



WORKSHOP MEETING BOARD OF TRUSTEES

225 Douglass Street, Portland, Maine
Jeff P. Nixon Training Center
6:30 p.m. on Monday, May 13, 2024

There will be a Workshop Meeting of the Board of Trustees of the Portland Water District on Monday, May 13, 2024. The meeting will begin at 6:30 p.m. in the Nixon Training Center at the general offices of the District located at 225 Douglass Street, Portland, Maine.

The Workshop will be preceded by meetings of the following Board Committees:

<u>Committee</u>	<u>Room / Location</u>	<u>Time</u>
Pension	General Manager's Conference Room	5:15 p.m.
Administration & Finance	Monie Room	5:30 p.m.
Operations	EOC 2 nd Floor	5:30 p.m.
Planning	Nixon Training Center	5:30 p.m.

AGENDA – WORKSHOP

- 1. 2023 Audit**
Representatives from BerryDunn, the District's auditor, will present the 2023 audit report.
- 2. Meter Replacement and Meter Reading Project**
Peter Cutrone, Project Administrator, will present a summary of the project's progress to date and recommendations.
- 3. Other Business**
- 4. Adjourn**



MEMORANDUM PORTLAND WATER DISTRICT

TO: Pension Committee/Board of Trustees

FROM: Mary Demers, Director of Employee Services

DATE: May 7, 2024

RE: Pension Committee Meeting – May 13, 2024

A meeting of the Pension Committee of the Portland Water District Board of Trustees is scheduled for Monday, May 13, 2024, in the General Manager's Conference Room at the District office, 225 Douglass Street, Portland, Maine. The meeting is scheduled to start at 5:15 p.m.

AGENDA

- 1. Approval of Pension Distributions**
Staff will present a request to approve benefits for two retirees.
- 2. Other Business**



MEMORANDUM PORTLAND WATER DISTRICT

TO: Administration and Finance Committee/Board of Trustees

FROM: David Kane, Executive Director of Administration
Mary Demers, Director of Employee Services

DATE: May 7, 2024

RE: Administration and Finance Committee Meeting – May 13, 2024

A meeting of the Administration and Finance Committee of the Portland Water District Board of Trustees will be held on Monday, May 13, 2024, at 5:30 p.m., in the Monie Conference Room of the District, 225 Douglass Street, Portland, Maine.

AGENDA

- 1. 2023 Financial Audit Report**
Ms. Julie Keim, BerryDunn's Principal, will present the results of the 2023 financial audit.
(See attached memo)
- 2. Public Relations Update**
Ms. Clements will present an update on several public relations projects and branding initiatives including the website upgrade.
- 3. Meter Project**
Mr. Cutrone and Mr. Joel Carty, Diameter's President, will present a project update and recommendations.
- 4. Other Business**



ADMINISTRATION AND FINANCE COMMITTEE / AGENDA ITEM SUMMARY

Agenda Item: 1
Date of Meeting: May 13, 2024
Subject: 2023 Financial Audit
Presented By: Thomas Quirk, Finance Director

RECOMMENDATION

The following proposed language is presented for Board of Trustee approval:

WHEREAS, the Bylaws of the Portland Water District require that an annual audit report on the financial affairs of the District be presented to the Board of Trustees for acceptance, and

WHEREAS, the Board of Trustees previously appointed the accounting firm of BerryDunn to conduct the audit of 2023 financial affairs, and

WHEREAS, BerryDunn has conducted the audit of 2023 and presented their unqualified opinion to the Board of Trustees,

NOW THEREFORE BE IT RESOLVED, that the Board of Trustees accepts the Audit Report for 2023 and authorizes its distribution as required by Section 21 of the Charter of Portland Water District.

BACKGROUND ANALYSIS

On May 13, 2024, BerryDunn will present the results of the 2023 audit to the Administration and Finance Committee. The items to be presented are:

- Auditor's Communication to the Board of Trustees;
- Financial Report for the year ending December 31, 2023; and

Government Auditing Standards require independent auditors to report:

- The scope and timing of the audit;
- Significant audit findings;
- Difficulties encountered in performing the audit;
- Corrected and uncorrected misstatements;
- Disagreements with management;
- Management representations;
- Management consultations with other independent accountants, and
- Other audit findings or issues.

LEGAL REVIEW

Corporate Counsel has reviewed the proposed order as to form.

CONCLUSION(S)

Staff recommends the proposed motion be forwarded to the full Board for its consideration.

ATTACHMENT(S)

A – Auditors’ Required Communication Letter

B – Auditors’ Internal Control Over Financial Reporting

C – Financial Report for the year ending December 31, 2023



Board of Trustees
Portland Water District

We have audited the financial statements of Portland Water District (the District) as of and for the year ended December 31, 2023, and have issued our report thereon dated May 2, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated November 28, 2023, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles (U.S. GAAP). Our audit of the financial statements does not relieve you or management of your responsibilities.

U.S. GAAP provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the Management Discussion and Analysis, Schedule of Changes in the District's Net Pension Liability and Related Ratios - Bargaining Unit Pension Plan and Schedule of Investment Returns, Schedule of Changes in the District's Net Pension Liability and Related Ratios - Non-Bargaining Unit Pension Plan and Schedule of Investment Returns, Schedule of District's Contributions and Schedule of Investment Returns, which supplement the basic financial statements, is to apply certain limited procedures in accordance with U.S. generally accepted auditing standards. 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.

We were not engaged to report on the introduction and statistical sections, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Significant Risks

In our engagement letter, we identified the risks we expected would meet the definition of "significant risks" pursuant to U.S. generally accepted auditing standards, which are risks toward the upper end of the risk spectrum based on their likelihood and potential magnitude. Through conclusion of our audit of the financial statements, we have not identified any additional significant risks.

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 District are described in Note 1 to the financial statements.

As disclosed in Note 1 to the basic financial statements, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements* and GASB Statement No. 101, *Compensated Absences* during the year ended December 31, 2023. The adoption of these statements and related guidance during the year ended December 31, 2023 did not have a material impact of the financial statements of the District.

No other new accounting policies were adopted, and the application of existing policies was not otherwise changed during 2023. We noted no transactions entered into by the District 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 financial statements were:

Depreciation

Management's estimates of depreciation, which is based on historical information regarding the expected useful lives of assets.

Pension Benefits

Assumptions used in the calculation of the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, which are based on information calculated by the District's consulting actuary.

Accrued Compensated Absences

Management's estimate of accrued vacation and sick liabilities is based on amounts calculated by the District in accordance with GASB Statement No. 101.

We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements were the commitments and contingencies and the pension plans disclosed in Note 4.

The financial statement disclosures are neutral, consistent, and clear.

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 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. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on 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 May 2, 2024.

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 District'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 District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

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

Berry Dunn McNeil & Parker, LLC

Portland, Maine
May 2, 2024



**Independent Auditor’s Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards***

Board of Trustees
Portland Water District

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Portland Water District (the District), which comprise the statements of net position as of December 31, 2023, and the related statements of revenues, expenses, and changes in net position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 2, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, 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 opinion 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an

opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
May 2, 2024



INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Portland Water District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of each major fund of Portland Water District (the District) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Portland Water 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 financial position of the District as of December 31, 2023, and the respective changes in its net position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 District 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 U.S. generally accepted accounting principles, 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 District'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 opinion. 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 U.S. generally accepted auditing standards and *Government 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 U.S. generally accepted auditing standards and *Government 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 District'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 District'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

U.S. generally accepted accounting principles require that the Management Discussion and Analysis on pages 4 through 18, Schedules of Changes in the District's Net Pension Liability and Related Ratios - Bargaining Unit Pension Plan and Schedule of Investment Returns on pages 63-64, Schedules of Changes in the District's Net Pension Liability and Related Ratios - Non-Bargaining Unit Pension Plan and Schedule of Investment Returns on pages 65-66, Schedule of District's Contributions on page 67 and Schedule of Investment Returns on page 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introduction and statistics sections, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Board of Trustees
Portland Water District

Other Reporting Requirements by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
May 2, 2024

Introduction of the Financial Statements

Overview of Financial Report

The Portland Water District (the District) is a quasi-municipal organization providing water and wastewater services. The District uses eight proprietary funds that are financed and operated in a manner similar to private businesses and two pension trust funds. The District's Water Fund serves eleven towns and cities in the greater Portland, Maine area. The District's seven Wastewater Funds serve the following Maine municipalities: Cape Elizabeth, Cumberland, Falmouth, Gorham, Portland, Westbrook and Windham.

This Management Discussion and Analysis (MD&A) serves as an introduction to the audited basic financial statements and notes. The MD&A is the District management's analysis of its financial condition and performance. It is presented to give the reader more insight into the District's finances.

The District's basic financial statements include the:

- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows
- Statement of Fiduciary Net Position/Changes in Fiduciary Net Position
- Notes to Financial Statements

Financial Highlights

The District's financial condition remained strong in 2023.

Change in Net Position before Contributions – This item was a gain of \$2.56 million in 2023.

Operating Revenues – Operating revenues were up \$3.69 million (7.3%). Most of the increase (\$3.37 million) was from higher Wastewater Assessments. Metered Water Sales were only up 0.5% (\$129.5k) due to lower usage and Public & Private Fire protection was up \$181.3k (6.4%) due to the annual rate increase.

Operating Expense – Operating expense increased \$9.47 million (22.5%). Over half of the increase (\$5.63 million) was Pension expense which, due to investment value fluctuations, had a large negative expense in 2022 that offset this year's positive expense. Net of Pension Expense, Operating Expense was up \$3.84 million (8.3%). These increases included Contracted Services (\$990k), Salaries & Wages (\$822k), Biosolids Disposal (\$693k) and Chemicals (\$650k).

