



# Lake Arrowhead

C O M M U N I T Y , I N C .

**ANNUAL REPORT TO MEMBERS**

**FISCAL YEAR ENDING APRIL 30, 2019**



**PRESENTED AT THE ANNUAL MEETING ON  
AUGUST 3, 2019**

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## WARRANT

2019 Annual Membership Meeting  
Lake Arrowhead Community, Inc.  
Clubhouse 2, 206 Old Portland Road, No. Waterboro, Maine  
August 3, 2019 at 9:00 a.m.

In accordance with Article II, Sections 3 and 5 of the By-laws of Lake Arrowhead Community, Inc., the Board of Trustees hereby gives notice that the Annual Membership Meeting of the Corporation will be held at Clubhouse 2, 206 Old Portland Road, No. Waterboro, Maine at 9:00 a.m. to conduct the business of the Corporation as stated in this Warrant.

Members of the Corporation are requested to be present to act on the business at hand.

### **Please note that ballots are due no later than 9:30 a.m. on the day of the meeting.**

*The ballots must be returned in the special pre-addressed envelope provided for this purpose. The pre-addressed envelope must be signed along with your name and lot number noted in the appropriate place on the back of the envelope. Envelopes returned without this information will be declared invalid. Ballots sent through the mail must arrive on or before August 2, 2019, one business day before the meeting. Mailed ballots received after this date will be declared invalid.*

*Your ballot envelope may also be placed in the ballot box located in the LAC office by August 2, 2019 or delivered to the Clerk in person at the ballot box no later than 9:30 a.m., August 3, 2019, the day of the meeting.*

### ***Action on Articles 4 through 8 will take place at the open portion of the meeting on August 3, 2019.***

- Article 1* Election of 3 trustees for a term of three (3) years. (Vote by secret ballot).
- Article 2* Sale and/or Transfer of Association Owned Lots. (Vote by secret ballot).
- Article 3* Disposal of Discontinued Road. (Vote by secret ballot).
- Article 4* Approval of the minutes of the Annual Meeting of the Corporation held on August 4, 2018.
- Article 5* Hear and accept Auditor's Report.
- Article 6* Ratification of selection of public accountants for the Fiscal Year.
- Article 7* Hear Officers and Committee Reports.
- Article 8* Hear Member's concerns.
- Article 9* Special Announcements.
- Article 10* Adjournment.

**LAKE ARROWHEAD COMMUNITY MEETING  
2018 ANNUAL MEETING - AUGUST 4, 2018**

**Present:** President Dave Sanfason, Vice President Michael Fitzpatrick, Trustee George Fowler, Trustee Mary Singelais, Trustee Alan Martel, Trustee Robert Pomerleau, Trustee Philip Oreto, Trustee David Dello Russo, Trustee Steve Dawson, Scott Davis, Public Works Manager, Jason LeBlanc, CPA, Michael Traister, Esq.

**Call to Order:** The meeting was called to order at 9:00 a.m.

Based on the number of members present and the number of ballots cast, a quorum exists for the purposes of conducting the Annual Meeting.

President Sanfason welcomed everyone and stated that the membership will vote on all matters that come to the Board today. He introduced special guests Victor Wakefield, John Festa, Gladys and Susan Sanfason, and Kathy Hart. The Board members introduced themselves.

**Approval of the Minutes**

**MOTION:** Trustee Fowler moved to accept the minutes of the Annual Meeting of August 5, 2017. Seconded by Trustee Martel. **The motion passed unanimously.**

**Presentation of Audit Report of FY 2018**

Jason LeBlanc of Albin, Randall and Bennett presented the Audit Report for Fiscal Year ending April 30, 2018 and highlighted the following:

- Finished the audit back in June and they issued an unqualified opinion.
- Due to efficient management there was a surplus at year end.

**MOTION:** Trustee Martel moved to accept the Auditor's Report for Fiscal Year ending 2018. Seconded by Trustee Fitzpatrick. **The motion passed unanimously.**

**Appointment of the Corporation's Auditor**

**MOTION:** Trustee Fitzpatrick moved to accept the firm of Albin, Randall and Bennett as the Corporation's Auditor. Seconded by Trustee Martel. **The motion passed unanimously.**

**Presentation of the Legal Report**

Michael Traister, Esq., of Murray, Plumb and Murray reported:

- He has been involved since 1975 and served as general counsel during many of those years.
- News on the legal front has been very quiet, which is a sign that things have been managed very well.
- During the year, the items he may handle include corporate governance, enforcement of community rights regarding property issues and member collections.
- There was a big project this year which was the purchase of the Hawes property.

**President's Report**

President Sanfason presented his report and noted the following:

- We had another great year. The clubhouses are in great shape, we have paved three roads, 14 beautiful beaches, beautiful gardens and a plan to increase the flow of water to our storage tanks. The Board is making a conscientious effort to set aside capital improvement funds for our future equipment needs.



- The success of the community is due to the efforts of a bunch of individuals that bring their talents to our community.

### **Treasurer's Report**

Trustee Fowler presented the Treasurer's report and noted the following:

- We had a good year financially. Our loss was only \$1,500 which indicates we budgeted appropriately.
- There was a cash surplus which allowed us to fund our Future Reserve at the maximum allowable. As well as, set some funds aside for future equipment needs so the membership doesn't have to pay for them all at once.

### **Water Committee**

President Sanfason presented the Water Committee report and noted the following:

- All our committees serve an important function, but the Water Committee has the responsibility of being online 100% of the time. The objective is to never be without water.
- Several years ago, we had an assessment study done on the water system by Wright Pierce. At that time, it was determined we really needed a redundant transmission main from the pumps to the Caribou storage tank across the lake. This year the Board approved the purchase of 27 acres of land to make this happen.
- Additionally, this year we installed 1.6 miles of new 2" main on Island Road, Edge Hill and Deer Crossing.
- We also invested in generators for all our facilities so that if we ever have long term power outages, the crew can continue to work, and members can have water and showers at either clubhouse.

### **Lake Improvement Committee**

Trustee Fitzpatrick presented the Lake Improvement Committee report and noted the following:

- Variable Leaf Milfoil is a formidable adversary. It's not possible with the methods currently available to eliminate the plant and we continue to work to minimize the impact and keep the plant under control.
- The current DEP grant was renewed at a similar level as last year. Someday, we anticipate these funds will not be as plentiful as other operations get ramped up and OSHA compliant.
- Kathy Hart has continued to work on expanding our membership.
- Other fundraising efforts include: a golf tournament, BINGO nights, a fishing tournament, a yard sale and a 50/50 raffle.

### **Presentation of Voting Results**

#### **Article 1**

Trustee Sanfason reported that there were three candidates running for election to three positions this year; Philip Oreto, Mary Singelais and David DelloRusso each received at least one vote necessary to retain their chairs, therefore they have each been re-elected to a three-year term.

