

# THE VILLAGE DISTRICT OF EIDELWEISS

## FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2019

**THE VILLAGE DISTRICT OF EIDELWEISS  
FINANCIAL REPORT  
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DECEMBER 31, 2019**

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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, the major fund and the remaining fund information of the Village District of Eidelweiss as of and for the year ended December 31, 2019, 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, the major fund and the remaining fund information of the Village District of Eidelweiss, as of December 31, 2019, and the respective changes in financial position thereof and budgetary comparison statement of the General 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 25 and 26 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 10, 2020

*Robert A. Greene, PLLC*

## **Village District of Eidelweiss Management Discussion and Analysis For Fiscal Year Ended December 31, 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, 2019.

This is the ninth 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 ninth audited statement since 2011. Having more than nine 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 2019 by \$2,411,921.00.
- At the close of 2019, the VDOE's Unassigned Fund balance in the General Fund was \$239,483.00; and the balance at the end of 2018 was \$213,035.00.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the VDOE's basic financial statements. The District operates under two budgets (operations/highway and water system). Voters set and appropriate these budgets at the VDOE annual meeting after discussions made at public hearings. Other articles are also voted on by the legislative body such as projects to pave a road, purchase a truck, or non-monetary articles adopting ordinances, etc.

<b>Income Statement</b>	<b>2019</b>	<b>2018</b>
<b>Revenues</b>		
Program Income	237,773	234,605
General Revenue	678,121	583,072
<b>Total Revenues</b>	<b>915,894</b>	<b>845,327</b>
<b>Expenses</b>		
General Government	242,231	262,255
Highways and Streets	343,089	249,204
Water Distribution/Treatment	196,085	161,736
Culture and Recreation	4,548	10,426
Interest on Long-term Debt	10,446	15,248
Capital Outlay	54,789	125,708
<b>Total Expenses</b>	<b>851,188</b>	<b>796,687</b>
<b>Net Income</b>	<b>64,706</b>	<b>48,640</b>
<b>Assets and Liabilities</b>	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
Cash	358,050	261,889
Capital Reserve Balances	174,928	124,884
Taxes Receivable	0	0
Accounts Receivable, net	10,496	13,408
Prepaid expense	27,379	20,596
Land	289,527	289,527
Other Capital Assets, net	2,122,672	2,197,687
<b>Total Assets</b>	<b>2,983,052</b>	<b>2,907,911</b>
Deferred Outflows-Pensions	53,211	83,472
<b>Liabilities</b>		
Accounts Payable	38,035	12,500
Accrued Payroll	10,721	11,469
Accrued Interest Payable	3,475	5,201
Capital Leases/Notes Payable	377,985	409,610
Net Pension Liability	185,155	187,546
<b>Total Liabilities</b>	<b>615,371</b>	<b>626,326</b>
Deferred Inflows-Pensions	8,471	8,650
Unearned Revenue	500	0
<b>Net Position</b>	<b>2,411,921</b>	<b>2,356,487</b>

## Budget Discussion

	Expended/Encumbered	Budget	Variance
<b>Expenditures</b>			
Executive	4,375	12,200	7,825
Financial Administration	65,816	56,156	(9,660)
Legal Expense	4,095	3,060	(1,035)
Employee Benefits	83,683	82,910	(773)
General Government			
Buildings	18,900	17,874	(1,026)
Insurance	33,579	36,700	3,121
Bond Payments (P&I)	93,561	169,490	75,929
Regional Association	1,027	1,020	(7)
Miscellaneous/ Contingency	989	1,020	31
Highway & Streets (incl. Equip. Maintenance)	297,594	234,195	(63,399)
Street Lighting	1,573	1,600	27
Parks & Recreation	4,548	10,925	6,377
TAN Interest	407	700	293
Water Services	168,204	168,589	385
Capital Outlay	58,969	906,020	847,051
Transfers to Trust Funds	82,000	132,000	50,000
Prior Year Encumbrances		37,771	
Current Year Encumbrances	61,284		
Total Expended/Encumbered	980,604	1,872,230	891,626

In 2019, the voters appropriated an Operations/Highway budget of \$553,542.00 and a Water system budget of \$183,755.00. Other articles appropriated by the voters totaled \$1,097,162.00.