Net Capital Assets (\$350.1 million) had an increase of 5.3% (\$17.8 million). Additions to Operating Property were \$18.63 million, while Construction Work in Progress (CWIP) increased \$10.96 million. These were partially offset by the \$11.92 increase to the Allowance for Depreciation.

The District's bonded debt of \$110.4 million was up \$2.9 million as the District issued \$17.3 million in new debt and retired \$14.4 million. The District's financial ratios overall were a Current Ratio of 1.66 and debt coverage ratio of 1.39.

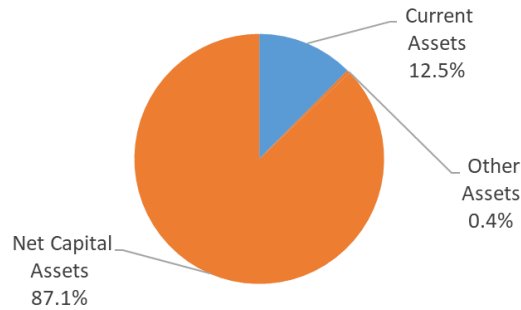
In 2021, the District was awarded a five (5) year, \$8.0 million watershed grant from the federal Natural Resources Conservation Service. During 2023, the District had non-operating revenue and expense from the grant of \$347k and related in-kind services revenue and expense of \$3.34 million

Comparison of Financial Statements for Current and Prior Year

Statements of Net Position (Condensed)

	<u>2023</u>	<u>2022</u>	<u>Diff</u>	<u>Diff %</u>
Current Assets	\$ 50,214,786	\$ 49,893,752	\$ 321,034	0.6%
Net Capital Assets	350,115,096	332,335,347	17,779,749	5.3%
Other Assets	1,439,604	1,517,020	(77,416)	-5.1%
Non-Current Assets	<u>351,554,700</u>	<u>333,852,367</u>	<u>17,702,333</u>	5.3%
Total Assets	401,769,486	383,746,119	18,023,367	4.7%
Deferred Outflows	<u>1,650,066</u>	<u>5,903,454</u>	<u>(4,253,388)</u>	-72.0%
Total Assets and Deferred Outflows	<u>\$ 403,419,552</u>	<u>\$ 389,649,573</u>	<u>\$ 13,769,979</u>	3.5%
Current Liabilities	\$ 30,221,440	\$ 19,493,843	\$ 10,727,597	55.0%
Long-Term Debt/Payables	99,957,947	97,681,908	2,276,039	2.3%
Other Non-Current Liabilities	7,149,288	7,458,848	(309,560)	-4.2%
Non Current Liabilities	<u>107,107,235</u>	<u>105,140,756</u>	<u>1,966,479</u>	1.9%
Total Liabilities	137,328,675	124,634,599	12,694,076	10.2%
Deferred Inflows	<u>1,323,202</u>	<u>4,296,651</u>	<u>(2,973,449)</u>	-69.2%
Net Position				
Net Invested in Capital Assets	231,418,986	229,716,520	1,702,466	0.7%
Unrestricted	<u>33,348,689</u>	<u>31,001,803</u>	<u>2,346,886</u>	7.6%
Total Net Position	<u>264,767,675</u>	<u>260,718,323</u>	<u>4,049,352</u>	1.6%
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 403,419,552</u>	<u>\$ 389,649,573</u>	<u>\$ 13,769,979</u>	3.5%

District Assets



Current Assets

Current Assets increased \$321k (0.6%) in 2023. Cash related items (including the Interfund Payable and Trustee Held Funds) decreased \$1.63 million while Inventory rose \$1.45 million due to the addition of pipe for future capital projects and general commodity price increases.

Net Capital Assets

Net Capital Assets increased \$17.8 million (5.3%):

	<u>Additions</u>	<u>Reductions</u>	<u>Net Change</u>
Operating Property	\$ 19,673,981	\$ (1,047,027)	\$ 18,626,954
Construction Work in Progress	16,664,906	(5,705,438)	10,959,468
Right to use Lease Assets (Net)	113,417	-	113,417
Allowance for Depreciation	<u>(12,562,834)</u>	<u>642,744</u>	<u>(11,920,090)</u>
	<u>\$ 23,889,470</u>	<u>\$ (6,109,721)</u>	<u>\$ 17,779,749</u>

The major additions to Utility Property for 2023 included:

- \$10.67 million in water infrastructure (mains, services, hydrants & meters).
- \$5.42 million in wastewater treatment plant structures and equipment.
- \$1.26 million in wastewater pump station structures and equipment.

Construction Work in Progress increased by \$10.96 million in 2023. There were large increases for North Windham Wastewater Treatment (WWTF) (\$6.13 million) as well as the East End WWTF Clarifier (\$2.53), Westbrook Regional WWTF aeration (\$1.67 million), and Windham Water Tank (\$1.48 million). These were somewhat offset by the completion of work on the East End WWTF power project (\$4.19 million)

The Allowance for Depreciation grew 4.5% (\$11.92 million) in 2023. That change was in line with prior years.

For more detailed information, please refer to the Notes to the Financial Statements – Note 3 – Detailed Notes on All Funds – Capital Assets.

Other Assets

The District's Other Assets, which decreased 5.1% (\$77.4k) in 2023, involves Lease and Notes Receivable. There were no new leases or notes in 2023. The decrease was due to the amortization of Lease Receivables and the paydown of Notes Receivables balance. For more detailed information, please refer to the Notes to the Financial Statements – Note 3 – Detailed Notes on All Funds – Leases and Notes Receivable.

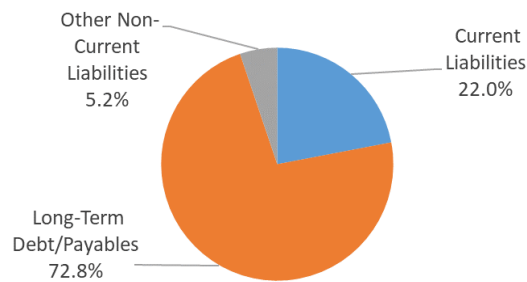
Deferred Outflows

Deferred Outflows of resources represents a consumption of net assets that applies to a future period(s) that will not be recognized as an outflow of resources (expense) until then. The District has Deferred Outflows for its pension and for a 2016 bond refunding.

In 2023, Deferred Outflows decreased \$4.25 million (72.0%). Almost all of the decline was from the portion of the Deferred Outflows relating to the pension. This was primarily due to a sharp rise in the fair value of plan assets that reduced the District's net pension liability by 51.6%. The portion of the Deferred Outflows related to bond refunding decreased \$15.1k due to the annual amortization.

For more detailed information, please refer to the Notes to the Financial Statements – Note 3 – Detailed Notes on All Funds – Deferred Outflow – Bond Refunding and Pension Plans.

District Liabilities



Current Liabilities

Description	2023	2022	Diff	Diff %
Accounts Payable & Accrued Payroll	\$ 9,220,846	\$ 5,935,336	\$ 3,285,510	55.4%
Accrued Interest	519,709	457,550	62,159	13.6%
Customer Deposits	461,844	472,163	(10,319)	-2.2%
Construction Retainage	888,663	891,559	(2,896)	-0.3%
Interfund Payable	5,371,427	742,563	4,628,864	623.4%
Notes Payable	2,010,380	-	2,010,380	n/a
Current Portion - Long-Term Debt	10,515,721	9,954,846	560,875	5.6%
All Other Current Liabilities	1,232,850	1,039,826	193,024	18.6%
	<u>\$ 30,221,440</u>	<u>\$ 19,493,843</u>	<u>\$ 10,727,597</u>	55.0%

Current Liabilities increased 55.0%. The increase (\$4.63 million) in the Interfund Payable in the Windham Wastewater was due to internal funding used to pay for project costs. The bulk of this funding will be replaced by external sources during 2024. The rise in Accounts Payable & Accrued Payroll represented capital expenditures from 2023 expenses billed by vendors in 2024.

Long-Term Debt/Bond Rating

In 2023, the District issued bonds directly to the market for Water. Moody's assigned a rating of Aa3 while Standard & Poor's (S&P) rated the debt AA.

Long-Term Debt/Payables

Bonded Debt:	Beginning	Issued	Forgiven	Retired	Ending
Water	\$ 58,717,198	\$ 16,555,000	\$ (20,000)	\$ (10,398,112)	\$ 64,854,086
Wastewater:					
Cape Elizabeth	4,253,600	-	-	(306,500)	3,947,100
Cumberland	25,000	-	-	(6,250)	18,750
Falmouth	3,370,000	-	-	(238,000)	3,132,000
Gorham	4,362,956	-	-	(427,498)	3,935,458
Portland	25,796,712	710,000	-	(2,149,941)	24,356,771
Westbrook	9,627,342	-	-	(725,316)	8,902,026
Windham	1,417,745	-	-	(143,228)	1,274,517
Total Bonded Debt	107,570,553	17,265,000	(20,000)	(14,394,845)	110,420,708
(Less: current portion)	(9,954,846)				(10,515,721)
Non-Current	<u>\$ 97,615,707</u>				<u>\$ 99,904,987</u>
Notes Payable:	Beginning	Issued	Forgiven	Retired	Ending
Wastewater:					
Windham	\$ 79,440	\$ 1,997,140	\$ -	\$ (13,240)	\$ 2,063,340
Total Notes Payable	79,440			(13,240)	2,063,340
(Less: current portion)	(13,240)				(2,010,380)
Non-Current	<u>66,200</u>				<u>52,960</u>
Non-Current LT Debt	<u>\$ 97,681,907</u>				<u>\$ 99,957,947</u>

This category consists of general revenue bonds and notes payable. The "Issued" and "Retired" totals for the Water Fund above include \$4.4 million for a refunding bond that was issued and paid off older debt. For more detailed information, please refer to the Notes to the Financial Statements – Note 3 – Detailed Notes on All Funds – Long-Term Debt.

