three years.

Total contributions billed for coverage period and any credits or balances due as of December 31, 2019 are as follows:

Property/Liability	\$ 50,389
Workers' Compensation	\$ 57,643

## LIABILITIES

### INTERGOVERNMENTAL PAYABLE

Payables due other governments at December 31, 2019 include:

#### General Fund

*School District Assessment due in monthly installments through June 30, 2020*

\$ 567,524

### LONG-TERM LIABILITIES

**Changes in General Long-Term Debt.** The following is a summary of the Town's general obligation long-term debt transactions for the fiscal year ended December 31, 2019:

	Balance January 1, 2019	Issued	Retired	Balance December 31, 2019	Due Within One Year
<b>General Obligation Debt</b>					
Bonds & notes	\$ 3,628,050	\$ 1,228,000	\$ 526,681	\$ 4,329,369	\$ 506,782

**General Long-term Debt Payable.** All debt is general obligation debt of the Town, which is backed by its full faith and credit. Long-term debt payable at December 31, 2019, is comprised of the following individual issues:

# TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE

## Notes to Financial Statements

December 31, 2019

Description of Issue	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding December 31 2019
<b>General obligation bonds &amp; notes:</b>					
Fire truck	\$ 454,000	08/31/12	08/31/22	2.15	\$ 136,200
WWTP Media Tank	\$ 500,000	05/01/13	05/01/20	1.59	71,429
Recycling/Road Repairs	\$ 385,000	05/01/13	05/01/20	1.59	55,000
Water and Sewer Improvements	\$ 481,900	02/03/14	02/03/24	3.19	214,180
DPW Garage	\$ 800,000	07/11/14	07/11/24	2.91	400,000
Water and Sewer Improvements	\$ 1,919,000	11/07/14	11/07/40	3.25	1,549,960
Corcoran Pond Dam	\$ 500,000	06/13/18	06/13/33	2.93	425,000
Town Entrance Sign & Paving	\$ 250,000	06/13/18	06/13/33	2.93	215,000
Well #3 Improvements	\$ 150,000	06/13/18	06/13/33	2.93	125,000
FD Ladder Truck;SW Trash Truck	\$ 1,078,000	06/15/19	06/15/44	2.58	987,600
Trail Improvements & Signage	\$ 150,000	12/31/19	12/31/30	2.58	150,000
					<u>\$ 4,329,369</u>

**Annual Requirements to Amortize General Obligation Debt.** The annual requirements to amortize all general obligation debt outstanding as of December 31, 2019, including interest payments, are as follows:

Fiscal Year Ending <u>December 31,</u>	General Obligation Notes and Bonds		
	Principal	Interest	Total
2020	\$ 506,782	\$ 151,873	\$ 658,655
2021	387,753	135,843	523,596
2022	387,753	121,926	509,679
2023	337,353	108,251	445,604
2024	278,808	95,992	374,800
	<u>1,898,449</u>	<u>613,885</u>	<u>2,512,334</u>
2025-29	944,040	346,572	1,290,612
2030-34	744,040	179,983	924,023
2035-39	519,040	81,762	600,802
2040-44	223,800	15,749	239,549
	<u>\$ 4,329,369</u>	<u>\$ 1,237,951</u>	<u>\$ 5,567,320</u>

**Bonds or Notes Authorized – Unissued.** Bonds and notes authorized and unissued as of December 31, 2019 were as follows:

Authorization	Purpose	Unissued Amount
March 09, 2010 ~ Article 3	Impr. Water Treatment & Distribution	673,100
March 09, 2010 ~ Article 4	Extending W&S Lines - West Branch	499,050
March 12, 2013 ~ Article 7	Reconstruct Tripoli Road Base	183,000
March 12, 2019 ~ Article 9	FD Ladder Truck	500
		<u>\$ 1,355,650</u>

# TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE

## Notes to Financial Statements

December 31, 2019

**Voluntary Separation Program.** For employees age 58 or older who voluntarily separate from service, Town Policy provides for the payment of health insurance premiums until the employee reaches age 65. In estimating future amounts due, the Town is using a 10% annual increase in costs based on actual experience of 8% annual increases. As of December 31, 2019, there were no employees participating in this program.

