

**MOUNTAIN LAKES DISTRICT
HAVERHILL, NEW HAMPSHIRE**

Financial Statements

December 31, 2020

and

Independent Auditor's Report

**MOUNTAIN LAKES DISTRICT
HAVERHILL, NEW HAMPSHIRE
FINANCIAL STATEMENTS
December 31, 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Mountain Lakes District
Haverhill, New Hampshire

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Mountain Lakes District, Haverhill, New Hampshire as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Mountain Lakes District, Haverhill, New Hampshire, as of December 31, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages i-vii and 21-22 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 for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Vashon Clukay & Company PC

Manchester, New Hampshire
December 2, 2021

**MOUNTAIN LAKES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending December 31, 2020**

Presented herewith please find the Management Discussion & Analysis Report for the Mountain Lakes Village District for the year ending December 31, 2020. The responsibility for accuracy of the data, the completeness and fairness of this documentation (including all disclosures) rests with management. To the best of our knowledge and belief, the data contained herein is accurate in all material aspects. This report and its content have been designed to fairly present the District's financial position, including the results of operations of all the funds of the District. All the disclosures necessary to enable and to assist the reader in acquiring an accurate understanding of the District's financial activities have been included.

The District's management is responsible for establishing accounting and internal control structures designed to ensure that the physical, data, informational, intellectual, and human resource assets of the District are protected from loss, theft and misuse, and to ensure that adequate accounting information is maintained and reported in conformity with generally accepted accounting principles (GAAP). Management also strives to ensure that these assets are put to good and effective use. The internal control structure is designed to provide reasonable assurances that these objectives are attained.

Overview of the Financial Statements

The financial statements presented herein include all of the activities of the Mountain Lakes Village District using the integrated approach as prescribed by GASB Statement 34.

This discussion and analysis is intended to serve as an introduction to the Mountain Lakes Village District's financial statements. The basic financial statements are comprised of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

This report also contains required supplementary information in addition to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to most private-sector companies.

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference between them reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

**MOUNTAIN LAKES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending December 31, 2020**

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District maintains two fund types: governmental and proprietary. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, our readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental activities statement of net position and the statement of activities.

The District maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balances for the General Fund and the nonmajor governmental fund (Recreation Revolving Fund).

The Proprietary fund provides water services to customers and charges a user fee. The proprietary fund is presented on the accrual basis of accounting.

The District adopts an annual appropriation budget for its governmental funds. A budgetary comparison has been provided for the General Fund to demonstrate compliance with this budget.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Governmental Activities

Statement of Net Position

Net position of the Mountain Lakes District's governmental activities as of December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Capital and other assets:		
Capital assets, net	\$ 410,208	\$ 421,417
Other assets	<u>137,874</u>	<u>129,459</u>
Total assets	<u>548,082</u>	<u>550,876</u>

**MOUNTAIN LAKES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending December 31, 2020**

Deferred outflows of resources	<u> </u>	<u> </u>
Total deferred outflows of resources	<u> -</u>	<u> -</u>
Long-term liabilities	182,882	193,747
Other liabilities	24,839	16,235
Total liabilities	<u>207,721</u>	<u>209,982</u>
Deferred inflows of resources	<u> </u>	<u> </u>
Total deferred inflows of resources	<u> -</u>	<u> -</u>
Net position:		
Net investment in capital assets	227,326	227,670
Unrestricted	<u>113,035</u>	<u>113,224</u>
Total net position	<u>\$ 340,361</u>	<u>\$ 340,894</u>

Statement of Activities

Changes in net position of the District's governmental activities for the years ending December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Program revenues:		
Operating grants and contributions	\$ -	\$ -
Total program revenues	<u> -</u>	<u> -</u>
General revenues:		
Property and other taxes	226,312	229,619
Licenses and permits	1,805	1,005
Interest and investment earnings	263	568
Miscellaneous	<u>4,331</u>	<u>7,951</u>
Total general revenues	<u>232,711</u>	<u>239,143</u>
Total revenues	<u>232,711</u>	<u>239,143</u>
Program expenses:		
General government	147,053	155,900
Culture and recreation	46,806	65,803
Interest and fiscal charges	<u>5,345</u>	<u>5,629</u>
Total expenses	<u>199,204</u>	<u>227,332</u>
Excess before transfers	33,507	11,811
Transfers	(34,040)	(34,931)
Change in net position	(533)	(23,120)
Net position - beginning of year	<u>340,894</u>	<u>364,014</u>
Net position - end of year	<u>\$ 340,361</u>	<u>\$ 340,894</u>

**MOUNTAIN LAKES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending December 31, 2020**

The District's governmental activities experienced a decrease in financial position of (\$533) on the full accrual basis of accounting.

Business-type Activities

Net position of the business-type activities as of December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Capital and other assets:		
Capital assets, net	\$ 539,616	\$ 595,251
Other assets	<u>77,800</u>	<u>88,399</u>
Total assets	<u>617,416</u>	<u>683,650</u>
Deferred outflows of resources		
Total deferred outflows of resources	<u>-</u>	<u>-</u>
Long-term liabilities	162,495	193,745
Other liabilities	<u>19,331</u>	<u>15,144</u>
Total liabilities	<u>181,826</u>	<u>208,889</u>
Deferred inflows of resources:		
Unearned water assessment revenue	<u>47,514</u>	<u>47,385</u>
Total deferred inflows of resources	<u>47,514</u>	<u>47,385</u>
Net position:		
Net investment in capital assets	377,121	401,506
Unrestricted	<u>10,955</u>	<u>25,870</u>
Total net position	<u>\$ 388,076</u>	<u>\$ 427,376</u>

The largest portion of the District's net position for its business-type activities reflects its investment in capital assets, primarily a utility plant in service and equipment less all related outstanding debt used to acquire those assets. These assets are not available for future spending.

