

**MOUNTAIN LAKES DISTRICT  
HAVERHILL, NEW HAMPSHIRE**

**Financial Statements**

**December 31, 2022**

**and**

**Independent Auditor's Report**

**MOUNTAIN LAKES DISTRICT  
HAVERHILL, NEW HAMPSHIRE  
FINANCIAL STATEMENTS  
December 31, 2022**

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## **INDEPENDENT AUDITOR'S REPORT**

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

### ***Opinions***

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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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, 2022, 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.

### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Mountain Lakes District, Haverhill, New Hampshire, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Mountain Lakes District, Haverhill, New Hampshire's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Mountain Lakes District, Haverhill, New Hampshire's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Mountain Lakes District, Haverhill, New Hampshire's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the District's proportionate share of the net OPEB liability, schedule of District OPEB contributions, schedule of changes in the District's proportionate share of the net pension liability, and schedule of District pension contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

*Vachon Clukay & Company PC*

Manchester, New Hampshire  
October 9, 2023

**MOUNTAIN LAKES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ending December 31, 2022**

Presented herewith please find the Management Discussion & Analysis Report for the Mountain Lakes Village District for the year ending December 31, 2022. 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, 2022**

**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, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Capital and other assets:		
Capital assets, net	\$ 389,051	\$ 399,508
Other assets	<u>144,716</u>	<u>112,750</u>
Total assets	<u>533,767</u>	<u>512,258</u>

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Year Ending December 31, 2022**

Deferred outflows of resources	15,694	_____
Long-term liabilities	160,199	171,698
Other liabilities	42,345	1,640
Total liabilities	<u>202,544</u>	<u>173,338</u>
Deferred inflows of resources	61	_____
Net position:		
Net investment in capital assets	228,852	227,810
Unrestricted	<u>118,004</u>	<u>111,110</u>
Total net position	<u>\$ 346,856</u>	<u>\$ 338,920</u>

**Statement of Activities**

Changes in net position of the District's governmental activities for the years ending December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Program revenues:		
Operating grants and contributions	\$ -	\$ -
Total program revenues	<u>-</u>	<u>-</u>
General revenues:		
Property and other taxes	276,246	236,648
Licenses and permits	4,140	2,685
Interest and investment earnings	554	3
Miscellaneous	<u>13,320</u>	<u>9,876</u>
Total general revenues	<u>294,260</u>	<u>249,212</u>
Total revenues	<u>294,260</u>	<u>249,212</u>
Program expenses:		
General government	190,335	167,310
Culture and recreation	58,968	45,237
Interest and fiscal charges	<u>4,711</u>	<u>5,026</u>
Total expenses	<u>254,014</u>	<u>217,573</u>
Excess before transfers	40,246	31,639
Transfers	(32,310)	(33,080)
Change in net position	7,936	(1,441)
Net position - beginning of year	<u>338,920</u>	<u>340,361</u>
Net position - end of year	<u>\$ 346,856</u>	<u>\$ 338,920</u>

The District's governmental activities experienced an increase in financial position of \$7,936 on the full accrual basis of accounting.



**MOUNTAIN LAKES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ending December 31, 2022**

**Business-type Activities**

Net position of the business-type activities as of December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Capital and other assets:		
Capital assets, net	\$ 430,760	\$ 484,591
Other assets	<u>77,872</u>	<u>80,648</u>
Total assets	<u>508,632</u>	<u>565,239</u>
 Deferred outflows of resources	 <u>10,464</u>	 <u>          </u>
 Long-term liabilities	 99,995	 131,245
Other liabilities	<u>13,496</u>	<u>2,362</u>
Total liabilities	<u>113,491</u>	<u>133,607</u>
 Deferred inflows of resources	 <u>51,331</u>	 <u>50,291</u>
Total deferred inflows of resources	<u>51,331</u>	<u>50,291</u>
 Net position:		
Net investment in capital assets	330,765	353,346
Unrestricted	<u>23,509</u>	<u>27,995</u>
Total net position	<u>\$ 354,274</u>	<u>\$ 381,341</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, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Program revenues:		
Charges for services	\$ 214,641	\$ 207,671
Total program revenues	<u>214,641</u>	<u>207,671</u>
 General revenues:		
Interest and investment earnings	<u>54</u>	<u>(84)</u>
Total general revenues	<u>54</u>	<u>(84)</u>
Total revenues	<u>214,695</u>	<u>207,587</u>

**MOUNTAIN LAKES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ending December 31, 2022**

Program expenses:		
Water distribution and treatment	274,072	247,402
Total expenses	<u>274,072</u>	<u>247,402</u>
Deficiency before transfers	(59,377)	(39,815)
Transfers	32,310	33,080
Change in net position	(27,067)	(6,735)
Net position - beginning of year	<u>381,341</u>	<u>388,076</u>
Net position - end of year	<u>\$ 354,274</u>	<u>\$ 381,341</u>

The main funding source for the business-type activities is charges for services, which provided 78.3% and 83.9% of expenses in 2022 and 2021, respectively. Net position decreased by \$27,067 in 2022.

**District Activities**

As shown in the above statements, there was an increase in the net position of governmental activities of \$7,936 and a decrease in the net position of the business-type activities of \$27,067, for the year ended December 31, 2022.

The General Fund ended the year with a fund balance of \$117,407. This is an increase of \$7,308 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 2022, the net capital assets of the governmental activities decreased by \$10,457. The decrease was a result of current period depreciation of \$10,457.

The net capital assets of the business-type activities decreased by \$53,831 in the current year. The decrease was a result of current period depreciation of \$53,831.

**Long-Term Obligations**

During 2022, the District's long-term obligations for the governmental activities notes payable decreased by \$11,499, due to scheduled payments made on the existing obligations, while compensated absences increased by \$577. Business-type activities notes payable decreased by \$31,250, due to scheduled payments made on the existing obligations, while compensates absences increased by \$384.

In addition, the District became a contributing member of the New Hampshire Retirement System (NHRS) during the year ended December 31, 2022. The District is now required to report its proportionate share of the NHRS's unfunded OPEB and pension liabilities. See notes 6 and 7 of the notes to the basic financial statements for more information regarding these liabilities.