### **NEW HAMPSHIRE RETIREMENT SYSTEM ~ COST-SHARING DEFINED BENEFIT PENSION AND POSTEMPLOYMENT MEDICAL SUBSIDY HEALTHCARE PLANS**

Full-time employees participate in the State of New Hampshire Retirement System (NHRS), a public employee retirement system that administers one cost-sharing multiple-employer defined benefit pension plan (Pension Plan) and four separate cost-sharing multiple-employer postemployment medical subsidy healthcare plans. NHRS 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 **cost-sharing defined benefit pension plan (pension plan)** is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan. Full-time employees of political subdivisions, including counties, municipalities and school districts, are also eligible to participate as a group if the governing body of the political subdivision has elected participation.

The pension plan is divided into two membership groups. By statute, Group I (employee and teacher) members contribute 7% of their salary to NHRS. Group II (police & fire) members contribute 11.5% and 11.8% respectively. While member rates are set by statute, employer rates are set by the NHRS Board of Trustees every two years after a biennial actuarial valuation is conducted using the *Entry Age Normal* actuarial method. Employer contributions are assessed at five different rates, one each for state employees, political subdivisions employees, teachers, police and fire. NHRS employers are required by the New Hampshire Constitution to pay 100% of the actuarial sound employer contribution rate as certified by the NHRS Board of Trustees to fully fund the pension plan and to pay down the retirement system's unfunded actuarial accrued liability over a closed amortization period. Currently, employer contribution rates for the period July 1, 2019 through June 30, 2021 are as follows:

	<u>Pension</u>	<u>Medical Subsidy</u>	<u>Total</u>
Group I:			
Employees	10.88%	0.29%	11.17%
Group II:			
Police	24.77%	3.66%	28.43%
Fire	26.43%	3.66%	30.09%

According to the requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, the Town recognizes their proportionate share of collective net pension liability, deferred outflows of resources, deferred inflows of

# TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE

## Notes to Financial Statements

December 31, 2019

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resources and pension expense. As provided in the reports above, collective amounts have been allocated based on employer contributions during the respective fiscal years. Contributions to the plan are recognized when legally due, based on statutory requirements. This information along with significant assumptions and inputs for total pension liabilities, the NHRS's fiduciary net position and current year sources of changes to net pension liabilities are available for the plan as a whole as well as audited cost-sharing schedules by individual members in the System's Comprehensive Annual Financial Report and other annual reports are available from the NHRS located at Regional Drive ~ Concord, NH 03301-8509 or on its web site at: <https://www.nhrs.org> and <https://www.nhrs.org/employers/employer-resources/gasb/gasb-reports>

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

Group I benefits are based on creditable service, age and retirement date. Group II benefits are based on hire date, age and creditable service. The OPEB plan is closed to new entrants. Maximum medical subsidy rates paid during fiscal years 2019 and 2018 (the most recently available valuation dates) were as follows:

- For qualified retirees not eligible for Medicare, the amounts were \$375.56 for a single-person plan and \$751.12 for a two-person plan.
- For those qualified retirees eligible for Medicare, the amounts were \$236.84 for a single-person plan and \$473.68 for a two-person plan.

According to the requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, the Town recognizes their proportionate share of collective OPEB liability, deferred outflows of resources, deferred inflows of resources and OPEB expense. As provided in the reports above, collective amounts have been allocated based on employer contributions during the respective fiscal years. Contributions to the plan are recognized when legally due, based on statutory requirements. This information along with significant assumptions and inputs for total OPEB liabilities, the NHRS's fiduciary net position and current year sources of changes to net pension liabilities are available for the plan as a whole as well as audited cost-sharing schedules by individual members in the System's Comprehensive Annual Financial Report and other annual reports are available from the NHRS located at Regional Drive ~ Concord, NH 03301-8509 or on its web site at: <https://www.nhrs.org> and <https://www.nhrs.org/employers/employer-resources/gasb/gasb-reports>

# TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE

## Notes to Financial Statements

December 31, 2019

### DEFERRED INFLOWS OF RESOURCES

Other than those related to the New Hampshire Retirement System as noted above, Deferred Inflows of Resources at December 31, 2019 are as follows:

#### General Fund

Taxes receivable not available to pay current obligations	\$ 55,000
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According to generally accepted accounting principles, taxes receivable older than 180 days are not recognized as available spendable resources and thus are deferred until collected.