Changes in net position of the District's business-type activities for the years ending December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Program revenues:		
Charges for services	\$ 194,688	\$ 192,761
Total program revenues	<u>194,688</u>	<u>192,761</u>
General revenues:		
Interest and investment earnings	<u>14</u>	<u>275</u>
Total general revenues	<u>14</u>	<u>275</u>
Total revenues	<u>194,702</u>	<u>193,036</u>

**MOUNTAIN LAKES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending December 31, 2020**

Program expenses:		
Water distribution and treatment	268,042	252,976
Total expenses	<u>268,042</u>	<u>252,976</u>
Deficiency before transfers	(73,340)	(59,940)
Transfers	34,040	34,931
Change in net position	(39,300)	(25,009)
Net position - beginning of year	<u>427,376</u>	<u>452,385</u>
Net position - end of year	<u>\$ 388,076</u>	<u>\$ 427,376</u>

The main funding source for the business-type activities is charges for services, which provided 72.6% and 76.2% of expenses in 2020 and 2019, respectively. Net position decreased by (\$39,300) in 2020.

District Activities

As shown in the above statements, there was a decrease in the net position of governmental activities of (\$533) and a decrease in the net position of the business-type activities of (\$39,300), for the year ended December 31, 2020.

The General Fund ended the year with a fund balance of \$129,563. This is an increase of \$3,574 from the prior year.

Capital Assets

The District considers a capital asset to be an asset whose costs exceed or equal \$2,000 and has a useful life of greater than one year. Assets are depreciated using the straight-line method over the course of their useful life. During 2020, the net capital assets of the governmental activities decreased by (\$11,209). The decrease was a result of current period depreciation of (\$11,209).

The net capital assets of the business-type activities decreased by (\$55,635) in the current year. The decrease was a result of current period depreciation of (\$55,635).

Long-Term Obligations

During 2020, the District's long-term obligations for the governmental activities notes payable decreased by (\$10,865), due to scheduled payments made on the existing obligations, while compensated absences increased by \$4,441. Business-type activities notes payable decreased by (\$31,250), due to scheduled payments made on the existing obligations, while compensates absences increased by \$2,961.

**MOUNTAIN LAKES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending December 31, 2020**

On behalf of the Mountain Lakes District Commissioners, the following is a summary of the 2020 District projects and notable events:

Mountain Lakes Village District Water Department:

Update-Water Department Changes: The Water Committee consists of 7 members with Patricia Brady as the Chairwoman. In 2019 we entered into an agreement with an external contractor, Hood's Plumbing and Heating, to oversee the day-to-day monitoring of our system and provide emergency response to high water use. The results have been positive. We have had several meetings with the contractor to review and evaluate, all agreed it is working well. For 2020 we presented requests for proposals for On-Call Emergency Repairs. Our goal was to have an external contractor provide 24-hour 365 days a year emergency water system repair service to the district. We received several responses and Hood's Plumbing and Heating was awarded the contract. Hood's team has done a great job of managing our system and responding to emergency calls. With these contracts in place, it allows our Water Department manager, Don Drew, more time to oversee the operations of the entire system and spend time on other important projects like water sourcing.

Bear Road Project: We replaced 300 feet of water line on Bear Road. This has been an area of concern for a number of years. The contractor informed us he identified six previously repaired spots while doing the project. That many repairs within this distance are a direct result of the initial water line being improperly installed. This is a project Don and the Water Committee had been anxious to complete and will assist in minimizing future problems in this area.

Water Sourcing Project: Don and the Water Committee continue to look for viable sources with a consistent goal of reducing our dependence on obtaining water from external sources. The COVID 19 Pandemic has curtailed some of the work we had hoped to accomplish in 2020. We are continuing to work with Nobis Engineering and signed an agreement with them to provide the required services for us to move forward.

Water Committee: Ken King resigned as Chairman of the Committee, a position he has held for over 5 years. His involvement has assisted the Committee to achieve many goals throughout his tenure and we are appreciative of his commitment and leadership. Thank you, Ken. Ken will continue to be a member of the Committee and provide his valuable insights. Patricia Brady has been elected by the Committee as the new Chairwoman. Ed Rajsteter has been elected as Vice Chairman. Patricia and Ed's experience and commitment will assist in moving the Committee towards consistent improvements to our water system.

Drought Conditions: Our region experienced varying degrees of drought conditions throughout the summer and into the fall ranging from abnormally dry to extreme drought. This information has been shared with the Community regularly and the response has been exceptional as reflected by our water use data. Thank you all who have adopted a strategy to conserve water during these times. It makes a difference for all of us.

Dams: Spillway from Upper Lake to Lower Lake on the causeway: Due to corrosion of the grate system that sits on the top of the Upper Lake outlet/spillway, we had to remove, repair and reinstall. The spillway outlet is now working properly and maintaining the Upper Lake at the original design level.

**MOUNTAIN LAKES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
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MLD Planning Board: The Planning Board consists of 5 regular members and 3 alternates with Mike Bonanno as the Chairman. They are required to review all zoning permit applications and work with the applicants to assist with a smooth building process. They are also responsible to review and respond to ordinance violations. It has been a busy year. They have reviewed and processed the paperwork for two new homes, two garages, two porches, and multiple other incidental requests. With the recent lots sold and the overall interest in the area, they are anticipating receiving multiple building permits in the near future.