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*On behalf of the Mountain Lakes District Commissioners, the following is a summary of the 2022 District projects and notable events:*

**Mountain Lakes District Board and Committees**

As Commissioners, we realize the value the MLD staff, boards, committees, and the community bring to the table in times of need. We are blessed to have the individuals that continue to serve and we appreciate all of their efforts. With that said, we are always looking for more talent to assist us in continuing to make Mountain Lakes the great place it is.

**Mountain Lakes District Water Department**

**Water Committee:**

We have a new Facility & Water Manager who joined the team in January 2022. John Mitchell brings a vast amount of experience in overall facility management and his operational experience has enabled him to work on multiple projects for the District and the Water Department. John is a great addition to the team.

**Water Day:**

The Water Committee held a mid-summer water day to educate residents on the design, operation, and accomplishments of our water team. It was well attended with a lot of good questions asked. Our water system is precious to all of us and we need to continue our efforts to educate individuals about the importance of maintaining our infrastructure and the importance of day-to-day water conservation.

**Water Sourcing Project:**

The Water Committee continues to look for viable sources with a consistent goal of reducing our dependence on obtaining water from external sources. As the search for shallow gravel wells has not worked out, we are continuing to look at other alternatives. We will be working with Nobis Engineering and Hartley Well Drilling Inc. to identify areas for potential bedrock wells.

**Drought Conditions:**

This year, 2022, we realized continued varying degrees of drought conditions. Rain through the fall has provided what was required to bring the groundwater levels back to normal and out of drought conditions. During the drought period, we asked the community to conserve and they responded. Thanks to all, it does make a difference for all of us.

**Volunteer Lake Assessment Program (VLAP):**

VLAP testing was conducted this year. The testing was completed by the state with the assistance of Commissioner Mark Johanson. The initial results were positive and the completed report will be available early in 2023.

**2022 Drinking Water State Revolving Loan Fund Program:**

The District Water Committee applied for drinking water infrastructure projects through the New Hampshire Drinking Water State Revolving Fund (DWSRF). They submitted eight applications for various water infrastructure projects for a total of \$ 800,000 in project costs. The applications were reviewed by the Drinking Water and Groundwater Advisory Commission. Unfortunately, we were informed by the commission that funding would not be available for our projects. We have since applied

**MOUNTAIN LAKES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ending December 31, 2022**

for a Sustainability Grant through the New Hampshire Water Division/Drinking Water and Groundwater Bureau for a Sustainability Grant. To assist us with the process, we have engaged engineering firms that have experience with these types of applications. The funding requested is \$83,000. The purpose is to create an Asset Management Plan that will enable the Mountain Lakes Water Department to operate, maintain, upgrade and dispose of assets cost-effectively while delivering a high level of service to our customers.

**Causeway/Dam Rip Rap Project:**

As a result of erosion on the upper lake portion of the causeway, the New Hampshire Dam Safety Bureau required us to mitigate this problem. A plan was submitted to the state and was accepted. We hired a contractor to install Rip Rap along a 10 foot by 300-foot area along the upper lake portion of the causway. The project is complete and has been approved by the Dam Safety Bureau.

**Planning Board:**

The Planning Board has had another busy year. They have reviewed and approved permits for 6 new homes and multiple smaller projects. The number of projects completed and closed for 2022 is 9, that includes homes, sheds and garages. There continues to be an interest in the Mountain Lakes Community as individuals from the cities are taking a closer look at what the mountains have to offer. We anticipate continued growth in Mountain Lakes and we welcome all newcomers and encourage them to become involved with the community.

**MLD Recreation Committee**

**Pool Access After Hours:**

As a result of input from the community, the Commissioners formed an ad-hoc Pool Key Card committee in late summer. The committee consists of 4 members. The committee is investigating the feasibility of keyless electronic access by residents "after hours" including physical and financial requirements. Three meetings were held through Dec with a preliminary report going to the Commissioners in early January 2023.

**MLD Recreation Activities:**

The Recreation Committee co-sponsored 3 events with Haverhill Recreation: Winterfest, Fun-Run-Walk, and Evening on the Lake. We will be co-sponsoring the 2023 Winterfest on February 19<sup>th</sup> and will be providing the MLD Lodge and facilities. The committee sponsored a pancake breakfast, 2-ice-cream socials, a scavenger hunt, hot dogs on the beach, an adult social pool party, an adult social with a DJ, and the season finale fireworks display by Hells Gate. Fun was had by all at the events and the fireworks display was awesome as usual. The annual Trunk or Treat event was held in October and there were a quite a few decorated cars loaded with candy. It was well attended with many children and great costumes. Thanks again to Haverhill Police Officer Jared Mitchell, showing up with his police car and treats for the kids. There were a lot of smiling faces at the event and that's what it is all about. New to Mtn Lakes this summer were Pickleball lessons at the sports court. We also were able provide limited evening hours at the pool.

**MLD Budget Committee:**

The Budget Committee typically meets six times during the last quarter of the year. They review the current year's financials and, based on year-to-date data, establish recommendations to be presented to the Commissioners and the community. The Budget Committee continues to do a great job for the

**MOUNTAIN LAKES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ending December 31, 2022**

Community. They possess a sound understanding of the Community and always take a balanced approach toward the decisions they make that impact the services we provide and the potential impact it has on the tax base.

**Final Thoughts:**

We, as Commissioners, cannot understate our appreciation for our staff, committees, community members and boards that provide us the input and guidance that assists us with our decision-making processes. This is what makes Mountain Lakes such a wonderful place to live and vacation. Thank you all for your insights and participation.