Other Non-Current Liabilities

	<u>2023</u>	<u>2022</u>	<u>Diff</u>	<u>Diff %</u>
Customer Advances & Other Liabilities	\$ 5,395,441	\$ 4,281,239	\$ 1,114,202	26.0%
Compensated Absences - Non Current	604,817	696,052	(91,235)	-13.1%
Lease Liability - Non-Current	160,119	170,162	(10,043)	-5.9%
SBITA Liability - Non-Current	65,051	-	65,051	n/a
Net Pension Liability	929,216	2,311,395	(1,382,179)	-59.8%
	<u>\$ 7,154,644</u>	<u>\$ 7,458,848</u>	<u>\$ (304,204)</u>	<u>-4.1%</u>

Other Non-Current Liabilities were down \$304k (4.1%). Customer Advances and Other Liabilities increased 26.0% (\$1.11 million) due to increases in both unamortized bond premiums generated by new bond issues. The Net Pension Liability decreased \$1.38 million (59.8%) primarily due to the rise in the value of plan assets. For detailed information, please refer to the Notes to the Financial Statements – Note 3 – Detailed Notes on All Funds – Pension Plans.

Deferred Inflows

Deferred Inflows of resources represent an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. In 2022, Deferred Inflows relating to pension were \$2.88 million, in 2023 they were zero. As with the pension Deferred Outflows, this change was due to the 51.6% decline in the District's net pension liability. The Deferred inflows related to leases declined 6.4% (\$90.0k). For more detailed information, please refer to the Notes to the Financial Statements – Note 3 – Detailed Notes on All Funds – Pension Plans and – Note 3 – Detailed Notes on All Funds – Leases – District as Lessor.

Statements of Revenues, Expenses & Changes in Net Position (Condensed)

	<u>2023</u>	<u>2022</u>	<u>Diff</u>	<u>Diff %</u>
Operating Revenue	\$ 54,060,783	\$ 50,373,981	\$ 3,686,802	7.3%
Non-Operating Revenue	7,032,136	1,870,591	5,161,545	275.9%
Total Revenues	61,092,919	52,244,572	8,848,347	16.9%
Operating Expense	51,468,322	41,998,321	9,470,001	22.5%
Non-Operating Expense	7,064,260	3,930,438	3,133,822	79.7%
Total Expenses	58,532,582	45,928,759	12,603,823	27.4%
Change in Net Position before Capital				
Contribution	2,560,337	6,315,813	(3,755,476)	-59.5%
Capital Contributions	1,489,015	2,330,472	(841,457)	-36.1%
Change in Net Position	4,049,352	8,646,285	(4,596,933)	-53.2%
Beginning Net Position	260,718,323	252,072,038	8,646,285	3.4%
Ending Net Position	<u>\$ 264,767,675</u>	<u>\$ 260,718,323</u>	<u>\$ 4,049,352</u>	1.6%

Note: In 2023 the District started reporting pass-through grant revenue and expense as non-operating, in 2022 it had been in operating revenue and expense. The 2022 totals have been updated from what had been previously reported to make the totals comparable.

Operating Revenue

	<u>2023</u>	<u>2022</u>	<u>Diff</u>	<u>Diff %</u>
Metered Water Revenue	\$ 25,080,506	\$ 24,951,037	\$ 129,469	0.5%
Wastewater Assessments	25,403,484	22,036,993	3,366,491	15.3%
Public & Private Fire Protection	3,010,925	2,829,641	181,284	6.4%
Other Operating Revenue	565,868	556,310	9,558	1.7%
Total Operating Revenue	<u>\$ 54,060,783</u>	<u>\$ 50,373,981</u>	<u>\$ 3,686,802</u>	7.3%

Metered Water Revenue (\$25.08 million) – The District's metered customers are billed monthly. The billing includes a minimum charge (based on the size of the meter) for the first hundred cubic feet (HCF) of water and a charge for each additional HCF of water used. Metered water rates were increased an average of 5.6% in January 2023. Consumption in 2023 was 8.06 million HCF, a decrease of 8.7% from the previous year. The lower consumption primarily due to cool, wet summer weather dampened consumption.

Operating Revenue - Continued

Wastewater Assessments (\$25.40 million) – These assessments were paid by the local municipalities to the District for providing wastewater services, such as interception, collection, treatment, and contracted billing and system maintenance services. The District’s Board of Trustees sets assessments annually. Assessments were increased in five (5) of the seven (7) wastewater funds mostly due to capital projects.

Public and Private Fire Protection (\$3.01 million) – This revenue includes charges to local municipalities for water capacity available for public firefighting needs, as well as for private sprinkler systems. The District’s Board of Trustees sets these rates. A 5% rate increase was put in place in January 2023, this was primarily the reason for the 6.4% increase in 2023.

Other Operating Revenue (\$0.56 million) – Revenue in this category includes charges to septage haulers for dumping at wastewater treatment facilities (\$320k), fees in the Water Fund for new customers (\$74k) and activations for customers whose service had been turned off due to delinquent bills (\$72k).

Operating Revenue by Fund

	<u>2023</u>	<u>2022</u>	<u>Diff</u>	<u>Diff %</u>
Water	\$ 28,282,143	\$ 27,933,406	\$ 348,737	1.2%
Wastewater:				
Cape Elizabeth	2,300,004	2,061,612	238,392	11.6%
Cumberland	1,184,904	1,005,600	179,304	17.8%
Falmouth	314,112	314,112	-	0.0%
Gorham	1,566,816	1,313,133	253,683	19.3%
Portland	16,118,464	13,998,312	2,120,152	15.1%
Westbrook	3,778,532	3,229,386	549,146	17.0%
Windham	515,808	518,420	(2,612)	-0.5%
	<u>\$ 54,060,783</u>	<u>\$ 50,373,981</u>	<u>\$ 3,686,802</u>	7.3%

For the Water Fund, Operating Revenue primarily consists of metered water and fire protection services. Metered Water sales grew \$129,469 (0.5%) due to higher rates but lower metered consumption due to a rainy year and fire protection revenue was up \$181,285 (6.4%).

In the Wastewater (WW) Funds, the largest component of Operating Revenue are the wastewater assessments. Assessment increases in 2023 were: Cape Elizabeth 11.6%, Cumberland 17.8%, Gorham 19.3%, Portland 15.7%, and Westbrook 17.3%. Windham had a slight decrease in assessment. Portland also receives revenue from septage haulers. In 2023, septage revenue was \$319,720, down \$27,560 (7.9%) from the previous year.

Non-Operating Revenue

	<u>2023</u>	<u>2022</u>	<u>Diff</u>	<u>Diff %</u>
Interest Income	\$ 1,496,136	\$ 323,942	\$ 1,172,194	361.9%
Investments unrealized gain	722,516	-	722,516	n/a
Miscellaneous Income	1,059,191	580,264	478,927	82.5%
Pass-through grant revenue	3,754,293	966,385	2,787,908	288.5%
	<u>\$ 7,032,136</u>	<u>\$ 1,870,591</u>	<u>\$ 5,161,545</u>	275.9%

Non-Operating Revenue - Continued

Interest Income increased \$1.17mil (362%) in 2023. The increase in 2023 can be attributed to higher rates of return. The principal objective of the District's investment policy is safety while attaining an appropriate rate of return.

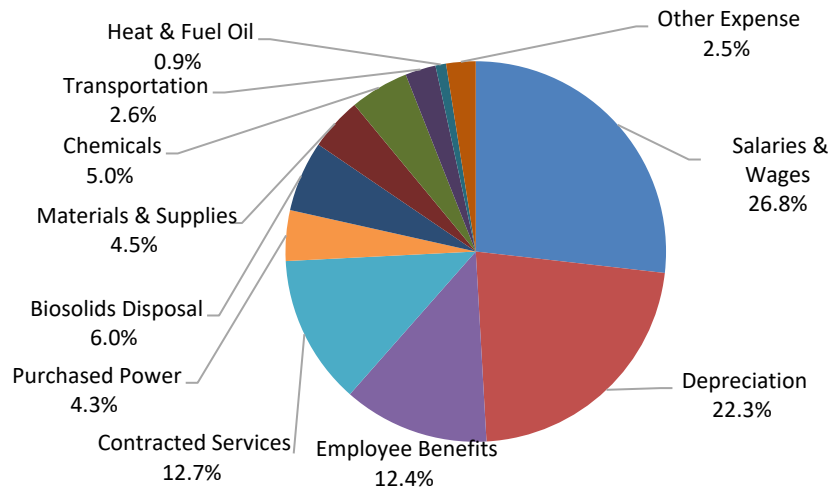
Due to the market, the fair value of investments held by PWD increased resulting in an unrealized gain of \$722,516 in 2023 compared to an unrealized loss of \$460,016 in 2022. The District's intention is to hold these investments to maturity and not realize a loss.

Miscellaneous Income includes non-operational items: payments for easements (\$275,000), lease related income (\$121,662) and income related to net energy billing credits (\$499,832). The increase in 2023 was mostly related to the growth in energy billing credits and easement income.

Pass-through grant revenue, which has an equal non-operating expense line below and has no effect on the bottom line, was up \$2.79 million from last year.