### FUND BALANCE

Elements of fund balance as of December 31, 2019 were as follows:

#### General Fund

<i>Restricted for National Night Out</i>	\$ 2,900
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#### *Committed for capital acquisitions & maintenance:*

Nature trail grant	\$ 3,696
Ocseola Library repairs	35,365
Arena capital improvements	16,842
Town building engineering/repairs	27,339
Water/Wastewater system repairs	13,108
WWTP Sand Filters	16,194
Well #3 evaluation & repair	73,010
Corcoran Pond Dam repairs	34,116
Town entrance	114,310
Town improvements	131,696

465,676

#### *Unassigned*

967,114

\$ 1,435,690

#### Capital & Noncapital Reserves Fund

#### *Committed for capital acquisitions & maintenance:*

Wastewater Toxicity Testing	\$ 17,567
Corcoran's Pond/Dam	4,264
Police Vehicle	437
Road Repairs	43,607
Fire Apparatus	262
Municipal Solid Waste Truck	10,371
Curious George Cottage	10,140
	<u>\$ 86,648</u>



# TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE

## Notes to Financial Statements

December 31, 2019

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### Non-major Special Revenue Funds

*Restricted for special revenue purposes:*

Osceola Library	\$ 5,603
Conservation Commission	5,423
	<u>\$ 11,026</u>

### Non-major Capital Project Fund

*Committed for capital acquisitions & maintenance:*

WV Capital Improvements	<u>\$ 16,532</u>
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## SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

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

**Litigation.** The town is involved in a state-wide tax appeal by a communications company. At this time, there is no way of knowing what the outcome may be or what impact (if any) it would have. Interested parties should make inquiries of management regarding the status of this or any other matters.

## **Required Supplementary Information**

Exhibit C1  
**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**  
*Budgetary Comparison Schedule*  
*Budget to Actual (Non-GAAP Budgetary Basis) - General Fund*  
For the Fiscal Year Ended December 31, 2019

*All amounts are expressed in USA Dollars*

	<b>Original &amp; Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>REVENUES</b>			
Taxes	2,958,762	2,964,114	5,352
Licenses and permits	131,347	144,265	12,918
State support	29,494	29,473	(21)
Charges for services	936,807	995,073	58,266
Miscellaneous	76,824	87,548	10,724
	<u>4,133,234</u>	<u>4,220,473</u>	<u>87,239</u>
<b>EXPENDITURES</b>			
Current:			
General government	917,336	871,435	45,901
Public safety	883,128	880,097	3,031
Highways and streets	364,604	382,256	(17,652)
Sanitation	592,521	571,074	21,447
Water distribution and treatment	156,452	156,718	(266)
Health	6,000	3,824	2,176
Welfare	2,000	968	1,032
Culture and recreation	435,454	407,865	27,589
Conservation	5,000	5,000	-
Debt service:			
Principal	436,282	436,281	1
Interest	126,722	126,483	239
Capital outlay	1,615,100	1,632,612	(17,512)
	<u>5,540,599</u>	<u>5,474,613</u>	<u>65,986</u>
Excess of revenues over(under) expenditures	(1,407,365)	(1,254,140)	153,225
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	71,500	92,936	21,436
Transfers out	(32,000)	(32,000)	-
Proceeds of long-term debt	1,228,500	1,228,000	(500)
	<u>1,268,000</u>	<u>1,288,936</u>	<u>20,936</u>
Net change in fund balances	(139,365)	34,796	174,161
Fund balances - beginning	932,318	932,318	-
Fund balances - ending	<u>792,953</u>	<u>967,114</u>	<u>174,161</u>

**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**  
*Note to Required Supplementary Information – Budgetary Reporting*  
December 31, 2019

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The budgetary comparison schedule – Budget to Actual (Non-GAAP Budgetary Basis) presents comparisons of the original and final legally adopted budget with actual data on a budgetary basis.

