

THE VILLAGE DISTRICT OF EIDELWEISS

FINANCIAL REPORT

AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2012

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Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Commissioners
Village District of Eidelweiss
Madison, New Hampshire

We have audited the accompanying financial statements of the governmental activities, and each major fund of the Village District of Eidelweiss as of and for the year ended December 31, 2012, which collectively comprise the Village 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.

Opinions on Basic Financial Statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the Village District of Eidelweiss, as of December 31, 2012, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Opinions on Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Village District of Eidelweiss. The individual General Fund schedules and supplemental Financial Statement are presented for purposes of additional analysis and are not a required part of the basic financial statements. They are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual General Fund Schedules and all but the first section of the Supplemental Financial Statement are fairly stated in all material respects in relation to the basic financial statements as a whole.

The first section of the Supplemental Financial Statement is presented on the cash basis, which is another comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The cash basis differs from generally accepted accounting principles in that only cash and no other assets or liabilities are recognized, and the only transactions recorded are inflows and outflows of cash. In our opinion, the first section of the Supplemental Financial Statement presents fairly in all material respects, the cash balances of the Village District of Eidelweiss as of December 31, 2012, and the cash receipts and disbursements for the year then ended, on the cash basis of accounting.

February 19, 2013

Roberts & Greene, PLLC

**Village District of Eidelweiss
Management Discussion and Analysis
For Fiscal Year Ended December 31, 2012.**

This analysis, prepared by the Board of Commissioners, offers readers of the Village's Financial Statements a narrative overview and analysis of the financial activities of the Village District of Eidelweiss (VDOE) for the fiscal year ended December 31, 2012. The Board of Commissioners continues to be committed the significant effort in preparing the financial information, and adhering to the required financial controls to have the books and records in a condition to be auditable.

This is the second year our financial statements have been prepared under the Governmental Accounting Standards Board Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. We encourage readers to consider the information presented in this report.

The GASB accounting principles establish the criteria for the reporting standards for governmental funds and establishes the criteria for classifying fund balances into specifically defined classifications and sets constraints upon the use of resources reported in governmental funds.

Governments must adhere to GASB pronouncements in order to issue their financial statements in conformity with GAAP. The users of financial statements also rely on the independent auditor's opinion. If the Village's financial statements have significant departures from GAAP, the independent auditors may issue a qualified or an adverse opinion.

Financial Highlights

The preparation of accounts, systems and procedures permitted the reporting to be an audited financial statement. This is the second audited statement since 2003.

- The total assets of the VDOE exceeded its liabilities at the close of 2012 by \$2,249,765.
- At the close of 2012, the VDOE's Unassigned Fund balance of the General fund was at \$347,737. Capital Reserves totaled \$111,532. and a Water System Capital Reserve totaled \$59,857.
- The expenses incurred in 2012 increased from 2011. This increase was primarily a result of the June storm and resulting reconstruction of roads.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the VDOE's basic financial statements.

Income Statement	2011	2012
Revenues		
Program Income	\$180,275	185,466
General Revenue	557,638	401,149
Total Revenues	\$737,913	586,615
Expenses		
General Government	\$127,746	132,781
Highways and Streets	200,937	243,607
Water Distribution/Treatment	112,583	138,667
Culture and Recreation	5,915	4,517
Interest on Long-term Debt	8,998	9,948
Capital Outlay	52,593	25,348
Total Expenses	\$508,772	554,868
Net Income	\$229,141	31,747
Assets and Liabilities	2011	2012
Assets		
Cash	160,746	359,923
Capital Reserve Balances	250,142	136,178
Taxes Receivable	348,682	104,444
Accounts Receivable, net	760	505
Land	235,937	250,537
Construction in Progress	89,784	
Other Capital Assets, net	1,367,832	1,598,770
Total Assets	2,453,883	2,450,357
Liabilities		
Accounts Payable	18,988	15,812
Accrued Payroll	2,793	5,177
Accrued Interest Payable	1,785	3,875
Retainage Payable	6,881	3,028
Oak Ridge Loan	89,304	68,392
Jung Frau Loan	116,114	104,308
Total Liabilities	235,865	200,592
Net Assets	2,218,018	2,249,765

The financial condition of the Village continued to improve in 2012. There was an acquisition of a new four wheel drive truck and sale of two trucks. No additional debt was incurred.