#### **Article 2**

Trustee Sanfason reported that were three lots of land the community wants to divest itself of. The membership voted (115 for, 8 opposed) to sell / transfer those lots.

### **Equipment Committee**

Trustee DelloRusso presented the Equipment Committee report and noted the following:

- He saw a need to help the Public Works Manager get ahead of the aging fleets repair/replacement needs and offered to chair this committee.
- This year the largest project was establishing generator power at all our facilities.

### **Real Estate Committee**

Trustee Bob Pomerleau presented the Real Estate Committee report and noted the following:

- He thanked the membership for passing the warrant article. The Association sometimes takes properties back, but the Community can't divest of them without membership approval.
- We had a total of 11 new builds last year and there have been three or four so far this year.
- He is going to work with Waterboro, as we do with Limerick, to focus on the current Town owned properties that are within Lake Arrowhead.
- He's paying attention to the clubhouses so that they don't suffer the same fate at Clubhouse 3 did.
- Currently working to see if Lake Arrowhead can take advantage of an energy/lighting rebate.
- We are using an aggressive collections process to go after properties that are not current.

### **Scholarship Committee**

Trustee Bob Pomerleau presented the Scholarship Committee report and noted the following:

- The Board established the Lake Arrowhead Community Scholarship this year. There were 16 submissions and a committee reviewed the submissions and selected Kelly Wescott as the winner.

### **Parks and Recreations Committee**

Trustee Singelais presented the Parks and Recreation Committee report and noted the following:

- Once again, we had our Annual Fourth of July Boat Parade with the following families taking home prizes: First place went to the Hart Family's "Super Heroes", Second place went to the Juffre Family's "LACopoly", Third place went to the Hawkes Family's "Rubber Ducky", Fourth place went to the Musto/Fultz Family's "Toy Box" and Fifth place went to the Crabb-Burnham Family's "Alice on Lake Arrowhead". Also getting recognized for honorable mention was the Bottger Family's "Patriotic" themed boat to celebrate their new citizenship.
- The Fifth Annual LAC Tom Sotir Volunteer Service Award will be awarded to Kathy Hart. Kathy and her family have been on Lake Arrowhead for 20 years and really love the lake. So much so, she has made it her mission to help spread the word about LACC, support their many fundraising efforts and work on increasing its membership base.
- This year the Garden Club added some color at the beginning of Old Portland Road under the information board. The Bonner Family donated some mulch to this project. Phyllis Boucher has been working with the Garden Club since inception and this year she donated a cement bench to the gardens at Clubhouse 1. Many thanks to all the members of the Garden Club who have really spruced up our community.
- We had our Memorial Day Ice Cream Social and the Labor Day Ice Cream Social will be coming up shortly, the walking class is ongoing at Clubhouse 1 and we will be hosting our Annual Pumpkin Carving and Wreath Making events again with Event Coordinator Beth Howard.

### **Tom Sotir Volunteer Service Award**

Trustee Singelais presented the Tom Sotir Volunteer Service Award to Kathy Hart for her many years of dedication.

### **MEMBER CONCERNS:**

Dave Clark, Lot 1757: Any way to address irresponsible boaters? Trustee Sanfason responded that they have reached out to the DOT and asked for some assistance getting some navigational buoys. If you see any violations, you should report it to the warden's service.

Philip Millstein, Lot 0125: Members could also record offenders with their phones.



Cecilia Wakefield, Lot 1198: Thank you to everyone that volunteers and works for the community. Would like to see the clubhouses open later in the morning. President Sanfason stated they would evaluate it.

Randall Robinson, Lot 1032: Is there an option to use the clubhouses without attendants? Trustee Sanfason replied no.

**MOTION:** Trustee Oreto moved to adjourn. Seconded by Trustee Fowler. **The motion passed unanimously.**

Adjourned at 10:31 a.m.

Nanette Walton, Recording Secretary

## PRESIDENT'S MESSAGE

I am pleased to report that 2019 has been another great year for Lake Arrowhead Community! Our finances are in good shape, we ended the year with a small profit. In our clubhouses, we have re-piped two of our pools, but we will need to address the outdoor pool plumbing this year. We have paved main arteries in our three most populated areas thanks to Alan Martel and the Road Committee. We have fourteen beautiful public beaches thanks to Scott Davis and an outstanding Public Works Crew. We have a plan in place to increase the volume of our pristine water to our storage tanks. We have a dedicated Capital Improvement Fund to finance our water, clubhouse and equipment upgrades. Recently, we purchased a new/used front end wheel loader with extended reach to load our trucks. Our Future Reserve, or our rainy-day fund, is healthy. We have flowers in our gardens and baskets are blooming all over our community. Our Lake Arrowhead Conservation Council is running ten Diver Assisted Suction Harvester (DASH) shifts per week, keeping our invasive aquatic milfoil under control. Our recreational activities have been standard setting! Housing starts are way up and foreclosures are way down. LAC's relationships with the towns of Waterboro and Limerick have never been better.

None of these significant achievements would have come about without the talent, enthusiasm, and dedication of the following individuals:

- The LAC Finance and Administration staff, Amy and Nanette led by George Fowler our Treasurer.
- Our outstanding Public Works Crew led by Scott Davis.
- Our Garden Club Volunteers, Judy, Carol, Sharon, Bill, Bonnie, Lou, Joanne, Bob and Gloria.
- Our LACC Board and numerous fund-raising volunteers led by Mike Fitzpatrick.
- Our Real Estate Committee led by Rob Pomerleau.
- Our Equipment Committee led by Dave DelloRusso.
- Our Personnel Committee led by Phil Oreto.
- Our Road Committee and Election Committee led by Alan Martel.
- Our Election Committee Co-Chair, Steve Dawson.
- Our Recreation Committee led by Mary Singelais.
- Our newest trustee Beverly Hudson, replacing exiting Dave DelloRusso.
- Our new Security Officer Carol Carey replacing her husband Paul who passed away this May.

Someone once said that the world is personality driven. I am convinced that these outstanding individuals and a terrific, supportive membership make our lakeside community one of the best places to live and vacation anywhere. I thank you all for making my job as president so rewarding. Once again, I am proud to report that the state of Lake Arrowhead Community in 2019 is outstanding!

Dave Sanfason  
President, LAC Board of Trustees



## TREASURER'S REPORT

The Association ended the 2019 Fiscal Year with a small profit of \$13,584. This is much better than the loss of \$1,529 of last year. We do not intentionally end the year with a profit but do look for a positive cash flow for the Community. Our objective is to break even profit wise but to have enough cash to make the necessary expenditures in the ensuing years. Because of the positive cash flow from FY 2018 the Board elected not to increase dues this year. The cash flow also permitted us to pay cash for a significant purchase of equipment. Because of this, we will save on interest payments in the future. Some of the excess cash was used to reinstate the Future Reserves to the normal level of \$500,000. The Future Reserves are set aside to cover emergencies in the Community. This means that if something unforeseen happens, or for some reason, we do not collect cash we can still cover expenses and pay bills.

