

THE VILLAGE DISTRICT OF EIDELWEISS

FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2018

**THE VILLAGE DISTRICT OF EIDELWEISS
FINANCIAL REPORT
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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, 2018, 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, 2018, and the respective changes in financial position thereof and budgetary comparison statements of each major fund 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 on pages 3 through 6 and pension related schedules on pages 26 and 27 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 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 are fairly stated in all material respects in relation to the basic financial statements as a whole.

June 3, 2019

Roberts & Greene, PLLC

**Village District of Eidelweiss
Management Discussion and Analysis
For Fiscal Year Ended December 31, 2018
May 2, 2019**

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, 2018.

This is the eighth 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 establish the criteria for classifying fund balances into specifically defined classifications and set 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 eighth audited statement since 2011. Having more than eight consecutive years of GASB compliant, audited data, the VDOE now has the tools to do budget analysis that did not exist for the previous years.

- The total assets of the VDOE exceeded its liabilities at the close of 2018 by \$2,356,487.00.
- At the close of 2018, the VDOE's Unassigned Fund balance in the General Fund was \$213,035.00. The Water Extension Fund balance was \$2,314.00.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the VDOE's basic financial statements. The Commissioners that served in 2018 are no longer on the Board. Due to this, the 2019 elected Board is limited on their comments as they were not part of this financial process.

Income Statement	2017	2018
Revenues		
Program Income	262,102	234,605
General Revenue	535,523	583,072
Total Revenues	797,625	845,327
Expenses		
General Government	234,007	262,255
Highways and Streets	287,467	249,204
Water Distribution/Treatment	157,660	161,736
Culture and Recreation	9,780	10,426
Interest on Long-term Debt	16,660	15,248
Capital Outlay	66,414	125,708
Total Expenses	771,988	796,687
Net Income	25,637	48,640
Assets and Liabilities	2017	2018
Assets		
Cash	107,282	261,889
Capital Reserve Balances	145,163	124,884
Taxes Receivable	293,127	0
Accounts Receivable, net	8,193	13,408
Prepaid expense	20,907	20,596
Land	286,927	289,527
Other Capital Assets, net	2,231,389	2,197,687
Total Assets	3,092,988	2,907,911
Deferred Outflows-Pensions	111,843	83,472
Liabilities		
Accounts Payable	52,905	12,500
Accrued Payroll	9,881	11,469
Accrued Interest Payable	7,605	5,201
Capital Leases/Notes Payable	625,183	409,610
Net Pension Liability	193,636	187,546
Total Liabilities	889,210	626,326
Deferred Inflows-Pensions	7,774	8,650
Net Position	2,307,847	2,356,487

Budget Discussion

	Expended/Encumbered	Budget	Variance
Expenditures			
Executive	10,781	12,200	1,419
Financial Administration	52,529	53,127	598
Legal Expense	3,036	3,400	364
Employee Benefits	82,332	82,291	(41)
General Government			
Buildings	16,475	13,813	(2,662)
Insurance	41,503	43,000	1,497
Bond Payments (P&I)	103,017	95,285	(7,732)
Regional Association	1,080	935	(145)
Miscellaneous/ Contingency	942	935	(7)
Highway & Streets (incl. Equip. Maintenance)	185,789	202,660	16,871
Street Lighting	1,544	1,500	(44)
Parks & Recreation	10,026	9,000	(1,026)
TAN Interest	3,506	700	(2,806)
Water Services	134,309	138,625	4,316
Capital Outlay	171,677	324,414	139,984
Prior Year Encumbrances		25,018	
Current Year Encumbrances	37,771		
Total Expended/Encumbered	883,946	1,063,220	166,521

The District budget had a favorable variance of \$166,521.00.

Accounts that contributed in a positive way:

- Highways & Streets was favorable by \$16,871.00 due to use of capital funds.
- Water Services were favorable by \$4,316.00.
- Capital Outlay was favorable by \$139,984.00 due to remaining unexpended funds from the water loan approved in 2018 for tank inspection and lining.

Other account discussion items:

All usual and routine operations were performed at expected levels and within budget.