Budget Discussion

The performance against the operating budget is favorable. The Board of Commissioners carefully manages expenditures with detailed analysis and examination. The net result was a favorable balance of \$36,476 against a total budget of \$524,367.

	Expended/Encumbered	Budget	Variance
Expenses			
Executive	12,458	14,350	1,892
Financial Administration	42,519	52,200	9,781
Legal Expense	2,156	8,000	5,844
Employee Benefits	41,955	56,778	14,823
General Government Buildings	18,112	21,900	3,788
Insurance	12,980	15,000	2,020
Bond Payments (P&I)	40,577	41,624	1,047
Regional Association	908	1,300	392
Miscellaneous/ Contingency	658	1,500	842
Highway & Streets (incl. Equip. Maintenance)	211,120	211,065	(55)
Street Lighting	1,363	1,100	(263)
Parks & Recreation	4,517	5,000	483
Tan Interest	0	1,000	1,000
Water Services	98,958	93,450	(5,508)
Total Expended	488,281	524,367	35,986
Total Highway & Operations	389,323	430,817	41,984
Total Water Services	98,958	93,450	(5,508)

This figure includes \$141,909 which are covered under warrant articles. The filing with the State of NH on the MS-32 reflects a total budget figure of \$666,276.

Highway

The highway expenditures had an un favorable variance against the budget of \$55. The June storm resulted in a significant amount of repairs that included complete restoration of several roads, ditching and culverts. Due to a favorable beginning of the winter, lower fuel costs and reduced equipment maintenance the Highway Budget had a favorable variance despite \$54,000 of unbudgeted road repairs. The continued level of activity to improve gravel roads was significant. All equipment is in good operational condition.

Accounts that contributed to the positive balance:

- Highway payroll was favorable by \$21,510 primarily due to a low use of part time employees.
- Repairs and Maintenance was favorable by \$15,777.

Accounts that contributed to an unfavorable balance:

- The Roads budget which includes salt, sand, culvert, road repairs and gravel had an unfavorable variance due to the impact of June rain storm. A start of the year inventory and the temperate weather in early winter reduced the need for salts and sand which offset a portion of the unfavorable variance.

Water System

- There no material variances from budget.
- Due to the force main project being completed at less than the budgeted and fund cost, the related bond payment for 2013 will be satisfied from the remaining balance.

General Fund and Capital Reserve Fund Policies

The VDOE has established a policy of maintaining an unassigned fund balance minimum of 33% of the previous year's total warrant. The Water System Funds are not included in this criterion since the water system operation is funded by water fees and not by taxes. The VDOE has also established a policy of maintaining minimum capital reserve funds during this economic period of low interest rate loans and low interest returns on investments. The purchase of a new truck was made through the use of the capital reserves.

Tax Revenue decreased in 2012 from 2011 by \$178,836. This decrease was primarily funded by a decrease in fund balances of \$154,635 which is consistent with the policy covered above.

BASIC FINANCIAL STATEMENTS

EXHIBIT 1
VILLAGE DISTRICT OF EIDELWEISS
Statement of Net Assets
December 31, 2012

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 359,923
Intergovernmental receivable	240,622
Other receivables, net of allowance for uncollectibles	505
Capital assets, not being depreciated:	
Land	250,537
Capital assets, net of accumulated depreciation:	
Lodge and cabana	29,170
Water system	545,949
Eidelweiss Drive DPW2 facility	217,490
Heavy equipment	311,330
Roads and dams	446,211
Conway Road facility	48,620
Total assets	2,450,357
LIABILITIES	
Accounts payable	15,812
Accrued payroll and benefits	5,177
Accrued interest payable	3,875
Retainage payable	3,028
Noncurrent obligations:	
Due within one year:	
Notes payable	33,934
Due in more than one year:	
Notes payable	138,766
Total liabilities	200,592
NET ASSETS	
Invested in capital assets, net of related debt	1,656,966
Restricted for debt service	19,641
Unrestricted	573,158
Total net assets	\$ 2,249,765