Operating Expense

	<u>2023</u>	<u>2022</u>	<u>Diff</u>	<u>Diff %</u>
Salaries & Wages	\$ 13,803,170	\$ 12,981,196	\$ 821,974	6.3%
Depreciation	11,487,834	11,188,872	298,962	2.7%
Employee Benefits (Pension)	1,497,431	(4,134,192)	5,631,623	-136.2%
Employee Benefits	4,909,422	4,716,899	192,523	4.1%
Contracted Services	6,552,602	5,562,538	990,064	17.8%
Purchased Power	2,222,802	2,000,182	222,620	11.1%
Biosolids Disposal	3,104,922	2,411,502	693,420	28.8%
Materials & Supplies	2,291,628	2,274,136	17,493	0.8%
Chemicals	2,556,126	1,906,577	649,549	34.1%
Transportation	1,329,518	1,284,254	45,264	3.5%
Heat & Fuel Oil	440,682	429,977	10,705	2.5%
Other Expense	1,272,185	1,376,380	(104,195)	-7.6%
	<u>\$ 51,468,322</u>	<u>\$ 41,998,321</u>	<u>\$ 9,470,001</u>	<u>22.5%</u>



Operating Expense Category Explanations

Salaries & Wages - Salaries and Wages expense increased by \$821,974 or 6.3%. Wage rates were increased an average of 5% and overtime hours were higher by 10%.

Depreciation Expense - This expense increased \$298,962 or 2.7%. Most of the increase comes from additions to the Water fund, such as new and renewed water mains and services.

Employee Benefits (Pension) - Pension expense is equal to the change in the net pension liability and the associated deferred outflows and inflows as calculated by the annual actuary study. The change between 2022 and 2023 was an increase of \$5.63 million.

Employee Benefits - This expense increased \$192,523 or 4.1%. Health insurance costs were relatively flat, FICA taxes were \$74,664 higher along with higher matching 457 retirement plan contributions by \$111,050.

Contracted Services - This category which is comprised of services provided to the District by outside vendors, has increased by \$990,064 or 17.8%. During 2023, there was a 20% rise the per unit cost of paving. In addition, there was an increase in the volume of repair and maintenance costs on District infrastructure.

Purchased Power - Power costs increased \$222,620 or 11.1% in 2023. Small and medium accounts had both increased T&D rates and usage. Renewable energy costs increased \$113,246 however, renewable energy revenue increased \$283,630 netting \$170,384.

Biosolids Disposal - The District contracts with an outside vendor to remove and dispose of biosolids from its wastewater treatment facilities. In total, biosolids expense was higher by \$693,420 or 28.8% which is due to a price per unit increase of 28%, combined with a relatively flat change in units hauled.

Materials & Supplies - Materials and supplies have increased by \$17,492 or 0.8%. Expenses in this group include parts and supplies purchased directly from outside vendors or items drawn out of the District's inventory stockroom. This expense is made up of thousands of individual purchases and stock issuances: the annual expense varies depending on the volume and types of repairs/maintenance being performed.

Transportation - Transportation costs, which were up \$45,264 or 3.5% are based on vehicle usage and a predefined hourly rate for each class of vehicle. The sum of these charges equals the cost of operating the vehicle fleet, as well as depreciation. Vehicle maintenance, fuel and associated supplies were higher in 2023.

Heating & Fuel Oil - The expense in this area was up \$10,705 or 2.5%. The cost of fuels relating to heating facilities rose 4.3% while fuel for vehicles went down 20%.

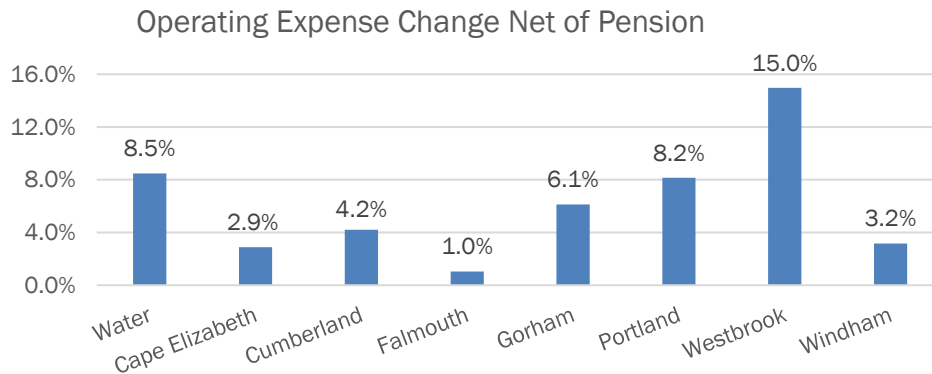
Chemicals - In total, chemicals have increased by \$649,549 or 34.1%. All but one chemical has been impacted by inflationary factors, including transportation costs. Sodium hypochlorite (used to disinfect) had a price increase of 60% and sodium bisulfite (used to dechlorinate) had a price increase of 30% and usage increase of 87%.

Other Expense - This category has decreased by \$104,195 or 7.6%. Our allowance for bad debt was lowered \$150,000 as the higher past due issues from the pandemic have ceased.

Operating Expense by Fund

	<u>2023</u>	<u>2022</u>	<u>Diff</u>	<u>Diff %</u>
Water	\$ 26,727,434	\$ 21,134,942	\$ 5,592,492	26.5%
Wastewater:				
Cape Elizabeth	2,109,503	1,837,144	272,359	14.8%
Cumberland	1,388,533	1,253,851	134,682	10.7%
Falmouth	176,706	174,878	1,828	1.0%
Gorham	1,405,338	1,210,953	194,385	16.1%
Portland	15,730,723	13,255,480	2,475,243	18.7%
Westbrook	3,617,452	2,870,847	746,605	26.0%
Windham	312,633	260,226	52,407	20.1%
	<u>\$ 51,468,322</u>	<u>\$ 41,998,321</u>	<u>\$ 9,470,001</u>	22.5%

Pension expenses (which are included above) were \$5.63 million higher in 2023 than the previous year. The Operating Expense by Fund without the pension decrease was:



Water Fund (8.5% or \$2.01 million) – Higher allocated costs (mostly labor & benefits) of \$237,590, direct labor & benefits (\$1,110,815), chemicals (\$235,972) and contracted services (\$562,712) contributed to the increase in this fund.

Cape Elizabeth (2.9% or \$57,445) – Cape Elizabeth had higher allocated costs (mostly labor & benefits) of \$52,253, mostly general wastewater costs and higher purchased power of \$16,581.

Cumberland (4.2% or \$55,123) – A portion of the 2023 increase was related to the \$19,877 increase in the assessment by the Town of Falmouth to support improvements at their facility that provides wastewater treatment services to Cumberland. Contracted services (\$14,999) and materials & supplies (\$10,226) were also higher.

Falmouth (1.0% or \$1,828) – Falmouth’s increase in expenses was mostly due to the higher labor costs the District experienced during 2023.

Gorham (6.1% or \$79,183) – Costs related to wastewater treatment were up \$76,992 in 2023 due to higher costs of chemicals, biosolids disposal, maintenance and labor. Costs allocated to the fund (primarily labor) increased \$41,959.

Operating Expense by Fund - Continued

Portland (8.2% or \$1.16 million) – The fund’s wastewater treatment expenses increased in chemicals (\$291,623), maintenance/repairs (\$434,044) and biosolids disposal (\$533,038).

Westbrook (15.0% or \$460,235) – Higher expenses in 2023 included treatment chemicals (\$101,440), biosolids disposal (\$166,288) and maintenance costs (\$126,901).

Windham (3.2% or \$9,191) – This fund had a quiet year with very few mechanical breakdowns for maintenance needs.

Non-Operating Expense

Interest/Amortization Expense increased 24% due to higher interest rates and an increase in bonds outstanding of \$2.85 million. The Loss on Sale/Retirement recognizes the retirement of long-term assets that had not yet been fully depreciated, in 2023 the expense was \$239,669 higher than previous year.

Investments had an unrealized gain and has been moved to non-operating revenue.

Pass-through grant expense has an equal grant revenue above with zero effect on the bottom line. This year increased \$2.79 million from 2022.

	<u>2023</u>	<u>2022</u>	<u>Diff</u>	<u>Diff %</u>
Interest/Amortization Expense	\$ 2,927,054	\$ 2,360,793	\$ 566,261	24.0%
Investments unrealized loss	-	460,016	(460,016)	-100.0%
Pass-through grant expense	3,754,293	966,385	2,787,908	288.5%
Loss on Sale/Retirement	382,913	143,244	239,669	167.3%
	<u>\$ 7,064,260</u>	<u>\$ 3,930,438</u>	<u>\$ 3,133,822</u>	79.7%

Contributions

Contributions are non-exchange transactions in which the District takes ownership of fixed assets constructed and/or paid for by outside parties. Water contributions for mains, services, meters and hydrants occur as developers install water infrastructure each year. The 2022 Gorham Wastewater contribution was for sewer interceptors and collectors. The 2022 contribution in Portland Wastewater was for the replacement of a force main on Baxter Blvd.

	<u>2023</u>	<u>2022</u>	<u>Diff</u>	<u>Diff %</u>
Water Distribution Mains	\$ 963,464	\$ 1,134,336	\$ (170,872)	-15.1%
Water Services	218,717	225,714	(6,997)	-3.1%
Water Meters	218,834	134,080	84,754	63.2%
Hydrants	68,000	152,342	(84,342)	-55.4%
Other Water Assets	20,000	-	20,000	n/a
Wastewater - Gorham	-	284,000	(284,000)	-100.0%
Wastewater - Portland	-	400,000	(400,000)	n/a
	<u>\$ 1,489,015</u>	<u>\$ 2,330,472</u>	<u>\$ (841,457)</u>	-36.1%

Overall Financial Position

To determine the change in the District's financial position in the past year, we have focused on two elements: Financial Ratios and Revenue Stability.

Financial Ratios

Current Ratio by Fund

The Current Ratio measures an organization's ability to meet short-term obligations.