General Fund and Capital Reserve Funds

We enter 2019 with a budget that reflects the ongoing operational costs and the immediate capital requirements of the VDOE. A comprehensive review of all areas of operation is being performed to evaluate and propose future capital improvements. The objective is to provide a plan that covers the

long term needs of the VDOE. The Board plans to keep the voters and taxpayers informed on our progress.

For additional information, please contact the Commissioners office at 603-367-9022 or email the office at: office@vdoe-nh.org.

BASIC FINANCIAL STATEMENTS

EXHIBIT 1
VILLAGE DISTRICT OF EIDELWEISS
Statement of Net Position
December 31, 2018

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 261,889
Intergovernmental receivable	124,884
Other receivables, net of allowance for uncollectibles	13,408
Prepaid items	20,596
Capital assets, not being depreciated:	
Land	289,527
Capital assets, net of accumulated depreciation:	
Lodge and cabana	52,912
Water system	713,052
DPW2 garage and salt shed	192,170
Heavy equipment	562,995
Roads and dams	631,778
Conway Road facility	44,780
Total assets	2,907,991
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	83,472
 LIABILITIES	
Accounts payable	12,500
Accrued payroll and benefits	11,469
Accrued interest payable	5,201
Noncurrent obligations:	
Due within one year:	
Notes payable	67,997
Capital leases payable	25,223
Due in more than one year:	
Notes payable	207,727
Capital leases payable	108,663
Net pension liability	187,546
Total liabilities	626,326
 DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pensions	8,650
 NET POSITION	
Net investment in capital assets	2,077,604
Unrestricted	278,883
Total net position	\$ 2,356,487

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, 2018

	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Position
Governmental activities:			
General government	\$ 234,365	\$ -	\$ (234,365)
Highways and streets	249,204	1,125	(248,079)
Water distribution and treatment	161,736	261,130	99,394
Culture and recreation	10,426	-	(10,426)
Interest on long-term debt	15,248	-	(15,248)
Capital outlay	125,708	-	(125,708)
Total governmental activities	\$ 796,687	\$ 262,255	(534,432)
General revenues:			
Property taxes			570,377
Miscellaneous			12,695
Total general revenues			583,072
Change in net position			48,640
Net position, beginning, as restated, see Note III.E.			2,307,847
Net position, ending			\$ 2,356,487

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, 2018

	General	Water Extension	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 259,575	\$ 2,314	\$ 261,889
Receivables:			
Accounts	13,408	-	13,408
Intergovernmental	124,884	-	124,884
Prepaid items	20,596	-	20,596
Total assets	<u>\$ 418,463</u>	<u>\$ 2,314</u>	<u>\$ 420,777</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 12,500	\$ -	\$ 12,500
Accrued salaries and benefits	11,469	-	11,469
Total liabilities	<u>23,969</u>	<u>-</u>	<u>23,969</u>
Deferred inflows of resources:			
Unavailable revenue	<u>8,208</u>	<u>-</u>	<u>8,208</u>
Fund balances:			
Nonspendable-prepaid items	20,596	-	20,596
Committed for capital outlay	152,655	2,314	154,969
Unassigned	213,035	-	213,035
Total fund balances	<u>386,286</u>	<u>2,314</u>	<u>388,600</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 418,463</u>	<u>\$ 2,314</u>	<u>\$ 420,777</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, 2018

Total fund balances of governmental funds (Exhibit 3)		\$ 388,600
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	\$ 3,171,976	
Less accumulated depreciation	<u>(684,762)</u>	2,487,214
Revenues that are not available to pay for current period expenditures are deferred in the funds.		
Unavailable water charges		8,208
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(5,201)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Notes outstanding	\$ 275,724	
Capital leases outstanding	133,886	
Net pension liability	<u>187,546</u>	(597,156)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows related to pensions	\$ 83,472	
Deferred inflows related to pensions	<u>(8,650)</u>	
		<u>74,822</u>
Total net position of governmental activities (Exhibit 1)		<u><u>\$ 2,356,487</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, 2018

