

THE VILLAGE DISTRICT OF EIDELWEISS

FINANCIAL REPORT

AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2013

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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, 2013, 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.

Unmodified Opinions

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, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Information

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 6 and 20 and 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on this information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary 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, 2013, and the cash receipts and disbursements for the year then ended, on the cash basis of accounting.

February 19, 2014

Roberts & Greene, PLLC

**Village District of Eidelweiss
Management Discussion and Analysis
For Fiscal Year Ended December 31, 2013.
February 19, 2013**

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, 2013.

This is the third year that our financial statements have been prepared in accordance with generally accepted accounting principles for governments as established by the Governmental Accounting Standards Board (GASB). 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 Generally Accepted Accounting Principles (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 of an audited financial statement. This is the third audited statement since 2003. Having three consecutive years of GASB compliant, audited data, the VDOE now has the tools to do budget analysis that did not exist for the previous seven years.

- The total assets of the VDOE exceeded its liabilities at the close of 2013 by **\$2,275,596**.
- At the close of 2013, the VDOE's Unassigned Fund balance in the General Fund was **\$317,303**. The Water Extension Fund balance was **\$49,326**.
- The expenses incurred in 2013 were reduced from 2012. This is the third year of expense reductions.

Overview of the Financial Statements

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

	2012	2013
Income Statement		
Revenues		
Program Income	185,466	179,753
General Revenue	401,149	380,576
Total Revenues	586,615	560,329
Expenses		
General Government	132,781	152,532
Highways and Streets	243,607	191,680
Water Distribution/Treatment	138,667	164,193
Culture and Recreation	4,517	6,947
Interest on Long-term Debt	9,948	5,699
Capital Outlay	25,348	13,447
Total Expenses	554,868	534,498
Net Income	31,747	25,831
Assets and Liabilities	2012	2013
Assets		
Cash	359,923	181,074
Capital Reserve Balances	136,178	179,075
Taxes Receivable	104,444	166,952
Accounts Receivable, net	505	5,978
Inventory		3,021
Prepaid expense		6,807
Land	250,537	252,127
Other Capital Assets, net	1,598,770	1,651,836
Total Assets	2,450,357	2,446,870
Liabilities		
Accounts Payable	15,812	19,328
Accrued Payroll	5,177	4,635
Accrued Interest Payable	3,875	2,911

Retainage Payable	3,028	5,614
Oak Ridge Loan	68,392	46,735
Jung Frau Loan	104,308	92,051
Total Liabilities	200,592	171,274
Net Position	2,249,765	2,275,596

The financial condition of the Village continued to improve in 2013. The paved portions of Eidelweiss Drive and Appenvel Way were crack sealed and then chip sealed to extend the life of the pavement. The first 450 feet of Oak Ridge Road had an engineered drainage system constructed. An unplanned 400 foot water main extension was completed on Huttwil Drive at a total cost of \$44,000. Many lessons were learnt on that water main project. No additional debt was incurred by the VDOE in 2013.

Budget Discussion

The performance against the budget is favorable. The net result was a favorable balance of **\$381,615** against a total budget of **\$990,092**.

	Expended/Encumbered	Budget	Variance
Expenses			
Executive	11,470	12,198	728
Financial Administration	42,151	44,455	2,304
Legal Expense	4,353	5,100	747
Employee Benefits	63,010	69,988	6,978
General Government			
Buildings	17,848	17,670	(178)
Insurance	10,837	12,475	1,638
Bond Payments (P&I)	40,577	12,231	(27,346)
Regional Association	789	1,105	316
Miscellaneous/ Contingency	744	1,275	531
Highway & Streets (incl. Equip. Maintenance)	160,601	194,765	34,164
Street Lighting	1,411	1,300	(111)
Parks & Recreation	6,947	10,000	3,053
TAN Interest	0	1,000	1,000
Water Services	114,002	147,360	33,358
Capital Outlay	133,737	459,170	325,433
Transfers Out	0		
Total Expended	608,477	990,092	381,615

Highway

The highway expenditures had a favorable variance against the budget of \$34,053. The International and Ford 550 highway plow trucks are in good condition and under warranty. The VDOE will vote on replacing the GMC Top Kick truck, the Caterpillar backhoe, and the John Deere motor grader on February 22, 2014.