**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, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 5,508	\$ 6,092	\$ 11,600
Investments	652	1,195	1,847
Taxes receivable	157,922		157,922
Accounts receivable, net		4,013	4,013
Due from other governments	44,150	2,876	47,026
Internal balances	(63,696)	63,696	-
Prepaid items	180		180
Total Current Assets	<u>144,716</u>	<u>77,872</u>	<u>222,588</u>
Noncurrent Assets:			
Capital assets:			
Non-depreciable capital assets	92,308	2,500	94,808
Depreciable capital assets, net	296,743	428,260	725,003
Total Noncurrent Assets	<u>389,051</u>	<u>430,760</u>	<u>819,811</u>
Total Assets	<u>533,767</u>	<u>508,632</u>	<u>1,042,399</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to OPEB liability	57	38	95
Deferred outflows of resources related to pension liability	15,637	10,426	26,063
Total Deferred Outflows of Resources	<u>15,694</u>	<u>10,464</u>	<u>26,158</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable		631	631
Accrued liabilities		1,301	1,301
Tax anticipation note	25,000		25,000
Current portion of notes payable	11,821	31,250	43,071
Total Current Liabilities	<u>36,821</u>	<u>33,182</u>	<u>70,003</u>
Noncurrent Liabilities:			
Notes payable	148,378	68,745	217,123
Compensated absences payable	998	665	1,663
OPEB liability	328	219	547
Net pension liability	16,019	10,680	26,699
Total Noncurrent Liabilities	<u>165,723</u>	<u>80,309</u>	<u>246,032</u>
Total Liabilities	<u>202,544</u>	<u>113,491</u>	<u>316,035</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pension liability	61	41	102
Unavailable water assessment revenue		51,290	51,290
Total Deferred Inflows of Resources	<u>61</u>	<u>51,331</u>	<u>51,392</u>
<b>NET POSITION</b>			
Net investment in capital assets	228,852	330,765	559,617
Unrestricted	118,004	23,509	141,513
Total Net Position	<u>\$ 346,856</u>	<u>\$ 354,274</u>	<u>\$ 701,130</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, 2022

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u> <u>Charges for Services</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>		
			<u>Primary Government</u>		<u>Total</u>
			<u>Governmental Activities</u>	<u>Business-type Activities</u>	
<b>Governmental Activities:</b>					
General government	\$ 190,335		\$ (190,335)		\$ (190,335)
Culture and recreation	58,968		(58,968)		(58,968)
Interest and fiscal charges	4,711		(4,711)		(4,711)
Total governmental activities	<u>254,014</u>	\$ -	<u>(254,014)</u>	\$ -	<u>(254,014)</u>
<b>Business-type activities:</b>					
Water Fund	<u>274,072</u>	<u>214,641</u>		<u>(59,431)</u>	<u>(59,431)</u>
Total primary government	<u>\$ 528,086</u>	<u>\$ 214,641</u>	<u>(254,014)</u>	<u>(59,431)</u>	<u>(313,445)</u>
<b>General revenues:</b>					
Property and other taxes			276,246		276,246
Licenses and permits			4,140		4,140
Interest and investment earnings			554	54	608
Miscellaneous			13,320		13,320
Transfers			(32,310)	32,310	-
Total general revenues and transfers			<u>261,950</u>	<u>32,364</u>	<u>294,314</u>
Change in net position			7,936	(27,067)	(19,131)
Net Position - beginning			<u>338,920</u>	<u>381,341</u>	<u>720,261</u>
Net Position - ending			<u>\$ 346,856</u>	<u>\$ 354,274</u>	<u>\$ 701,130</u>

See accompanying notes to the basic financial statements

EXHIBIT C  
**MOUNTAIN LAKES DISTRICT**  
**HAVERHILL, NEW HAMPSHIRE**  
**Balance Sheet**  
**Governmental Funds**  
December 31, 2022

	General <u>Fund</u>	Nonmajor Governmental <u>Fund</u>	Total Governmental <u>Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,698	\$ 2,810	\$ 5,508
Investments	652		652
Taxes receivable	157,922		157,922
Due from other governments	44,150		44,150
Due from other funds	501		501
Prepaid items	180		180
Total Assets	<u>206,103</u>	<u>2,810</u>	<u>208,913</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 206,103</u>	<u>\$ 2,810</u>	<u>\$ 208,913</u>
<b>LIABILITIES</b>			
Tax anticipation note payable	\$ 25,000		\$ 25,000
Due to other funds	63,696	\$ 501	64,197
Total Liabilities	<u>88,696</u>	<u>501</u>	<u>89,197</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable	180		180
Committed	44,150	2,309	46,459
Unassigned	73,077		73,077
Total Fund Balances	<u>117,407</u>	<u>2,309</u>	<u>119,716</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 206,103</u>	<u>\$ 2,810</u>	<u>\$ 208,913</u>

*See accompanying notes to the basic financial statements*



EXHIBIT C-1  
**MOUNTAIN LAKES DISTRICT**  
**HAVERHILL, NEW HAMPSHIRE**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
December 31, 2022

Total Fund Balances - Governmental Funds (Exhibit C)	\$ 119,716
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.	389,051
Deferred outflows of resources and deferred inflows of resources that do not require or provide the use of current financial resources are not reported within the funds.	
Deferred outflows of resources related to OPEB liability	57
Deferred outflows of resources related to net pension liability	15,637
Deferred inflows of resources related to OPEB liability	(61)
Deferred inflows of resources related to net pension liability	
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	(160,199)
Compensated absences payable	(998)
OPEB liability	(328)
Net pension liability	<u>(16,019)</u>
Net Position of Governmental Activities (Exhibit A)	<u>\$ 346,856</u>

*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, 2022

	General Fund	Nonmajor Governmental Fund	Total Governmental Funds
Revenues:			
Taxes	\$ 276,246		\$ 276,246
Licenses and permits	4,140		4,140
Interest income	552	\$ 2	554
Miscellaneous	9,728	3,592	13,320
Total Revenues	<u>290,666</u>	<u>3,594</u>	<u>294,260</u>
Expenditures:			
Current operations:			
General government	179,980		179,980
Culture and recreation	54,858	2,717	57,575
Debt service:			
Principal retirement	11,499		11,499
Interest and fiscal charges	4,711		4,711
Total Expenditures	<u>251,048</u>	<u>2,717</u>	<u>253,765</u>
Excess of revenues over (under) expenditures	<u>39,618</u>	<u>877</u>	<u>40,495</u>
Other financing sources (uses):			
Transfers in	2,960		2,960
Transfers out	<u>(35,270)</u>		<u>(35,270)</u>
Total Other financing sources (uses)	<u>(32,310)</u>	<u>-</u>	<u>(32,310)</u>
Net change in fund balances	7,308	877	8,185
Fund Balances - beginning	<u>110,099</u>	<u>1,432</u>	<u>111,531</u>
Fund Balances - ending	<u>\$ 117,407</u>	<u>\$ 2,309</u>	<u>\$ 119,716</u>