	General	Water Extension	Total Governmental Funds
Revenues:			
Taxes	\$ 570,377	\$ -	\$ 570,377
Charges for services	234,605	24,000	258,605
Miscellaneous	12,692	3	12,695
Total revenues	<u>817,674</u>	<u>24,003</u>	<u>841,677</u>
Expenditures:			
Current:			
General government	208,678	-	208,678
Highways and streets	187,333	-	187,333
Water services	134,309	-	134,309
Culture and recreation	10,426	-	10,426
Debt service:			
Principal	90,369	-	90,369
Interest	16,154	-	16,154
Capital outlay	171,677	14,757	186,434
Total expenditures	<u>818,946</u>	<u>14,757</u>	<u>833,703</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,272)</u>	<u>9,246</u>	<u>7,974</u>
Other financing sources (uses):			
Transfers in	6,932	-	6,932
Transfers out	-	(6,932)	(6,932)
Long-term debt issued	64,796	-	64,796
Total other financing sources and uses	<u>71,728</u>	<u>(6,932)</u>	<u>64,796</u>
Net change in fund balances	70,456	2,314	72,770
Fund balances, beginning, as restated, see Note III.E.	315,830	-	315,830
Fund balances, ending	<u>\$ 386,286</u>	<u>\$ 2,314</u>	<u>\$ 388,600</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, 2018

Net change in fund balances of governmental funds (Exhibit 5)		\$ 72,770
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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.</p>		
Capitalized capital outlay	\$ 60,726	
Depreciation expense	<u>(91,828)</u>	(31,102)
<p>Transfers in and out between governmental funds are eliminated on the operating statement.</p>		
Transfers in	\$ (6,932)	
Transfers out	<u>6,932</u>	-
<p>Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in governmental funds.</p>		
Change in unavailable water charges		3,650
<p>The issuance of long-term debt 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.</p>		
Inception of capital lease	\$ (64,796)	
Repayment of note principal	65,879	
Repayment of capital lease principal	<u>24,490</u>	25,573
<p>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.</p>		
Decrease in accrued interest expense		906
<p>Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employee contributions, is reported as pension expense.</p>		
Village District pension contributions	\$ 17,114	
Cost of benefits earned, net of employee contributions	<u>(40,271)</u>	(23,157)
Change in net position of governmental activities (Exhibit 2)		<u><u>\$ 48,640</u></u>

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

EXHIBIT 7
VILLAGE DISTRICT OF EIDELWEISS
General Fund
Statement of Revenues, Expenditures and Changes in Unassigned Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 569,510	\$ 569,510	\$ 570,377	\$ 867
Charges for services	218,291	218,291	234,605	16,314
Miscellaneous	7,956	7,956	11,240	3,284
Total revenues	<u>795,757</u>	<u>795,757</u>	<u>816,222</u>	<u>20,465</u>
EXPENDITURES				
Current:				
General government	209,701	209,701	208,678	1,023
Highways and streets	204,160	204,160	187,333	16,827
Water services	138,625	138,625	134,309	4,316
Culture and recreation	10,275	10,275	10,426	(151)
Debt service:				
Principal	90,150	90,150	90,369	(219)
Interest on long-term debt	20,195	20,195	12,648	7,547
Interest on tax anticipation note	700	700	3,506	(2,806)
Capital outlay	269,683	324,414	184,430	139,984
Total expenditures	<u>943,489</u>	<u>998,220</u>	<u>831,699</u>	<u>166,521</u>
Deficiency of revenues under expenditures	<u>(147,732)</u>	<u>(202,463)</u>	<u>(15,477)</u>	<u>186,986</u>
Other financing sources (uses):				
Transfers in	7,800	62,531	61,663	(868)
Transfers out	(65,000)	(65,000)	(65,000)	-
Long-term debt issued	204,932	204,932	64,796	(140,136)
Total other financing sources and uses	<u>147,732</u>	<u>202,463</u>	<u>61,459</u>	<u>(141,004)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	45,982	<u>\$ 45,982</u>
Decrease in nonspendable fund balance			311	
Unassigned fund balance, beginning, as restated			166,742	
Unassigned fund balance, ending			<u>\$ 213,035</u>	