	<u>2023</u>	<u>2022</u>
Water	2.47	2.76
Wastewater:		
Cape Elizabeth	2.44	2.11
Cumberland	1.67	1.89
Falmouth	0.20	0.15
Gorham	0.38	1.36
Portland	2.26	2.92
Westbrook	1.98	3.17
Windham	0.00	0.00
All Funds Combined	1.66	2.56

The Gorham, Westbrook and Windham Wastewater funds had large Construction Work in Progress (CWIP) balances at the end of 2023 related the Westbrook Region Wastewater Treatment Facility (WWTF) as the aeration project neared completion. In addition, Windham has a large CWIP balance relating to the North Windham WWTF. The Falmouth fund is almost entirely made up of the Mill Creek pump station and the related debt. The next year's bond principal payment is the majority of the current liability. The Town of Falmouth is legally obligated to fund the payment of the debt payments that they do through the next year's assessment.

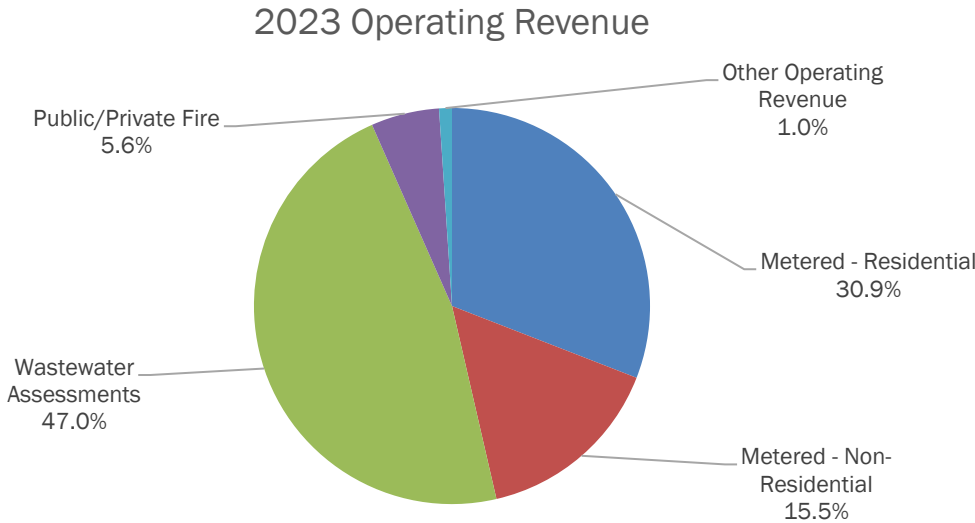
Debt Coverage Ratio by Fund

The Debt Coverage Ratio shows an organization's ability to meet debt service payments and should generally be above 1.0.

	<u>2023</u>	<u>2022</u>
Water	1.29	2.02
Wastewater:		
Cape Elizabeth	1.70	1.86
Cumberland	1.15	0.90
Falmouth	1.04	1.03
Gorham	1.30	1.11
Portland	1.84	1.88
Westbrook	1.12	1.69
Windham	1.10	2.56
All Funds Combined	1.39	1.88

Revenue Stability

Most of the District's Operating Revenue (99.0% in 2023), not including the revenue related to the watershed grant, came from three sources: Metered Water Revenue, Wastewater Assessments, and Public/Private Fire Protection charges.



Metered Water Revenue (46.4%) – Metered water rates are set by the District’s Board of Trustees. These rate changes allow the District to maintain operations and pay debt service. The District had 54,852 metered customers at the end of 2023; historically, and the largest ten customers represent less than 10% of total water revenues.

Wastewater Assessments (47%) – These assessments are paid by the local municipalities served by the District and are funded by sewer user charges. Legally, the District is obligated to set the assessments at an amount needed to operate the wastewater facilities and pay the related debt service.

Public/Private Fire Projection (5.6%) – Public Fire charges are paid by the eleven municipalities served by the District; Private Fire has 2,666 customers.

Significant Changes to Individual Funds

Pension Trust Funds

Statements of Net Position

	<u>2023</u>	<u>2022</u>	<u>Diff</u>
Bargaining Unit:			
Cash and cash equivalents	\$ 231,730	\$ 323,149	\$ (91,419)
Investments			
Equity Mutual Funds	13,875,882	8,829,220	5,046,662
Common Stock	1,404,685	3,820,640	(2,415,955)
Fixed Income Mutual Funds	0	561,029	(561,029)
	<u>15,280,567</u>	<u>13,210,889</u>	<u>2,069,678</u>
Interest Receivable	187	(32,583)	32,770
Total Assets	<u>\$ 15,512,484</u>	<u>\$ 13,501,455</u>	<u>\$ 2,011,029</u>
Non-Bargaining Unit:			
Cash and cash equivalents	\$ 221,286	\$ 279,996	\$ (58,710)
Investments			
Equity Mutual Funds	12,119,333	7,582,742	4,536,591
Common Stock	1,225,923	3,517,714	(2,291,791)
Fixed Income Mutual Funds	0	468,074	(468,074)
	<u>13,345,256</u>	<u>11,568,530</u>	<u>1,776,726</u>
Interest Receivable	189	(31,250)	31,439
Total Assets	<u>\$ 13,566,731</u>	<u>\$ 11,817,276</u>	<u>\$ 1,749,455</u>

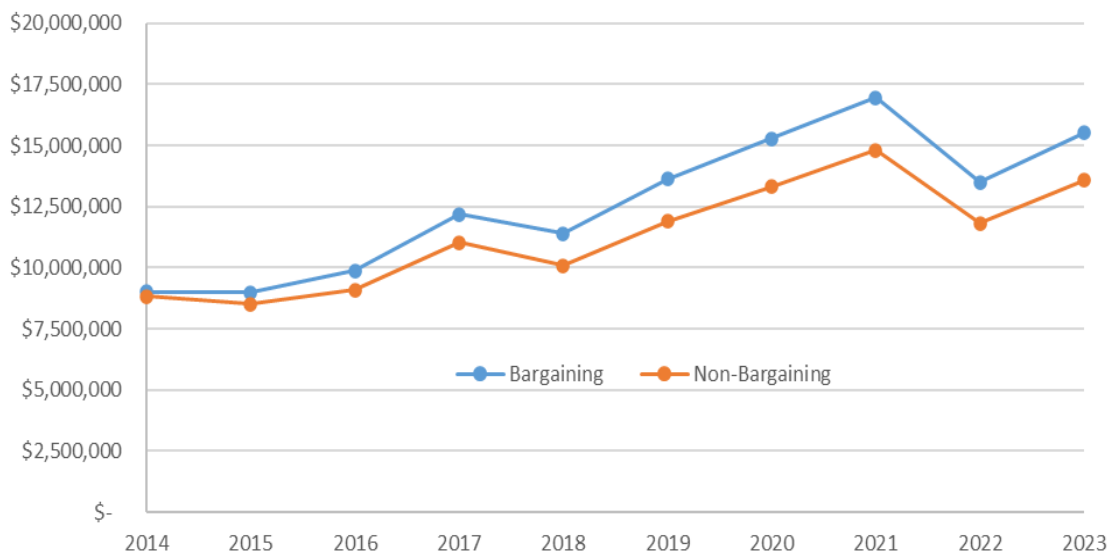
Statements of Revenues, Expenses & Changes in Net Position

	<u>2023</u>	<u>2022</u>	<u>Diff</u>
Bargaining Unit:			
Employer Contributions	\$ 858,468	\$ 368,518	\$ 489,950
Net Investment Income (Loss)	2,300,444	(2,880,589)	5,181,033
Total Additions (Subtraction)	<u>3,158,912</u>	<u>(2,512,071)</u>	<u>5,670,983</u>
Benefit Payments & Fees	1,147,883	960,370	187,513
Net Increase (Decrease) in Position	2,011,029	(3,472,441)	5,483,470
Beginning Year	13,501,455	16,973,896	(3,472,441)
Ending Year	<u>\$ 15,512,484</u>	<u>\$ 13,501,455</u>	<u>\$ 2,011,029</u>
Non-Bargaining Unit:			
Employer Contributions	\$ 666,341	\$ 330,113	\$ 336,228
Net Investment Income (Loss)	2,011,269	(2,528,718)	4,539,987
Total Additions (Subtraction)	<u>2,677,610</u>	<u>(2,198,605)</u>	<u>4,876,215</u>
Benefit Payments & Fees	928,155	788,536	139,619
Net Increase (Decrease) in Position	1,749,455	(2,987,141)	4,736,596
Beginning Year	11,817,276	14,804,417	(2,987,141)
Ending Year	<u>\$ 13,566,731</u>	<u>\$ 11,817,276</u>	<u>\$ 1,749,455</u>

Statements of Revenues, Expenses & Changes in Net Position - Continued

The ending balances for the pension funds over the past ten years have been:

	<u>Bargaining</u>	<u>Diff</u>	<u>Diff %</u>	<u>Non-Bargaining</u>	<u>Diff</u>	<u>Diff %</u>
2014	\$ 9,017,043	\$ 371,497	4.3%	\$ 8,823,096	\$ 211,834	2.5%
2015	8,988,517	(28,526)	-0.3%	8,514,202	(308,894)	-3.5%
2016	9,869,559	881,042	9.8%	9,096,188	581,986	6.8%
2017	12,176,397	2,306,838	23.4%	11,018,376	1,922,188	21.1%
2018	11,404,562	(771,835)	-6.3%	10,099,126	(919,250)	-8.3%
2019	13,616,153	1,439,756	11.8%	11,890,461	872,085	7.9%
2020	15,274,494	1,658,341	12.2%	13,318,435	1,427,974	12.0%
2021	16,973,895	1,699,401	11.1%	14,804,417	1,485,982	11.2%
2022	13,501,455	(3,472,440)	-20.5%	11,817,276	(2,987,141)	-20.2%
2023	15,512,484	2,011,029	14.9%	13,566,731	1,749,455	14.8%



The defined benefit plan was closed to new bargaining unit employees hired after December 31, 2010 and new non-bargaining unit employees hired after December 31, 2011.