MLD Recreation Committee: The Recreation Committee consists of 9 members with Linda Johanson as the Chairwoman. Due to the Covid-19 pandemic most of the recreational activities were cancelled. The beach areas were open with limited staff. We had Katie Beckley and Beth Lalmond working the beach areas and, given the circumstances, they did a great job. We did not have any lifeguards on duty, the Snack Bar, District office and pool area were closed for the season. The playscape on the beach was unavailable for use during the season. The basketball court was closed for a portion of the season and the tennis courts were open with limited access. The good news is we did have three fun events this year. Winterfest, in conjunction with the Haverhill Recreation team, was held in February prior to all the restrictions. It was cold and there was snow on the ground allowing the signature cardboard box race to go on. We had the season finale fireworks display in September and the Trunk or Treat annual event with one of Haverhill's finest, Officer Jared Mitchell, showing up with his police car and a lot of candy. We thank him for participating as he was a big hit with the kids. Both events were well attended and people were mindful of the pandemic and acted responsibly. As we are coming into 2021, we are all hopeful we can put 2020 behind us and get back to a more normal season.

MLD Budget Committee: The Budget Committee consists of 7 members with Laraine King as the Chairwoman. They typically meet six times during the last quarter of the year. They review the current year's financials and, based on year-to-date data, they establish recommendations to be presented to the Commissioners. The Budget Committee has done an outstanding job over the years in looking at the needs versus the wants of the Community. They possess a sound understanding of the Community and always take a balanced approach towards the decisions they make and the potential impact it has on the tax base.

Final Thoughts: 2020 has certainly presented challenges with the COVID-19 pandemic. Due to our dedicated fulltime employees, Kristi Garofalo and Don Drew, our summer help, Katie Beckley and Beth Lalmond, our Boards, Committees, volunteers and external assistance, we have been able to maintain a degree of normalcy and worked through the challenges as presented. Thank you all who have contributed to the success of the Mountain Lakes District in this year that will be remembered for many years to come. We welcome newcomers to our Boards and Committees. New thoughts and ideas help us positively move forward. If you are interested in becoming part of the team, please contact the district office.

Contacting the Mountain Lakes Village District's Financial Management

This financial report is intended to provide our citizens and creditors with a general overview of the District's finances and to show a measure of accountability for the money it receives. If you have any questions about this report or need to get additional information, contact the Board of Commissioners at, 75 White Mtn. Road, Woodsville, NH 03785, telephone number (603) 787-6180.

EXHIBIT A
MOUNTAIN LAKES DISTRICT
HAVERHILL, NEW HAMPSHIRE
Statement of Net Position
December 31, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 2,287	\$ 9,699	\$ 11,986
Investments	10,473	20,838	31,311
Taxes receivable	113,249		113,249
Accounts receivable, net		10,887	10,887
Due from other governments	41,905	6,336	48,241
Internal balances	(30,040)	30,040	-
Total Current Assets	<u>137,874</u>	<u>77,800</u>	<u>215,674</u>
Noncurrent Assets:			
Capital assets:			
Non-depreciable capital assets	92,308	2,500	94,808
Depreciable capital assets, net	317,900	537,116	855,016
Total Noncurrent Assets	<u>410,208</u>	<u>539,616</u>	<u>949,824</u>
Total Assets	<u>548,082</u>	<u>617,416</u>	<u>1,165,498</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES			
Current Liabilities:			
Cash overdraft	6,102		6,102
Accounts payable		5,821	5,821
Accrued expenses	423	1,301	1,724
Current portion of notes payable	11,184	31,250	42,434
Total Current Liabilities	<u>17,709</u>	<u>38,372</u>	<u>56,081</u>
Noncurrent Liabilities:			
Notes payable	171,698	131,245	302,943
Compensated absences payable	18,314	12,209	30,523
Total Noncurrent Liabilities	<u>190,012</u>	<u>143,454</u>	<u>333,466</u>
Total Liabilities	<u>207,721</u>	<u>181,826</u>	<u>389,547</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable water assessment revenue		47,514	47,514
Total Deferred Inflows of Resources	<u>-</u>	<u>47,514</u>	<u>47,514</u>
NET POSITION			
Net investment in capital assets	227,326	377,121	604,447
Unrestricted	113,035	10,955	123,990
Total Net Position	<u>\$ 340,361</u>	<u>\$ 388,076</u>	<u>\$ 728,437</u>

See accompanying notes to the basic financial statements

EXHIBIT B
MOUNTAIN LAKES DISTRICT
HAVERHILL, NEW HAMPSHIRE
Statement of Activities
For the Year Ended December 31, 2020

Functions/Programs	<u>Expenses</u>	Program Revenues	Net (Expense) Revenue and Changes in Net Position		
			Primary Government		
		Charges for Services	Governmental Activities	Business-type Activities	Total
Governmental Activities:					
General government	\$ 147,053		\$ (147,053)		\$ (147,053)
Culture and recreation	46,806		(46,806)		(46,806)
Interest and fiscal charges	5,345		(5,345)		(5,345)
Total governmental activities	<u>199,204</u>	\$ -	<u>(199,204)</u>	\$ -	<u>(199,204)</u>
Business-type activities:					
Water Fund	<u>268,042</u>	<u>194,688</u>		<u>(73,354)</u>	<u>(73,354)</u>
Total primary government	<u>\$ 467,246</u>	<u>\$ 194,688</u>	<u>(199,204)</u>	<u>(73,354)</u>	<u>(272,558)</u>
General revenues:					
Property and other taxes			226,312		226,312
Licenses and permits			1,805		1,805
Interest and investment earnings			263	14	277
Miscellaneous			4,331		4,331
Transfers			<u>(34,040)</u>	<u>34,040</u>	<u>-</u>
Total general revenues and transfers			<u>198,671</u>	<u>34,054</u>	<u>232,725</u>
Change in net position			(533)	(39,300)	(39,833)
Net Position - beginning			<u>340,894</u>	<u>427,376</u>	<u>768,270</u>
Net Position - ending			<u>\$ 340,361</u>	<u>\$ 388,076</u>	<u>\$ 728,437</u>