*See accompanying notes to the basic financial statements*

EXHIBIT D-1  
**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, 2022

Net Change in Fund Balances--Total Governmental Funds	\$ 8,185
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. Capital outlays and depreciation expense in the current period are as follows:	
Depreciation expense	(10,457)
Repayment of principal on long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Repayments are as follows:	
Note principal paid	11,499
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 governmental funds.	
	(577)
Governmental funds report OPEB and pension contributions as expenditures. However, in the statement of activities, OPEB and pension expense reflects the change in the OPEB liability and net pension liability and related deferred outflows and inflows of resources, and does not require the use of current financial resources. This is the amount by which OPEB and pension expense differed from OPEB and pension contributions in the current period.	
Net changes in OPEB	(271)
Net changes in pension	<u>(443)</u>
Change in Net Position of Governmental Activities (Exhibit B)	<u>\$ 7,936</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, 2022

	Business-type Activities
	<u>Water</u>
	<u>Fund</u>
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 6,092
Investments	1,195
Accounts receivable, net	4,013
Due from other governments	2,876
Due from other funds	<u>63,696</u>
Total Current Assets	<u>77,872</u>
Noncurrent Assets:	
Non-depreciable capital assets	2,500
Depreciable capital assets, net	<u>428,260</u>
Total Noncurrent Assets	<u>430,760</u>
Total Assets	<u>508,632</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to OPEB liability	38
Deferred outflows related to net pension liability	<u>10,426</u>
Total Deferred Outflows of Resources	<u>10,464</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	631
Accrued liabilities	1,301
Current portion of notes payable	<u>31,250</u>
Total Current Liabilities	<u>33,182</u>
Noncurrent Liabilities:	
Notes payable	68,745
Compensated absences payable	665
OPEB liability	219
Net pension liability	<u>10,680</u>
Total Noncurrent Liabilities	<u>80,309</u>
Total Liabilities	<u>113,491</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to net pension liability	41
Unavailable water assessment revenue	<u>51,290</u>
Total Deferred Inflows of Resources	<u>51,331</u>
<b>NET POSITION</b>	
Net investment in capital assets	330,765
Unrestricted	<u>23,509</u>
Total Net Position	<u>\$ 354,274</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, 2022

	Business-type Activities
	<u>Water</u>
	<u>Fund</u>
Operating revenues:	
Charges for services	\$ 214,641
Total Operating revenues	<u>214,641</u>
Operating expenses:	
Personnel services	54,775
Contractual services	122,525
Maintenance	16,208
Materials and supplies	2,088
Utilities	12,492
Depreciation	53,831
Miscellaneous	8,133
Total Operating expenses	<u>270,052</u>
Operating loss	<u>(55,411)</u>
Non-operating revenues (expenses):	
Interest income	54
Interest expense	<u>(4,020)</u>
Net Non-operating revenues (expenses)	<u>(3,966)</u>
Loss before transfers	(59,377)
Transfers in	35,270
Transfers out	<u>(2,960)</u>
Change in net position	(27,067)
Net Position - beginning	<u>381,341</u>
Net Position - ending	<u>\$ 354,274</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, 2022

	Business-type Activities
	<u>Water Fund</u>
Cash flows from operating activities:	
Cash received from customers	\$ 217,184
Cash paid to suppliers	(154,539)
Cash paid to employees	(45,972)
Net cash provided by operating activities	<u>16,673</u>
Cash flows from capital and related financing activities:	
Transfer from other funds	35,270
Transfer to other funds	(2,960)
Transfer to trust funds held by Town of Haverhill Trustees	(16,023)
Principal paid on long-term debt	(31,250)
Interest paid on long-term debt	(4,020)
Net cash used for capital and related financing activities	<u>(18,983)</u>
Cash flows from investing activities:	
Purchases of investments	<u>(354)</u>
Net cash used by investing activities	<u>(354)</u>
Net increase in cash and cash equivalents	(2,664)
Cash and cash equivalents at beginning of year	<u>72,452</u>
Cash and cash equivalents at end of year	<u>\$ 69,788</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (55,411)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Expenses paid by Town of Haverhill Trustees	14,999
Depreciation expense	53,831
Change in deferred outflows related to OPEB	(38)
Change in deferred outflows related to pension	(10,426)
Change in deferred inflows related to pension	41
Changes in assets and liabilities:	
Accounts receivable, net	1,544
Accounts payable	(149)
Compensated absences payable	384
OPEB liability	219
Net pension liability	10,680
Unavailable water assessment revenue	999
Net cash provided by operating activities	<u>\$ 16,673</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, 2022**

**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, 2022

***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 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, 2022

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, 2022

***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	\$ 6,092
Due from other funds	<u>63,696</u>
Total cash and cash equivalents	<u>\$ 69,788</u>

***Accounts Receivable***

User fees billed during the current year and prior and uncollected at December 31, 2022 are recorded as receivables net of reserves for estimated uncollectibles of \$44,032 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.

**MOUNTAIN LAKES DISTRICT  
HAVERHILL, NEW HAMPSHIRE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended December 31, 2022

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

	<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 2022 water assessment billed to customers in April 2022, which includes the period January 1, 2023 through March 31, 2023.

***Compensated Absences***

Employees earn vacation and sick leave as they provide services. Employees earn 64 hours of sick time per year, up to a maximum of 96 hours. Upon separation, the employee will be paid 50% of the balance of accumulated time at their current rate of pay. Vacation time is earned dependent upon length of service. Up to 40 hours may be carried forward to the following year. Upon separation, the employee will be paid the full amount of accrued vacation time at their current rate of pay.

For governmental fund financial statements, compensated absences are reported as liabilities and expenditures as payments come due each period upon the occurrence of employee death, resignation or retirement. The entire compensated absence payout liabilities are reported on the government-wide and proprietary fund financial statements.

***Accrued Liabilities and Long-Term Obligations***

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current resources, are reported as obligations of the funds. However, compensated absences payouts that will be paid from governmental funds are reported as liabilities in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Notes payable that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

***Postemployment Benefits Other Than Pensions (OPEB)***

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Hampshire Retirement System (NHRS) OPEB Plan and additions to/deductions from NHRS's fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, NHRS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for non-registered commingled funds value at net asset value (NAV) as a practical expedient to estimate fair value.