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

EXHIBIT 2
VILLAGE DISTRICT OF EIDELWEISS
Statement of Activities
For the Year Ended December 31, 2012

	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
Governmental activities:			
General government	\$ 132,781	\$ -	\$ (132,781)
Highways and streets	243,607	-	(243,607)
Water distribution and treatment	138,667	185,466	46,799
Culture and recreation	4,517	-	(4,517)
Interest on long-term debt	9,948	-	(9,948)
Capital outlay	25,348	-	(25,348)
Total governmental activities	<u>\$ 554,868</u>	<u>\$ 185,466</u>	<u>(369,402)</u>
General revenues:			
Property taxes			378,802
Miscellaneous			22,347
Total general revenues			<u>401,149</u>
Change in net assets			31,747
Net assets, beginning			2,218,018
Net assets, ending			<u>\$ 2,249,765</u>

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

EXHIBIT 3
VILLAGE DISTRICT OF EIDELWEISS
Balance Sheet
Governmental Funds
December 31, 2012

	General	Water Extension	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 296,608	\$ 63,315	\$ 359,923
Receivables, net of allowance for uncollectibles:			
Accounts	505	-	505
Intergovernmental	240,622	-	240,622
Interfund receivable	11,309	-	11,309
Total assets	<u>\$ 549,044</u>	<u>\$ 63,315</u>	<u>\$ 612,359</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 15,812	\$ -	\$ 15,812
Accrued salaries and benefits	5,177	-	5,177
Retainage payable	3,028	-	3,028
Interfund payable	-	11,309	11,309
Total liabilities	<u>24,017</u>	<u>11,309</u>	<u>35,326</u>
Fund balances:			
Restricted	19,641	-	19,641
Committed	157,649	52,006	209,655
Unassigned	347,737	-	347,737
Total fund balances	<u>525,027</u>	<u>52,006</u>	<u>577,033</u>
Total liabilities and fund balances	<u>\$ 549,044</u>	<u>\$ 63,315</u>	<u>\$ 612,359</u>

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

EXHIBIT 4
VILLAGE DISTRICT OF EIDELWEISS
Reconciliation of Total Fund Balances of Governmental Funds to the Statement of Net Assets
December 31, 2012

Total fund balances of governmental funds (Exhibit 3)		\$ 577,033
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost	\$ 2,181,397	
Less accumulated depreciation	<u>(332,090)</u>	1,849,307
Interfund receivables and payables between governmental funds are eliminated on the statement of net assets.		
Receivables	\$ (11,309)	
Payables	<u>11,309</u>	-
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(3,875)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Notes payable		<u>(172,700)</u>
Total net assets of governmental activities (Exhibit 1)		<u><u>\$ 2,249,765</u></u>

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

EXHIBIT 5
VILLAGE DISTRICT OF EIDELWEISS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2012

	General	Water Extension	Total Governmental Funds
Revenues:			
Taxes	\$ 378,802	\$ -	\$ 378,802
Charges for services	153,466	32,000	185,466
Miscellaneous	12,766	31	12,797
Total revenues	<u>545,034</u>	<u>32,031</u>	<u>577,065</u>
Expenditures:			
Current:			
General government	131,751	-	131,751
Highways and streets	217,033	-	217,033
Water distribution and treatment	116,258	-	116,258
Culture and recreation	4,517	-	4,517
Debt service:			
Principal	32,719	-	32,719
Interest	7,858	-	7,858
Capital outlay	<u>178,705</u>	<u>42,859</u>	<u>221,564</u>
Total expenditures	<u>688,841</u>	<u>42,859</u>	<u>731,700</u>
Net change in fund balances	(143,807)	(10,828)	(154,635)
Fund balances, beginning	668,834	62,834	731,668
Fund balances, ending	<u>\$ 525,027</u>	<u>\$ 52,006</u>	<u>\$ 577,033</u>

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

EXHIBIT 6
VILLAGE DISTRICT OF EIDELWEISS
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2012

Net change in fund balances of governmental funds (Exhibit 5)	\$ (154,635)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.	
Capitalized capital outlay	\$ 210,816
Depreciation expense	<u>(45,395)</u>
	165,421
The disposal of capital assets resulted in a decrease in net assets.	
Net change from asset disposal	(9,667)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net assets.	
Repayment of note principal	32,718
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Increase in accrued interest expense	<u>(2,090)</u>
Change in net assets of governmental activities (Exhibit 2)	<u><u>\$ 31,747</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

**THE VILLAGE DISTRICT OF EIDELWEISS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2012**

I. Summary of Significant Accounting Principles

I.A. Introduction

The accounting and reporting framework and the more significant accounting principles and practices of the Village District of Eidelweiss (the Village District) are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the Village District's financial activities for the fiscal year ended December 31, 2012.