**General Budget Policies** – 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 that govern the Town's operations. The Town votes appropriations by official ballot in accordance with State Statutes. Appropriations are made on an annual basis for the General and all major Special Revenue Funds. Project-length financial plans are adopted for all Capital Projects. Except as reconciled below, budgets are adopted on a basis generally consistent with the modified accrual basis of accounting. Management may transfer appropriations between operating categories as they deem necessary, but expenditures may not legally exceed budgeted appropriations in total. Unexpended balances of special articles for specific purposes may not be transferred. All annual appropriations lapse at year-end unless encumbered. In the case of emergency expenditures, over-expenditures are allowed under the provisions of the Municipal Budget Law (RSA Chapter 32) if prior approval is secured from the State Department of Revenue Administration. State statutes require balanced budgets, but provide for the use of beginning unassigned fund balance to achieve that end. In the fiscal year 2019, \$139,365 of the beginning General Fund balance was applied for this purpose.

Encumbrance accounting, under which purchase orders, contracts, and continuing appropriations (certain projects and specific items not fully expended at year-end) are recognized, is employed in the governmental funds. Encumbrances are not the equivalent of expenditures and are therefore reported as part of the fund balance at December 31 and are carried forward to supplement appropriations of the subsequent year. Amounts recorded as budgetary expenditures in the *Budgetary Comparison Schedule (Exhibit C1)* are presented on the basis budgeted by the Town. The amounts differ from those reported in conformity with generally accepted accounting principles in the *Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit B3)* as follows:

Expenditures and Other Financing Uses ~ Budgetary Basis ( <i>see Exhibit C1</i> )	\$ 5,506,613
Adjustments:	
Encumbrances - December 31, 2018	865,824
Encumbrances - December 31, 2019	<u>(468,576)</u>
Expenditures and Other Financing Uses ~ GAAP Basis ( <i>see Exhibit B3</i> )	<u>\$ 5,903,861</u>

Exhibit C2  
**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**  
*Comparative Schedule of Pension Obligations*  
For the Fiscal Year Ended December 31, 2019

*All amounts are expressed in USA Dollars*

**Estimated future pension obligations - New Hampshire Retirement System (NHRS).** Selected comparative information from NHRS's audited financial statements and cost-sharing schedules that is specific to the Town is as follows:

	<b>Estimates based on actuarial valuation as of June 30</b>						
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Proportionate share	0.04703310%	0.04645895%	0.04600087%	0.04555754%	0.04681237%	0.04301661%	0.04428404%
Employer contribution	\$ 116,950	\$ 150,724	\$ 154,327	\$ 163,132	\$ 171,494	\$ 181,813	\$ 192,716
Net Pension Liability	\$ 2,024,203	\$ 1,743,877	\$ 1,822,337	\$ 2,422,566	\$ 2,302,229	\$ 2,071,337	\$ 2,130,795
Deferred outflows of resources:							
Differences between expected and actual experience	<i>base year</i>	-	-	6,732	5,220	16,533	11,781
Net difference between projected and actual investment earnings on pension plan investments	<i>base year</i>	-	-	151,568	-	-	-
Changes of assumptions	<i>base year</i>	-	-	298,141	231,174	143,347	76,452
Changes in proportion and differences between employer contributions and share of contributions	<i>base year</i>	-	-	-	43,969	32,941	68,011
<i>Total deferred outflows of resources</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 456,441</u>	<u>\$ 280,363</u>	<u>\$ 192,821</u>	<u>\$ 156,244</u>
Deferred inflows of resources:							
Differences between expected and actual experience	<i>base year</i>	-	39,989	30,591	29,301	16,772	45,818
Net difference between projected and actual investment earnings on pension plan investments	<i>base year</i>	223,130	48,704	-	29,320	47,933	17,406
Changes in proportion and differences between employer contributions and share of contributions	<i>base year</i>	20,303	31,695	38,481	26,850	151,351	105,323
<i>Total deferred inflows of resources</i>	<u>\$ -</u>	<u>\$ 243,433</u>	<u>\$ 120,388</u>	<u>\$ 69,072</u>	<u>\$ 85,471</u>	<u>\$ 216,056</u>	<u>\$ 168,547</u>
Pension expense:							
Proportionate share of plan pension expense	<i>base year</i>	118,237	117,745	267,234	244,237	205,779	264,115
Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions	<i>base year</i>	(4,406)	(8,003)	(11,630)	(603)	(36,731)	(22,873)
<i>Total employer pension expense</i>	<u>\$ -</u>	<u>\$ 113,831</u>	<u>\$ 109,742</u>	<u>\$ 255,604</u>	<u>\$ 243,634</u>	<u>\$ 169,048</u>	<u>\$ 241,242</u>