The Association had a completely "clean" audit of our financial records. This means that when the books were audited, we had no major corrections to be made after the end of the year. This was done because of the excellent help of Amy Harris and Nanette Walton who handle the books on a day to day basis.

We had fewer write off of bad debts last year. Thanks to all of the members who paid their dues on time. There were still some accounts which were seriously past due and had to be sent to collection.

We gained some cash from the sale of several lots and the increase in impact fees collected for new construction. We are still growing.

George Fowler  
Treasurer, LAC Board of Trustees

## LAKE IMPROVEMENT COMMITTEE

The LIC/LACC committee has had an up and down this year. Down on the financial front and up on the milfoil removal front.

On the financial end, LACC experienced a decrease in funding from the DEP for the first time. Slightly less than 6k was cut from LACC's Milfoil Grant. That hurt!

To see how LACC stood statewide, we reached out to the DEP for a listing of all the grants awarded. Not surprisingly, we found the majority of the money went between two lake areas, Sebago and The Belgrades and their associated Lake Organization. Needless to say, it will be an interesting ride when we do our annual review with the DEP this August. We run two boats for the entire season. Belgrades uses a contractor; the contractor from out of state is spending two to three weeks on a lake and moves on to the next lake with grant funding. And each one of those lakes is getting more than LACC by about the same amount ours was cut!

As we know, Variable Leaf Milfoil on Lake Arrowhead is a formidable adversary for sure and the fact is we cannot give up the fight without seeing a significant negative economic effect on the entire community on and around the lake. Our strategic removal plans continue to be focused on the three feeds into the lake; the boating channels; LAC Beaches and accessible coves. I have heard some folks say "why bother, you'll never get rid of the weed". Well, that's easy to say, but without the efforts submitted by LACC, we would not be in the same place we are today. Our goal, with the current approved methods, is not to eradicate VLM but it is a management function just like grading and plowing the roads. VLM is not going to go away and neither are bumps in the road, but LACC works to minimize the impact on the lake. Hopefully, the increases in value of the waterfront properties on Lake Arrowhead not only reflect a stronger economy, but also the efforts by LACC at managing the invasive plant.

The past two years, LACC Trustee Kathy Hart, took it as a personal challenge to increase LACC's membership. Kathy sent a personal letter to each person explaining LACC and our need to be successful for the benefit of the lake. Her efforts generated a total of 34 new memberships for LACC two years ago and about 15 more last year with a pretty close to a 100% renewal rate. This year, Kathy renewed her efforts and sent out our renewal letters and wrote again to folks who own waterfront property who had yet to join. Please renew if you haven't, I can't afford Kathy getting writer's cramp!!

The combined LAC/LACC Annual Golf Tournament for 2019 was held July 19<sup>th</sup> at Province Lake Country Club. It was the absolute best tournament to date! Trustee Phil Oreto and LAC/LACC Coordinator Beth Howard out did all previous tournaments with this year's event! The tournament topped \$4300 in their donation to LACC. This was the best in the ten-year tournament!

BINGO continues at Clubhouse 2! You have probably seen the reminders coming out from the office. This is a fun event for all LAC adults and the proceeds are donated to milfoil removal!

Another fun thing for our families is the Annual Lake Arrowhead Prop Busters Fishing Tournament which is coming up soon in August! The proceeds from this event go directly to LACC for milfoil removal. For more information on the tournament, please visit the LACC website [WWW.LACCME.org](http://WWW.LACCME.org).

Thankfully, Limerick and Waterboro have given their support again this year. I hope you do as well. Please support the efforts that are keeping your lake a beautiful gem in southern Maine.

ALSO – please support LACC by purchasing a 50/50 raffle ticket available at the office!!

See you on the lake!

Mike Fitzpatrick  
LAC Vice President and Lake Improvement, Chair  
LACC, President



## REAL ESTATE COMMITTEE

The Real Estate Committee along with the Board of Trustees continues to acquire lots that were in arrears to the community. During this process it gives the community the opportunity to clear the books of bad debt and create additional green space /common land for the community.

We have asked the membership by way of a vote to approve the sale of several buildable lots within the community that we have acquired. These lots will be first offered to the abutters, then to the membership, if no abutter or member is interested in the lots then they will be open to the public to purchase. Prices will vary based on size and conditions of the lots. More information will become available after the 2019 Annual Meeting.

Growth within our community continues to grow with 11 new home permit applications over the past Fiscal Year and several into Fiscal Year 20. The additional membership will help by adding to the funding of the expenses of the community.

We are continuing to work with the Towns of Limerick and Waterboro to review and conform our building practices with the building standards put forth by both Towns.

The Real Estate Committee will continue with our initiative on the collection of past due accounts and will continue to find ways to reduce the financial burden on its membership.

For further information on the Real Estate Committee and other committees please attend our monthly meetings at Clubhouse 2 on the third Saturday of the Month at 8:30am. There will be no meeting on August 17, 2019 due to the Annual Meeting.

I want to thank Amy and Nanette from the office of LAC for all their help and support throughout the year.

Robert M. Pomerleau  
Real Estate Chair

## LAKE ARROWHEAD COMMUNITY SCHOLARSHIP

In 2018, Lake Arrowhead Community started offering an educational scholarship to a child, grandchild, stepchild, or step grandchild of a member of the community in good standing in the amount of \$1,000.00 to be used to promote their education in a secondary form of study. LAC received an outstanding response this year and after a thorough review and with help of an independent group a winner was selected for the 2<sup>nd</sup> Annual Scholarship Award.

Lake Arrowhead Community is proud to award this year's scholarship to Maxwell Sweeney, son of Corrie and John Sweeney of North Waterboro, Maine. Maxwell is a current graduate of Massabesic High School, he was an officer in the ROTC program, volunteered at the Waterboro Community Food Pantry, and was on the Massabesic Varsity Drill Team. Maxwell plans on pursuing studies in Criminal Justice and has been accepted at the University of Maine Orono and the University of Southern Maine. Below is a copy of Maxwell's essay on what Lake Arrowhead means to him:

### *What Lake Arrowhead Means to Me*

*By Maxwell Sweeney*

*When I think of Lake Arrowhead, I think of a community. We moved here when I was four and my mom opened a daycare shortly after. We immediately became part of the community and met lots of new people. In kindergarten I met my best friend, and he lives right down the street me. Lake Arrowhead is a community full of families with children and I found great friends within walking distance to my house.*

*The people in Lake Arrowhead take care of each other. When my dad had emergency open heart surgery, people from the community came every day to pick up my sister and I up from school, make us dinner and even do our laundry so my mother could be with him. I have seen people rally around families that have lost a loved one, have a cancer diagnosis or a house fire.*

*I love walking the trails near my house, using the clubhouse, pools and beaches with my friends. There is so much offered by Lake Arrowhead to bring the community together like pumpkin carving, ice cream socials, and my favorite, bingo nights!*

*I never plan to leave Lake Arrowhead. I've even asked my parents not to sell the house, because I want to buy it and raise my family in it.*

For further information on the Lake Arrowhead Scholarship please visit the LAC Community website.