I.B. Financial Reporting Entity – Basis of Presentation

I.B.1. Entity Defined

The Village District is a municipal corporation governed by a three-member board of commissioners elected by the voters of the Village District. These financial statements present the financial position and activity of the primary government. Component units are organizations for which the primary government is financially accountable, or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete. Based on the stated criteria, the Village District's financial statements do not include any component units.

I.B.2. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Village District as a whole, excluding fiduciary activities. Individual funds are not displayed.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues consist of charges for services which primarily report charges for water services. The property taxes and revenue from other sources not properly included with program revenues are reported as general revenues.

**THE VILLAGE DISTRICT OF EIDELWEISS
NOTES TO THE FINANCIAL STATEMENTS
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Fund Financial Statements

Fund financial statements are provided for the governmental funds.

I.B.3. *Measurement Focus, Basis of Accounting and Financial Statement Presentation*

The financial statements of the Village District are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Village District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Reimbursements are reported as reductions to expenses. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Village District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

Major revenues susceptible to accrual are the property taxes, water charges and investment income. In general, other revenues are recognized when cash is received.

I.B.4. *Fund Types and Major Funds*

Governmental Funds

The Village District reports the following two major governmental funds:

General Fund – Reports as the primary fund of the Village District. This fund is used to account for all financial resources not reported in other funds.

Water Extension Fund – This is a special revenue fund used to report water extension revenues and related expenditures.

The Village District also has several Expendable Trust Funds (Capital Reserves). In accordance with GAAP, these funds are reported within the General Fund.

**THE VILLAGE DISTRICT OF EIDELWEISS
NOTES TO THE FINANCIAL STATEMENTS
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I.C. *Assets, Liabilities and Net Assets or Fund Equity*

I.C.1. *Cash and Cash Equivalents*

The laws of the State of New Hampshire require that the Village District's treasurer have custody of all monies belonging to the Village District and pay out the same only upon orders of the Board of Commissioners.

I.C.2. *Long-Term Debt*

In the government-wide financial statements, outstanding debt is reported as liabilities. The Village District reports the outstanding balances of notes payable in this category.

I.C.3. *Equity Balances*

The financial statements report components of net assets and fund balance for various amounts as described here.

The government-wide statement of net assets reports the following components of net assets:

- Invested in capital assets, net of related debt, which consists of the balance of capital assets net of accumulated depreciation, reduced by outstanding debt used to acquire those assets.
- Unrestricted, which consists of the remaining balance of net assets.

The governmental funds report the following components of fund balance:

- Restricted, which represents the unexpended balance of bond proceeds, which may only be used for project costs or as repayment of the bond.
- Committed, which represents the balances of the capital reserve funds, which have been set aside by the Village District Meeting for specific purposes, encumbrances carried over by vote of the Board of Commissioners for specific expenditures, and the balance of the Water Extension Fund.
- Unassigned, which consists of the remaining balance in the General Fund.

**THE VILLAGE DISTRICT OF EIDELWEISS
NOTES TO THE FINANCIAL STATEMENTS
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I.C.4. *Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the major General Fund. Unless encumbered, all appropriations lapse at year-end. The Village District is allowed to use beginning fund balance to balance the budget. In the fiscal year 2012, \$31,300 of the unassigned fund balance from the year 2011 was used to reduce taxes.

Encumbrance accounting is employed by the governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as committed fund balance and do not constitute expenditures or liabilities because the commitments will be added to the appropriations voted for the subsequent year.

Revenues are budgeted by source. Expenditures are budgeted by functions as follow: general government, highways and streets, water treatment and distribution, culture and recreation, debt service and capital outlay.