**MOUNTAIN LAKES DISTRICT  
HAVERHILL, NEW HAMPSHIRE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended December 31, 2022

***Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses, information about the fiduciary net position of the New Hampshire Retirement System (NHRS) and additions to/deductions from NHRS's fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

***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.
- ***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.

**MOUNTAIN LAKES DISTRICT  
HAVERHILL, NEW HAMPSHIRE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended December 31, 2022

- *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.

***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.

**MOUNTAIN LAKES DISTRICT  
HAVERHILL, NEW HAMPSHIRE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended December 31, 2022

***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, 2022 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and cash equivalents	\$ 11,600
Investments	<u>1,847</u>
	<u>\$ 13,447</u>

Deposits and investments as of December 31, 2022 consist of the following:

Cash on hand	
Deposits with financial institutions	\$ 11,600
Investments	<u>1,847</u>
	<u>\$ 13,447</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.

***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

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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, 2022, 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, 2022, the District's investment in the NHPDIP of \$1,847 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](http://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>1/1/2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/2022</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 92,308			\$ 92,308
Total capital assets not being depreciated	<u>92,308</u>	<u>\$ -</u>	<u>\$ -</u>	<u>92,308</u>
Other capital assets:				
Land improvements	321,545			321,545
Buildings and improvements	285,665			285,665
Vehicles and equipment	<u>133,441</u>			<u>133,441</u>
Total other capital assets	<u>740,651</u>	<u>-</u>	<u>-</u>	<u>740,651</u>

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Less accumulated depreciation for:				
Land improvements	(49,280)	(6,050)		(55,330)
Buildings and improvements	(257,627)	(3,214)		(260,841)
Vehicles and equipment	(126,544)	(1,193)		(127,737)
Total accumulated depreciation	<u>(433,451)</u>	<u>(10,457)</u>	<u>-</u>	<u>(443,908)</u>
Total other capital assets, net	307,200	(10,457)	-	296,743
Total capital assets, net	<u>\$ 399,508</u>	<u>\$ (10,457)</u>	<u>\$ -</u>	<u>\$ 389,051</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 9,064
Culture and recreation	<u>1,393</u>
	<u>\$ 10,457</u>

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

	Balance 1/1/2022	Additions	Reductions	Balance 12/31/2022
<b>Business-type activities:</b>				
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	(1,155,380)	(49,051)		(1,204,431)
Vehicles and equipment	(45,987)	(4,780)		(50,767)
Total accumulated depreciation	<u>(1,201,367)</u>	<u>(53,831)</u>	<u>-</u>	<u>(1,255,198)</u>
Total other capital assets, net	<u>482,091</u>	<u>(53,831)</u>	<u>-</u>	<u>428,260</u>
Total capital assets, net	<u>\$ 484,591</u>	<u>\$ (53,831)</u>	<u>\$ -</u>	<u>\$ 430,760</u>

Depreciation expense was charged to the proprietary fund as follows:

Water Fund	<u>\$ 53,831</u>
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**NOTE 4—SHORT-TERM OBLIGATIONS**

The District issued a tax anticipation note to assist in the payment of operating expenditures during the year. The tax anticipation note is guaranteed to be repaid from the property tax revenue received from the Town of Haverhill.

The changes in short-term debt obligations for the year ended December 31, 2022 are as follows:



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	Tax Anticipation Note
Balance - January 1, 2022	\$ -
Additions	25,000
Reductions	
Balance - December 31, 2022	<u>\$ 25,000</u>

**NOTE 5—LONG-TERM OBLIGATIONS**

***Changes in Long-Term Obligations***

The changes in the District’s long-term obligations for the year ended December 31, 2022 are as follows:

	Balance <u>1/1/2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/2022</u>	Amounts Due Within <u>One Year</u>
<b>Governmental Activities:</b>					
Notes payable	\$ 171,698		\$ (11,499)	\$ 160,199	\$ 11,821
Compensated absences payable	<u>421</u>	\$ 577		<u>998</u>	
	<u>\$ 172,119</u>	<u>\$ 577</u>	<u>\$ (11,499)</u>	<u>\$ 161,197</u>	<u>\$ 11,821</u>
<b>Business-type Activities:</b>					
Notes payable	\$ 131,245		\$ (31,250)	\$ 99,995	\$ 31,250
Compensated absences payable	<u>281</u>	<u>384</u>		<u>665</u>	
	<u>\$ 131,526</u>	<u>\$ 384</u>	<u>\$ (31,250)</u>	<u>\$ 100,660</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, 2022 are comprised of the following individual issues:

	Interest <u>Rate</u>	Final Maturity <u>Date</u>	Balance <u>12/31/2022</u>	Pledged <u>Collateral</u>
<b>Governmental Activities:</b>				
Lower Dam Spillway Note	2.79%	July 2034	<u>\$ 160,199</u>	N/A
<b>Business-type Activities:</b>				
Direct Water Line Note	3.10%	September 2025	\$ 75,000	N/A
Dam Improvement Note	3.10%	December 2026	<u>24,995</u>	N/A
Total business-type activities			<u>\$ 99,995</u>	

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Debt service requirements to retire notes payable outstanding for the governmental activities at December 31, 2022 are as follows:

Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 11,821	\$ 4,389	\$ 16,210
2024	12,143	4,067	16,210
2025	12,495	3,715	16,210
2026	12,846	3,364	16,210
2027	13,207	3,003	16,210
2028-2032	71,801	9,249	81,050
2033-2034	25,886	792	26,678
	<u>\$ 160,199</u>	<u>\$ 28,579</u>	<u>\$ 188,778</u>

Debt service requirements to retire notes payable outstanding for the business-type activities at December 31, 2022 are as follows:

Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 99,995</u>	<u>\$ 6,398</u>	<u>\$ 106,393</u>

**NOTE 6—OTHER POSTEMPLOYMENT BENEFITS**

***Plan Description***

The New Hampshire Retirement System (NHRS) administers a cost-sharing multiple-employer other postemployment benefit plan (OPEB Plan). The OPEB Plan provides a medical insurance subsidy to qualified retired members.