Robert Pomerleau  
Scholarship Chair



## PARKS AND RECREATION COMMITTEE

Summer is in full swing at Lake Arrowhead! It's great to see so many members enjoying the lake and clubhouses with family and friends. Boating, kayaking, tennis and pickleball, along with great bass fishing are a few of the activities to enjoy all summer long at the lake.

The 4th of July was a spectacular week of fireworks, cookouts, and family gatherings. The weather was perfect, hot and sunny. We had a wonderful turnout for the Boat Parade with over two dozen boats and many onlookers from all over the lake. We hope you were able to be there and share in the festivities! I want to extend a big thank you to all the families who participated and helped to make the parade a big success and a whole lot of fun!

You can see all the great pictures from the parade at [lacinc.org](http://lacinc.org). Thanks to LAC members Beth Howard and Nanette Walton for their fantastic photos!

**Boat Parade - First Place:** First place went to Bill and Judy Juffre and family. Their inspirational Toy Story 4 Boat was just amazing. Judy sent me the details behind the family adventure. "Our Toy Story 4 boat had all of Bill (Mr. Potato Head) and Judy's (Mrs. Potato Head) grandchildren taking part. The children were: Emma Juffre (Bonnie), Allie Juffre (Jessie), Madie Juffre (Bo Peep), Tyler Juffre (Rex), Robbie Juffre (Woody), Ralphie Juffre (Buzz), and Alex and Kyra Juffre (Slinky). The outside of the boat was designed by Gary Juffre and put together by him and his brothers – Jay Juffre, Ralph Juffre, and Al LaPrise. Alex and Judy had suggested the theme because Toy Story 4 was coming out in June and the whole family loved the idea." Congratulations to the entire Juffre family for winning the 2019 LAC Boat Parade. They received a \$50 gift card to Lakeside Market.

**Second Place:** Went to the fearless Vikings of Arrowhead Boat. Spearheading their entourage was Dale Burnham, Pam Burnham, Dash Ogborn, Sue Madore, Mark Madore, and Bob Burnham. Along with Laurel Beth Cashman, Mitch Cashman, Anna Cashman, Kenny Cashman, Jordan Torelli, and Ross Torelli. The group picked the theme because of the popularity of TV shows about Vikings. Congratulations to the Burnham family! They received a \$30 gift card to Lakeside Market.

**Third Place:** Went to the fun and psychedelic hippie Volkswagen bus. The Santella family was inspired by the 50th anniversary of Woodstock. Just groovy man! Congratulations Santella family! They received a \$20 gift card to Lakeside Market.

**Fourth Place:** The \$10 prize went to John and Kathy Hart and family; their clown theme was hilarious. The sign on the side of the boat read "This family is one clown short of a full-blown circus." The Hart Family story: "Our boat theme this year was an idea my daughter-in-law Megan had, probably because this family that she married into is a bit of a circus! On the boat this year were the usual bunch of clowns, acrobats, and wanna-be performers. We had the McLaughlin family from Roswell, Georgia, the Hart family from Norwood, Massachusetts, the O'Brien family from Manchester, N.H. and of course the ringleader of the troupe, John Hart, Sr." Congratulations to the Hart family!

**Fifth Place:** The \$10 prize went to the O'Brien family. Their ice cream truck theme provided the perfect relief from the hot weather. The kids handed out complementary yummy ice cream treats to the crowd at Tower Beach. How COOL was that! Congratulations to the O'Brien family. Great Job!

**Honorable Mention:** What a thrill at LAC to see so many parade participants and onlookers celebrating the spirit of the 4th of July. It's a fantastic effort that we can come together as a community for our Boat Parade. What a fun tradition to be a part of. Here's a shout out to some of the other spectacular boats that shared in our special parade:

Thanks to the Fallon family and friends for their exotic Hawaiian themed boat. Enjoying the fun were Kathy Fallon, Michael D'Onofrio, Isabella D'Onofrio, Sophia D'Onofrio, Ralph D'Onofrio, Charlene

D'Onofrio, Dominic D'Onofrio, Julie Gallant, and Kenny Gallant. Kathy told me it was only their second time in the parade, and they have big plans for next year! They already have some ideas and can't wait to start work after the cool weather ends their summer swimming.

Best decorated jet ski went to Ryan and Sheila Blankenship, along with son Johnny. They had a blast jet skiing on the lake that day!

Best themed jet boat went to the elaborately decked out pirate boat by the Megaloudis family. Natalie Megaloudis shared their family story with me. She said that "last year was our first year participating in the LAC parade, but not knowing what it involved, we were not fully prepared and did not decorate the boat too much. This year my husband came up with the idea to create a pirate ship and (of course) the water soaker! We were ready this year for a standout boat! On the boat was myself and my husband George, our two daughters and our nephew. We are always so impressed with the effort and creativity put into everybody's boat decorations and consider the Boat Parade our new annual family tradition, as it appears to be the case for so many families over the years." Great job Megaloudis family!

A big shout out to the wonderful boat with the giant flamingo on top. Missed you at Tower Beach! Please come back next year and enjoy the party on the beach.

Thanks to the great Knights of Arrowhead Boat, ready to defend the castle, or the lake, they had some awesome costumes with the Lake Arrowhead logo and a great theme too. Catherine Lamson sent me their story: "We live at the opening of the narrows and have watched the parade for years, waiting until we had grandchildren and then waiting more until they were interested in entering the Boat Parade. This was our third year and we are already thinking about next year's event. These are the things that we look forward to in our community and you all make it happen. It keeps our families together and enjoying all that life has to offer. Thanks for all that you do for our community. WELL DONE! The folks on our pontoon boat were: Mark Hazell and Catherine Lamson; Our children: Courtney and her husband Josh Wescott and their kids, Aiden (7 yrs) and Ethan (4 yrs), Jessie and her husband Jeff Kerr, and their kids, Makenzie (10 yrs) and Michaela (4 yrs)."