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

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, 2018

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 50,000	\$ 24,000	\$ (26,000)
Miscellaneous	-	3	3
Total revenues	<u>50,000</u>	<u>24,003</u>	<u>(25,997)</u>
EXPENDITURES			
Capital outlay	<u>50,000</u>	<u>14,757</u>	<u>35,243</u>
Excess of revenues over expenditures	-	9,246	9,246
Other financing uses:			
Transfers out	<u>-</u>	<u>(6,932)</u>	<u>(6,932)</u>
Net change in fund balance	<u>\$ -</u>	<u>2,314</u>	<u>\$ 2,314</u>
Fund balance, beginning		-	
Fund balance, ending		<u>\$ 2,314</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 YEAR ENDED
DECEMBER 31, 2018**

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 year ended December 31, 2018.

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. The property taxes and revenue from other sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for the governmental funds.

**THE VILLAGE DISTRICT OF EIDELWEISS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2018**

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 sixty 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). These funds are reported within the General Fund.

**THE VILLAGE DISTRICT OF EIDELWEISS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2018**

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 Liabilities*

In the government-wide financial statements, outstanding debt is reported as liabilities. The Village District reports the outstanding balances of notes and capital leases payable, along with the net pension liability, 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.
- Unrestricted, which consists of the remaining balance of net position.

The governmental funds report the following components of fund balance:

- Nonspendable, which represents the balance of prepaid items that is not in a spendable form.
- Committed, which represents the balances of the capital reserve funds, which have been set aside by the Village District Meeting for specific purposes, encumbrances of special warrant articles, 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 YEAR ENDED
DECEMBER 31, 2018**

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

II.A. 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 year 2018, none of the fund balance from 2017 was so used.

Encumbrance accounting is employed by the governmental funds. Encumbrances (e.g., balances of special warrant articles, contracts) outstanding at year-end are reported as committed or assigned fund balance and do not constitute expenditures or liabilities because the amounts 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 services, culture and recreation, debt service and capital outlay.

II.B. 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)	\$ 942,681
Adjustments:	
Perspective difference:	
Interest earned by Expendable Trust Fund	1,452
Transfers from Expendable Trust Fund	<u>(54,731)</u>
Per Exhibit 5 (GAAP basis)	<u>\$ 889,402</u>

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Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 896,699
Adjustments:	
Basis difference:	
Encumbrances, beginning	25,018
Encumbrances, ending	(37,771)
Perspective difference:	
Transfers to Expendable Trust Fund	(65,000)
Per Exhibit 5 (GAAP basis)	<u>\$ 818,946</u>

III. Detailed Notes on Funds and Government-Wide Statements

III.A. Receivables

Significant receivables consist of intergovernmental amounts arising from the balance of the Expendable Trust Funds of \$124,884, 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 notes continue on the following page.

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III.B. Capital Assets

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

	<u>Balance, beginning</u>	<u>Additions</u>	<u>Balance, ending</u>
At cost:			
Not being depreciated:			
Land	\$ 286,927	\$ 2,600	\$ 289,527
Being depreciated:			
Lodge and cabana	71,982	-	71,982
Water system	901,090	58,126	959,216
DPW2 garage and salt shed	230,000	-	230,000
Heavy equipment	682,782	-	682,782
Roads and dams	874,469	-	874,469
Conway Road facility	64,000	-	64,000
Total capital assets being depreciated	<u>2,824,323</u>	<u>58,126</u>	<u>2,882,449</u>
Total all capital assets	<u>3,111,250</u>	<u>60,726</u>	<u>3,171,976</u>
Less accumulated depreciation:			
Lodge and cabana	(16,280)	(2,790)	(19,070)
Water system	(219,637)	(26,527)	(246,164)
DPW2 garage and salt shed	(33,610)	(4,220)	(37,830)
Heavy equipment	(92,058)	(27,729)	(119,787)
Roads and dams	(212,769)	(29,922)	(242,691)
Conway Road facility	(18,580)	(640)	(19,220)
Total accumulated depreciation	<u>(592,934)</u>	<u>(91,828)</u>	<u>(684,762)</u>
Net book value, capital assets being depreciated	<u>2,231,389</u>	<u>(33,702)</u>	<u>2,197,687</u>
Net book value, all capital assets	<u>\$ 2,518,316</u>	<u>\$ (31,102)</u>	<u>\$ 2,487,214</u>