During the year, the Operations/Highway budget of the General Fund was over expended by \$21,741, net of amounts from Expendable Trust Funds for which the Board of Commissioners are agents to expend. The total of all budgets (water and Operations as well as individual warrant articles were not over expended due to there being substantial monies left over from articles not being executed or being under expended.

In presenting financial statements in accordance with generally accepted accounting principles, all articles are rolled together, and the bottom line is what is reported. So an over expended separate article such as the Operations/Highway budget can be overspent and offset with other articles that were un-spent or underspent. In 2019, the VDOE commissioners did not spend \$100k from articles 5&6.

The following articles were either under expended or over expended in 2019:

Article 3 was not expended at all, but is carrying forward to be expended in 2020

Article 4 had \$13,137 expended from a prior year bond authorization

Articles 5 and 6 were not expended at all, but bond authorizations remain unless either the bond is issued, or District Meeting rescinds the authorization so they can be done in the future.

Article 7 was the operating budget and was over expended by \$21,741

Article 8 was all expended

Article 9 was all expended except for \$3.45 which was not encumbered

Article 10 was all expended except for \$1,110.70 which was not encumbered

Article 11 was all expended except for \$393.20 which was encumbered to 2020

Article 13 was the Water budget and under expended by \$4,316

Article 15 was all expended except for \$1,749.37 which was encumbered to 2020

Articles 16-19 were transfers to the trust funds which were appropriately transferred except for Article 19 (\$50,000) which has been commented on in the management letter.

Article 16 \$20,000.00

Article 17 \$20,000.00

Article 18 \$42,000.00

TOTAL APPROPRIATIONS = \$994,765.00 (includes water system budget)

The Board of commissioners lacked visibility to the current spend rate while trying to backfill the administrative position and coverage due to the unexpected absence of our fulltime office administrator due to medical reasons. This situation does not provide immunity to the commissioners for not having better insight into their spend rate regarding each article. Accountability is paramount and that was not present during this fiscal year. With the hiring of a bookkeeping consultant in 2020, our goal is to have better transparency into our spending and reserves.

For additional information, please contact the Commissioners' office at 603-367-9022 or email the office at: [office@vdoe-nh.org](mailto:office@vdoe-nh.org).



## **BASIC FINANCIAL STATEMENTS**

**EXHIBIT 1**  
**VILLAGE DISTRICT OF EIDELWEISS**  
**Statement of Net Position**  
**December 31, 2019**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 358,050
Intergovernmental receivable	174,928
Other receivables, net of allowance for uncollectibles	10,496
Prepaid items	27,379
Capital assets, not being depreciated:	
Land	289,527
Capital assets, net of accumulated depreciation:	
Lodge and cabana	50,122
Water system	686,525
DPW2 garage and salt shed	187,950
Heavy equipment	552,079
Roads and dams	601,856
Conway Road facility	44,140
Total assets	2,983,052
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred amounts related to pensions	53,211
<b>LIABILITIES</b>	
Accounts payable	38,035
Accrued payroll and benefits	10,721
Accrued interest payable	3,475
Noncurrent obligations:	
Due within one year:	
Notes payable	38,711
Capital lease payable	25,977
Due in more than one year:	
Notes payable	230,611
Capital lease payable	82,686
Net pension liability	185,155
Total liabilities	615,371
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unearned revenue	500
Deferred amounts related to pensions	8,471
Total deferred inflows of resources	8,971
<b>NET POSITION</b>	
Net investment in capital assets	2,034,214
Unrestricted	377,707
Total net position	\$ 2,411,921