The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System at 54 Regional Drive, Concord, New Hampshire 03301 or from their website at [www.nhrs.org](http://www.nhrs.org).

The OPEB Plan is divided into four membership types. The four membership types are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees, and Group I State Employees. The OPEB plan is closed to new entrants.

***Benefits Provided***

Benefit amounts and eligibility requirements for the OPEB Plan are set by state law (RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b), and members are designated in statute by type. The medical insurance subsidy is a payment made by NHRS to the former employer or its insurance administrator toward the

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cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certified dependent children with a disability who are living in the household and being cared for by the retiree. If the health insurance premium amount is less than the medical subsidy amount, then only the health insurance premium amount will be paid. If the health insurance premium amount exceeds the medical subsidy amount, then the retiree or other qualified person is responsible for paying any portion that the employer does not pay.

Group I benefits are based on creditable service, age and retirement date. Group II benefits are based on hire date, age and creditable service. Medical subsidy rates established by RSA 100-A:52 II are dependent upon whether retirees are eligible for Medicare. Retirees not eligible for Medicare may receive a maximum medical subsidy of \$375.56 for a single person plan and \$751.12 for a two-person plan. Retirees eligible for Medicare may receive a maximum medical subsidy of \$236.84 for a single person plan and \$473.68 for a two-person plan.

***Funding Policy***

Per RSA-100:16, contribution rates are established and may be amended by the New Hampshire State legislature and are determined by the NHRS Board of Trustees based on an actuarial valuation. The District's contribution rate for the covered payroll of general employees was 0.31% for the year ended December 31, 2022. Contributions to the OPEB plan for the District were \$155 for the year ended December 31, 2022. Employees are not required to contribute to the OPEB plan.

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

At December 31, 2022, the District reported a liability of \$547 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by a roll forward of the actuarial valuation from June 30, 2021. The District's proportion of the net OPEB liability was based on actual contributions by the District during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2022, the District's proportion was approximately 0.0001 percent, which was an increase of approximately 0.0001 percentage points from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the District recognized OPEB expense of \$606. At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1	
District contributions subsequent to the measurement date	94	
Totals	<u>\$ 95</u>	<u>\$ -</u>

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The net amount of deferred outflows of resources and deferred inflows of resources related to OPEB is reflected as an increase to unrestricted net position in the amount of \$95. The District reported \$94 as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net OPEB liability in the measurement period ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense for the measurement periods as follows:

<u>June 30.</u>	
2023	\$ 1
2024	-
2025	(1)
2026	<u>1</u>
	<u>\$ 1</u>

***Actuarial Assumptions***

The total OPEB liability was determined by a roll forward of the actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00%
Wage inflation	2.75% (2.25% for Teachers)
Salary increases	5.40%, average, including inflation
Investment rate of return	6.75% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions

Mortality rates were based on the Pub-2010 Healthy Retiree Mortality Tables with credibility adjustments, adjusted for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2015 – June 30, 2019.

The long-term expected rate of return on OPEB Plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and geometric real rates of return for each asset class:

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Public Equity	50%	7.60-7.90%
Private Market Equity	20%	6.60-8.85%
Private Debt	5%	7.25%
Fixed Income	25%	3.60%
Total	<u>100%</u>	

The discount rate used to measure the collective total OPEB liability as of June 30, 2022 was 6.75%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made under the current statutes RSA 100-A:16 and RSA 100-A:53. Based on those assumptions, the OPEB Plan’s fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

***Sensitivity of the District’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate***

The following presents the District’s proportionate share of the net OPEB liability calculated using the discount rate of 6.75 percent, as well as what the District’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Net OPEB liability	\$ 594	\$ 547	\$ 507

**NOTE 7—DEFINED BENEFIT PENSION PLAN**

***Plan Description***

The District contributes to the New Hampshire Retirement System (NHRS), a public employee retirement system that administers a single cost-sharing multiple-employer defined benefit pension plan. The plan provides service, disability, death and vested retirement allowances to plan members and beneficiaries. Benefit provisions are established and may be amended by the New Hampshire State legislature.

The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for the NHRS. That report may be obtained by writing to New Hampshire Retirement System, 54 Regional Drive, Concord, New Hampshire 03301 or from their website at [www.nhrs.org](http://www.nhrs.org).

Substantially all full-time state and local employees, public school teachers, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan.

The Pension Plan is divided into two membership groups. State and local employees and teachers belong to Group I. Police and firefighters belong to Group II.

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***Benefits Provided***

Benefit formulas and eligibility requirements for the pension plan are set by State law (RSA 100-A).

Group I benefits are provided based on creditable service and average final salary for the highest of either three or five years, depending on when service commenced.

Group II benefits are provided based on age, years of creditable service and a benefit multiplier depending on vesting status as of January 1, 2012. The maximum retirement allowance for Group II members vested by January 1, 2012 (45 years of age with 20 years of service or age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service. For Group II members not vested by January 1, 2012 the benefit is calculated the same way but the multiplier used in the calculation will change depending on age and years of creditable service as follows:

Years of Creditable Services as of <u>January 1, 2012</u>	<u>Minimum Age</u>	<u>Minimum Service</u>	<u>Benefit Multiplier</u>
At least 8 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	23	2.2%
Less than 4 years	49	24	2.1%

***Funding Policy***

Covered general employees are required to contribute 7.0% of their covered salary. The District is required to contribute at an actuarially determined rate. The District's contribution rates for the covered payroll of general employees was 13.75% for the year ended December 31, 2022. The District contributed 100% of the employer cost for general employees of the District.

Per RSA 100-A:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the NHRS Board of Trustees based on an actuarial valuation. The District's contributions to the NHRS for the year ended December 31, 2022 were \$6,870.

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

At December 31, 2022, the District reported a liability of \$26,699 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by a roll forward of the actuarial valuation from June 30, 2021. The District's proportion of the net pension liability was based on actual contributions by the District during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2022, the District's proportion was approximately 0.0005 percent, which was an increase of approximately 0.0005 percentage points from its proportion measured as of June 30, 2021.