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

General government	\$ 3,430
Highways and streets	61,871
Water services	26,527
Total depreciation expense	<u>\$ 91,828</u>

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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 12/31/2018	Current Portion
General obligation notes payable:						
Jung Frau	\$133,000	2010	2020	3.802	\$ 23,286	\$ 15,377
Truck	\$109,590	2015	2020	3.349	46,048	22,643
Oak Ridge	\$213,750	2016	2023	2.720	141,594	29,977
Water tanks maintenance*	\$64,796	2018	-		64,796	-
					<u>275,724</u>	<u>67,997</u>
Capital lease payable:						
Road grader					133,886	25,223
Net pension liability					187,546	-
					<u>\$ 597,156</u>	<u>\$ 93,220</u>

*This note was started to be drawn down in 2018, but was not completed nor the repayment terms finalized as of year-end.

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended December 31, 2018:

	General Obligation Notes Payable	Capital Lease Payable	Net Pension Liability	Total
Balance, beginning	\$ 276,807	\$ 158,376	\$ 193,636	\$ 628,819
Additions	64,796	-	-	64,796
Reductions	(65,879)	(24,490)	(6,090)	(96,459)
Balance, ending	<u>\$ 275,724</u>	<u>\$ 133,886</u>	<u>\$ 187,546</u>	<u>\$ 597,156</u>

Debt Service Requirements to Maturity

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

Year Ending December 31,	Principal	Interest	Total
2019	\$ 67,997	\$ 5,794	\$ 73,791
2020	62,116	3,618	65,734
2021	31,664	2,014	33,678
2022	32,543	1,135	33,678
2023	16,608	231	16,839
Unamortized Draws	64,796	-	64,796
Totals	<u>\$ 275,724</u>	<u>\$ 12,792</u>	<u>\$ 288,516</u>

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The annual payments to service the capital lease payable as of year-end are as follow:

Year Ending December 31,	Principal	Interest	Total
2019	\$ 25,223	\$ 4,003	\$ 29,226
2020	25,977	3,249	29,226
2021	26,754	2,472	29,226
2022	27,554	1,672	29,226
2023	28,378	848	29,226
Totals	<u>\$ 133,886</u>	<u>\$ 12,244</u>	<u>\$ 146,130</u>

III.D. Transfers Within the Reporting Entity

The \$6,932 transferred from the Water Extension Fund to the General Fund represents a reimbursement for prior year expenditures.

III.E. Restatement of Beginning Equity

Equity balances at January 1, 2018 were restated to reflect the following adjustments

	Governmental Activities	General Fund
To record additional account payable	\$ (5,200)	\$ (5,200)
To record check voided in prior year	3,855	3,855
Net position/fund balance, as previously reported	<u>2,309,192</u>	<u>317,175</u>
Net position/fund balance, as restated	<u>\$ 2,307,847</u>	<u>\$ 315,830</u>

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 year, the Village District was a member of the New Hampshire Public Risk Management Exchange (Primex), which is considered a public entity risk pool, currently operating as a common risk management and insurance program for member governments.

Primex’s Workers’ Compensation and Property/Liability Programs are pooled risk management programs under RSA 5-B and RSA 281-A. Coverage is provided for fiscal years July 1 through June 30 for property/liability, and for the calendar year for workers’ compensation and unemployment compensation.

Contributions paid for the year 2018 to be recorded as an insurance expenditure/expense totaled \$41,503 for property/liability, \$4,490 for workers’ compensation, and \$2,695 for

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unemployment compensation. The member 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. Retirement Pensions

General Information about the Pension Plan

The New Hampshire Retirement System (NHRS) is a multiple-employer, cost-sharing, contributory public employee defined benefit plan qualified under section 401(a) of the Internal Revenue Code, and funded through a trust which is exempt from tax under Internal Revenue Code section 501(A). The NHRS provides service, disability, death and vested retirement benefits for employees and their beneficiaries. The New Hampshire Legislature establishes the provisions for benefits and contributions. The NHRS issues a separate financial report that is available at www.nhrs.org or by contacting the NHRS at 54 Regional Drive, Concord, NH 03301.

