



6340 S. Fiddlers Green Circle
Greenwood Village, CO 80111
Phone: 303-740-4000
Fax: 303-740-4002
www.cobank.com

Statement of Qualified Patronage Distribution
CoBank, ACB Capital Plan for Electric Generation and Distribution
Cooperatives, Water Providers and other Similar Borrowers
March 15, 2023

LAKES REGION WATER COMPANY INC
CUSTOMER # [REDACTED]

The table below summarizes your 2022 qualified patronage distribution, which is based on average patronage-eligible loan volume outstanding by your organization for the fiscal year ended 12/31/2022.

Qualified Patronage Summary				
	<u>Targeted</u>	<u>Special</u>	<u>Total Qualified</u>	
Loan Base	\$ 1,291,344	\$ 1,291,344		N/A
Basis Points	80	16		96
Cash Patronage	\$ 6,198.45	\$ 2,066.15	\$	8,264.60
Equity Patronage	\$ 4,132.30	\$ 0.00	\$	4,132.30
Total Patronage	\$ 10,330.75	\$ 2,066.15	\$	12,396.90

The total patronage distribution of \$12,396.90 must be taken into account for tax purposes in the year received and in accordance with applicable tax laws.

These patronage distributions are reflected on the enclosed check.

Equity Account Balance

Equity Balance Prior to Patronage Allocation	\$ 19,371.77
2022 Equity Patronage	<u>4,132.30</u>
Year-End 2022 Equity Balance	<u>\$ 23,504.07</u>
2023 Equity Retirement	<u>(0.00)</u>
3/15/23 Equity Balance	<u>\$ 23,504.07</u> ✓

Cash Payment Summary

2022 Targeted Cash Patronage	\$ 6,198.45
2022 Special Cash Patronage	2,066.15
2023 Equity Retirement	<u>0.00</u>
Total Cash Distribution	\$ 8,264.60



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March 15, 2023

CUSTOMER # [REDACTED]

LAKES REGION WATER COMPANY INC
PO Box 389
Moultonboro, NH 03254-0389

ATTENTION: CEO, CFO or General Manager

Dear CoBank Shareholder and Participant in the Capital Plan for Electric Generation and Distribution Cooperatives, Water Providers and other Similar Borrowers:

It is with great pleasure that we enclose your organization's Statement of Qualified Patronage Distribution for 2022. This distribution includes the special all-cash patronage distribution announced by our board of directors in December 2022.

Our payment to you is part of a record \$996 million in patronage that CoBank is allocating to customer-owners around the country for 2022. This patronage payout includes the patronage program payments CoBank had initially targeted to make, which totals 80 basis points of your 2022 average patronage-eligible loan volume outstanding, of which 60 percent is being paid in cash. The remaining 40 percent is in the form of Class A Common Stock of CoBank, ACB. Also included in your payment is the special all-cash patronage distribution of 16 basis points of your average patronage-eligible loan volume outstanding and held by CoBank. As a reminder, our customers must account for the total qualified patronage distribution amount, whether cash or equity, in the year in which it was received and in accordance with applicable tax laws.

Patronage is a core element of the CoBank value proposition and is made possible by our continuing strong business and financial performance. The bank generated over \$1.4 billion in net income in 2022, the highest level of earnings in the history of our business. Loan volume reached all-time highs. Credit quality in our loan portfolio remained strong, as did our levels of liquidity and capital. We're pleased to have ended the year in exceptionally sound financial and operational condition, and well positioned to continue fulfilling our mission in rural America.

If you have questions regarding your patronage distribution, please contact your Relationship Manager. As always, we deeply appreciate your business and look forward to continued service as your financial partner.

Sincerely,

Thomas E. Halverson
President and Chief Executive Officer

Enclosure



State of New Hampshire

Public Utilities Commission

Concord

Water Utilities - Classes A and B

**ANNUAL REPORT
OF**

Lakes Region Water Co., Inc.

(Exact Legal Name of Respondent)

(If name was changed during the year, show previous name and date of change)

n/a

FOR THE YEAR ENDED DECEMBER 31, 2022

Officer or other person to whom correspondence should be
addressed regarding this report:

Name:	Thomas A. Mason
Title:	President
Address:	P.O. Box 389, Moultonboro, N. H. 03254
Telephone #:	(603) 476-2348