See accompanying notes to the basic financial statements

EXHIBIT C
MOUNTAIN LAKES DISTRICT
HAVERHILL, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
December 31, 2020

	General <u>Fund</u>	Nonmajor Governmental <u>Fund</u>	Total Governmental <u>Funds</u>
ASSETS			
Cash and cash equivalents		\$ 2,287	\$ 2,287
Investments	\$ 10,473		10,473
Taxes receivable	113,249		113,249
Due from other governments	41,905		41,905
Due from other funds	501		501
Total Assets	<u>166,128</u>	<u>2,287</u>	<u>168,415</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 166,128</u>	<u>\$ 2,287</u>	<u>\$ 168,415</u>
LIABILITIES			
Cash overdraft	\$ 6,102		\$ 6,102
Accrued expenses	423		423
Due to other funds	30,040	\$ 501	30,541
Total Liabilities	<u>36,565</u>	<u>501</u>	<u>37,066</u>
DEFERRED INFLOWS OF RESOURCES			
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Committed	41,905	1,786	43,691
Assigned	45,000		45,000
Unassigned	42,658		42,658
Total Fund Balances	<u>129,563</u>	<u>1,786</u>	<u>131,349</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 166,128</u>	<u>\$ 2,287</u>	

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. 410,208

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year end consist of:

 Notes payable (182,882)
 Compensated absences payable (18,314)

Net Position of Governmental Activities \$ 340,361

See accompanying notes to the basic financial statements

EXHIBIT D
MOUNTAIN LAKES DISTRICT
HAVERHILL, NEW HAMPSHIRE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2020

	General Fund	Nonmajor Governmental Fund	Total Governmental Funds
Revenues:			
Taxes	\$ 226,312		\$ 226,312
Licenses and permits	1,805		1,805
Interest income	261	\$ 2	263
Miscellaneous	1,215	3,116	4,331
Total Revenues	<u>229,593</u>	<u>3,118</u>	<u>232,711</u>
Expenditures:			
Current operations:			
General government	133,035		133,035
Culture and recreation	42,734	2,439	45,173
Debt service:			
Principal retirement	10,865		10,865
Interest and fiscal charges	5,345		5,345
Total Expenditures	<u>191,979</u>	<u>2,439</u>	<u>194,418</u>
Excess of revenues over (under) expenditures	<u>37,614</u>	<u>679</u>	<u>38,293</u>
Other financing sources (uses):			
Transfers in	3,183		3,183
Transfers out	(37,223)		(37,223)
Total Other financing sources (uses)	<u>(34,040)</u>	<u>-</u>	<u>(34,040)</u>
Net change in fund balances	3,574	679	4,253
Fund Balances - beginning	<u>125,989</u>	<u>1,107</u>	<u>127,096</u>
Fund Balances - ending	<u>\$ 129,563</u>	<u>\$ 1,786</u>	<u>\$ 131,349</u>

MOUNTAIN LAKES DISTRICT
HAVERHILL, NEW HAMPSHIRE
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, 2020

Net Change in Fund Balances--Total Governmental Funds	\$ 4,253
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.	(11,209)
Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	10,865
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.	(4,442)
Change in Net Position of Governmental Activities	<u>\$ (533)</u>

See accompanying notes to the basic financial statements

EXHIBIT E
MOUNTAIN LAKES DISTRICT
HAVERHILL, NEW HAMPSHIRE
Statement of Net Position
Proprietary Funds
December 31, 2020

	Business-type Activities
	<u>Water Fund</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 9,699
Investments	20,838
Accounts receivable, net	10,887
Due from other governments	6,336
Due from other funds	30,040
Total Current Assets	<u>77,800</u>
Noncurrent Assets:	
Non-depreciable capital assets	2,500
Depreciable capital assets, net	<u>537,116</u>
Total Noncurrent Assets	<u>539,616</u>
Total Assets	<u>617,416</u>
DEFERRED OUTFLOWS OF RESOURCES	
Total Deferred Outflows of Resources	<u>-</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	5,821
Accrued expenses	1,301
Current portion of notes payable	<u>31,250</u>
Total Current Liabilities	<u>38,372</u>
Noncurrent Liabilities:	
Notes payable	131,245
Compensated absences payable	<u>12,209</u>
Total Noncurrent Liabilities	<u>143,454</u>
Total Liabilities	<u>181,826</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable water assessment revenue	<u>47,514</u>
Total Deferred Inflows of Resources	<u>47,514</u>
NET POSITION	
Net investment in capital assets	377,121
Unrestricted	<u>10,955</u>
Total Net Position	<u>\$ 388,076</u>

See accompanying notes to the basic financial statements

EXHIBIT F
MOUNTAIN LAKES DISTRICT
HAVERHILL, NEW HAMPSHIRE
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2020

	Business-type Activities
	<u>Water</u>
	<u>Fund</u>
Operating revenues:	
Charges for services	\$ 194,688
Total Operating revenues	<u>194,688</u>
Operating expenses:	
Personnel services	44,599
Contractual services	127,646
Maintenance	10,734
Materials and supplies	2,028
Utilities	12,474
Depreciation	55,635
Miscellaneous	9,217
Total Operating expenses	<u>262,333</u>
Operating loss	<u>(67,645)</u>
Non-operating revenues (expenses):	
Interest income	14
Interest expense	<u>(5,709)</u>
Net Non-operating revenues (expenses)	<u>(5,695)</u>
Loss before transfers	(73,340)
Transfers in	37,223
Transfers out	<u>(3,183)</u>
Change in net position	(39,300)
Net Position - beginning	<u>427,376</u>
Net Position - ending	<u>\$ 388,076</u>