Congratulations to the Frost family for their Game of Thrones themed boat. Rich Frost shared the family story with me. On our boat: Rich Frost (Knight King), Jill Reynolds (Arya Stark), Bennett Frost (the One-Eyed Raven), Noah Frost (Drogon the Dragon), Mike Dalzell (the Mountain), Kate Dalzell (Cersei Lanister), Catherine Dalzell (Daenerys Targaryen), and John Dalzell (Tyrion Lanister). This was the first time in the Boat Parade, and we loved every minute of it. We arrived just in time to be the last boat in line. We got to explore parts of the lake we've never seen. We're new to the Lake Arrowhead community and have really good neighbors. We're already brainstorming ideas for next year. We might need another boat!"

Newcomers to the lake, Captain Russ and First Mate Bev Hudson, made the Most Patriotic Pontoon Boat. Their red, white, and blue decorations were the creative work of granddaughters Ellie and Emily Johnston, visiting from Long Island, NY. Also visiting for the holiday was daughter Meredith Hudson, daughter and son-in-law Marissa and Mike Prescott with baby Will, and friends Liz and Jeff Hoffman visiting from Baton Rouge, LA

Representing LACC (Lake Arrowhead Conservation Council) on the Limwater DASH Harvester Boat was Captain Jack Jarosz, Matt Jarosz, and Ben Jarosz. Thanks, guys, for your awesome work protecting the lake against milfoil. Great job!

Also enjoying the Boat Parade were Dave and Sue Sanfason, along with their daughter Julie Jarosz and Dave's mother, Gladys. The family was celebrating Gladys' 99th birthday! Happy Fourth of July birthday Gladys!

Special thanks to Scott Davis and the LAC crew, for getting Tower Beach in tip top shape for the Annual Boat Parade festivities. The beach area was beautiful and full of spectators enjoying the day.

**The 6th Annual LAC Tom Sotir Volunteer Service Award:** I'm very pleased to announce that LAC Member, Lou Defeo, is the 2019 LAC Tom Sotir Volunteer Service Award recipient. Lou has been volunteering with the LAC Garden Club for years. He is known as the 'go to' guy anytime water needs to get delivered to an out-of-reach spot. His friend and fellow Garden Club member, Bill Juffre, said Lou is instrumental in making water available to keep all the plants and flowers alive that the Garden Club have planted. Wherever a hose would not reach, Lou would lug gallon water bottles from his car to help keep them alive. He has always made himself available anytime the Garden Club needed help planting a bush or a shrub. It is a well-deserved award. He has been a dedicated volunteer and put in a lot of hard work. He cares about Lake Arrowhead and volunteers his time for the purpose of beautifying our community. Lou told me he thoroughly enjoys the time he puts in with all the Garden Club members and he is happy to see their efforts throughout the community. Congratulations Lou and thank you so much for all your efforts!

**LAC Garden Club News:** The Garden Club has been busy this summer watering and maintaining the existing gardens at both Clubhouse 1 and Clubhouse 2. They also created beautiful flower containers using cedar barrels. The latest barrel was placed at the end of Old Portland Road as a welcoming sight to everyone coming into Lake Arrowhead from that major roadway.

Thanks to all the members Judy Juffre, Carol Carey, Bonnie Defeo, Lou Defeo, Joanne Beaupre, Bill Juffre, Anne Hodgkins, Pat Murphy, and Sharyn Fowler.

I'd like to extend a very special thank you to all the volunteer Garden Club members from the entire Board of Trustees. We truly appreciate your efforts and the beautiful landscapes you have made for our community.

#### **2019 Events and Activities around Lake Arrowhead:**

- Feb. 22nd was LAC Family Movie Night, Gnomeo and Juliet was the feature film.
- Apr. 17th was the next LAC Family Movie Night, Moana was the feature film.
- May 26th was the Memorial Day Weekend Ice Cream Social.
- July 4th was our Annual Gala Boat Parade ending at Tower Beach.

#### **Upcoming events include:**

- Sept. 1st - Labor Day Ice Cream Social planned at Clubhouse 2.
- Oct. 20th - Pumpkin Carving Event planned at Clubhouse 2
- Dec. 1st – Holiday Wreath Event planned for Clubhouse 2.

Thanks to Beth Howard, the LAC Event Coordinator, for hosting the events.

There is an ongoing indoor walking fitness class at Clubhouse 1. The class is free to LAC members. Please go to [www.lacinc.org](http://www.lacinc.org) to view the flyer for more details. This popular video class has been ongoing year-round for seven years now. I'd like to extend a big thank you to LAC member, Deb Mousseau, who is currently hosting the class. The class is held on Monday, Wednesday, and Friday at 8:30am and lasts a little over an hour.

There is an ongoing Doubles Tennis Club at Clubhouse 1. The club meets May – Oct. on Mondays, Wednesdays, and Fridays from 9 – 11am. Bring your own equipment and water bottle. Please call Deb Mousseau at 1-978-888-8260 for more information.

Try out the new Cybex Torso Rotation Machine at Clubhouse 1. The torso rotation movement targets the lower abdominal muscles, great for trimming your waistline. For a complete list of exercise machines and equipment at the Fitness Center, go to [www.lacinc.org](http://www.lacinc.org) and click on the Amenities tab.



Thanks to Amy and Nanette in the office for all their help throughout the year getting the info out to our members for all the events and activities.

Do you have an idea for a future event at LAC, or would you be interested in hosting an exercise class at Club 1? Email me, Mary Singelais, at [msingelais@comcast.net](mailto:msingelais@comcast.net) and let me know what your suggestion might be.

Enjoy the summer.

Mary Singelais  
Parks and Recreation Chair

## PUBLIC WORKS REPORT

**Transmission Main:** During the past year our Crew spent the majority of their time installing over 5000' of new 12" HDPE water pipe from our main pump station which is located 2,000' off of New Dam Road through our newly acquired wellhead protection land, along Fairview Drive, under School Brook to the intersection of Fairview Drive and Old Portland Road. We then tied that new main into the existing six-inch PVC main on Fairview Drive, which feeds directly into the OPR 8" main. The crew then worked with a line boring company to install the new 12" main under OPR without having to cut through the pavement. That new main is now in service and proving its worth through much lower operating pressures and the resulting 4-6 million gallons per month reduction in water use. It also saves energy and water treatment chemicals as well. The new main is now ready for phase two of this project which is to install 3,000' of main across the bottom of the lake and tie into the 12' main on Liesure Lane next year.

### **Additional Water Main Work:**

- King Hill Circle, Limerick: Installed a 350' HDPE water main extension to service a new home.
- Beech Circle, Limerick: Replaced 500' of water main due to many main breaks there. We also cleared the trees and brush back, installed new ditches and widened that narrow road.
- Quaker Lane, Limerick: Our Crew has just finished replacing 600' of leaking main and while there, replaced rotted culverts, widened the road and improved the ditching.

**SCADA System Upgrades:** Since 2003, we have used a high tech computer and telemetry based "supervisory control and data acquisition" system to monitor and control our water system. It has been difficult and expensive to program and had begun to have reliability issues. This year, we completed a two part hardware and software upgrade to resolve those problems.