Accounts that contributed to the positive balance:

- Highway payroll was favorable by \$13,993 primarily due to the sudden death of a full time employee and a low use of part time employees.

Accounts that contributed to an unfavorable balance:

- Repairs and Maintenance was unfavorable by \$3,211, due to the age of the GMC Top Kick, the Caterpillar backhoe, and the John Deere motor grader.

Water System

- There were no material variances from budget. Overall favorable variance was \$33,358.
- A \$165,000 bond for a Jungfrau pump system upgrade was not pursued upon determining that a previous loan from the only New Hampshire Bank was done with terms and condition and a second false entity name that were “not recommended” by the VDOE Auditor and labeled “illegal” by the VDOE Attorney. This same bank proposed the 2013 \$165,000 loan under the same conditions. The VDOE creates this borrowing problem by specifying two sources of funding in the wording of the Water System bond related warrant articles. This problem is resolved by approving warrant articles that do not articulate that any portion of the loan must be paid from Water User Fees. The warrant article’s language need to leave 100% of the loan payments under the lower risk guarantee of the property tax system, no matter how the VDOE decides to actually source the payments.

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 approved General Government Operating Budget. 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.

BASIC FINANCIAL STATEMENTS

EXHIBIT 1
VILLAGE DISTRICT OF EIDELWEISS
Statement of Net Position
December 31, 2013

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 181,074
Intergovernmental receivable	346,027
Other receivables, net of allowance for uncollectibles	5,978
Inventory	3,021
Prepaid items	6,807
Capital assets, not being depreciated:	
Land	252,127
Capital assets, net of accumulated depreciation:	
Lodge and cabana	28,480
Water system	591,038
Eidelweiss Drive DPW2 facility	213,270
Heavy equipment	272,000
Roads and dams	499,068
Conway Road facility	47,980
Total assets	2,446,870
LIABILITIES	
Accounts payable	19,328
Accrued payroll and benefits	4,635
Accrued interest payable	2,911
Retainage payable	5,614
Noncurrent obligations:	
Due within one year:	
Notes payable	35,289
Due in more than one year:	
Notes payable	103,497
Total liabilities	171,274
NET POSITION	
Net investment in capital assets	1,765,177
Restricted for debt service	2,479
Unrestricted	507,940
Total net position	\$ 2,275,596

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, 2013

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
General government	\$ 152,532	\$ 8,000	\$ -	\$ (144,532)
Highways and streets	191,680	-	5,808	(185,872)
Water distribution and treatment	164,193	165,945	-	1,752
Culture and recreation	6,947	-	-	(6,947)
Interest on long-term debt	5,699	-	-	(5,699)
Capital outlay	13,447	-	-	(13,447)
Total governmental activities	<u>\$ 534,498</u>	<u>\$ 173,945</u>	<u>\$ 5,808</u>	<u>(354,745)</u>
General revenues:				
Property taxes				356,353
Miscellaneous				24,223
Total general revenues				<u>380,576</u>
Change in net position				25,831
Net position, beginning				2,249,765
Net position, ending				<u>\$ 2,275,596</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, 2013

	General	Water Extension	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 117,727	\$ 63,347	\$ 181,074
Receivables, net of allowance for uncollectible:			
Accounts	5,978	-	5,978
Intergovernmental	346,027	-	346,027
Interfund receivable	11,860	-	11,860
Inventory	3,021	-	3,021
Prepaid items	6,807	-	6,807
Total assets	<u>\$ 491,420</u>	<u>\$ 63,347</u>	<u>\$ 554,767</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 17,167	\$ 2,161	\$ 19,328
Accrued salaries and benefits	4,635	-	4,635
Retainage payable	5,614	-	5,614
Interfund payable	-	11,860	11,860
Total liabilities	<u>27,416</u>	<u>14,021</u>	<u>41,437</u>
Deferred inflows of resources:			
Deferred revenue	3,438	-	3,438
Fund balances:			
Restricted for debt service	2,479		2,479
Committed for capital outlay	140,784	49,326	190,110
Unassigned	317,303	-	317,303
Total fund balances	<u>460,566</u>	<u>49,326</u>	<u>509,892</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 491,420</u>	<u>\$ 63,347</u>	<u>\$ 554,767</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 Position
December 31, 2013