F-1 BALANCE SHEET
Assets and Other Debits

Line No.	Account Title (Number) (a)	Ref Sch. (b)	Current Year End Balance (c)	Previous Year End Balance (d)	Increase or (Decrease) (e)
UTILITY PLANT					
1	Utility Plant (101-106)	F-6	\$ 7,855,765	\$ 7,360,544	\$ 495,221
2	Less: Accumulated Depr. and Amort. (108-110)	F-6	\$ 2,571,493	\$ 2,389,156	182,337
3	Net Plant		\$ 5,284,272	\$ 4,971,388	\$ 312,884
4	Utility Plant Acquisition Adj. (Net) (114-115)	F-7	(50,670)	(57,888)	7,218
5	Total Net Utility Plant		\$ 5,233,602	\$ 4,913,500	\$ 320,102
OTHER PROPERTY AND INVESTMENTS					
6	Nonutility Property (121)	F-14			
7	Less: Accumulated Depr. and Amort. (122)	F-15			
8	Net Nonutility Property				
9	Investment in Associated Companies (123)	F-16			
11	Utility Investments (124)	F-16			
12	Other Investments	F-16	19,372	16,454	2,918
13	Special Funds(126-128)	F-17			
14	Total Other Property & Investments		\$ 19,372	\$ 16,454	\$ 2,918
CURRENT AND ACCRUED ASSETS					
16	Cash (131)		32,253	352,330	(320,077)
17	Special Deposits (132)	F-18			
18	Other Special Deposits (133)	F-18			
19	Working Funds (134)				
20	Temporary Cash Investments (135)	F-16			
21	Accounts and Notes Receivable-Net (141-144)	F-19	161,535	148,452	13,083
22	Accounts Receivable from Assoc. Co. (145)	F-21	35,921	14,539	21,382
23	Notes Receivable from Assoc. Co. (146)	F-21			
24	Materials and Supplies (151-153)	F-22	41,085	42,303	(1,218)
25	Stores Expense (161)				
26	Prepayments-Other (162)	F-23	26,640	23,303	3,337
27	Prepaid Taxes (163)	F-38	8,692	17,214	(8,522)
28	Interest and Dividends Receivable (171)	F-24			
29	Rents Receivable (172)	F-24			
30	Accrued Utility Revenues (173)	F-24			
31	Misc. Current and Accrued Assets (174)	F-24			
32	Total Current and Accrued Assets		\$ 306,126	\$ 598,141	\$ (292,015)
DEFERRED DEBITS					
32	Unamortized Debt Discount & Expense (181)	F-25	49,213	33,077	16,136
33	Extraordinary Property Losses (182)	F-26			
34	Prelim. Survey & Investigation Charges (183)	F-27			
35	Clearing Accounts (184)				
36	Temporary Facilities (185)				
37	Miscellaneous Deferred Debits (186)	F-28	222,815	227,017	(4,202)
38	Research & Development Expenditures (187)	F-29			
39	Accumulated Deferred Income Taxes (190)	F-30			
40	Total Deferred Debits		\$ 272,028	\$ 260,094	\$ 11,934
TOTAL ASSETS AND OTHER DEBITS			\$ 5,831,128	\$ 5,788,189	\$ 42,939

F-1 BALANCE SHEET
Equity Capital and Liabilities

Line No.	Account Title (Number) (a)	Ref. Sch. (b)	Current Year End Balance (c)	Previous Year End Balance (d)	Increase or Decrease (e)
EQUITY CAPITAL					
1	Common Stock Issued (201)	F-31	\$ 10,000	\$ 10,000	\$ -
2	Preferred Stock Issued (204)	F-31			
3	Capital Stock Subscribed (202,205)	F-32			
4	Stock Liability for Conversion (203, 206)	F-32			
5	Premium on Capital Stock (207)	F-31			
6	Installments Received On Capital Stock (208)	F-32			
7	Other Paid-In Capital (209,211)	F-33	1,061,046	1,127,646	(66,600)
8	Discount on Capital Stock (212)	F-34			
9	Capital Stock Expense(213)	F-34	-	4	(4)
10	Retained Earnings (214-215)	F-3	2,297,833	2,100,435	197,398
11	Reacquired Capital Stock (216)	F-31			
12	Total Equity Capital		\$ 3,368,879	\$ 3,238,085	\$ 130,794
LONG TERM DEBT					
13	Bonds (221)	F-35	1,286,258	1,307,279	(21,021)
14	Reacquired Bonds (222)	F-35			
15	Advances from Associated Companies (223)	F-35			
16	Other Long-Term Debt (224)	F-35	16,577	51,714	(35,137)
17	Total Long-Term Debt		\$ 1,302,835	\$ 1,358,993	\$ (56,158)
CURRENT AND ACCRUED LIABILITIES					
18	Accounts Payable (231)		121,709	33,708	88,001
19	Notes Payable (232)	F-36	15,332	1,504	13,828
20	Accounts Payable to Associated Co. (233)	F-37			
21	Notes Payable to Associated Co. (234)	F-37			
22	Customer Deposits (235)				
23	Accrued Taxes (236)	F-38	(12,030)	(42,627)	30,597
24	Accrued Interest (237)				
25	Accrued Dividends (238)				
26	Matured Long-Term Debt (239)	F-39			
27	Matured Interest (240)	F-39			
28	Misc. Current and Accrued Liabilities (241)	F-39	-	-	-
29	Total Current and Accrued Liabilities		\$ 125,011	\$ (7,415)	\$ 132,426
DEFERRED CREDITS					
30	Unamortized Premium on Debt (251)	F-25			
31	Advances for Construction (252)	F-40			
32	Other Deferred Credits (253)	F-41			
33	Accumulated Deferred Investment Tax Credits (255)	F-42			
34	Accumulated Deferred Income Taxes:				
35	Accelerated Amortization (281)	F-45			
36	Liberalized Depreciation (282)	F-45	527,756	674,345	(146,589)
37	Other (283)	F-45			
38	Total Deferred Credits		\$ 527,756	\$ 674,345	\$ (146,589)
OPERATING RESERVES					
39	Property Insurance Reserve (261)	F-44			
40	Injuries and Damages Reserve (262)	F-44			
41	Pensions and Benefits Reserves (263)	F-44			
42	Miscellaneous Operating Reserves (265)	F-44			
43	Total Operating Reserves				
CONTRIBUTIONS IN AID OF CONSTRUCTION					
44	Contributions In Aid of Construction (271)	F-46	899,678	899,678	-
45	Accumulated Amortization of C.I.A.C. (272)	F-46	393,031	375,497	17,534
46	Total Net C.I.A.C.		\$ 506,647	\$ 524,181	\$ (17,534)
46	TOTAL EQUITY CAPITAL AND LIABILITIES		\$ 5,831,128	\$ 5,788,189	\$ 42,939