**MOUNTAIN LAKES DISTRICT  
HAVERHILL, NEW HAMPSHIRE  
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For the Year Ended December 31, 2022

For the year ended December 31, 2022, the District recognized pension expense of \$7,608. At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 501	\$ 102
Changes of assumptions	1,420	
Net difference between projected and actual earnings on pension plan investments	1,012	
Changes in proportion and differences between Town contributions and proportionate share of contributions	18,955	
District contributions subsequent to the measurement date	<u>4,175</u>	
Totals	<u>\$ 26,063</u>	<u>\$ 102</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to pension is reflected as an increase to unrestricted net position in the amount of \$25,961. The District reported \$4,715 as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the measurement period ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense in the measurement periods as follows:

<u>June 30,</u>	
2023	\$ 5,939
2024	5,828
2025	4,449
2026	<u>5,570</u>
	<u>\$ 21,786</u>

***Actuarial Assumptions***

The total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2021, using the following actuarial assumptions.

Inflation	2.00%
Wage inflation	2.75% (2.25% for Teachers)
Salary increases	5.40% average, including inflation
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

**MOUNTAIN LAKES DISTRICT  
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Mortality rates were based on the Pub-2010 Healthy Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2015 – June 30, 2019.

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and geometric real rates of return for each asset class:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Public Equity	50%	7.60-7.90%
Private Market Equity	20%	6.60-8.85%
Private Debt	5%	7.25%
Fixed Income	25%	3.60%
Total	<u>100%</u>	

***Discount Rate***

The discount rate used to measure the collective pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer contributions are projected based on the expected payroll of current members only. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the collective pension liability.

***Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 6.75 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Net pension liability	\$ 35,823	\$ 26,699	\$ 19,113



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**NOTE 8—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. Interfund balances at December 31, 2022 are as follows:

		General Fund	Due From Nonmajor Governmental Fund	Totals
Due To	General Fund		\$ 501	\$ 501
	Water Fund	\$ 63,696		63,696
		<u>\$ 63,696</u>	<u>\$ 501</u>	<u>\$ 64,197</u>

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, 2022 are as follows:

		General Fund	Transfer from Water Fund	Totals
Transfer to	General Fund		\$ 2,960	\$ 2,960
	Water Fund	\$ 35,270		35,270
		<u>\$ 35,270</u>	<u>\$ 2,960</u>	<u>\$ 38,230</u>

**NOTE 9—COMPONENTS OF FUND BALANCE**

The components of the District’s fund balance for its governmental funds at December 31, 2022 are as follows:

<u>Fund Balances</u>	General Fund	Nonmajor Governmental Fund	Total Governmental Funds
<b>Nonspendable:</b>			
Prepaid items	\$ 180		\$ 180
<b>Committed for:</b>			
Expendable trusts	44,150		44,150
Recreation revolving		\$ 2,309	2,309
<b>Unassigned:</b>			
Unassigned - General operations	73,077		73,077
	<u>\$ 117,407</u>	<u>\$ 2,309</u>	<u>\$ 119,716</u>

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HAVERHILL, NEW HAMPSHIRE  
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**NOTE 10—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, 2022, 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, 2022.

***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 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 11—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, 2022

	<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	\$ 275,969	\$ 275,969	\$ 276,246	\$ 277
Licenses and permits	800	800	4,140	3,340
Interest income	100	100	210	110
Miscellaneous	6,600	6,600	9,728	3,128
Total Revenues	<u>283,469</u>	<u>283,469</u>	<u>290,324</u>	<u>6,855</u>
Expenditures:				
Current operations:				
General government	145,929	145,929	138,885	7,044
Culture and recreation	50,900	50,900	54,858	(3,958)
Debt service:				
Principal retirement	11,499	11,499	11,499	-
Interest and fiscal charges	4,801	4,801	4,711	90
Total Expenditures	<u>213,129</u>	<u>213,129</u>	<u>209,953</u>	<u>3,176</u>
Excess of revenues over (under) expenditures	<u>70,340</u>	<u>70,340</u>	<u>80,371</u>	<u>10,031</u>
Other financing sources (uses):				
Transfers in	2,960	2,960	2,960	-
Transfers out	(73,364)	(73,364)	(73,334)	30
Total Other financing sources (uses)	<u>(70,404)</u>	<u>(70,404)</u>	<u>(70,374)</u>	<u>30</u>
Net change in fund balance	(64)	(64)	9,997	10,061
Fund Balance at beginning of year				
- Budgetary Basis	<u>63,260</u>	<u>63,260</u>	<u>63,260</u>	<u>-</u>
Fund Balance at end of year				
- Budgetary Basis	<u>\$ 63,196</u>	<u>\$ 63,196</u>	<u>\$ 73,257</u>	<u>\$ 10,061</u>

See accompanying notes to the required supplementary information

SCHEDULE 2

**MOUNTAIN LAKES DISTRICT  
HAVERHILL, NEW HAMPSHIRE**

**Schedule of Changes in the District's Proportionate Share of the Net OPEB Liability**

For the Year Ended December 31, 2022

<u>Measurement Period Ended</u>	<b>Cost-Sharing Multiple Employer Plan Information Only</b>				
	<u>District's Proportion of the Net OPEB Liability</u>	<u>District's Proportionate Share of the Net OPEB Liability</u>	<u>District's Covered Payroll</u>	<u>District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</u>
June 30, 2022	0.00014486%	\$ 547	\$ 19,602	2.79%	10.64%
June 30, 2021	*	*	*	*	*
June 30, 2020	*	*	*	*	*
June 30, 2019	*	*	*	*	*
June 30, 2018	*	*	*	*	*
June 30, 2017	*	*	*	*	*
June 30, 2016	*	*	*	*	*
June 30, 2015	*	*	*	*	*
June 30, 2014	*	*	*	*	*
June 30, 2013	*	*	*	*	*

\* 10 Year schedule, historical information not available

<u>Measurement Periods</u>	<b>Significant Actuarial Assumptions</b>				
	<u>Inflation</u>	<u>Salary Increases</u>	<u>Investment Rate of Return</u>	<u>Mortality Table</u>	<u>Mortality Scale</u>
June 30, 2022	2.00%	5.40%	6.75%	Pub-2010	MP-2019

*See accompanying notes to the required supplementary information*

SCHEDULE 3  
**MOUNTAIN LAKES DISTRICT**  
**HAVERHILL, NEW HAMPSHIRE**  
**Schedule of District OPEB Contributions**  
For the Year Ended December 31, 2022