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, 2019**

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	Expenses	Program Revenues	Charges for Services	Net (Expense) Revenue and Changes in Net Position
Governmental activities:				
General government	\$242,231	\$ -		\$ (242,231)
Highways and streets	343,089	1,100		(341,989)
Water service	196,085	236,673		40,588
Culture and recreation	4,548	-		(4,548)
Interest on long-term debt	10,446	-		(10,446)
Capital outlay	54,789	-		(54,789)
Total governmental activities	\$851,188	\$237,773		(613,415)
General revenues:				
Property taxes				631,365
Miscellaneous				46,756
Total general revenues				678,121
Change in net position				64,706
Net position, beginning, as restated, see Note III.E.				2,347,215
Net position, ending				\$2,411,921

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, 2019**

	General	Nonmajor Water Extension	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$347,735	\$10,315	\$ 358,050
Receivables, net of allowance for uncollectibles:			
Accounts	10,496	-	10,496
Intergovernmental	174,928	-	174,928
Prepaid items	27,379	-	27,379
Total assets	<u>\$560,538</u>	<u>\$10,315</u>	<u>\$ 570,853</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 38,035	\$ -	\$ 38,035
Accrued salaries and benefits	10,721	-	10,721
Total liabilities	<u>48,756</u>	<u>-</u>	<u>48,756</u>
Deferred inflows of resources:			
Deferred revenue	<u>8,708</u>	<u>-</u>	<u>8,708</u>
Fund balances:			
Nonspendable	27,379	-	27,379
Committed	236,212	10,315	246,527
Unassigned	239,483	-	239,483
Total fund balances	<u>503,074</u>	<u>10,315</u>	<u>513,389</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$560,538</u>	<u>\$10,315</u>	<u>\$ 570,853</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, 2019**

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Total fund balances of governmental funds (Exhibit 3)		\$ 513,389
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	\$ 3,156,898	
Less accumulated depreciation	<u>(744,699)</u>	
		2,412,199
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		(3,475)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Notes outstanding	\$ 269,322	
Capital lease outstanding	108,663	
Net pension liability	<u>185,155</u>	
		(563,140)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	\$ 53,211	
Deferred inflows of resources related to pensions	<u>(8,471)</u>	
		44,740
Total net position of governmental activities (Exhibit 1)		<u><u>\$2,411,921</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, 2019**

	General	Nonmajor Water Extension	Total Governmental Funds
Revenues:			
Taxes	\$631,365	\$ -	\$ 631,365
Charges for services	229,773	8,000	237,773
Miscellaneous	17,242	1	17,243
Total revenues	<u>878,380</u>	<u>8,001</u>	<u>886,381</u>
Expenditures:			
Current:			
General government	212,464	-	212,464
Highways and streets	299,167	-	299,167
Water service	168,204	-	168,204
Culture and recreation	4,548	-	4,548
Debt service:			
Principal	81,796	-	81,796
Interest on long-term debt	11,765	-	11,765
Interest on tax anticipation note	407	-	407
Capital outlay	58,969	-	58,969
Total expenditures	<u>837,320</u>	<u>-</u>	<u>837,320</u>
Excess of revenues over expenditures	41,060	8,001	49,061
Other financing sources:			
Long-term debt issued	85,000	-	85,000
Net change in fund balances	126,060	8,001	134,061
Fund balances, beginning, as restated, see Note III.E.	<u>377,014</u>	<u>2,314</u>	<u>379,328</u>
Fund balances, ending	<u>\$503,074</u>	<u>\$10,315</u>	<u>\$ 513,389</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, 2019**