NOTES TO BALANCE SHEET (F-1)

1. The space below is provided for important notes regarding the balance sheet and or any account thereof.
2. Furnish particulars as to any significant contingent assets or liabilities existing at end of year including brief explanation of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount or of a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on a cumulative preferred stock.
3. Give a concise explanation of any retained earnings restriction and state the amount of retained earnings affected by such restriction.
4. If the notes to balance sheet relating to the respondent company appearing in the annual report to the stockholders are applicable in every respect and furnish the data required by Instructions 2 and 3 above, such notes may be attached hereto.

NONE

F-2 STATEMENT OF INCOME

Line No.	Account Title (Number) (a)	Ref. Sch. (b)	Current Year End Balance (c)	Previous Year End Balance (d)	Increase or Decrease (e)
UTILITY OPERATING INCOME					
1	Operating Revenues(400)	F-47	\$ 1,848,609	\$ 1,580,411	\$ 268,198
2	Operating Expenses:				
3	Operating and Maintenance Expense (401)	F-48	1,128,951	975,650	153,301
4	Depreciation Expense (403)	F-12	262,916	237,616	25,300
5	Amortization of Contribution in Aid of Construction (405)	F-46.4	(17,535)	(17,535)	-
6	Amortization of Utility Plant Acquisition Adjustment (406)	F-49	(7,218)	(7,218)	-
7	Amortization Expense-Other (407)	F-49	11,279		11,279
8	Taxes Other Than Income (408.1-408.13)	F-50	99,622	101,085	(1,463)
9	Income Taxes (409.1, 410.1, 411.1, 412.1)		97,639	7,059	90,580
10	Total Operating Expenses		\$ 1,575,654	\$ 1,296,657	\$ 278,997
11	Net Operating Income (Loss)		272,955	283,754	(10,799)
12	Income From Utility Plant Leased to Others (413)	F-51			
13	Gains(Losses) From Disposition of Utility Property (414)	F-52			-
14	Net Water Utility Operating Income		\$ 272,955	\$ 283,754	\$ (10,799)
OTHER INCOME AND DEDUCTIONS					
15	Revenues From Merchandising, Jobbing and Contract Work (415)	F-53	11,000	18,912	(7,912)
16	Costs and Expenses of Merchandising, Jobbing and Contract Work (416)	F-53	(25,725)	(7,300)	(18,425)
17	Equity in Earnings of Subsidiary Companies (418)				
18	Interest and Dividend Income (419)	F-54	8,753	7,338	1,415
19	Allow. for funds Used During Construction (420)				
20	Nonutility Income (421)	F-54		82,300	(82,300)
21	Gains (Losses) Form Disposition Nonutility Property (422)				
22	Miscellaneous Nonutility Expenses (426)	F-54	(393)	(2,770)	2,377
23	Total Other Income and Deductions		\$ (6,365)	\$ 98,480	\$ (104,845)
TAXES APPLICABLE TO OTHER INCOME					
24	Taxes Other Than Income (408.2)	F-50			
25	Income Taxes (409.2, 410.2, 411.2, 412.2, 412.3)				
26	Total Taxes Applicable To Other Income				
INTEREST EXPENSE					
27	Interest Expense (427)	F-35	66,410	44,863	21,547
28	Amortization of Debt Discount & Expense (428)	F-25	2,782	1,828	954
29	Amortization of Premium on Debt (429)	F-25			
30	Total Interest Expense		\$ 69,192	\$ 46,691	\$ 22,501
31	Income Before Extraordinary Items		197,398	335,543	(138,145)
EXTRAORDINARY ITEMS					
32	Extraordinary Income (433)	F-55			
33	Extraordinary Deductions (434)	F-55			
34	Income Taxes, Extraordinary Items (409.3)	F-50			
35	Net Extraordinary Items				
	NET INCOME (LOSS)		\$ 197,398	\$ 335,543	\$ (138,145)