<b>Cost-Sharing Multiple Employer Plan Information Only</b>						
<u>Year Ended</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>District's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>	
December 31, 2022	\$ 154	\$ (154)	\$ -	\$ 49,966	0.31%	
December 31, 2021	*	*	*	*	*	
December 31, 2020	*	*	*	*	*	
December 31, 2019	*	*	*	*	*	
December 31, 2018	*	*	*	*	*	
December 31, 2017	*	*	*	*	*	
December 31, 2016	*	*	*	*	*	
December 31, 2015	*	*	*	*	*	
December 31, 2014	*	*	*	*	*	
December 31, 2013	*	*	*	*	*	

\* 10 Year schedule, historical information not available

*See accompanying notes to the required supplementary information*

SCHEDULE 4

**MOUNTAIN LAKES DISTRICT  
HAVERHILL, NEW HAMPSHIRE**

**Schedule of Changes in the District's Proportionate Share of the Net Pension Liability**

For the Year Ended December 31, 2022

<u>Measurement Period Ended</u>	<u>District's Proportion of the Net Pension Liability</u>	<u>District's Proportionate Share of the Net Pension Liability</u>	<u>District's Covered Payroll</u>	<u>District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
June 30, 2022	0.00046545%	\$ 26,699	\$ 19,602	136.21%	65.12%
June 30, 2021	*	*	*	*	*
June 30, 2020	*	*	*	*	*
June 30, 2019	*	*	*	*	*
June 30, 2018	*	*	*	*	*
June 30, 2017	*	*	*	*	*
June 30, 2016	*	*	*	*	*
June 30, 2015	*	*	*	*	*
June 30, 2014	*	*	*	*	*
June 30, 2013	*	*	*	*	*

\* 10 Year schedule, historical information not available

Significant Actuarial Assumptions

<u>Measurement Periods</u>	<u>Inflation</u>	<u>Salary Increases</u>	<u>Investment Rate of Return</u>	<u>Mortality Table</u>	<u>Mortality Scale</u>
June 30, 2022	2.00%	5.40%	6.75%	Pub-2010	MP-2019

See accompanying notes to the required supplementary information

SCHEDULE 5  
**MOUNTAIN LAKES DISTRICT**  
**HAVERHILL, NEW HAMPSHIRE**  
**Schedule of District Pension Contributions**  
For the Year Ended December 31, 2022

<u>Year Ended</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>District's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
December 31, 2022	\$ 6,870	\$ (6,870)	\$ -	\$ 49,966	13.75%
December 31, 2021	*	*	*	*	*
December 31, 2020	*	*	*	*	*
December 31, 2019	*	*	*	*	*
December 31, 2018	*	*	*	*	*
December 31, 2017	*	*	*	*	*
December 31, 2016	*	*	*	*	*
December 31, 2015	*	*	*	*	*
December 31, 2014	*	*	*	*	*
December 31, 2013	*	*	*	*	*

\* 10 Year schedule, historical information not available

*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, 2022

**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	\$ 293,626	\$ 286,318
Non-budgetary revenues and expenditures	(342)	(41,095)
Non-budgetary transfers out		
Budgetary transfers out		<u>38,064</u>
Per Schedule 1	<u>\$ 293,284</u>	<u>\$ 283,287</u>



October 9, 2023

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

We have audited the 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 for the year ended December 31, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 25, 2023. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Matters**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Mountain Lakes District, Haverhill, New Hampshire are described in Note 1 to the financial statements. During the year ended December 31, 2022, the District adopted and implemented GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions*, GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, and GASB Statement No. 87 – *Leases*. There was no effect on beginning of the year balances as a result of adoption of the standards. We noted no transactions entered into by the Mountain Lakes District, Haverhill, New Hampshire during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the Governmental Activities, the Business-type Activities and Major Proprietary Fund financial statements were:

Management’s estimate of the useful lives of depreciable capital assets of both the governmental and the business-type activities are based on historical utilization, necessary improvements and replacements. Also, management’s estimate of the allowance for uncollectible receivables of the Water Fund is based on lien delinquent accounts, disconnected users, and an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the useful lives of depreciable capital assets and the allowance for uncollectible user receivables in determining they are reasonable in relation to the financial statements taken as a whole.

Significant estimates also include actuarial assumptions used in determining cost sharing pension and other postemployment benefit costs which are based on plan audited financial statements. We evaluated the assumptions used in the plan audited financial statements to determine that they are reasonable in relation to the financial statements as a whole.

### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Please see the attached schedule of material adjustments detected and corrected by management as a result of audit procedures.

### ***Disagreements with Management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated October 9, 2023.

### ***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Mountain Lakes District, Haverhill, New Hampshire's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### ***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Mountain Lakes District, Haverhill, New Hampshire's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Other Matters**

We applied certain limited procedures to the management's discussion and analysis and budgetary comparison information, schedule of changes in the District's proportionate share of the net OPEB

liability, schedule of District OPEB contributions, schedule of changes in the District's proportionate share of the net pension liability, and schedule of District pension contributions which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

**Restriction on Use**

This information is intended solely for the information and use of the Board of Commissioners and management of the Mountain Lakes District, Haverhill, New Hampshire and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Vachon Clukay & Company PC*

Mountain Lakes District, Haverhill, New Hampshire  
For the year ended December 31, 2022  
Material Audit Adjustments

The following is a listing of the material audit adjustments made for the year ended December 31, 2022 and have been corrected by management:

***Water Fund:***

- To record a transfer in, interest expense and reduce the debt balances for payments made by the General Fund in the amount of \$35,270.
- To record current year depreciation expense in the amount of \$53,831.
- To adjust tax anticipation note draw down requests from revenues to a liability in the amount of \$10,000.

***General Fund:***

- To record property taxes receivable in the amount of \$157,922.
- To adjust tax anticipation note draw down requests from revenues to a liability in the amount of \$15,000.

**REPORT ON INTERNAL CONTROL BASED ON  
AN AUDIT OF BASIC FINANCIAL STATEMENTS**

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

In planning and performing our audit of the 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 (the “District”) as of and for the year ended December 31, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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 District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 a 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. 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.

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

*Vachon Clukay & Company PC*

Manchester, New Hampshire  
October 9, 2023