This information should be read in conjunction with the audited *Schedule of Employer Allocations* and *Schedule of Pension Amounts by Employer* presented by the NHRS. This information along with significant assumptions and inputs for total pension liabilities, the NHRS's fiduciary net position and current year sources of changes to net pension liabilities are available for the plan as a whole as well as audited cost-sharing schedules by individual members in the System's Comprehensive Annual Financial Report and other annual reports are available from the NHRS located at Regional Drive ~ Concord, NH 03301-8509 or on its web site at <https://www.nhrs.org/funding-and-investments/reports-valuations/annual-report-archive> and <https://www.nhrs.org/employers/gasb/gasb-67-68-reports> . As noted there in, the preparation of those reports requires management to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature and uncertainty of those estimates, actual results could differ, and the differences could be material. As of December 31, 2019, the Town has recognized all statutorily required contributions to the plan. Unless additional assessments are imposed by the NHRS Board due to insolvency or some other circumstances, all future obligations to the plan (subject to annual appropriation by the legislative body) will become due as a percentage of qualifying wages as they are paid by the Town. At this time, management understands that the NHRS foresees no likelihood of additional assessment beyond normal contribution rates, which are established every two years by a statutorily-governed rate-setting process. All future obligations of the Town to the NHRS will be paid by current appropriations as they become due.

Exhibit C3  
**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**  
*Comparative Schedule of Other Post Employment Benefits*  
For the Fiscal Year Ended December 31, 2019

*All amounts are expressed in USA Dollars*

**Estimated future OPEB obligations** - New Hampshire Retirement System (NHRS). Selected comparative information from NHRS's audited financial statements and cost-sharing schedules that is specific to the Town is as follows:

	<b>As of and for the years ended December 31, (Valuation as of June 30)</b>			
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Proportionate share	0.02824660%	0.02845449%	0.04080666%	0.04133583%
Employer contribution	\$ 16,413	\$ 16,865	\$ 18,050	\$ 18,864
Net OPEB Liability	\$ 136,743	\$ 130,104	\$ 186,832	\$ 181,221
Deferred outflows of resources:				
Differences between expected and actual experience	<i>base year</i>	-	1,097	-
Changes in proportion	<i>base year</i>	302	12,021	257
<i>Total deferred outflows of resources</i>	<u>\$ -</u>	<u>\$ 302</u>	<u>\$ 13,118</u>	<u>\$ 257</u>
Deferred inflows of resources:				
Differences between expected and actual experience	<i>base year</i>	-	-	315
Net difference between projected and actual investment earnings on OPEB plan investments	<i>base year</i>	411	594	204
<i>Total deferred inflows of resources</i>	<u>\$ -</u>	<u>\$ 411</u>	<u>\$ 594</u>	<u>\$ 519</u>
OPEB expense:				
Proportionate share of plan OPEB expense	<i>base year</i>	9,629	17,208	11,859
Net amortization of deferred amounts from changes in proportion	<i>base year</i>	706	44,937	14,180
<i>Total employer OPEB expense</i>	<u>\$ -</u>	<u>\$ 10,335</u>	<u>\$ 62,145</u>	<u>\$ 26,039</u>

This information should be read in conjunction with the audited actuarial reports presented by the NHRS. This information along with significant assumptions and inputs for total OPEB liabilities, the NHRS's fiduciary net position and current year sources of changes to net OPEB liabilities are available for the plan as a whole as well as audited cost-sharing schedules by individual members in the System's Comprehensive Annual Financial Report and other annual reports are available from the NHRS located at Regional Drive ~ Concord, NH 03301-8509 or on its web site at:

<https://www.nhrs.org/employers/employer-resources/gasb/gasb-reports>

As noted there in, the preparation of those reports requires management to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature and uncertainty of those estimates, actual results could differ, and the differences could be material. As of December 31, 2019, the Town has recognized all statutorily required contributions to the plan. Unless additional assessments are imposed by the NHRS Board due to insolvency or some other circumstances, all future obligations to the plan will become due as a percentage of qualifying wages as they are paid by the Town. At this time, management understands that that the NHRS foresees no likelihood of additional assessment beyond normal contribution rates, which are established every two years by a statutorily-governed rate-setting process. All future obligations of the Town to the NHRS will be paid by current appropriations as they become due.