Both the members and the Village District make contributions to the NHRS. Member rates of contribution are set by the Legislature. Employer rates are determined by the NHRS trustees based on an actuarial valuation. The rate of contribution for employees was 7.0% of gross earnings. The rate of contribution from the Village District was 11.38%. The rate is actuarially determined to generate an amount that, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions from the Village District during the years 2016, 2017 and 2018 were \$13,278, \$15,950 and \$17,114, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

The Village District is reporting a liability of \$187,546 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Village District's proportion of the net pension liability was based on a projection of the Village District's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities and school districts, actuarially determined. As of June 30, 2018, the Village District's proportion was 0.0039%, which was the same as its proportion reported as of December 31, 2017.

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For 2018, the Village District recognized pension expense of \$40,271. At year-end, the Village District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 60,874	\$ 2,791
Net differences between projected and actual earnings on pension plan investments	-	4,340
Changes in assumptions	12,979	-
Differences between expected and actual experience	1,497	1,519
Village District contributions subsequent to the measurement date	<u>8,122</u>	<u>-</u>
	<u>\$ 83,472</u>	<u>\$ 8,650</u>

The Village District reported \$8,122 as deferred outflows of resources related to pensions resulting from contributions made subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the next year.

Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follow:

Year Ending December 31,	
2019	\$ 29,281
2020	28,225
2021	10,221
2022	<u>(1,027)</u>
	<u>\$ 66,700</u>

Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using the valuation as of June 30, 2017 rolled forward following these actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	5.6% average, including inflation
Investment rate of return	7.25% per year

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Mortality rates were based on the RP-2014 Healthy Annuitant and Employee Generational Mortality Tables for males and females, adjusted for mortality improvements using Scale MP-2015.

Sensitivity of the Village District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Village District's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the Village District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Village District's proportionate share of net pension liability	\$ 249,532	\$ 187,546	\$ 135,601

Other actuarial assumptions, as well as detailed information about the pension plan's fiduciary net position, are available in the separately issued NHRS report.

IV.C. Subsequent Event

On January 24, 2019, the Village District's 2016 International Terra Star truck was completely destroyed by fire. This loss was completely covered by insurance.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT 9
VILLAGE DISTRICT OF EIDELWEISS
Schedule of the Village Distirct's Proportionate Share of the Net Pension Liability
New Hampshire Retirement System

	2018	2017	2016	2015	2014
Village District's proportion of net pension liability	0.0039%	0.0039%	0.0024%	0.0012%	0.0013%
Village District's proportionate share of the net pension liability	\$ 187,546	\$ 193,636	\$ 125,352	\$ 48,142	\$ 47,515
Village District's covered employee payroll	\$ 150,417	\$ 141,139	\$ 117,255	\$ 39,079	\$ 37,614
Village District's proportionate share of the net pension liability as a percentage of covered-employee payroll	124.69%	137.20%	106.91%	123.19%	126.32%
Plan fiduciary position as a percentage of the total pension liability	64.7%	62.7%	58.3%	65.5%	66.3%

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

EXHIBIT 10
VILLAGE DISTRICT OF EIDELWEISS
Schedule of the Village District's Pension Contributions
New Hampshire Retirement System

	2018	2017	2016	2015	2014
Contractually required contribution	\$ 17,114	\$ 15,950	\$ 13,273	\$ 4,077	\$ 4,107
Contribution in relation to the contractually required contribution	<u>(17,114)</u>	<u>(15,950)</u>	<u>(13,273)</u>	<u>(4,077)</u>	<u>(4,107)</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village District's covered employee payroll	\$ 150,417	\$ 141,139	\$ 117,255	\$ 39,078	\$ 37,614
Contributions as a percentage of covered-employee payroll	11.38%	11.30%	11.32%	10.43%	10.92%

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

**VILLAGE DISTRICT OF EIDELWEISS
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
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The Schedule of the Village District's Proportionate Share of the Net Pension Liability and the Schedule of the Village District's Pension Contributions are meant to present related information for ten years. Because this is the fourth year that the Village District has presented the pension schedules, only five years are presented. An additional year's information will be added each year until there are ten years shown.