Total fund balances of governmental funds (Exhibit 3)		\$ 509,892
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.		
Cost	\$ 2,290,480	
Less accumulated depreciation	<u>(386,517)</u>	1,903,963
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$ (11,860)	
Payables	<u>11,860</u>	-
Long-term revenues are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
Deferred water revenue		3,438
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(2,911)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Notes outstanding		<u>(138,786)</u>
Total net position of governmental activities (Exhibit 1)		<u><u>\$ 2,275,596</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, 2013

	<u>General</u>	<u>Water Extension</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes	\$ 356,353	\$ -	\$ 356,353
Intergovernmental	5,808	-	5,808
Charges for services	139,532	24,050	163,582
Miscellaneous	39,023	32	39,055
Total revenues	<u>540,716</u>	<u>24,082</u>	<u>564,798</u>
Expenditures:			
Current:			
General government	151,202	-	151,202
Highways and streets	162,012	-	162,012
Water distribution and treatment	114,002	26,762	140,764
Culture and recreation	6,947	-	6,947
Debt service:			
Principal	33,914	-	33,914
Interest	6,663	-	6,663
Capital outlay	130,437	-	130,437
Total expenditures	<u>605,177</u>	<u>26,762</u>	<u>631,939</u>
Net change in fund balances	(64,461)	(2,680)	(67,141)
Fund balances, beginning	525,027	52,006	577,033
Fund balances, ending	<u>\$ 460,566</u>	<u>\$ 49,326</u>	<u>\$ 509,892</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, 2013

Net change in fund balances of governmental funds (Exhibit 5)		\$ (67,141)
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	\$ 130,376	
Depreciation expense	<u>(54,427)</u>	75,949
The disposal of capital assets has no effect on governmental funds, but reduces net position of governmental activities.		(21,293)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in governmental funds.		
Change in deferred water revenue		3,438
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position.		
Repayment of note principal		33,914
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.		
Decrease in accrued interest expense		<u>964</u>
Change in net position of governmental activities (Exhibit 2)		<u><u>\$ 25,831</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, 2013**

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, 2013.

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 position and the statement of activities. These statements report financial information for the Village District as a whole. 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, and operating grants and contributions, which consist of federal aid. 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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DECEMBER 31, 2013**

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
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2013**

I.C. Assets, Liabilities and Net Position 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 position and fund balance for various amounts as described here.

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

- Net investment in capital assets, which consists of the balance of capital assets net of accumulated depreciation, reduced by outstanding debt used to acquire those assets.
- Restricted, which represents the unspent balance of the Jung Frau debt that will be applied to the next year's debt payment.
- Unrestricted, which consists of the remaining balance of net position.

The governmental funds report the following components of fund balance:

- Restricted, which represents unspent debt proceeds that must be applied to future payments of the related debt.
- Committed, which represents the balances of the capital reserve funds, which have been set aside by the Village District Meeting for specific purposes, an encumbrance carried over by vote of the Board of Commissioners for a specific expenditure, 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
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2013**

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 both major funds. 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 2013, \$277,700 of the unassigned fund balance from the year 2012 was voted to be used for specific purposes by the Village District Meeting.

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
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2013**