See accompanying notes to the basic financial statements

EXHIBIT G
MOUNTAIN LAKES DISTRICT
HAVERHILL, NEW HAMPSHIRE
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2020

	<u>Business-type Activities</u>
	<u>Water Fund</u>
Cash flows from operating activities:	
Cash received from customers	\$ 191,964
Cash paid to suppliers	(145,845)
Cash paid to employees	(36,635)
Net cash provided by operating activities	<u>9,484</u>
Cash flows from capital and related financing activities:	
Transfer from other funds	37,223
Transfer to other funds	(3,183)
Transfer to trust funds held by Town of Haverhill Trustees	(12,802)
Principal paid on long-term debt	(31,250)
Interest paid on long-term debt	(5,973)
Net cash used for capital and related financing activities	<u>(15,985)</u>
Cash flows from investing activities:	
Purchases of investments	(14)
Redemptions of investments	19,779
Interest on investments	14
Net cash provided by investing activities	<u>19,779</u>
Net increase in cash and cash equivalents	13,278
Cash and cash equivalents at beginning of year	<u>26,461</u>
Cash and cash equivalents at end of year	<u>\$ 39,739</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (67,645)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Expenses paid by Town of Haverhill Trustees	19,767
Depreciation expense	55,635
Changes in assets and liabilities:	
Accounts receivable, net	(2,853)
Accounts payable	1,490
Compensated absences payable	2,961
Unavailable water assessment revenue	129
Net cash provided by operating activities	<u>\$ 9,484</u>

See accompanying notes to the basic financial statements

**MOUNTAIN LAKES DISTRICT
HAVERHILL, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS**
For the Year Ended December 31, 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Mountain Lakes District conform to accounting principles generally accepted in the United States of America for local governmental units, except as indicated hereinafter. The following is a summary of significant accounting policies.

Financial Reporting Entity

The Mountain Lakes District is organized as a Village District (special purpose district) under the laws of the State of New Hampshire and operates under the direction of an elected Board of Commissioners. The District is located within the Town boundaries of Haverhill, New Hampshire and provides recreational services and water to residents located within the District's boundaries.

Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-Wide Financial Statements:

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government.

The statement of net position presents the financial condition of the governmental and business-type activities of the District at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that are required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

2. Fund Financial Statements:

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

**MOUNTAIN LAKES DISTRICT
HAVERHILL, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**
For the Year Ended December 31, 2020

Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District employs the use of two categories of funds: governmental and proprietary.

1. Governmental Funds:

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is reported as fund balance. The following is the District's sole major governmental fund:

The *General Fund* is the District's main operating fund and accounts for all financial resources, except those required to be accounted for in another fund.

2. Proprietary Funds:

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as enterprise or internal service. The District has no internal service funds. The District's major and sole proprietary fund is the Water Fund.

The District's *Water Fund* is accounted for as a self-supporting enterprise fund. Water services are provided to customers on a user charge basis. However, the fund receives an operating subsidy from the General Fund on an annual basis to support its debt payments and capital acquisitions as appropriated at the annual District meeting.

Measurement Focus

1. Government-Wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the District are included on the Statement of Net Position.

2. Fund Financial Statements:

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with

**MOUNTAIN LAKES DISTRICT
HAVERHILL, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**
For the Year Ended December 31, 2020

brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Proprietary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue and in the presentation of expenses versus expenditures.

1. Revenues – Exchange and Non-Exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the District, available means expected to be received within sixty days of year end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: property taxes, charges for services, and interest on investments.

Miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

2. Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization are not recognized in governmental funds.

**MOUNTAIN LAKES DISTRICT
HAVERHILL, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**
For the Year Ended December 31, 2020

Budgetary Data

The District's budget represents departmental appropriations as authorized by annual or special District meetings. The Commissioners may transfer funds between operating categories as they deem necessary. The District adopts its budget under State regulations, which differ somewhat from accounting principles generally accepted in the United States of America in that the focus is on the entire governmental unit rather than on the basis of fund types.

Cash and Cash Equivalents

The District maintains separate cash accounts for its governmental and proprietary funds; however, most cash transactions flow through the General Fund. As a result, cash applicable to a particular fund is reflected as an interfund balance. For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of the following:

	Water
	<u>Fund</u>
Cash and cash equivalents	\$ 9,699
Due from other funds	<u>30,040</u>
Total cash and cash equivalents	<u>\$ 39,739</u>

Accounts Receivable

User fees billed during the current year and prior and uncollected at December 31, 2020 are recorded as receivables net of reserves for estimated uncollectibles of \$36,084 in the Water Fund.

Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net position but are not reported in the governmental fund financial statements. In the government-wide financial statements, capital assets are reported in the applicable governmental or business-type activities column.

All capital assets including infrastructure are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of \$2,000. The District's infrastructure consists of a water distribution system. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except for land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the District's historical records of necessary improvements and replacement.

Depreciation is computed using the straight-line method over the following useful lives:

**MOUNTAIN LAKES DISTRICT
HAVERHILL, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**
For the Year Ended December 31, 2020

	<u>Years</u>
Water distribution system	5 - 40
Land improvements	5 - 50
Buildings and improvements	5 - 30
Vehicles and equipment	5 - 15

Unavailable Revenue

Water billings are made annually to recover estimated operating costs for the period of April 1 through March 31 based on a pro-rata allocation to water users. Unavailable revenues recorded in the water enterprise fund represent the 2020 water assessment billed to customers in April 2020, which includes the period January 1, 2021 through March 31, 2021.