Request for Information

This financial report is designed to provide a general overview of Portland Water District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Thomas Quirk, Director of Financial Services, Portland Water District, 225 Douglass Street, PO Box 3553, Portland, ME 04104-3553.

Statement of Net Position - Proprietary Funds

December 31, 2023

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	Wastewater Funds								TOTAL
	Water Systems	Cape Elizabeth	Cumberland	Falmouth	Gorham	Portland	Westbrook	Windham	
Current Assets									
Cash and cash equivalents	\$ 5,201,286	\$ 428,157	\$ 162,971	\$ 12,812	\$ 54,116	\$ 2,139,625	\$ 646,662	\$ -	\$ 8,645,629
Investments	16,561,967	1,363,680	519,062	40,803	172,359	6,814,713	1,727,086	-	27,199,670
Accounts receivable, net allowance for doubtful accounts of \$181,249 for water systems	3,708,975	-	-	-	-	50,460	2,182	-	3,761,617
Notes receivable, current	-	-	-	-	-	-	13,240	-	13,240
Interfund receivable	5,371,427	-	-	-	-	-	-	-	5,371,427
Lease receivable	64,176	-	-	-	-	-	-	-	64,176
Inventories	3,985,350	-	-	-	-	-	-	-	3,985,350
Prepaid expenses	557,582	7,932	-	-	5,356	141,396	30,843	739	743,848
Trustee held funds	-	-	-	-	-	429,829	-	-	429,829
Total Current Assets	35,450,763	1,799,769	682,033	53,615	231,831	9,576,023	2,420,013	739	50,214,786
Non-Current Assets									
Capital Assets									
Operating property	390,086,945	19,150,925	9,480,036	5,743,834	18,869,875	126,128,378	23,374,626	3,921,316	596,755,935
Assets-Utility Property-Allowance for Depreciation	(148,540,814)	(13,542,504)	(6,130,378)	(995,008)	(10,814,978)	(78,790,152)	(15,554,631)	(1,510,468)	(275,878,933)
Net operating property	241,546,131	5,608,421	3,349,658	4,748,826	8,054,897	47,338,226	7,819,995	2,410,848	320,877,002
Right to Use Lease Assets	82,163	126,123	-	-	-	-	-	-	208,286
Accumulated Amortization - Lease Assets	(32,845)	(14,014)	-	-	-	-	-	-	(46,859)
	49,318	112,109	-	-	-	-	-	-	161,427
Right to Use SBITA Assets	190,213	-	-	-	-	-	-	-	190,213
Accumulated Amortization - SBITA Assets	(63,404)	-	-	-	-	-	-	-	(63,404)
	126,809	-	-	-	-	-	-	-	126,809
Construction in progress	3,348,877	75,536	23,800	-	3,698,505	4,400,160	8,266,573	9,136,407	28,949,858
Net Capital Assets	245,071,135	5,796,066	3,373,458	4,748,826	11,753,402	51,738,386	16,086,568	11,547,255	350,115,096
Charges and Other Assets									
Notes receivable	-	-	-	-	-	-	52,960	-	52,960
Lease receivable	1,386,644	-	-	-	-	-	-	-	1,386,644
Total Charges & Other Assets	1,386,644	-	-	-	-	-	52,960	-	1,439,604
Total Non-Current Assets	246,457,779	5,796,066	3,373,458	4,748,826	11,753,402	51,738,386	16,139,528	11,547,255	351,554,700
Total Assets	281,908,542	7,595,835	4,055,491	4,802,441	11,985,233	61,314,409	18,559,541	11,547,994	401,769,486
Deferred Outflows of Resources									
Deferred outflows of pension resources	1,017,042	66,180	26,308	-	37,583	379,103	92,816	15,034	1,634,066
Deferred outflows on bond refunding	16,000	-	-	-	-	-	-	-	16,000
	1,033,042	66,180	26,308	-	37,583	379,103	92,816	15,034	1,650,066
Total Assets and Deferred Outflows	\$ 282,941,584	\$ 7,662,015	\$ 4,081,799	\$ 4,802,441	\$ 12,022,816	\$ 61,693,512	\$ 18,652,357	\$ 11,563,028	\$ 403,419,552

See Independent Auditor's Report. The accompanying notes are an integral part of these financial statements.

Statement of Net Position - Proprietary Funds - Continued

December 31, 2023

LIABILITIES, DEFERRED INFLOWS, AND NET POSITION

	Wastewater Funds								
	Water Systems	Cape Elizabeth	Cumberland	Falmouth	Gorham	Portland	Westbrook	Windham	TOTAL
Current Liabilities									
Accounts payable and accrued payroll	\$ 5,323,419	\$ 417,397	\$ 403,314	\$ 24,633	\$ 117,060	\$ 1,991,749	\$ 359,408	\$ 583,866	\$ 9,220,846
Accrued interest	378,596	11,617	22	5,220	10,201	58,185	21,342	34,526	519,709
Customer deposits	461,844	-	-	-	-	-	-	-	461,844
Construction retainage	270,453	-	-	-	59,558	163,016	128,785	266,851	888,663
Interfund payable	-	-	-	-	-	-	-	5,371,427	5,371,427
Lease liabilities	8,676	1,366	-	-	-	-	-	-	10,042
SBITA liability	63,391	-	-	-	-	-	-	-	63,391
Compensated absences	1,154,061	-	-	-	-	-	-	-	1,154,061
Notes payable	-	-	-	-	-	-	-	2,010,380	2,010,380
Bonds	6,658,480	306,500	6,250	238,000	423,919	2,027,491	712,295	142,786	10,515,721
Total Current Liabilities	14,318,920	736,880	409,586	267,853	610,738	4,240,441	1,221,830	8,409,836	30,216,084
Non-Current Liabilities									
Customer advances and other liabilities	5,209,493	-	-	-	-	69,799	116,149	-	5,395,441
Compensated absences	604,817	-	-	-	-	-	-	-	604,817
Lease liabilities	42,367	117,752	-	-	-	-	-	-	160,119
SBITA liability	65,051	-	-	-	-	-	-	-	65,051
Net pension liability	578,344	37,634	14,960	-	21,372	215,578	52,779	8,549	929,216
Total other non-current liabilities	6,500,072	155,386	14,960	-	21,372	285,377	168,928	8,549	7,154,644
Long-term debt - notes payable	-	-	-	-	-	-	-	52,960	52,960
Long-term debt - bonds	58,195,606	3,640,600	12,500	2,894,000	3,511,539	22,329,280	8,189,731	1,131,731	99,904,987
Total long-term debt - notes and bonds	58,195,606	3,640,600	12,500	2,894,000	3,511,539	22,329,280	8,189,731	1,184,691	99,957,947
Total Non-Current Liabilities	64,695,678	3,795,986	27,460	2,894,000	3,532,911	22,614,657	8,358,659	1,193,240	107,112,591
Total Liabilities	79,014,598	4,532,866	437,046	3,161,853	4,143,649	26,855,098	9,580,489	9,603,076	137,328,675
Deferred Inflows of Resources									
Deferred inflows of leases	1,323,202	-	-	-	-	-	-	-	1,323,202
	1,323,202	-	-	-	-	-	-	-	1,323,202
Net Position									
Invested in capital assets	182,908,903	1,724,848	3,334,708	1,616,826	7,552,016	26,872,541	6,620,870	788,274	231,418,986
Unrestricted	19,694,881	1,404,301	310,045	23,762	327,151	7,965,873	2,450,998	1,171,678	33,348,689
Total Net Position	202,603,784	3,129,149	3,644,753	1,640,588	7,879,167	34,838,414	9,071,868	1,959,952	264,767,675
Total Liabilities, Deferred Inflows & Net Position	\$ 282,941,584	\$ 7,662,015	\$ 4,081,799	\$ 4,802,441	\$ 12,022,816	\$ 61,693,512	\$ 18,652,357	\$ 11,563,028	\$ 403,419,552

See Independent Auditor's Report. The accompanying notes are an integral part of these financial statements.