## **Supplementary Information**

Schedule D1a  
**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**  
**General Fund**

*Schedule of Estimated and Actual Revenues*  
For the Fiscal Year Ended December 31, 2019

*All amounts are expressed in USA Dollars*

	<b>Original &amp; Final Budget</b>	<b>Actual (GAAP Basis)</b>	<b>Over (Under) Budget</b>
<b>REVENUES</b>			
<b>Taxes</b>			
Property	2,908,434	2,910,899	2,465
Payments in lieu of taxes	45,299	45,299	-
Interest and penalties on delinquent taxes	17,000	16,251	(749)
Overlay	(11,971)	(8,335)	3,636
	<u>2,958,762</u>	<u>2,964,114</u>	<u>5,352</u>
<b>Licenses and permits</b>			
Motor vehicle fees	125,000	136,286	11,286
Building permits	5,700	7,199	1,499
Other licenses, permits and fees	647	780	133
	<u>131,347</u>	<u>144,265</u>	<u>12,918</u>
<b>State Support</b>			
Shared revenues	2,563	2,563	-
Meals and rooms tax distribution	12,580	12,580	-
Highway block grant	14,351	14,330	(21)
	<u>29,494</u>	<u>29,473</u>	<u>(21)</u>
<b>Charges for Services</b>			
Income From Departments			
<i>Public safety services:</i>			
Police department	12,099	14,472	2,373
Ambulance	64,602	82,450	17,848
<i>Sanitation:</i>			
Solid waste collection & disposal	109,700	124,360	14,660
Sewer services	319,500	322,750	3,250
<i>Water Distribution &amp; Treatment</i>			
Water services	242,000	249,477	7,477
<i>Culture and Recreation</i>			
Recreation department	100,882	104,483	3,601
Parks department	58,024	67,081	9,057
Post office	30,000	30,000	-
	<u>936,807</u>	<u>995,073</u>	<u>58,266</u>
<b>Miscellaneous</b>			
Sale of municipal property	1,500	1,200	(300)
Interest on investments	15,000	19,090	4,090
Fines and forfeitures	200	100	(100)
Other	60,124	67,158	7,034
	<u>76,824</u>	<u>87,548</u>	<u>10,724</u>
<b>OTHER FINANCING SOURCES</b>			
Proceeds of long term debt	1,228,500	1,228,000	(500)
Operating transfers in - Interfund Transfers			
<i>Capital &amp; Noncapital Reserve Funds -</i>			
Backhoe		20,739	20,739
Ladder Truck	71,500	72,197	697
	<u>1,300,000</u>	<u>1,320,936</u>	<u>20,936</u>
Total revenues and other financing sources	<u>5,433,234</u>	<u>5,541,409</u>	<u>108,175</u>
Unassigned fund balance used			
to offset voted appropriations	126,100		
to reduce tax rate	13,265		
Total revenues and use of fund balance	<u>5,572,599</u>		



Schedule D1b  
**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**  
**General Fund**

*Schedule of Appropriations, Expenditures and Encumbrances*  
For the Fiscal Year Ended December 31, 2019