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Net change in fund balances of governmental funds (Exhibit 5)		\$134,061
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	\$104,512	
Depreciation expense	<u>(83,855)</u>	20,657
The net effect of the disposal of capital assets is to decrease net position.		
		(95,672)
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.		
Issuance of note	\$ (85,000)	
Repayment of note principal	91,402	
Repayment of capital lease principal	<u>25,223</u>	31,625
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		1,726
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.		
Town pension contributions	\$ 17,193	
Cost of benefits earned, net of employee contributions	<u>(44,884)</u>	(27,691)
Change in net position of governmental activities (Exhibit 2)		<u>\$ 64,706</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, 2019**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 630,691	\$631,365	\$ 674
Licenses, permits and fees	465	-	(465)
Charges for services	284,395	229,773	(54,622)
Miscellaneous	7,508	14,935	7,427
Total revenues	<u>923,059</u>	<u>876,073</u>	<u>(46,986)</u>
<b>EXPENDITURES</b>			
Current:			
General government	210,940	212,464	(1,524)
Highways and streets	235,795	299,167	(63,372)
Water services	168,589	168,204	385
Culture and recreation	10,925	4,548	6,377
Debt service:			
Principal	149,486	140,938	8,548
Interest on long-term debt	20,004	11,765	8,239
Interest on tax anticipation note	700	407	293
Capital outlay	<u>906,020</u>	<u>23,340</u>	<u>882,680</u>
Total expenditures	<u>1,702,459</u>	<u>860,833</u>	<u>841,626</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(779,400)</u>	<u>15,240</u>	<u>794,640</u>
Other financing sources (uses):			
Transfers in	-	24,264	24,264
Transfers out	(132,000)	(82,000)	50,000
Long-term debt issued	<u>869,400</u>	<u>85,000</u>	<u>(784,400)</u>
Total other financing sources and uses	<u>737,400</u>	<u>27,264</u>	<u>(710,136)</u>
Net change in fund balance	<u>\$ (42,000)</u>	42,504	<u>\$ 84,504</u>
Increase in nonspendable fund balance		(6,783)	
Unassigned fund balance, beginning, as restated		<u>203,762</u>	
Unassigned fund balance, ending		<u>\$239,483</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, 2019**

**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, 2019.

**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, 2019**

***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 major governmental fund:

*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.

The Village District also reports one nonmajor fund; the Water Extension Fund.

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, 2019**

**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  
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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**

**II.A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for both governmental 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 2019, none of the fund balance from 2018 was so used, but \$42,000 was appropriated from fund balance.

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 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)	\$985,337
Adjustments:	
Perspective difference:	
Interest earned by Expendable Trust Fund	2,307
Transfers from Expendable Trust Fund	<u>(24,264)</u>
Per Exhibit 5 (GAAP basis)	<u>\$963,380</u>

**THE VILLAGE DISTRICT OF EIDELWEISS  
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Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 778,833
Adjustments:	
Basis difference:	
Encumbrances, beginning	37,771
Encumbrances, ending	(61,284)
Perspective difference:	
Transfer to Expendable Trust Fund	<u>82,000</u>
Per Exhibit 5 (GAAP basis)	<u>\$ 837,320</u>

**II.C. Overexpenditure of Operating Budget**

During the year, the operating budget of the General Fund was overexpended by \$21,741, net of amounts from Expendable Trust Funds for which the Board of Commissioners are agents to expend. The total budget was not overexpended due to there being substantial capital items voted by special warrant article that were not done.

**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 \$174,928, 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.*

**THE VILLAGE DISTRICT OF EIDELWEISS  
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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:

	Balance, beginning	Additions	Deletions	Balance, ending
At cost:				
Not being depreciated:				
Land	\$ 289,527	\$ -	\$ -	\$ 289,527
Being depreciated:				
Lodge and cabana	71,982	-	-	71,982
Water system	959,216	-	-	959,216
DPW2 garage and salt shed	230,000	-	-	230,000
Heavy equipment	682,782	104,512	(119,590)	667,704
Roads and dams	874,469	-	-	874,469
Conway Road facility	64,000	-	-	64,000
Total capital assets being depreciated	<u>2,882,449</u>	<u>104,512</u>	<u>(119,590)</u>	<u>2,867,371</u>
Total all capital assets	<u>3,171,976</u>	<u>104,512</u>	<u>(119,590)</u>	<u>3,156,898</u>
Less accumulated depreciation:				
Lodge and cabana	(19,070)	(2,790)	-	(21,860)
Water system	(246,164)	(26,527)	-	(272,691)
DPW2 garage and salt shed	(37,830)	(4,220)	-	(42,050)
Heavy equipment	(119,787)	(19,756)	23,918	(115,625)
Roads and dams	(242,691)	(29,922)	-	(272,613)
Conway Road facility	(19,220)	(640)	-	(19,860)
Total accumulated depreciation	<u>(684,762)</u>	<u>(83,855)</u>	<u>23,918</u>	<u>(744,699)</u>
Net book value, capital assets being depreciated	<u>2,197,687</u>	<u>20,657</u>	<u>(95,672)</u>	<u>2,122,672</u>
Net book value, all capital assets	<u>\$2,487,214</u>	<u>\$ 20,657</u>	<u>\$ (95,672)</u>	<u>\$2,412,199</u>