III. Detailed Notes on Funds and Government-Wide Statements

III.A. Receivables

Significant receivables consist of intergovernmental amounts arising from the balance of the property taxes due from the Town of Madison, and the balance of the expendable trust funds which are in the custody of the Trustees of Trust Funds of the Town of Madison as required by New Hampshire statute.

Receivables are recorded on the Village District's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation and collectability.

**THE VILLAGE DISTRICT OF EIDELWEISS
NOTES TO THE FINANCIAL STATEMENTS
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III.B. Capital Assets

Changes in Capital Assets

The following table provides a summary of changes in capital assets during the year:

	<u>Balance, beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, ending</u>
Governmental activities:				
At cost:				
Not being depreciated:				
Land	\$ 235,937	\$ 14,600	\$ -	\$ 250,537
Construction in progress	89,784	-	(89,784)	-
Total capital assets not being depreciated	<u>325,721</u>	<u>14,600</u>	<u>(89,784)</u>	<u>250,537</u>
Being depreciated:				
Lodge and cabana	42,000	-	-	42,000
Water system	539,574	134,000	-	673,574
Eidelweiss Drive DPW2 facility	230,000	-	-	230,000
Heavy equipment	348,613	55,000	(10,000)	393,613
Roads and dams	430,673	97,000	-	527,673
Conway Road facility	64,000	-	-	64,000
Total capital assets being depreciated	<u>1,654,860</u>	<u>286,000</u>	<u>(10,000)</u>	<u>1,930,860</u>
Total all capital assets	<u>1,980,581</u>	<u>300,600</u>	<u>(99,784)</u>	<u>2,181,397</u>
Less accumulated depreciation:				
Lodge and cabana	(12,140)	(690)	-	(12,830)
Water system	(113,681)	(13,944)	-	(127,625)
Eidelweiss Drive DPW2 facility	(8,290)	(4,220)	-	(12,510)
Heavy equipment	(70,604)	(12,012)	333	(82,283)
Roads and dams	(67,573)	(13,889)	-	(81,462)
Conway Road facility	(14,740)	(640)	-	(15,380)
Total accumulated depreciation	<u>(287,028)</u>	<u>(45,395)</u>	<u>333</u>	<u>(332,090)</u>
Net book value, capital assets being depreciated	<u>1,367,832</u>	<u>240,605</u>	<u>(9,667)</u>	<u>1,598,770</u>
Net book value, all capital assets	<u>\$ 1,693,553</u>	<u>\$ 255,205</u>	<u>\$ (99,451)</u>	<u>\$ 1,849,307</u>

Depreciation expense was allocated to functions of the governmental activities as follows:

General government	\$ 1,030
Highways and streets	24,265
Water distribution and treatment	20,100
Total depreciation expense	<u>\$ 45,395</u>

**THE VILLAGE DISTRICT OF EIDELWEISS
NOTES TO THE FINANCIAL STATEMENTS
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III.C. Long-Term Liabilities

Long-term liabilities currently outstanding are as follow:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at 12/31/2012	Current Portion
General obligation bonds payable:						
Oak Ridge	\$ 200,000	2005	2015	4.08	\$ 68,392	\$ 21,667
Jung Frau	\$ 133,000	2010	2020	3.802	104,308	12,267
					<u>\$ 172,700</u>	<u>\$ 33,934</u>

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended December 31, 2012:

	General Obligation Bonds Payable
Balance, beginning	\$ 205,418
Reductions	(32,718)
Balance, ending	<u>\$ 172,700</u>

Debt Service Requirements to Maturity

The annual debt service requirements to maturity for the notes payable as of year-end are as follow:

Fiscal Year Ending December 31,	Principal	Interest	Total
2013	\$ 33,934	\$ 6,643	\$ 40,577
2014	35,289	5,288	40,577
2015	37,395	3,880	41,275
2016	13,727	2,389	16,116
2017	14,261	1,855	16,116
2018-2020	38,094	2,197	40,291
Totals	<u>\$ 172,700</u>	<u>\$ 22,252</u>	<u>\$ 194,952</u>

**THE VILLAGE DISTRICT OF EIDELWEISS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2012**

III.D. Balances and Transfers Within the Reporting Entity

The \$11,309 receivable in the General Fund and payable from the Water Expansion Fund represents an overpayment of the water hook-up fees.