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	\$ 250,537	\$ 1,590	\$ -	\$ 252,127
Being depreciated:				
Lodge and cabana	42,000			42,000
Water system	673,574	59,500	-	733,074
Eidelweiss Drive DBW2 facility	230,000	-	-	230,000
Heavy equipment	393,613	-	(21,293)	372,320
Roads and dams	527,673	69,286	-	596,959
Conway Road facility	64,000	-	-	64,000
Total capital assets being depreciated	<u>1,930,860</u>	<u>128,786</u>	<u>(21,293)</u>	<u>2,038,353</u>
Total all capital assets	<u>2,181,397</u>	<u>130,376</u>	<u>(21,293)</u>	<u>2,290,480</u>
Less accumulated depreciation:				
Lodge and cabana	(12,830)	(690)	-	(13,520)
Water system	(127,625)	(14,411)	-	(142,036)
Eidelweiss Drive DBW2 facility	(12,510)	(4,220)	-	(16,730)
Heavy equipment	(82,283)	(18,037)	-	(100,320)
Roads and dams	(81,462)	(16,429)	-	(97,891)
Conway Road facility	(15,380)	(640)	-	(16,020)
Total accumulated depreciation	<u>(332,090)</u>	<u>(54,427)</u>	<u>-</u>	<u>(386,517)</u>
Net book value, capital assets being depreciated	<u>1,598,770</u>	<u>74,359</u>	<u>(21,293)</u>	<u>1,651,836</u>
Net book value, all capital assets	<u>\$ 1,849,307</u>	<u>\$ 75,949</u>	<u>\$ (21,293)</u>	<u>\$ 1,903,963</u>

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

General government	\$ 1,330
Highways and streets	29,668
Water distribution and treatment	23,429
Total depreciation expense	<u>\$ 54,427</u>

**THE VILLAGE DISTRICT OF EIDELWEISS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2013**

III.C. Long-Term Liabilities

Long-term liabilities currently outstanding are as follow:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at 12/31/2013	Current Portion
General obligation notes payable:						
Oak Ridge	\$ 200,000	2005	2015	4.08	\$ 46,735	\$ 22,551
Jung Frau	\$ 133,000	2010	2020	3.802	92,051	12,738
					<u>\$ 138,786</u>	<u>\$ 35,289</u>

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended December 31, 2013:

	General Obligation Notes Payable
Balance, beginning	\$ 172,700
Reductions	(33,914)
Balance, ending	<u>\$ 138,786</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,	Governmental Activities		
	Principal	Interest	Total
2014	\$ 35,289	\$ 5,288	\$ 40,577
2015	37,494	3,880	41,374
2016	13,727	2,389	16,116
2017	14,261	1,855	16,116
2018	14,808	1,308	16,116
2019-2020	23,207	889	24,096
Totals	<u>\$ 138,786</u>	<u>\$ 15,609</u>	<u>\$ 154,395</u>

III.D. Balances Within the Reporting Entity

The \$11,860 receivable in the General Fund and payable from the Water Expansion Fund represents an overpayment of the water hook-up fees.

**THE VILLAGE DISTRICT OF EIDELWEISS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2013**

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 2013, the Village District paid \$10,420 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 in 2013 recorded as an insurance expenditure/expense totaled \$4,475. In addition, the Village District paid \$6,681 for unemployment compensation insurance. The trust agreement permits 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, 2013

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ 356,128	\$ 356,353	\$ 225
Intergovernmental	-	5,808	5,808
Charges for services	147,360	139,532	(7,828)
Miscellaneous	22,434	39,023	16,589
Total revenues	<u>525,922</u>	<u>540,716</u>	<u>14,794</u>
EXPENDITURES			
Current:			
General government	164,266	151,202	13,064
Highways and streets	191,065	157,012	34,053
Water distribution and treatment	147,360	114,002	33,358
Culture and recreation	10,000	6,947	3,053
Debt service:			
Principal	12,231	33,914	(21,683)
Interest on long-term debt	-	6,663	(6,663)
Interest on tax anticipation note	1,000	-	1,000
Capital outlay	442,700	117,267	325,433
Total expenditures	<u>968,622</u>	<u>587,007</u>	<u>381,615</u>
Deficiency of revenues under expenditures	<u>(442,700)</u>	<u>(46,291)</u>	<u>396,409</u>
Other financing sources (uses):			
Transfers in	53,000	-	(53,000)
Long-term debt issued	112,000	-	(112,000)
Total other financing sources and uses	<u>165,000</u>	<u>-</u>	<u>(165,000)</u>
Net change in fund balance	<u>\$ (277,700)</u>	(46,291)	<u>\$ 231,409</u>
Decrease in restricted fund balance		17,162	
Increase in commmitted fund balance		(1,305)	
Unassigned fund balance, beginning		347,737	
Unassigned fund balance, ending		<u>\$ 317,303</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, 2013