**Statement of Revenues, Expenses and Changes in Net Position -
Proprietary Funds**

Year Ended December 31, 2023

	<u>Wastewater Funds</u>								<u>TOTAL</u>
	<u>Water Systems</u>	<u>Cape Elizabeth</u>	<u>Cumberland</u>	<u>Falmouth</u>	<u>Gorham</u>	<u>Portland</u>	<u>Westbrook</u>	<u>Windham</u>	
Operating Revenues									
Water revenues	\$ 28,091,431	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,091,431
Wastewater assessments	-	2,300,004	1,184,904	314,112	1,566,816	15,798,744	3,723,096	515,808	25,403,484
Other operating revenues	190,712	-	-	-	-	319,720	55,436	-	565,868
Total Operating Revenues	28,282,143	2,300,004	1,184,904	314,112	1,566,816	16,118,464	3,778,532	515,808	54,060,783
Operating Expenses									
Operations & Maintenance	15,950,973	1,162,572	963,542	4,563	604,178	8,774,455	2,071,082	129,040	29,660,405
Customer accounting and collections	1,029,819	35,571	18,013	12,299	29,125	252,634	71,936	803	1,450,200
Administrative and general	3,299,080	539,738	211,713	3,713	343,476	3,430,022	886,797	93,450	8,807,989
Taxes on operating property	61,894	-	-	-	-	-	-	-	61,894
Depreciation not allocated elsewhere	6,385,668	371,622	195,265	156,131	428,559	3,273,612	587,637	89,340	11,487,834
Total Operating Expenses	26,727,434	2,109,503	1,388,533	176,706	1,405,338	15,730,723	3,617,452	312,633	51,468,322
Operating Income (Loss)	1,554,709	190,501	(203,629)	137,406	161,478	387,741	161,080	203,175	2,592,461
Non-Operating Revenues (Expenses)									
Interest income	907,755	56,166	23,558	3,963	22,044	342,219	120,902	19,529	1,496,136
Investments unrealized gain/loss	413,885	30,297	13,437	843	15,151	185,408	72,737	(9,242)	722,516
Miscellaneous	396,871	25,841	8,397	-	15,745	540,811	67,727	3,799	1,059,191
Pass-through grant revenue	3,754,293	-	-	-	-	-	-	-	3,754,293
Pass-through grant expense	(3,754,293)	-	-	-	-	-	-	-	(3,754,293)
Loss on sale/disposal of operating property	(382,913)	-	-	-	-	-	-	-	(382,913)
Interest and amortization expense	(1,933,528)	(98,309)	(2,158)	(46,689)	(81,310)	(456,954)	(168,837)	(139,269)	(2,927,054)
Net Non-Operating Revenues (Expenses)	(597,930)	13,995	43,234	(41,883)	(28,370)	611,484	92,529	(125,183)	(32,124)
Change in Net Position Before Capital Contributions	956,779	204,496	(160,395)	95,523	133,108	999,225	253,609	77,992	2,560,337
Capital Contributions	1,489,015	-	-	-	-	-	-	-	1,489,015
Change in Net Position	2,445,794	204,496	(160,395)	95,523	133,108	999,225	253,609	77,992	4,049,352
Net Position, Beginning of Year	200,157,990	2,924,653	3,805,148	1,545,065	7,746,059	33,839,189	8,818,259	1,881,960	260,718,323
Net Position, End of Year	\$ 202,603,784	\$ 3,129,149	\$ 3,644,753	\$ 1,640,588	\$ 7,879,167	\$ 34,838,414	\$ 9,071,868	\$ 1,959,952	\$ 264,767,675

See Independent Auditor's Report. The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows - Proprietary Funds

For the Year Ended December 31, 2023

	Wastewater Funds									
	Water Systems	Cape Elizabeth	Cumberland	Falmouth	Gorham	Portland	Westbrook	Windham	TOTAL	
Cash flows from operating activities										
Receipts from customers	\$ 27,564,494	\$ 2,300,004	\$ 1,184,904	\$ 314,112	\$ 1,313,133	\$ 16,099,999	\$ 3,778,969	\$ 515,808	\$	\$ 53,071,423
Payments to suppliers	(9,045,070)	(1,155,480)	(868,842)	(16,379)	(690,915)	(8,968,215)	(2,473,989)	(1,995,592)		(25,214,482)
Payments to employees	(9,023,371)	(568,434)	(224,381)	(4,246)	(328,556)	(3,131,472)	(785,593)	(79,519)		(14,145,572)
Net cash flows from operating activities	9,496,053	576,090	91,681	293,487	293,662	4,000,312	519,387	(1,559,303)		13,711,369
Cash flows from capital and related financing activities										
Proceeds from bonds	12,155,000	-	-	-	-	710,000	-	-		12,865,000
Bond principal forgiven	(20,000)	-	-	-	-	-	-	-		(20,000)
Principal payments bonds	(5,998,112)	(306,500)	(6,250)	(238,000)	(427,498)	(2,149,941)	(725,316)	(143,228)		(9,994,845)
Proceeds from notes payable	-	-	-	-	-	-	-	1,997,140		1,997,140
Notes payable payments	-	-	-	-	-	-	-	(13,240)		(13,240)
Impact of Interfund Payable/Receivable	(4,628,864)	-	-	-	-	-	-	5,178,596		549,732
Transfer from trustee funds	360,007	7,871	-	-	-	1,241,105	-	-		1,608,983
New trustee funds	(210,000)	-	-	-	-	-	-	-		(210,000)
Interest paid	(1,889,675)	(100,365)	(2,166)	(47,087)	(82,736)	(459,694)	(171,095)	(112,079)		(2,864,897)
Acquisitions and construction of operating property	(12,682,247)	(28,295)	-	-	(486,745)	(4,499,686)	(1,751,632)	(5,358,173)		(24,806,778)
Amortization of Leased Assets	9,888	3,504	-	-	-	-	-	-		13,392
Amortization of SBITA Assets	63,404	-	-	-	-	-	-	-		63,404
Proceeds from sale of operating property	4,370	-	-	-	-	-	-	-		4,370
Net cash flows from capital and related financing activities	(12,836,229)	(423,785)	(8,416)	(285,087)	(996,979)	(5,158,216)	(2,648,043)	1,549,016		(20,807,739)
Cash flows from investing activities										
Investments - transfer to water	(15,662,945)	1,444,964	522,669	37,597	830,466	8,917,457	3,909,792	-		-
Investments - purchases	(26,276,510)	-	-	-	-	-	-	-		(26,276,510)
Investments - sales	37,577,208	-	-	-	-	-	-	-		37,577,208
Investments - market value change	(712,224)	-	-	-	-	-	-	-		(712,224)
Investments - transfer from water	10,637,703	(1,363,680)	(519,062)	(40,803)	(172,359)	(6,814,713)	(1,727,086)	-		-
Interest income received	907,755	56,166	23,558	3,963	22,044	342,219	120,902	19,529		1,496,136
Investments unrealized loss	413,885	30,297	13,437	843	15,151	185,408	72,737	(9,242)		722,516
Payments on notes receivable	-	-	-	-	-	-	13,240	-		13,240
Net cash flows from investing activities	6,884,872	167,747	40,602	1,600	695,302	2,630,371	2,389,585	10,287		12,820,366
Net change in cash (above)	3,544,696	320,052	123,867	10,000	(8,015)	1,472,467	260,929	-		5,723,996
Cash & Cash Equivalents - Beg of Year	1,656,590	108,105	39,104	2,812	62,131	667,158	385,733	-		2,921,633
Cash & Cash Equivalents - End of Year	\$ 5,201,286	\$ 428,157	\$ 162,971	\$ 12,812	\$ 54,116	\$ 2,139,625	\$ 646,662	\$ -	\$	\$ 8,645,629
Reconciliation of operating income to net cash flows from operating activities										
Operating income (loss)	\$ 1,554,709	\$ 190,501	\$ (203,629)	\$ 137,406	\$ 161,478	\$ 387,741	\$ 161,080	\$ 203,175	\$	\$ 2,592,461
Depreciation not allocated elsewhere	6,385,668	371,622	195,265	156,131	428,559	3,273,612	587,637	89,340		11,487,834
Depreciation allocated	1,075,000	-	-	-	-	-	-	-		1,075,000
Amortization	17,000	-	-	-	-	-	-	-		17,000
Miscellaneous income (loss)	396,871	25,841	8,397	-	15,745	540,811	67,727	3,799		1,059,191
Changes in assets and liabilities:										
Accounts receivable	(717,649)	-	-	-	-	(18,465)	438	-		(735,676)
Inventories	(1,453,722)	-	-	-	-	-	-	-		(1,453,722)
Prepays	343,190	(583)	-	-	(1,082)	(99,905)	(4,409)	211		237,422
Lease receivable	60,521	-	-	-	-	-	-	-		60,521
Accounts payable and accrued payroll	649,668	(7,692)	92,835	(50)	(308,917)	(64,280)	(302,125)	(1,304,693)		(1,245,254)
Interfund payable	-	-	-	-	-	-	-	(549,732)		(549,732)
Compensated absences	46,968	-	-	-	-	-	-	-		46,968
Customer deposits	(10,319)	-	-	-	-	-	-	-		(10,319)
Net pension liability and deferred inflows/outflows	(9,792)	(2,262)	(1,187)	-	-	(7,503)	(3,114)	(1,403)		(25,261)
Bond refunding deferred outflow	15,100	-	-	-	(2,121)	-	-	-		12,979
Lease liability	(9,388)	(1,337)	-	-	-	-	-	-		(10,725)
SBITA liability	128,442	-	-	-	-	-	-	-		128,442
Lease deferred inflows	(89,962)	-	-	-	-	-	-	-		(89,962)
Customer advances and other liabilities	1,113,748	-	-	-	-	(11,699)	12,153	-		1,114,202
Net cash flows from operating activities	9,496,053	576,090	91,681	293,487	293,662	4,000,312	519,387	(1,559,303)		13,711,369
Noncash, capital and related financing activities										
Proceeds from bonds - Refinancing	4,400,000	-	-	-	-	-	-	-		4,400,000
Principal payments bonds - Refinancing	(4,400,000)	-	-	-	-	-	-	-		(4,400,000)
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Noncash investing, capital and financing activities										
Capital contributions	\$ 1,489,015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,489,015
Non-Cash AP -PPE	\$ 1,340,854	\$ 5,000	\$ 20,000	\$ -	\$ 206,370	\$ 706,088	\$ 434,887	\$ 1,817,563	\$	\$ 4,530,762

See Independent Auditor's Report. The accompanying notes are an integral part of these financial statements.