IV. Other Information

IV.A. Risk Management

The Village District's risk management activities are reported with governmental activities and recorded in the General Fund. During the fiscal year, the Village District was a member of the Local Government Center Property-Liability Trust, Inc. and the New Hampshire Public Risk Management Exchange (Primex) Workers' Compensation program, which are considered public entity risk pools, currently operating as a common risk management and insurance programs for member governmental entities.

Local Government Center Property-Liability Trust, Inc. (the Trust) – This Trust is organized to provide certain property and liability protection to member towns, cities, and other qualified political subdivisions of New Hampshire. As a member of the Trust, the Village District shares in contributing to the cost of, and receiving benefits from, a self-insured pooled risk management program. The membership and coverage run from July 1 to June 30. The Trust maintains a self-insured retention above which it purchases reinsurance and excess insurance. For the year 2012, the Village District paid \$12,980 for property and liability insurance.

New Hampshire Public Risk Management Exchange (Primex) – The Primex Worker's Compensation program is a pooled risk management program under RSA 5-B. Worker's Compensation coverage is provided from January 1 through December 31. Primex retained \$1,000,000 of each workers' compensation loss. Contributions paid in 2012 recorded as an insurance expenditure/expense totaled \$4,365. The trust agreements permit Primex to make additional assessments to members should there be a deficiency in trust assets to meet its liabilities. At this time, Primex foresees no likelihood of any additional assessments for past years.

IV.B. Contingencies

The Village District may from time to time have contingent liabilities that arise through the normal course of business. At this time, management does not feel that there are any material liabilities that are not recorded in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT 7
VILLAGE DISTRICT OF EIDELWEISS
General Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2012

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ 378,206	\$ 378,802	\$ 596
Charges for services	139,511	153,466	13,955
Miscellaneous	8,050	12,766	4,716
Total revenues	<u>525,767</u>	<u>545,034</u>	<u>19,267</u>
EXPENDITURES			
Current:			
General government	145,779	131,751	14,028
Highways and streets	243,465	212,483	30,982
Water distribution and treatment	139,511	98,958	40,553
Culture and recreation	6,500	4,517	1,983
Debt service:			
Principal of long-term debt	20,812	32,719	(11,907)
Interest on long-term debt	-	7,858	(7,858)
Interest on tax anticipation note	1,000	-	1,000
Capital outlay	59,200	186,607	(127,407)
Total expenditures	<u>616,267</u>	<u>674,893</u>	<u>(58,626)</u>
Deficiency of revenues under expenditures	(90,500)	(129,859)	(39,359)
Other financing sources:			
Transfers in	59,200	119,406	60,206
Net change in fund balance	<u>\$ (31,300)</u>	(10,453)	<u>\$ 20,847</u>
Increase in restricted fund balance		(19,641)	
Decrease in committed fund balance		113,963	
Unassigned fund balance, beginning		383,274	
Unassigned fund balance, ending		<u>\$ 467,143</u>	

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

EXHIBIT 8
VILLAGE DISTRICT OF EIDELWEISS
Water Extension Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (GAAP Basis)
For the Year Ended December 31, 2012

	Original Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 50,000	\$ 32,000	\$ (18,000)
Miscellaneous	-	31	31
Total revenues	<u>50,000</u>	<u>32,031</u>	<u>(17,969)</u>
EXPENDITURES			
Capital outlay	<u>50,000</u>	<u>42,859</u>	<u>7,141</u>
Net change in fund balance	<u>\$ -</u>	<u>(10,828)</u>	<u>\$ (10,828)</u>
Fund balance, beginning		<u>62,834</u>	
Fund balance, ending		<u>\$ 52,006</u>	

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

**VILLAGE DISTRICT OF EIDELWEISS
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2012**

Reconciliation of Budgetary Basis to GAAP

The following reconciles the General Fund budgetary basis to GAAP.