**Bucket Loader Replacement:** About a month ago, we traded in our 21 year old Case Loader that had 14,000 hours on it for a state of the art Case 621GXR Loader with extended reach and many new safety and operator comfort features and a three year complete service and warranty package. We hope to get at least another 21 years of reliable service from this important machine upgrade.

**Hunter Road, North Waterboro:** This past spring our Crew corrected some major drainage issues that had long plagued Hunter Road between Northland, Rosemont and Victoria. In fact, during spring thaw and rains the road would very often be flooded over. We cut and removed the trees, brush and debris that were blocking the flow of water runoff from that low lying area. We then dug 1500' of new ditch and installed 140' of new culvert to improve the flow of water from that area.

**Clubhouse 1 Fitness Center:** Last winter one member of our Crew noticed some failing wood siding on the fire escape end of the building. Upon further inspection, we discovered extensive wall rot due to an incorrectly installed air handler exhaust vent that had been leaking water into the wall for more than 25 years. In the bitter cold, our Crew rebuilt that wall section with complete ice and water shield coverage and installed a new longer vent to keep the moist air away from the wall.

**Bay Cove Boat Ramp:** Our Crew took advantage of a short lake drawdown to do a much needed repair between two sections of the concrete that had separated and begun to slip into the abyss.

Our Public Works Team is a dedicated bunch of guys that work hard year-round to improve and maintain our infrastructure. These highlighted projects are only part of what they do each day and quite often at night in rain, snow and shine. They are responsible for grading, repairing and plowing fifty miles of road and maintaining at least that many miles of water distribution system, with several pump stations. In addition, they maintain our clubhouses, swimming pools, playgrounds, 14 beaches and swim areas and many tennis/basketball courts. They also are tasked with maintaining and repairing the milfoil program equipment and assisting with the daily tasks of that program as well. As Public Works Manager, my opinion may be a wee bit biased, but I think most folks would agree that our Crew does a great job no matter what mission they are tasked with. In fact, you could even call them the Public Works Task Force.

Scott Davis  
Public Works Manager



# Lake Arrowhead

C O M M U N I T Y , I N C .

**LAKE ARROWHEAD COMMUNITY, INC.**

FINANCIAL STATEMENTS

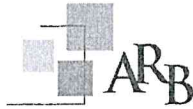
AND

SUPPLEMENTARY SCHEDULE

With Independent Auditors' Report

APRIL 30, 2019 AND 2018





**ALBIN, RANDALL & BENNETT**  
Certified Public Accountants ▪ Business Consultants

INDEPENDENT AUDITORS' REPORT

Trustees and Members  
Lake Arrowhead Community, Inc.:

**Report on the Financial Statements**

We have audited the accompanying financial statements of Lake Arrowhead Community, Inc. (the Community) which comprise the balance sheets as of April 30, 2019 and 2018, and the related statements of revenues and expenses, changes in membership equity, and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditors' Responsibility**

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

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

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lake Arrowhead Community, Inc. as of April 30, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplementary Information on Future Major Repairs and Replacements is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information; however, we did not audit the information and express no opinion on it.

*Albin, Ransdell & Bennett*

June 27, 2019

## LAKE ARROWHEAD COMMUNITY, INC.

## BALANCE SHEETS

APRIL 30, 2019 AND 2018

ASSETS	<u>2019</u>	<u>2018</u>
CURRENT ASSETS:		
Cash and temporary cash investments	\$ 220,918	237,008
Cash - future reserve fund	500,000	500,000
Cash - designated operating surplus funds	<u>306,535</u>	<u>322,798</u>
Total cash and cash equivalents	<u>1,027,453</u>	<u>1,059,806</u>
Membership receivables, net of allowance for doubtful membership receivables of \$401,268 and \$682,744	95,618	168,041
Inventory	63,392	52,436
Prepaid expenses	<u>7,872</u>	<u>8,356</u>
Total current assets	<u>1,194,335</u>	<u>1,288,639</u>
PROPERTY AND EQUIPMENT:		
Land	286,039	286,039
Roads	1,311,405	1,299,371
Buildings and improvements	1,426,114	1,382,166
Water system	3,151,722	2,895,621
Motor vehicles	1,309,718	1,310,118
Tools and equipment	229,696	233,396
Furniture and fixtures	<u>139,792</u>	<u>135,290</u>
	7,854,486	7,542,001
Less accumulated depreciation	<u>5,637,878</u>	<u>5,363,998</u>
Net property and equipment	<u>2,216,608</u>	<u>2,178,003</u>
OTHER ASSET - Land inventory	<u>9,489</u>	<u>5,000</u>
	<u>\$ 3,420,432</u>	<u>3,471,642</u>

**LIABILITIES AND MEMBERSHIP EQUITY**

	<u>2019</u>	<u>2018</u>
<b>CURRENT LIABILITIES:</b>		
Current portion of long-term debt	\$ 49,107	48,220
Accounts payable	7,039	10,622
Accrued expenses	16,388	6,827
Deferred revenue	<u>205,363</u>	<u>227,915</u>
Total current liabilities	<u>277,897</u>	<u>293,584</u>
LONG-TERM DEBT - net of current portion	<u>263,976</u>	<u>313,083</u>
<b>MEMBERSHIP EQUITY:</b>		
Contributed capital	1,186,700	1,186,700
Retained earnings	885,324	855,477
Board-designated funds	306,535	322,798
Future reserve fund	<u>500,000</u>	<u>500,000</u>
Total membership equity	<u>2,878,559</u>	<u>2,864,975</u>
	<u>\$ 3,420,432</u>	<u>3,471,642</u>



LAKE ARROWHEAD COMMUNITY, INC.  
STATEMENTS OF REVENUES AND EXPENSES  
YEARS ENDED APRIL 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
REVENUES:		
Membership dues	\$ 1,610,210	1,579,453
Member revenue	155,852	172,713
New building fees	81,890	73,661
Other revenue	27,673	28,137
Interest income	<u>9,886</u>	<u>4,926</u>
Total revenues	<u>1,885,511</u>	<u>1,858,890</u>
EXPENSES:		
Amenities	23,946	26,110
Depreciation	296,054	308,576
Donations	20,000	20,000
Employee benefits	105,609	91,363
Employee education and travel	2,456	3,084
Fuel and oil	52,081	49,060
Heat and electricity	103,784	93,300
Insurance	97,208	101,597
Interest	4,174	4,334
Maintenance - roads and beaches	109,893	102,771
Maintenance - vehicles	125,418	123,953
Meetings and memberships	3,650	3,249
Miscellaneous	4,335	4,617
Office and administrative	43,060	45,647
Payroll taxes	47,769	45,768
Pension	23,218	22,520
Professional services	45,243	70,210
Property and excise taxes	14,772	16,096
Salaries and wages	545,322	579,752
Telephone and internet	17,935	17,903
Trustees' expenses	6,721	12,489
Uncollectible member receivables	165,624	48,189
Water system	<u>35,111</u>	<u>68,881</u>
Total expenses	<u>1,893,383</u>	<u>1,859,469</u>
GAIN (LOSS) ON DISPOSAL OF PROPERTY AND EQUIPMENT	<u>21,456</u>	<u>(950)</u>
Excess of revenues over expenses (expenses over revenues)	<u>\$ 13,584</u>	<u>(1,529)</u>