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 50,000	\$ 24,050	\$ (25,950)
Miscellaneous	-	32	32
Total revenues	<u>50,000</u>	<u>24,082</u>	<u>(25,918)</u>
EXPENDITURES			
Current:			
Water services and connections	<u>50,000</u>	<u>26,762</u>	<u>23,238</u>
Net change in fund balance	<u>\$ -</u>	<u>(2,680)</u>	<u>\$ (2,680)</u>
Fund balance, beginning		<u>52,006</u>	
Fund balance, ending		<u>\$ 49,326</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, 2013**

Reconciliation of Budgetary Basis to GAAP

The following reconciles the General Fund budgetary basis to GAAP.

Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 587,007
Adjustments:	
Basis difference:	
Encumbrances, beginning	21,470
Encumbrances, ending	<u>(3,300)</u>
Per Exhibit 5 (GAAP basis)	<u>\$ 605,177</u>

With the exception of encumbrances, the Village District has followed GAAP in the budgetary statements. 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.

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, 2013

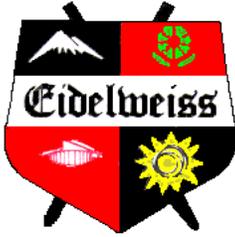
	<u>Estimated</u>	<u>Actual</u>	Variance Positive (Negative)
Taxes:			
Property	\$ 356,128	\$ 356,353	\$ 225
Intergovernmental:			
FEMA	-	5,808	5,808
Charges for services:			
Income from departments	147,360	138,457	(8,903)
Other	-	1,075	1,075
Total charges for services	<u>147,360</u>	<u>139,532</u>	<u>(7,828)</u>
Miscellaneous:			
Sale of property	14,834	14,834	-
Interest on investments	100	45	(55)
Rent for radio tower	7,500	8,000	500
Insurance dividends and reimbursements	-	15,925	15,925
Other	-	219	219
Total miscellaneous	<u>22,434</u>	<u>39,023</u>	<u>16,589</u>
Other financing sources:			
Transfers in:			
Expendable trust funds	53,000	-	(53,000)
Long-term debt issued	112,000	-	(112,000)
Total other financing sources	<u>165,000</u>	<u>-</u>	<u>(165,000)</u>
Total revenues and other financing sources	690,922	<u>\$ 540,716</u>	<u>\$ (150,206)</u>
Use of fund balance voted by District Meeting	277,700		
Total revenues, other financing sources and use of fund balance	<u>\$ 968,622</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, 2013

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 12,198	\$ 11,470	\$ -	\$ 728
Financial administration	-	44,455	42,151	-	2,304
Legal	-	5,100	4,353	-	747
Employee benefits	-	69,988	63,010	-	6,978
General government buildings	-	17,670	17,848	-	(178)
Insurance, not otherwise allocated	-	12,475	10,837	-	1,638
Advertising and regional associations	-	1,105	789	-	316
Other	-	1,275	744	-	531
Total general government	<u>-</u>	<u>164,266</u>	<u>151,202</u>	<u>-</u>	<u>13,064</u>
Highways and streets:					
Highways and streets	5,000	189,765	160,601	-	34,164
Street lighting	-	1,300	1,411	-	(111)
Total highways and streets	<u>5,000</u>	<u>191,065</u>	<u>162,012</u>	<u>-</u>	<u>34,053</u>
Water distribution and treatment:					
Water services	-	147,360	109,961	-	37,399
Water treatment	-	-	4,041	-	(4,041)
Total water distribution and treatment	<u>-</u>	<u>147,360</u>	<u>114,002</u>	<u>-</u>	<u>33,358</u>
Culture and recreation:					
Parks and recreation	-	10,000	6,947	-	3,053
Debt service:					
Principal	-	12,231	33,914	-	(21,683)
Interest on long-term debt	-	-	6,663	-	(6,663)
Interest on tax anticipation note	-	1,000	-	-	1,000
Total debt service	<u>-</u>	<u>13,231</u>	<u>40,577</u>	<u>-</u>	<u>(27,346)</u>
Capital outlay:					
Land	-	-	1,590	-	(1,590)
Machinery, vehicles and equipment	-	190,000	700	-	189,300
Improvements other than buildings	16,470	252,700	128,147	3,300	137,723
Total capital outlay	<u>16,470</u>	<u>442,700</u>	<u>130,437</u>	<u>3,300</u>	<u>325,433</u>
Total encumbrances, appropriations and expenditures	<u>\$ 21,470</u>	<u>\$ 968,622</u>	<u>\$ 605,177</u>	<u>\$ 3,300</u>	<u>\$ 381,615</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, 2013