Revenues and other financing sources:	
Per Exhibit 7 (budgetary basis)	\$ 664,440
Adjustment:	
Perspective difference:	
Transfer from capital reserve funds	(119,406)
Per Exhibit 5 (GAAP basis)	<u>\$ 545,034</u>
Expenditures:	
Per Exhibit 7 (budgetary basis)	\$ 674,893
Adjustments:	
Basis difference:	
Encumbrances, beginning	35,418
Encumbrances, ending	(21,470)
Per Exhibit 5 (GAAP basis)	<u>\$ 688,841</u>
Unassigned fund balance:	
Per Exhibit 7 (budgetary basis)	\$ 467,143
Adjustment:	
Perspective difference:	
Transfer from capital reserve funds	(119,406)
Per Exhibit 3 (GAAP basis)	<u>\$ 347,737</u>

With the exception of encumbrances, the Village District has followed GAAP in the budgetary statement. However, in accordance with New Hampshire law, the Village District budgets for transfers to and from Capital Reserve Funds, which under GASB Statement No. 54, are reported within the General Fund. This is why there is a variance in the line for transfers in, as the Village District expended \$119,406 from the Capital Reserve Funds in 2012, which were appropriately remitted to the Village District from the Trustees of Trust Funds of the Town of Madison and deposited into those funds, but which are reported within the General Fund.

INDIVIDUAL FUND SCHEDULES

EXHIBIT 9
VILLAGE DISTRICT OF EIDELWEISS
General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2012

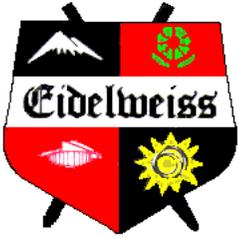
	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 378,206	\$ 378,802	\$ 596
Charges for services:			
Income from departments	139,511	151,156	11,645
Other	-	2,310	2,310
Total charges for services	<u>139,511</u>	<u>153,466</u>	<u>13,955</u>
Miscellaneous:			
Sale of property	-	5,050	5,050
Interest on investments	550	216	(334)
Rent for radio tower	7,500	7,500	-
Total miscellaneous	<u>8,050</u>	<u>12,766</u>	<u>4,716</u>
Other financing sources:			
Transfers in:			
Expendable trust fund	59,200	119,406	60,206
Total revenues and other financing sources	584,967	<u>\$ 664,440</u>	<u>\$ 79,473</u>
Use of fund balance to reduce taxes	31,300		
Total revenues, other financing sources and use of fund balance	<u>\$ 616,267</u>		

EXHIBIT 10
VILLAGE DISTRICT OF EIDELWEISS
General Fund
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2012

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 12,198	\$ 12,458	\$ -	\$ (260)
Financial administration	-	44,370	42,519	-	1,851
Legal	-	6,800	2,156	-	4,644
Personnel administration	-	48,261	41,955	-	6,306
General government buildings	-	18,870	18,117	-	753
Insurance, not otherwise allocated	-	12,900	12,980	-	(80)
Advertising and regional associations	-	1,105	658	-	447
Other	-	1,275	908	-	367
Total general government	<u>-</u>	<u>145,779</u>	<u>131,751</u>	<u>-</u>	<u>14,028</u>
Highways and streets:					
Highways and streets	9,550	242,365	215,670	5,000	31,245
Street lighting	-	1,100	1,363	-	(263)
Total highways and streets	<u>9,550</u>	<u>243,465</u>	<u>217,033</u>	<u>5,000</u>	<u>30,982</u>
Water distribution and treatment:					
Water services	17,300	139,511	108,962	-	47,849
Water treatment	-	-	7,296	-	(7,296)
Total water distribution and treatment	<u>17,300</u>	<u>139,511</u>	<u>116,258</u>	<u>-</u>	<u>40,553</u>
Culture and recreation:					
Parks and recreation	-	6,500	4,517	-	1,983
Debt service:					
Principal of long-term debt	-	20,812	32,719	-	(11,907)
Interest on long-term debt	-	-	7,858	-	(7,858)
Interest on tax anticipation note	-	1,000	-	-	1,000
Total debt service	<u>-</u>	<u>21,812</u>	<u>40,577</u>	<u>-</u>	<u>(18,765)</u>
Capital outlay:					
Machinery, vehicles and equipment	-	-	61,651	-	(61,651)
Improvements other than buildings	8,568	59,200	117,054	16,470	(65,756)
Total capital outlay	<u>8,568</u>	<u>59,200</u>	<u>178,705</u>	<u>16,470</u>	<u>(127,407)</u>
Total encumbrances, appropriations and expenditures	<u>\$ 35,418</u>	<u>\$ 616,267</u>	<u>\$ 688,841</u>	<u>\$ 21,470</u>	<u>\$ (58,626)</u>