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

General government	\$ 3,430
Highways and streets	53,898
Water services	<u>26,527</u>
Total	<u>\$83,855</u>

**III.C. Tax Anticipation Note**

During the year, the Village District executed a line of credit tax anticipation note in the amount of \$240,000, and drew down \$80,000 of this balance on December 12, which was repaid on December 23 with interest of \$57.

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**III.D. Long-Term Liabilities**

Long-term liabilities currently outstanding are as follow:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at 12/31/2019	Current Portion
General obligation notes payable:						
Jung Frau	\$133,000	2010	2020	3.802	\$ 7,909	\$ 7,909
Oak Ridge	\$213,750	2016	2023	3.349	111,617	30,802
Water tanks maintenance*	\$149,796	2018	-		149,796	-
					<u>269,322</u>	<u>38,711</u>
Capital lease payable:						
Road grader	\$256,890	2014	2023	2.99	108,663	25,977
Net pension liability					185,155	-
					<u>\$ 563,140</u>	<u>\$ 64,688</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, 2019:

	General Obligation Notes Payable	Capital Lease Payable	Net Pension Liability	Total
Balance, beginning	\$275,724	\$ 133,886	\$ 187,546	\$597,156
Additions	85,000	-	-	85,000
Reductions	(91,402)	(25,223)	(2,391)	(119,016)
Balance, ending	<u>\$269,322</u>	<u>\$108,663</u>	<u>\$185,155</u>	<u>\$563,140</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
2020	\$ 38,711	\$3,026	\$ 41,737
2021	31,664	2,014	33,678
2022	32,543	1,135	33,678
2023	16,608	231	16,839
Unamortized Draws	149,796	-	149,796
Totals	<u>\$269,322</u>	<u>\$6,406</u>	<u>\$275,728</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
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>\$108,663</u>	<u>\$8,241</u>	<u>\$116,904</u>

**III.E. Restatement of Beginning Equity**

Equity balances at January 1, 2019 were restated to reflect the following adjustments

	Governmental Activities	General Fund
To record additional retirement liability	\$ (12,220)	\$ (12,220)
To record additional prepaid insurance	2,948	2,948
Net position/fund balance, as previously reported	<u>2,356,487</u>	<u>386,286</u>
Net position/fund balance, as restated	<u>\$2,347,215</u>	<u>\$377,014</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 2019 to be recorded as an insurance expenditure/expense totaled \$41,192 for property/liability, \$4,978 for workers' compensation, and \$1,731 for

**THE VILLAGE DISTRICT OF EIDELWEISS  
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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](http://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% for the first six months of 2019, changing to 11.17% as of July 1. 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 2017, 2018 and 2019 were \$15,950, \$17,114 and \$17,193, respectively, which were paid on a monthly basis as due.

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

The Village District is reporting a liability of \$185,155 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward. 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 December 31, 2019, the Village District's proportion was 0.0038%, which was a decrease of 0.0001% from its proportion reported as of December 31, 2018.