Unassigned fund balance, beginning		\$ 347,737
Changes:		
Unassigned fund balance voted to be used by District Meeting		(277,700)
Budget summary:		
Revenue shortfall (Exhibit 9)	\$ (150,206)	
Unexpended balance of appropriations (Exhibit 10)	<u>381,615</u>	
Budget surplus		231,409
Decrease in restricted fund balance		17,162
Increase in committed fund balance		<u>(1,305)</u>
Unassigned fund balance, ending		<u><u>\$ 317,303</u></u>



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

AUDITED FINANCIAL STATEMENT 2013

Cash Balance in Treasury - January 1, 2013	359,923
Receipts for Calendar Year	502,290
Total	862,213
Commissioner's Order's Paid	681,139
Cash Balance in Treasury - December 31, 2013	181,074
RECEIPTS	
Water Hook Ups	24,050
Interest	78
Madison Tax Payment	293,845
Radio Tower	8,000
Water Usage Fees	139,532
Tax Anticipation Note	0
Insurance Payment	2,968
Property Sales	14,834
Miscellaneous (includes FEMA payment)	18,983
Refunds	0
TOTAL RECEIPTS	502,290
FUND BALANCE OF SPECIAL FUNDS	
Water Line Extension Fund	
Starting Balance - January 1, 2013	52,006.31
Income	24,050.00
Interest	31.67
Expenditures	26,761.62
Ending Balance - December 31, 2013	49,326.36

FUND BALANCE OF CAPITAL RESERVE FUNDS	
Highway Equipment	
Starting Balance - January 1, 2013	5,865.30
Income	0.00
Expenditures	0.00
Interest	.88
Ending Balance - December 31, 2013	5,866.18
Land Acquisition and Development	
Starting Balance - January 1, 2013	32,675.69
Income	0.00
Expenditures	0.00
Interest	4.89
Ending Balance - December 31, 2013	32,680.58
Road Construction	
Starting Balance - January 1, 2013	20,022.71
Income	0.00
Expenditures	0.00
Interest	2.97
Ending Balance - December 31, 2013	20,025.68
Office Equipment	
Starting Balance - January 1, 2013	12,425.18
Income	0.00
Expenditures	0.00
Interest	1.86
Ending Balance - December 31, 2013	12,427.04
Water System	
Starting Balance - January 1, 2013	59,824.08
Income	48,183.25
Requested funds (processed in 2014)	(44,000.00)
Interest	14.07

Ending Balance - December 31, 2013 (Balance following withdrawal processing)	108,055.27 (64,055.27)
Equipment Maintenance Trust Fund	
Starting Balance - January 1, 2013	20.56
Income	0.00
Expenditures	0.00
Interest	0.00
Ending Balance - December 31, 2013	20.56
<u>AUDITED</u> GENERAL FUND BALANCE SHEET	
ASSETS AND OTHER DEBITS	
Cash on Hand	117,727
Accounts Receivable	172,930
Water Line Extension Fund	63,347
Capital Reserve Funds	140,784
Inventory	3,021
Prepaid Items	6,807
TOTAL ASSETS	542,907
LIABILITIES AND EQUITIES	
LIABILITIES	
Accounts Payable	19,328
Accrued Payroll	4,635
Driveway Bonds	0
Retainage Payable	5,614
Deferred Revenue	3,438
TOTAL LIABILITIES	33,015
EQUITY	
Encumbered Funds	3,300
Water Line Extension Fund	49,326
Capital Reserve Funds	140,784
Restricted Debt Service (Jungfrau Bond Proceeds)	2,479
Unassigned Fund Balance	317,303
TOTAL EQUITIES AND LIABILITIES	542,907