*all numbers are expressed in USA Dollars*

	Reserved From Prior Fiscal Year	Voted Appropriations	Expenditures Net of Refunds	Reserved To Next Fiscal Year	(Over) Under Budget
<b>EXPENDITURES</b>					
Current					
General Government					
Executive		53,975	33,447		20,528
Election, Registration & Vital Statistics		2,400	1,931		469
Financial Administration		360,910	353,393		7,517
Revaluation of Property		15,150	13,175		1,975
Legal Expenses		11,000	7,016		3,984
Planning and Zoning		10,400	8,713		1,687
General Government Buildings		119,238	122,351		(3,113)
Cemeteries		4,000	209		3,791
Insurance, not otherwise allocated		87,921	81,574		6,347
Advertising and regional association		1	-		1
Other general government:					
Town post office		103,331	102,302		1,029
Information technology		43,460	45,966		(2,506)
Pond maintenance		5,000	3,430		1,570
Support of the Rey Center		25,000	25,000		-
WV Transit services		55,550	55,548		2
Support of WVAIA		10,000	10,000		-
Cemetery grants		2,500	-		2,500
Shakespear in the Valley		2,500	2,500		-
Special celebrations/National Night Out		5,000	1,980	2,900	120
	-	917,336	868,535	2,900	45,901
Public safety					
Police Department		628,899	644,139		(15,240)
Ambulance		106,390	99,889		6,501
Fire Department		147,839	136,069		11,770
	-	883,128	880,097	-	3,031
Highways and streets					
Highways and streets		357,604	374,647		(17,043)
Street Lighting		7,000	7,609		(609)
	-	364,604	382,256	-	(17,652)
Sanitation					
Solid waste collection		209,233	215,052		(5,819)
Solid waste disposal		80,200	79,082		1,118
Wastewater collection & disposal		303,088	276,940		26,148
	-	592,521	571,074	-	21,447
Water Distribution & Treatment					
Water Services		156,452	156,718		(266)
	-	156,452	156,718	-	(266)
Health					
Health Agencies & Hospitals		6,000	3,824		2,176
	-	6,000	3,824	-	2,176
Welfare					
Administration & Direct Assistance		2,000	968		1,032
	-	2,000	968	-	1,032

Schedule D1b  
**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**  
**General Fund**

*Schedule of Appropriations, Expenditures and Encumbrances*  
For the Fiscal Year Ended December 31, 2019

*all numbers are expressed in USA Dollars*

	<b>Reserved From Prior Fiscal Year</b>	<b>Voted Appropriations</b>	<b>Expenditures Net of Refunds</b>	<b>Reserved To Next Fiscal Year</b>	<b>(Over) Under Budget</b>
Culture and recreation					
Parks and Recreation		424,954	397,550		27,404
Library (operations)		1,500	1,815		(315)
Patriotic purposes		9,000	8,500		500
	-	435,454	407,865	-	27,589
Conservation					
Conservation Commission		5,000	5,000		-
	-	5,000	5,000	-	-
Debt service					
Principal of long-term debt		436,282	436,281		1
Interest expense - long-term debt		125,722	125,546		176
Interest expense - tax anticipation notes		1,000	937		63
	-	563,004	562,764	-	240
Facilities acquisition and construction					
Land and Improvements:					
Land - Map 108; Lot 043 (adjacent to Corcoran's Pond)		89,000	88,300		700
Machinery, vehicles & equipment					
Plow truck (lease)		30,100	30,043		57
Ladder truck (lease) - RSA 32:11		900,000	921,087		(21,087)
Recreation bus		22,000	19,943		2,057
PW Backhoe (lease)		34,000	33,240		760
SW Garbage truck (lease)		250,000	250,000		-
Buildings					
Nature trail grant	3,696			3,696	-
Oseola Library repairs		75,000	39,635	35,365	-
Arena capital improvements	66,200		49,358	16,842	-
Town Building engineering/repairs	31,557		4,218	27,339	-
WWTP Upgrades/repairs	55,656		55,656		-
Improvements other than buildings					
Street light replacement	5,499		5,499		-
Tecumseh Road sidewalk	5,400		5,400		-
Water/WWTP system repairs	4,484	20,000	11,376	13,108	-
WWTP Sand filters		35,000	18,806	16,194	-
Well #3 evaluation & repair	132,991		59,980	73,010	1
Corcoran's Pond Dam	418,007	10,000	393,891	34,116	-
Waterfront repairs/equipment					-
Town Entrance	142,334		28,024	114,310	-
Trail improvements		150,000	18,304	131,696	-
	865,824	1,615,100	2,032,760	465,676	(17,512)
OTHER FINANCING USES					
Operating transfers out - Interfund transfers					
Special revenue					
Osceola Library		2,000	2,000		-
Capital & Noncapital Reserves:					
Ladder Truck		20,000	20,000		-
Curious George Cottage		10,000	10,000		-
	-	32,000	32,000	-	-
	865,824	5,572,599	5,903,861	468,576	65,986