Compensated Absences

The District does not have a formal sick leave policy. As such, employees accumulate unused sick and vacation leave which requires payment upon termination or retirement. Dependent upon the length of service, full time employees earn vacation at ten to twenty days per year.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances on any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance Policy

The District segregates fund balance into five classifications: Nonspendable, Restricted, Committed, Assigned, and Unassigned. These components of fund balance are defined as follows:

- ***Nonspendable Fund Balance***: includes amounts that are not in a spendable form (such as inventory or prepaid expenses) or are required to be maintained intact (such as principal of an endowment fund).
- ***Restricted Fund Balance***: includes amounts that can only be spent for the specific purposes stipulated by external resource providers (such as grantors) or through enabling legislation (federal or state law). Restrictions may be changed or lifted only with the consent of the resource providers or the enabling legislation.

**MOUNTAIN LAKES DISTRICT
HAVERHILL, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**
For the Year Ended December 31, 2020

- Committed Fund Balance: includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision making authority (the annual District Meeting). Commitments may be changed or lifted only by the governing body taking the same formal action that imposed the constraint originally. The governing body's actions must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.
- Assigned Fund Balance: includes amounts the District intends to use for a specific purpose. For all governmental funds other than the General Fund, any remaining positive amounts are to be classified as "Assigned". The Board of Commissioners are authorized to assign fund balance.
- Unassigned Fund Balance: includes amounts that are not obligated or specifically designated and is available for any purpose. The residual classification of any General Fund balance is to be reported here. Any deficit fund balance of another governmental fund is also classified as "Unassigned".

Spending Prioritizations

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered to have been spent first. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, committed amounts should be reduced first, followed by assigned amounts then unassigned amounts.

Deficit Fund Balance

At year end, if any of the special revenue funds has a deficit unassigned fund balance, the Board of Commissioners are authorized to transfer funds from the General Fund to cover the deficit, providing the General Fund has the resources to do so.

Minimum Level of Unassigned Fund Balance

As recommended by the New Hampshire Department of Revenue, the District will strive to maintain an unassigned fund balance in its General Fund equal to 8-15% of its total annual appropriations. The Board of Commissioners have the authority to apply up to \$50,000 of the District's beginning unassigned fund balance in order to balance the budget and to reduce the property tax rate.

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements.

**MOUNTAIN LAKES DISTRICT
HAVERHILL, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**
For the Year Ended December 31, 2020

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the water fund, these revenues are charges to customers for services. Operating expenses, which include depreciation on capital assets, are necessary costs incurred to provide the service that is the primary activity of the proprietary fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Property Taxes

Under State statutes, the Town of Haverhill, New Hampshire (an independent governmental unit) collects taxes for the District from property owners located within the boundaries of the District. As a collection agent, the Town is required to pay over to the District its share of property taxes collected through periodic payments based on the cash flow requirements of the District. The Town assumes financial responsibility for all uncollected property taxes under State statutes.

NOTE 2—DEPOSITS AND INVESTMENTS

Deposits and investments as of December 31, 2020 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and cash equivalents	\$ 11,986
Investments	31,311
Cash overdraft	<u>(6,102)</u>
	<u>\$ 37,195</u>

Deposits and investments as of December 31, 2020 consist of the following:

Deposits with financial institutions	\$ 5,884
Investments	<u>31,311</u>
	<u>\$ 37,195</u>

The District's investment policy requires that deposits be made in federally insured banks chartered under the laws of the State of New Hampshire or the federal government with a branch within the State of New Hampshire. The District limits its investments in accordance with New Hampshire State law (RSA 41:29) to United States Treasury securities maturing in less than one year, short-term obligations of U.S. Government agencies, fully insured or collateralized certificates of deposits in banks incorporated in the State of New Hampshire or national banks located in the State of New Hampshire, repurchase agreements with banks chartered by the State of New Hampshire and fully collateralized, and the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool.

**MOUNTAIN LAKES DISTRICT
HAVERHILL, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**
For the Year Ended December 31, 2020

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District’s deposits may not be returned. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. For assurance against custodial credit risk, the District’s investment policy requires that all deposits with financial institutions be collateralized with pledged securities that shall be equal or in excess of the amount of the public funds deposited, less any portion thereof covered by federal deposit insurance. As of December 31, 2020, all of the District’s deposits with financial institutions are insured through the Federal Depository Insurance Corporation (FDIC).

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District’s policy states that the Treasurer may place any excess funds into U.S. Treasury bills, certificates of deposit, or the New Hampshire Public Deposit Investment Pool (NHPDIP). As of December 31, 2020, the District’s investment in the NHPDIP of \$31,311 was rated AAA-m.

Investment in NHPDIP

The District is a voluntary participant in the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool. The NHPDIP is not registered with the United States Securities and Exchange Commission as an investment company. The NHPDIP was created by state law and is administered by a public body of state, local and banking officials. Financial statements for the NHPDIP can be accessed through the NHPDIP’s website at www.NHPDIP.com.

The District’s exposure to derivatives is indirect through its participation in the NHPDIP. The District’s proportional share of these derivatives is not available. The fair value of the position in the investment pool is equal to the value of the pool shares.