EXHIBIT 11
VILLAGE DISTRICT OF EIDELWEISS
General Fund
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2012

Unassigned fund balance, beginning		\$ 383,274
Changes:		
Unreserved fund balance used to reduce tax rate		(31,300)
Budget summary:		
Revenue surplus (Exhibit 9)	\$ 79,473	
Overdraft of appropriations (Exhibit 10)	<u>(58,626)</u>	
Budget surplus		20,847
Increase in restricted fund balance		(19,641)
Decrease in committed fund balance, not related to encumbrances		<u>113,963</u>
Unassigned fund balance, ending		<u><u>\$ 467,143</u></u>



Board of Commissioners
Village District of Eidelweiss
1680 Conway Rd Box 1027
Madison, New Hampshire
603-367-9022

EXHIBIT 12
Supplemental Financial Statement
For the Year Ended December 31, 2012

Cash Balance in Treasury - January 1, 2012	160,746
Receipts for Calendar Year	579,734
Total	740,480
Commissioner's Order's Paid	380,557
Cash Balance in Treasury - December 31, 2012	359,923
REVENUE	
Water Hook Ups	32,000
Interest	247
Madison Tax Payment	378,802
Radio Tower	7,500
Water Usage Fees	153,466
Tax Anticipation Note	0
Insurance Payment	0
Property Sales	5,050
Miscellaneous	0
Refunds	0
TOTAL REVENUE	577,065
FUND BALANCE OF SPECIAL FUNDS	
Water Line Extension Fund	
Starting Balance - January 1, 2012	62,834
Income	32,000
Interest	31.27
Expenditures	42,859
Ending Balance - December 31, 2012	52,006

EXHIBIT 12 (continued)
Supplemental Financial Statement
For the Year Ended December 31, 2012

FUND BALANCE OF CAPITAL RESERVE FUNDS	
Highway Equipment	
Starting Balance - January 1, 2012	65,704.95
Income	0.00
Expenditures	59,876.00
Interest	36.35
Ending Balance - December 31, 2012	5,865.30
Land Acquisition and Development	
Starting Balance - January 1, 2012	32,657.18
Income	0.00
Expenditures	0.00
Interest	18.51
Ending Balance - December 31, 2012	32,675.69
Road Construction	
Starting Balance - January 1, 2012	79,188.57
Income	0.00
Expenditures	59,200.00
Interest	34.14
Ending Balance - December 31, 2012	20,022.71
Office Equipment	
Starting Balance - January 1, 2012	12,747.94
Income	0.00
Expenditures	330.00
Interest	7.24
Ending Balance - December 31, 2012	12,425.18
Water System	
Starting Balance - January 1, 2012	59,824.08
Income	0.00
Expenditures	0.00
Interest	33.87
Ending Balance - December 31, 2012	59,857.95

EXHIBIT 12 (continued)
Supplemental Financial Statement
For the Year Ended December 31, 2012

Equipment Maintenance Trust Fund	
Starting Balance - January 1, 2012	20.56
Income	0.00
Expenditures	0.00
Interest	0.00
Ending Balance - December 31, 2012	20.56
BALANCE SHEET	
ASSETS AND OTHER DEBITS	
Cash on Hand	296,608
Accounts Receivable	104,949
Water Line Extension Fund	63,315
Capital Reserve Funds	136,178
TOTAL ASSETS	601,050
LIABILITIES AND EQUITIES	
LIABILITIES	
Accounts Payable	15,812
Accrued Payroll	5,177
Driveway Bonds	0
Retainage Payable	3,028
TOTAL LIABILITIES	24,017
EQUITY	
Encumbered Funds	21,471
Water Line Extension Fund	52,006
Capital Reserve Funds	136,178
Restricted Debt Service (Jungfrau Bond Proceeds)	19,641
Unassigned Fund Balance	347,737
TOTAL EQUITIES AND LIABILITIES	601,050