LAKE ARROWHEAD COMMUNITY, INC.  
STATEMENTS OF CHANGES IN MEMBERSHIP EQUITY  
YEARS ENDED APRIL 30, 2019 AND 2018

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Board- designated funds</u>	<u>Future reserve fund</u>	<u>Total</u>
Membership equity at April 30, 2017	\$ 1,186,700	944,886	234,918	500,000	2,866,504
Excess of expenses over revenues	-	(1,529)	-	-	(1,529)
Net transfer from retained earnings to board-designated funds	<u>-</u>	<u>(87,880)</u>	<u>87,880</u>	<u>-</u>	<u>-</u>
Membership equity at April 30, 2018	1,186,700	855,477	322,798	500,000	2,864,975
Excess of revenues over expenses	-	13,584	-	-	13,584
Net transfer from board-designated funds to retained earnings	<u>-</u>	<u>16,263</u>	<u>(16,263)</u>	<u>-</u>	<u>-</u>
Membership equity at April 30, 2019	<u>\$ 1,186,700</u>	<u>885,324</u>	<u>306,535</u>	<u>500,000</u>	<u>2,878,559</u>

LAKE ARROWHEAD COMMUNITY, INC.  
STATEMENTS OF CASH FLOWS  
YEARS ENDED APRIL 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<b>OPERATING ACTIVITIES:</b>		
Excess of revenues over expenses (expenses over revenues)	\$ 13,584	(1,529)
Adjustments to reconcile excess of revenues over expenses (expenses over revenues) to net cash provided by operating activities:		
Depreciation	296,054	308,576
Decrease in allowance for doubtful membership receivables	(281,475)	(64,229)
Loss on disposal of property and equipment	44	950
Change in current assets and liabilities:		
Membership receivables	344,409	(22,792)
Inventory	(10,956)	15,644
Prepaid expenses	484	(850)
Land inventory	(21,500)	-
Accounts payable	(3,583)	(8,388)
Accrued expenses	9,561	(4,046)
Deferred revenue	<u>(22,552)</u>	<u>19,084</u>
Net cash provided by operating activities	<u>324,070</u>	<u>242,420</u>
<b>INVESTING ACTIVITIES:</b>		
Proceeds from sale of land inventory	26,500	-
Purchases of property and equipment	<u>(334,703)</u>	<u>(108,346)</u>
Net cash used by investing activities	<u>(308,203)</u>	<u>(108,346)</u>
<b>FINANCING ACTIVITY - Repayments of long-term debt</b>		
	<u>(48,220)</u>	<u>(41,201)</u>
(Decrease) increase in cash and cash equivalents	(32,353)	92,873
Cash and cash equivalents and restricted cash at beginning of year	<u>1,059,806</u>	<u>966,933</u>
<b>CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR</b>	<u>\$ 1,027,453</u>	<u>1,059,806</u>
<b>COMPOSITION OF CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR:</b>		
Cash and cash equivalents	\$ 220,918	237,008
Cash restricted for future reserve fund	500,000	500,000
Cash designated for capital improvements and equipment	<u>306,535</u>	<u>322,798</u>
	<u>\$ 1,027,453</u>	<u>1,059,806</u>



LAKE ARROWHEAD COMMUNITY, INC.

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - Lake Arrowhead Community, Inc. (the Community) is located in Limerick and North Waterboro, Maine. Membership is comprised of approximately 1,500 members, all owners of lots in the Community which encompasses 2,600 acres of land and 1,100 acres of water. Members pay annual fees to the Community in return for the administration of common services and the maintenance of common facilities in the community. Additional fees are assessed for water hook-up, building permits, fines, and service charges.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents - The Community considers all highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents.

Membership receivables - Membership receivables are stated at the balance of unpaid dues, including interest and late fees, less an allowance for doubtful membership receivables. Membership assessments are billed annually at the beginning of the fiscal year; accordingly, balances receivable at year-end are all in arrears. In order to collect unpaid membership dues and the interest accrued thereon, the Community has recourse to place liens on the related properties. In the event that lots with significant unpaid assessments are seized by local taxing authorities, any lien for unpaid membership dues remains with the prior owners.

Inventory - Inventory represents materials purchased for eventual use in construction and repairs and maintenance for the Community. Inventory is valued at the lower of cost and net realizable value, determined on a first-in, first-out (FIFO) basis. Net realizable value is defined as the estimated selling prices of the inventory in the ordinary course of business, less reasonably predictable costs of disposal and transportation. Cost is determined on an average cost method.

Property and equipment - Purchased property and equipment are carried at cost. Donated property and equipment are carried at fair market value at the date of donation. Major additions and improvements are included in the property accounts while maintenance and repairs, which do not improve or extend the lives of the assets, are expensed currently. The Community's policy is to capitalize property and equipment and improvements of assets that extend the asset's useful life with a cost of at least \$2,500.

Buildings are generally depreciated over estimated useful lives by the straight-line method. Other classes are generally depreciated over estimated useful lives by the straight-line method for items acquired prior to January 1, 1981, and by various methods for items acquired subsequent to December 31, 1980.

Land inventory - Land inventory consists of land owned by the Community and is stated at the lower of fair market value or the balance due on the account at the time the Community acquired the land in exchange for past-due accounts. The Community's bylaws require a majority vote of its members to approve the sale or transfer of its land.

Dues and assessments - Dues and assessments are recognized as revenue in the applicable fiscal year. Amounts collected in advance of the applicable fiscal year are deferred.

Interest expense - Interest costs are expensed as incurred and totaled \$4,174 and \$4,334 for the years ended April 30, 2019 and 2018, respectively.

LAKE ARROWHEAD COMMUNITY, INC.  
NOTES TO FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Sales taxes - Sales taxes collected from members and remitted to taxing authorities are excluded from revenues and expenses, respectively.

Income taxes - The Community is exempt from income taxes under Internal Revenue Code Section 501(c)(4). It is only subject to tax on income from activities unrelated to its exempt purpose.

U.S. GAAP prescribes a comprehensive model for how an organization should measure, recognize, present, and disclose in its financial statements uncertain tax positions that the organization has taken or expects to take on a tax return. Accordingly, the Community recognizes the tax benefits from uncertain tax positions if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position.