SUPPLEMENTARY INFORMATION

EXHIBIT 11
VILLAGE DISTRICT OF EIDELWEISS
General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2018

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 569,510	\$ 570,377	\$ 867
Charges for services	218,291	234,605	16,314
Miscellaneous:			
Sale of property	448	448	-
Interest on investments	8	18	10
Radio tower rent	7,500	7,500	-
Insurance dividends and reimbursements	-	1,196	1,196
Other	-	2,078	2,078
Total miscellaneous	7,956	11,240	3,284
Other financing sources:			
Transfers in:			
Expendable trust fund	62,531	54,731	(7,800)
Nonmajor water extension fund	-	6,932	6,932
Long-term debt issued	204,932	64,796	(140,136)
Total other financing sources	267,463	126,459	(141,004)
Total revenues and other financing sources	\$ 1,063,220	\$ 942,681	\$ (120,539)

EXHIBIT 12
VILLAGE DISTRICT OF EIDELWEISS
General Fund
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2018

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 12,200	\$ 10,781	\$ -	\$ 1,419
Financial administration	-	53,127	52,529	-	598
Legal	-	3,400	3,036	-	364
Personnel administration	-	82,291	82,332	-	(41)
General government buildings	-	13,813	16,475	-	(2,662)
Insurance, not otherwise allocated	-	43,000	41,503	-	1,497
Advertising and regional associations	-	935	1,080	-	(145)
Other	-	935	942	-	(7)
Total general government	-	<u>209,701</u>	<u>208,678</u>	-	<u>1,023</u>
Highways and streets:					
Highways and streets	-	202,660	185,789	-	16,871
Street lighting	-	1,500	1,544	-	(44)
Total highways and streets	-	<u>204,160</u>	<u>187,333</u>	-	<u>16,827</u>
Water services:					
Services	-	133,625	131,551	-	2,074
Treatment	-	5,000	2,758	-	2,242
Total water services	-	<u>138,625</u>	<u>134,309</u>	-	<u>4,316</u>
Culture and recreation:					
Parks and recreation	-	9,000	10,026	-	(1,026)
Other	-	1,275	400	-	875
Total culture and recreation	-	<u>10,275</u>	<u>10,426</u>	-	<u>(151)</u>
Debt service:					
Principal	-	90,150	90,369	-	(219)
Interest on long-term debt	-	20,195	12,648	-	7,547
Interest on tax anticipation note	-	700	3,506	-	(2,806)
Total debt service	-	<u>111,045</u>	<u>106,523</u>	-	<u>4,522</u>
Capital outlay:					
Land	-	2,900	2,900	-	-
Machinery, vehicles and equipment	-	20,039	20,039	-	-
Buildings	10,018	12,500	14,847	6,427	1,244
Improvements other than buildings	15,000	288,975	133,891	31,344	138,740
Total capital outlay	<u>25,018</u>	<u>324,414</u>	<u>171,677</u>	<u>37,771</u>	<u>139,984</u>
Other financing uses:					
Transfers out:					
Expendable trust fund	-	65,000	65,000	-	-
Total encumbrances, appropriations, expenditures and other financing uses	<u>\$ 25,018</u>	<u>\$ 1,063,220</u>	<u>\$ 883,946</u>	<u>\$ 37,771</u>	<u>\$ 166,521</u>

EXHIBIT 13
VILLAGE DISTRICT OF EIDELWEISS
General Fund
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2018

Unassigned fund balance, beginning, as restated		\$ 166,742
Changes:		
Budget summary:		
Revenue shortfall (Exhibit 11)	\$ (120,539)	
Unexpended balance of appropriations (Exhibit 12)	<u>166,521</u>	
Budget surplus		45,982
Decrease in nonspendable fund balance		<u>311</u>
Unassigned fund balance, ending		<u><u>\$ 213,035</u></u>