Fair Value

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

NOTE 3—CAPITAL ASSETS

The following is a summary of changes in capital assets in the governmental activities:

	Balance <u>1/1/2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/2020</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 92,308	<u> </u>	<u> </u>	\$ 92,308
Total capital assets not being depreciated	<u>92,308</u>	<u>\$ -</u>	<u>\$ -</u>	<u>92,308</u>

**MOUNTAIN LAKES DISTRICT
HAVERHILL, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**
For the Year Ended December 31, 2020

Other capital assets:			
Land improvements	321,545		321,545
Buildings and improvements	285,665		285,665
Vehicles and equipment	133,441		133,441
Total other capital assets	<u>740,651</u>	<u>-</u>	<u>740,651</u>
Less accumulated depreciation for:			
Land improvements	(37,178)	(6,051)	(43,229)
Buildings and improvements	(250,439)	(3,809)	(254,248)
Vehicles and equipment	(123,925)	(1,349)	(125,274)
Total accumulated depreciation	<u>(411,542)</u>	<u>(11,209)</u>	<u>(422,751)</u>
Total other capital assets, net	<u>329,109</u>	<u>(11,209)</u>	<u>317,900</u>
Total capital assets, net	<u>\$ 421,417</u>	<u>\$ (11,209)</u>	<u>\$ 410,208</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 9,576
Culture and recreation	<u>1,633</u>
	<u>\$ 11,209</u>

The following is a summary of changes in capital assets in the business-type activities:

Business-type activities:	Balance 1/1/2020	Additions	Reductions	Balance 12/31/2020
Capital assets not being depreciated:				
Land	\$ 2,500			\$ 2,500
Total capital assets not being depreciated	<u>2,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>2,500</u>
Other capital assets:				
Water distribution system	1,623,339			1,623,339
Vehicles and equipment	60,119			60,119
Total other capital assets	<u>1,683,458</u>	<u>-</u>	<u>-</u>	<u>1,683,458</u>
Less accumulated depreciation for:				
Water distribution system	(1,054,280)	(50,855)		(1,105,135)
Vehicles and equipment	(36,427)	(4,780)		(41,207)
Total accumulated depreciation	<u>(1,090,707)</u>	<u>(55,635)</u>	<u>-</u>	<u>(1,146,342)</u>
Total other capital assets, net	<u>592,751</u>	<u>(55,635)</u>	<u>-</u>	<u>537,116</u>
Total capital assets, net	<u>\$ 595,251</u>	<u>\$ (55,635)</u>	<u>\$ -</u>	<u>\$ 539,616</u>

Depreciation expense was charged to the proprietary fund as follows:

Water Fund	<u>\$ 55,635</u>
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**MOUNTAIN LAKES DISTRICT
HAVERHILL, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**
For the Year Ended December 31, 2020

NOTE 4—LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

The changes in the District’s long-term obligations for the year ended December 31, 2020 are as follows:

	Balance 1/1/2020	Additions	Reductions	Balance 12/31/2020	Amounts Due Within One Year
Governmental Activities:					
Notes payable	\$ 193,747		\$ (10,865)	\$ 182,882	\$ 11,184
Compensated absences payable	13,872	\$ 4,442		18,314	
	<u>\$ 207,619</u>	<u>\$ 4,442</u>	<u>\$ (10,865)</u>	<u>\$ 201,196</u>	<u>\$ 11,184</u>
Business-type Activities:					
Notes payable	\$ 193,745		\$ (31,250)	\$ 162,495	\$ 31,250
Compensated absences payable	9,248	\$ 2,961		12,209	
	<u>\$ 202,993</u>	<u>\$ 2,961</u>	<u>\$ (31,250)</u>	<u>\$ 174,704</u>	<u>\$ 31,250</u>

Payments on the notes payable of the Governmental Activities are paid out of the General Fund. Payments on the notes payable of the Business-type Activities are paid out of the Water Fund with subsidized transfers received from the General Fund. Compensated absences will be paid from the fund where the employee’s salary is paid.

Notes Payable Direct Borrowings

Notes payable from direct borrowings at December 31, 2020 are comprised of the following individual issues:

	Interest Rate	Final Maturity Date	Balance 12/31/2020
Governmental Activities:			
Lower Dam Spillway Note	2.79%	July 2035	\$ <u>182,882</u>
Business-type Activities:			
Direct Water Line Note	3.10%	September 2025	\$ 125,000
Dam Improvement Note	3.10%	December 2026	<u>37,495</u>
Total business-type activities			<u>\$ 162,495</u>

**MOUNTAIN LAKES DISTRICT
HAVERHILL, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**
For the Year Ended December 31, 2020

Debt service requirements to retire notes payable outstanding for the governmental activities at December 31, 2020 are as follows:

Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 11,184	\$ 5,026	\$ 16,210
2022	11,498	4,712	16,210
2023	11,821	4,389	16,210
2024	12,143	4,067	16,210
2025	12,495	3,715	16,210
2026-2030	67,933	13,117	81,050
2031-2034	55,808	3,292	59,100
	<u>\$ 182,882</u>	<u>\$ 38,318</u>	<u>\$ 221,200</u>

Debt service requirements to retire notes payable outstanding for the business-type activities at December 31, 2020 are as follows:

Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 31,250	\$ 4,989	\$ 36,239
2022	31,250	4,020	35,270
2023	31,250	3,051	34,301
2024	31,250	2,088	33,338
2025	31,250	1,114	32,364
2026	6,245	145	6,390
	<u>\$ 162,495</u>	<u>\$ 15,407</u>	<u>\$ 177,902</u>

NOTE 5—INTERFUND BALANCES AND TRANSFERS

The District maintains separate cash accounts for its governmental and proprietary funds; however, most cash transactions flow through the General Fund. For accounting and reporting purposes, the portion of cash applicable to a particular fund is reported in the specific fund as an interfund balance. To meet the General Fund's cash flow needs until the second half property tax assessment was received, the Water Fund paid certain expenditures of the General Fund during the final month of the year. The balance of the reimbursement due to the Water Fund from the General Fund is reflected as an interfund receivable and payable, respectively in the funds, in the amount of \$30,040.