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For 2019, the Village District recognized pension expense of \$44,884. At year-end, the Village District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 37,639	\$ 2,978
Net differences between projected and actual earnings on pension plan investments	-	1,512
Changes of assumptions	6,643	-
Differences between expected and actual experience	1,024	3,981
Village District contributions subsequent to the measurement date	<u>7,905</u>	<u>-</u>
	<u>\$ 53,211</u>	<u>\$ 8,471</u>

The Village District reported \$7,905 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:

<u>Year Ending December 31,</u>	
2020	\$ 27,949
2021	10,056
2022	(1,227)
2023	57
	<u>\$ 36,835</u>

*Actuarial Assumptions*

The total pension liability in the June 30, 2019 actuarial valuation was determined using the valuation as of June 30, 2018 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

**THE VILLAGE DISTRICT OF EIDELWEISS  
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Mortality rates were based on the RP-2014 Healthy Annuitant and Employee Generational Mortality Tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the last experience study.

*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	\$247,930	\$185,155	\$133,272

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**EXHIBIT 8**  
**VILLAGE DISTRICT OF EIDELWEISS**  
*Schedule of the Village District's Proportionate Share of the Net Pension Liability*  
**New Hampshire Retirement System**

	2019	2018	2017	2016	2015	2014
Village District's proportion of net pension liability	0.0038%	0.0039%	0.0039%	0.0024%	0.0012%	0.0013%
Village District's proportionate share of the net pension liability	\$185,155	\$187,546	\$193,636	\$125,352	\$48,142	\$47,515
Village District's covered-employee payroll	\$156,002	\$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	118.69%	124.68%	137.20%	106.91%	123.19%	126.32%
Plan fiduciary position as a percentage of the total pension liability	65.6%	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 9**  
**VILLAGE DISTRICT OF EIDELWEISS**  
*Schedule of the Village District's Pension Contributions*  
**New Hampshire Retirement System**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 17,193	\$ 17,114	\$ 15,950	\$ 13,273	\$ 4,077	\$ 4,107
Contribution in relation to the contractually required contribution	<u>(17,193)</u>	<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>	<u>\$ -</u>
Village District's covered-employee payroll	\$156,002	\$150,417	\$141,139	\$117,255	\$39,078	\$37,614
Contributions as a percentage of covered-employee payroll	11.02%	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  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019**

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 fifth year that the Village District has presented the pension schedules, only six years are presented. An additional year's information will be added each year until there are ten years shown.



**SUPPLEMENTARY INFORMATION**

**EXHIBIT 10**  
**VILLAGE DISTRICT OF EIDELWEISS**  
**General Fund**  
**Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2019**

	<u>Estimated</u>	<u>Actual</u>	Variance Positive (Negative)
Taxes:			
Property	<u>\$ 630,691</u>	<u>\$631,365</u>	<u>\$ 674</u>
Charges for services	<u>284,395</u>	<u>229,773</u>	<u>(54,622)</u>
Miscellaneous:			
Interest on investments	8	18	10
Rent of property	7,500	6,000	(1,500)
Insurance dividends and reimbursements	-	996	996
Other	-	7,921	7,921
Total miscellaneous	<u>7,508</u>	<u>14,935</u>	<u>7,427</u>
Other financing sources:			
Transfers in:			
Expendable trust fund	-	24,264	24,264
Long-term debt issued	<u>869,400</u>	<u>85,000</u>	<u>(784,400)</u>
Total other financing sources	<u>869,400</u>	<u>109,264</u>	<u>(760,136)</u>
Total revenues and other financing sources	1,792,459	<u>\$985,337</u>	<u>\$(807,122)</u>
Appropriated from fund balance	<u>42,000</u>		
Total revenues, other financing sources and use of fund balance	<u>\$1,834,459</u>		