Implementation of new accounting standards - Effective April 30, 2019, the Community adopted Accounting Standards Update (ASU) No. 2016-18, Statement of Cash Flows (Topic 230)-Restricted Cash, which requires that the statements of cash flows explain the change during the period in the total of cash, cash equivalents, and restricted cash or restricted cash equivalents. Under the new method, retrospectively to April 30, 2018, total cash and restricted cash is presented within the statements of cash flows. The impact of this change in accounting standards results in an increase in the total cash presented in the statements of cash flows.

Subsequent events - The Community has evaluated events, if any, that have occurred subsequent to April 30, 2019, through June 27, 2019, the date the financial statements were available to be issued, and included information in the notes to the financial statements related to any identifiable events, if necessary.

2. ALLOWANCE FOR DOUBTFUL MEMBERSHIP RECEIVABLES

A summary of activity for the allowance for doubtful membership receivables is as follows:

	<u>2019</u>	<u>2018</u>
Balance at beginning of year	\$ 682,744	746,973
Provision charged to operations	112,018	1,353
Accounts charged off	(447,100)	(114,418)
Recoveries	<u>53,606</u>	<u>48,836</u>
Balance at end of year	<u>\$ 401,268</u>	<u>682,744</u>

LAKE ARROWHEAD COMMUNITY, INC.  
NOTES TO FINANCIAL STATEMENTS, CONTINUED

3. LONG-TERM DEBT

Long-term debt consists of the following:

	<u>2019</u>	<u>2018</u>
Note payable to Maine Municipal Bond Bank due in annual installments of varying amounts, including interest at 1.70%, plus a 5.00% loan servicing fee, through October 2023. Secured by substantially all Community assets with a net book value of \$3,420,432.	\$ 191,296	227,003
Non-interest bearing note payable to Maine Municipal Bond Bank due in semi-annual installments of \$3,150, plus a 5.00% loan servicing fee, through April 2029. Secured by substantially all Community assets with a net book value of \$3,420,432.	63,000	69,300
Note payable to Maine Municipal Bond Bank due in annual installments of varying amounts, including interest at 1.00%, plus a 5.00% loan servicing fee, through October 2027. Secured by substantially all Community assets with a net book value of \$3,420,432.	<u>58,787</u>	<u>65,000</u>
	313,083	361,303
Less current portion	<u>49,107</u>	<u>48,220</u>
Net long-term debt	<u>\$ 263,976</u>	<u>313,083</u>

Future maturities of long-term debt are as follows:

2020	\$ 49,107
2021	50,014
2022	50,940
2023	51,888
2024	52,856
Thereafter	<u>58,278</u>
	<u>\$ 313,083</u>



LAKE ARROWHEAD COMMUNITY, INC.  
 NOTES TO FINANCIAL STATEMENTS, CONTINUED

4. DESIGNATED OPERATING SURPLUS FUNDS

The Board of Trustees designates a portion of the Community's operating surplus funds as of April 30 for expenditures anticipated in the following fiscal year.

Surplus funds designated for such purposes are as follows:

	<u>2019</u>	<u>2018</u>
Capital improvement	\$ 244,803	261,066
Capital equipment	<u>61,732</u>	<u>61,732</u>
Total	<u>\$ 306,535</u>	<u>322,798</u>

5. FUTURE RESERVE FUND

As of April 30, 2019 and 2018, the Board of Trustees has designated \$500,000 and \$500,000, respectively, as a future reserve fund. There are no legal or constitutional requirements that such a fund be established; however, State of Maine Private and Special Law 1995, Chapter 37, establishes a maximum of \$500,000 for such a fund. The maximum limit of the fund may be increased by a 2/3 majority vote of the Community's membership. Aware that old equipment might need to be replaced and that the capacity of the water system would need to be increased, the Board began setting aside funds in 1989. No formal study was made. The Board members relied on their own knowledge and the advice of the manager and maintenance chief to determine future needs. During 2003, a water system master plan and a building needs assessment were prepared by an engineering firm to estimate future needs. Actual expenditures, however, may vary from estimated amounts and the variations may be material; therefore, amounts accumulated in the future reserve fund may not be adequate to meet future needs.

6. CONCENTRATIONS OF CREDIT RISK

The Community's financial instruments exposed to concentrations of credit risk consist primarily of cash and cash equivalents and membership receivables. At times, the Community maintains cash balances with financial institutions in excess of amounts federally insured. The Community has entered into a cash management agreement with a bank to mitigate this risk. Member accounts receivable are primarily attributable to the Community's broad membership of lot and home owners. The Community has the ability to place liens on the underlying property to ensure payment of member dues.

LAKE ARROWHEAD COMMUNITY, INC.  
NOTES TO FINANCIAL STATEMENTS, CONTINUED

7. COMMITMENTS

The Community leases equipment from third parties under operating lease agreements with varying lease terms and options for renewal. The Community pays substantially all operating costs on the leased property. Rent expense was \$3,836 and \$4,459 for the years ended April 30, 2019 and 2018, respectively.

Future minimum lease obligations on noncancelable operating leases with terms greater than one year are as follows:

	2020		\$	3,836
	2021			3,836
	2022			3,836
	2023			1,247
				12,755
			\$	12,755

8. RETIREMENT PLAN

The Community sponsors a 401(k) plan (the Plan) available to substantially all employees as certain eligibility requirements are met. The Plan provides for the Community to make discretionary matching contributions up to 5% of employee wages. Community contributions to the Plan totaled \$23,218 and \$22,520 for the years ended April 30, 2019 and 2018, respectively.

9. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	<u>2019</u>		<u>2018</u>
Cash paid for interest	\$ <u>4,174</u>		<u>4,334</u>
Schedule of Noncash Investing and Financing Transactions:			
Land acquired in settlement of membership receivables	\$ <u>9,489</u>		<u>2,000</u>
Acquisition of land:			
Cost of land	\$ -		105,056
Note payable	<u>-</u>		<u>(65,000)</u>
Cash down payment	\$ <u>-</u>		<u>40,056</u>

LAKE ARROWHEAD COMMUNITY, INC.

SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS

APRIL 30, 2019

The Board of Trustees frequently reviews and updates the analysis of the Community's infrastructure taking into account recent updates, the estimated remaining useful lives, and the replacement costs of the components of common property. Replacement costs were estimated by the manager and maintenance chief based on their own knowledge and understanding of the Community. A water system master plan and a building needs assessment were prepared by an engineering firm in 2003. The public works manager and the Board of Trustees have assessed prior estimates based on these reports and an evaluation of future Community needs over the next ten years.

<u>Component</u>	<u>Estimated Future Replacement Costs (10 Year Estimate)</u>
Buildings - rehabilitation	\$ 41,500
Furniture and equipment	30,000
Vehicles	300,000
Water system	<u>600,000</u>
	<u>\$ 971,500</u>