During the year, several interfund transactions occurred between funds. The various transfers were made in accordance with budgetary authorization. Interfund transfers for the year ended December 31, 2020 are as follows:

**MOUNTAIN LAKES DISTRICT
HAVERHILL, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**
For the Year Ended December 31, 2020

	General Fund	Transfer from	Totals
		Water Fund	
Transfer to General Fund		\$ 3,183	\$ 3,183
Water Fund	\$ 37,223		37,223
	<u>\$ 37,223</u>	<u>\$ 3,183</u>	<u>\$ 40,406</u>

NOTE 6—COMPONENTS OF FUND BALANCE

The components of the District’s fund balance for its governmental funds at December 31, 2020 are as follows:

<u>Fund Balances</u>	General Fund	Nonmajor Governmental Fund	Total Governmental Funds
Committed for:			
Expendable trusts	\$ 41,905		\$ 41,905
Recreation revolving		\$ 1,786	1,786
Assigned for:			
Designated for subsequent year expenditures	45,000		45,000
Unassigned:			
Unassigned - General operations	42,658		42,658
	<u>\$ 129,563</u>	<u>\$ 1,786</u>	<u>\$ 131,349</u>

NOTE 7—RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2020, the District was a member of and participated in a public entity risk pool (Trust) for property and liability insurance and worker’s compensation coverage. Coverage has not been significantly reduced from the prior year and settled claims have not exceeded coverage in any of the past three years.

The Trust agreements permit the Trust to make additional assessments to members should there be a deficiency in Trust assets to meet its liabilities. Accounting principles generally accepted in the United States of America require members of pools with a sharing of risk to determine whether or not such assessment is probable and, if so, a reasonable estimate of such assessment. At this time, the Trusts foresee no likelihood of additional assessments for any of the past years. Claims, expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Based on the best available information there is no liability at December 31, 2020.

Property and Liability Insurance

The Trust provides certain property and liability insurance coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. As a member of the Trusts, the District shares in contributing to the cost of and receiving benefit from a self-insured pooled risk management program. The program includes a Self-Insured Retention Fund from which is paid up to \$200,000 for each and

**MOUNTAIN LAKES DISTRICT
HAVERHILL, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**
For the Year Ended December 31, 2020

every covered property, crime and/or liability loss that exceeds \$1,000, up to an aggregate of \$1,200,000. Each property loss is subject to a \$1,000 deductible. All losses over the aggregate are covered by insurance policies.

Worker's Compensation

The Trust provides statutory worker's compensation coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. The Trust is self-sustaining through annual member premiums and provides coverage for the statutorily required workers' compensation benefits and employer's liability coverage up to \$2,000,000. The program includes a Loss Fund from which is paid up to \$500,000 for each and every covered claim.

NOTE 8—COMMITMENTS AND CONTINGENCIES

Litigation

There may be various claims and suits pending against the District, which arise in the normal course of the District's activities. In the opinion of District management, any potential claims against the District which are not covered by insurance are immaterial and would not affect the financial position of the District.

SCHEDULE 1
MOUNTAIN LAKES DISTRICT
HAVERHILL, NEW HAMPSHIRE
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - General Fund
For the Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	Variance with Final Budget - Favorable <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 226,127	\$ 226,127	\$ 226,312	\$ 185
Licenses and permits	500	500	1,805	1,305
Interest income	50	50	264	214
Miscellaneous	6,600	6,600	1,215	(5,385)
Total Revenues	<u>233,277</u>	<u>233,277</u>	<u>229,596</u>	<u>(3,681)</u>
Expenditures:				
Current operations:				
General government	121,245	121,245	111,411	9,834
Culture and recreation	51,550	51,550	42,734	8,816
Debt service:				
Principal retirement	10,700	10,700	10,865	(165)
Interest and fiscal charges	5,700	5,700	5,345	355
Total Expenditures	<u>189,195</u>	<u>189,195</u>	<u>170,355</u>	<u>18,840</u>
Excess of revenues over (under) expenditures	<u>44,082</u>	<u>44,082</u>	<u>59,241</u>	<u>15,159</u>
Other financing sources (uses):				
Transfers in	3,183	3,183	3,183	-
Transfers out	(79,765)	(79,765)	(79,723)	42
Total Other financing sources (uses)	<u>(76,582)</u>	<u>(76,582)</u>	<u>(76,540)</u>	<u>42</u>
Net change in fund balance	(32,500)	(32,500)	(17,299)	15,201
Fund Balance at beginning of year				
- Budgetary Basis	<u>104,957</u>	<u>104,957</u>	<u>104,957</u>	<u>-</u>
Fund Balance at end of year				
- Budgetary Basis	<u>\$ 72,457</u>	<u>\$ 72,457</u>	<u>\$ 87,658</u>	<u>\$ 15,201</u>

See accompanying notes to the required supplementary information

MOUNTAIN LAKES DISTRICT
HVERHILL, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended December 31, 2020

NOTE 1—BUDGET TO ACTUAL RECONCILIATION

Amounts recorded as budgetary amounts in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund (Schedule 1) are reported on the basis budgeted by the District. Those amounts may differ from those reported in conformity with accounting principles generally accepted in the United States of America in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit D). Budgetary revenues and other financing sources and expenditures and other financing uses were adjusted for non-budgetary revenues and expenditures, and budgetary transfers out as follows:

	Revenues and Other Financing <u>Sources</u>	Expenditures and Other Financing <u>Uses</u>
Per Exhibit D	\$ 232,776	\$ 229,202
Non-budgetary revenues and expenditures	3	(21,624)
Budgetary transfers out		<u>42,500</u>
Per Schedule 1	<u>\$ 232,779</u>	<u>\$ 250,078</u>