**EXHIBIT 11**  
**VILLAGE DISTRICT OF EIDELWEISS**  
**General Fund**  
**Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2019**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
<b>Current:</b>					
<b>General government:</b>					
Executive	\$ -	\$ 12,200	\$ 4,375	\$ -	\$ 7,825
Financial administration	-	56,156	65,816	-	(9,660)
Legal	-	3,060	4,095	-	(1,035)
Personnel administration	-	82,910	83,683	-	(773)
General government buildings	-	17,874	18,900	-	(1,026)
Insurance, not otherwise allocated	-	36,700	33,579	-	3,121
Advertising and regional associations	-	1,020	1,027	-	(7)
Other	-	1,020	989	-	31
<b>Total general government</b>	<b>-</b>	<b>210,940</b>	<b>212,464</b>	<b>-</b>	<b>(1,524)</b>
<b>Highways and streets:</b>					
Highways and streets	-	234,195	297,594	-	(63,399)
Street lighting	-	1,600	1,573	-	27
<b>Total highways and streets</b>	<b>-</b>	<b>235,795</b>	<b>299,167</b>	<b>-</b>	<b>(63,372)</b>
<b>Water services:</b>					
Services	-	156,914	159,564	-	(2,650)
Treatment	-	5,000	2,714	-	2,286
<b>Total water distribution and treatment</b>	<b>-</b>	<b>168,589</b>	<b>168,204</b>	<b>-</b>	<b>385</b>
<b>Culture and recreation:</b>					
Parks and recreation	-	10,500	4,548	-	5,952
Other	-	425	-	-	425
<b>Total culture and recreation</b>	<b>-</b>	<b>10,925</b>	<b>4,548</b>	<b>-</b>	<b>6,377</b>
<b>Debt service:</b>					
Principal	-	149,486	81,796	59,142	8,548
Interest on long-term debt	-	20,004	11,765	-	8,239
Interest on tax anticipation note	-	700	407	-	293
<b>Total debt service</b>	<b>-</b>	<b>170,190</b>	<b>93,968</b>	<b>59,142</b>	<b>17,080</b>
<b>Capital outlay:</b>					
Machinery, vehicles and equipment	-	4,180	4,180	-	-
Buildings	6,427	-	-	-	6,427
Improvements other than buildings	31,344	901,840	54,789	2,142	876,253
<b>Total capital outlay</b>	<b>37,771</b>	<b>906,020</b>	<b>58,969</b>	<b>2,142</b>	<b>882,680</b>
<b>Other financing uses:</b>					
<b>Transfers out:</b>					
Expendable trust fund	-	132,000	82,000	-	50,000
<b>Total encumbrances, appropriations, expenditures and other financing uses</b>	<b>\$ 37,771</b>	<b>\$ 1,834,459</b>	<b>\$ 919,320</b>	<b>\$ 61,284</b>	<b>\$891,626</b>

**EXHIBIT 12**  
**VILLAGE DISTRICT OF EIDELWEISS**  
**General Fund**  
**Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2019**

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Unassigned fund balance, beginning, as restated		\$ 203,762
Changes:		
Unassigned fund balance appropriated		(42,000)
Budget summary:		
Revenue shortfall (Exhibit 18)	\$(807,122)	
Unexpended balance of appropriations (Exhibit 19)	<u>891,626</u>	
Budget surplus		84,504
Increase in nonspendable fund balance		<u>(6,783)</u>
Unassigned fund balance, ending		<u>\$ 239,483</u>



# Roberts & Greene, PLLC

## LETTER TO MANAGEMENT

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

Dear Members of the Board:

In planning and performing our audit of the financial statements of the governmental activities, the major fund and the remaining fund information of the Village District of Eidelweiss as of and for the year ended December 31, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the Village District's internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We do however, want to report the following lack of compliance with State law.

### *Custody of Expendable Trust Funds*

The 2019 District Meeting, in Article 19, established the Water Extension Expendable Trust Fund and appropriated \$50,000 from water hook-up fees to it. By RSA, all expendable trust funds should be in the custody of the trustees of trust funds of the town wherein the District is located. Although all of the other Village District's trust funds are in the custody of the Town of Madison Trustees of Trust Funds, we found that this fund was in a bank account in the custody of the District Treasurer, and was being accounted for as a Special Revenue Fund in the same way as it had been prior to the 2019 vote. We recommend that the Water Extension Fund be accounted for as an Expendable Trust Fund as voted and be transferred to the Trustees to maintain.

This communication is intended solely for the information and use of the Board of Commissioners and others within the Village District, and is not intended to, and should not, be used by anyone other than these specified parties.

June 10, 2020

*Roberts & Greene, PLLC*