Statement of Fiduciary Net Position - Pension Trust Funds

December 31, 2023

	<u>Total</u>
ASSETS	
Cash and cash equivalents	\$ 453,016
Investments	
Equity mutual funds	\$ 25,995,215
Common stock	2,630,608
	<u>28,625,823</u>
Interest receivable	<u>376</u>
Total Assets	<u><u>\$ 29,079,215</u></u>
Restricted for pension benefits	<u>\$ 29,079,215</u>
Total Fiduciary Net Position	<u><u>\$ 29,079,215</u></u>

Statement of Changes in Fiduciary Net Position - Pension Trust Funds

Year Ended December 31, 2023

	<u>Total</u>
Additions:	
Employer Contributions	\$ 1,524,809
Investment Income	
Interest and dividends	658,087
Net gain on sale of assets	1,185,362
Net appreciation of investments	2,468,264
Net Investment Income	<u>4,311,713</u>
Total Additions	5,836,522
Deductions:	
Benefits	1,972,304
Fees/Other Expenses	<u>103,734</u>
Total Deductions	<u>2,076,038</u>
Change in Fiduciary Net Position	3,760,484
Fiduciary Net Position - Beginning of Year	<u>25,318,731</u>
Fiduciary Net Position - End of Year	<u><u>\$ 29,079,215</u></u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Portland Water District (the District) was incorporated in 1908 under the laws of the State of Maine. The territories and people of the Cities of Portland, South Portland and Westbrook and the Towns of Cape Elizabeth, Cumberland, Falmouth, Gorham, Raymond, Scarborough and Windham constitute the public municipal. The District provides water and wastewater services, including billing services to Greater Portland municipalities. Water services are provided to the Cities of Portland, South Portland and Westbrook and the Towns of Cape Elizabeth, Cumberland, Falmouth, Gorham, Raymond, Scarborough, Standish, and Windham. The District also sells water wholesale to the Yarmouth Water District. Wastewater services are provided to the Cities of Portland and Westbrook and the Towns of Cape Elizabeth, Cumberland, Falmouth, Gorham and Windham. An 11-member publicly elected Board of Trustees oversees and directs the District's operation. The water service is partially regulated by the Maine Public Utilities Commission (PUC).

In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. Management applied criteria as set forth in accounting principles generally accepted in the United States of America (GAAP) to determine if other component units should be included in defining the reporting entity. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The basic – but not the only – criterion for including a potential component unit within the reporting entity is the District's ability to exercise financial accountability. Application of this criterion and determination of the type of presentation involves considering whether the activity benefits the District and is generally available to its customers. It is the District's judgment, based on all pertinent facts derived from the analysis of this criterion, that there are no other component units that should be included as part of the reporting entity.

Measurement Focus, Basis of Accounting and Basis of Presentation

The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions and activities. A fund is a separate accounting entity with a self-balancing set of accounts. The District has the following fund types:

Proprietary funds are accounted for on the flow of economic resources measurement focus, using the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The District complies with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 Financial Accounting Standards Board and American Institute of Certified Public Accountants Pronouncements*. Proprietary funds used by the District include enterprise funds as described below.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business. The District maintains eight enterprise funds – Wastewater Funds for Cape Elizabeth, Cumberland, Falmouth, Gorham, Portland, Westbrook and Windham and a Water Fund.

Fiduciary funds account for assets held by the District in a trustee capacity. Trust funds account for the assets held by the District under terms of a formal trust agreement. The District maintains two pension fiduciary funds. The District's non-bargaining unit employees' pension trust and the District's bargaining unit employees' pension trust financial statements are prepared using the accrual basis of accounting. Employer costs are equal to the change in the net pension liability and are recognized in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Measurement Focus, Basis of Accounting and Basis of Presentation - Continued

Proprietary funds distinguish operating revenues and expenses from non-operating activity. Operating revenues arise from providing goods or services to outside parties for a fee. The intent of the governing body is that the operating costs, including administration and depreciation, of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. Revenues and expenses that are not derived directly from operations are reported as non-operating revenues and expenses.

Recently Adopted Accounting Pronouncements

During the year ended December 31, 2023, the District adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences* and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The adoption of the statements and related guidance during the year ended December 31, 2023 did not have a material impact of the financial statements of District.

Cash & Cash Equivalents (Deposits and Investments) - Proprietary Funds

The District considers all highly liquid debt instruments purchased with an initial maturity of two years or less to be cash and cash equivalents. In addition, money market mutual funds held in an overnight cash sweep arrangement are considered to be cash and cash equivalents.

State statutes authorize the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, obligations of financial institutions, mutual funds and repurchase agreements.

Investments are reported at fair value, except for those investments with a remaining maturity at time of purchase of one year or less are reported at amortized cost. Securities traded on a national or international exchange are valued at the last reported sales price at the current exchange rates.

Credit Risk:

Credit risk is the risk that the entity in which the fund has invested may be unable to redeem investments when they mature. The District's proprietary fund investment policy limits investments to:

- U.S. government obligations and U.S. government agency obligations which have a liquid market with a readily determinable fair value.
- Certificates of deposit and other deposits at financial institutions, that are fully insured or collateralized.
- Commercial paper rated the highest tier.
- Repurchase agreements and money market mutual funds whose underlying securities consist of the items above.
- Local government investment cooperatives made up of government securities or broadly diversified money market investments.

Concentration Credit Risk

Concentration of credit risk is the risk caused by the lack of diversification in the portfolio. The District's investment policy strives to avoid over concentration from a specific issuer or business section. The exception to this guideline is investments involving U.S. Treasury securities.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Cash & Cash Equivalents (Deposits and Investments) - Proprietary Funds - Continued

Custodial Credit Risk:

Custodial credit risk is the risk that in the event of failure by the counter party, the District will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party.

The District's investment policy does not address custodial credit risk. Overnight sweep funds are invested in a money market mutual fund which is made up of U.S. government and agency instruments, held by the District's Bank in the Bank's name. Overnight repurchase agreement funds are invested in U.S. government backed obligations of U.S. government agencies and corporations, held by the District's Bank in the District's name.

Method used to Value Investments:

Investments are reported at fair value, except those investments with a remaining maturity at time of purchase of one year or less are reported at amortized cost. Securities traded on a national or international exchange are valued at the last reported sales price at the current exchange rate.

Credit Risk/Concentration Credit Risk:

The pension plans' policy in regard to the allocation of invested assets is established and may be amended by the District's Board of Trustees. It is the policy of the District's Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plans' investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of December 31, 2023:

<u>Asset Class</u>	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>
U.S. Equities	30%	40%	50%
International Equities	10%	25%	30%
Bonds	20%	25%	40%
Alternatives	0%	10%	15%
Cash and Equivalents	0%	0%	30%

There were no changes to the allocation policy during 2023. As of December 31, 2023, the investment portfolio does not hold any investment in any one organization greater than 5% of either of the plan's fiduciary net positions.

Rate of Return:

For the year ended December 31, 2023, the annual money-weighted rate of return on pension plan investments, net of pension expense, was 15.86 % and 15.85 % for the Bargaining and Non-Bargaining Units Plan, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Custodial Credit Risk:

The District's Pension Fund investment policy does not address custodial credit risk. The District's pension investments are held by a trust company in the District's name. The trust company acts as the District's custodian.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Investments - Pension Trust Funds - Continued

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value on an investment. The investment policy for the pension fund does not directly address interest rate risk.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the District uses various methods, including market, income and cost approaches. Based on these approaches, the District often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The District utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the District is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1 – Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
- Level 2 – Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data.
- Level 3 – Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

In determining the appropriate levels, the District performs a detailed analysis of the assets and liabilities. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

For the year ended December 31, 2023, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Certificates of Deposit: The fair value of marketable securities is the fair value based on quoted market prices, when available, or market prices provided by recognized broker dealers.

U.S. Agency and Treasury Securities: In general, U.S. agency and treasury securities are valued based on yields currently available on comparable securities of issuers with similar credit ratings.

Accounts Receivable

Trade accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and credit to trade accounts receivable. Allowance for doubtful accounts as of December 31, 2023 was \$181,249. The District has the ability to place a lien on property with past due balances.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Inventories

The District's inventories are comprised of fuel, materials and supplies used in the daily operations of the District. Inventory used in various projects that increase the water or wastewater system's life is capitalized and depreciated in capital assets over the appropriate useful life. Inventory used in system repairs is expensed in the period in which the repair occurs. Inventory is stated at weighted average cost.

Capital Assets

Donated operating and non-operating property, recorded as capital assets, are recorded at their acquisition value at the date of donation. Capitalized operating and non-operating property are recorded at cost, including direct and a portion of indirect overhead. The District's policy has been to set the capitalization threshold for reporting capital assets at \$25,000 and a life exceeding one year for the Water and Portland Wastewater funds and \$10,000 and exceeding one year for all other funds.

Depreciation is computed using the straight-line method at rates intended to amortize, over the useful life of the underlying property, the original cost. Useful lives of the assets range from 5 to 77 years:

Water Capital Assets:

- 5 to 10 years - Vehicles
- 8 to 20 years - Pumping and General Equipment
- 25 years - Meters
- 33 years - Treatment Equipment, Distribution Mains (less than six inches) and Services
- 50 years - Wells and Hydrants
- 59 years - Reservoirs, Tanks and Standpipes
- 66 to 80 years - Intakes
- 77 years - Transmission Mains and Distribution Mains (six inches and larger)

Wastewater Capital Assets:

- 8 to 10 years - General Equipment
- 20 years - Treatment Equipment
- 33 years - Structural Appurtenances
- 50 years - Structures, Force Mains and Interceptors

Depreciation on the water and individual wastewater system assets, built with aggregate contributions in aid of construction, is included in operating expenses. Contributions in aid of construction are recognized as revenue in the year contributed. Interest costs incurred during construction of major projects are capitalized and amortized over the life of the related asset.

Leases

The District complies with the requirements of GASB Statement No. 87 – *Leases*. The threshold for inclusion were leases where the present value of the payments at the beginning of the lease term were over \$25,000. The discount rates used were the District's average borrowing costs at the date of execution.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Subscription Based Information Technology Arrangements (SBITA's)

The District complies with the requirements of GASB Statement No. 96 – *SBITA's*. The threshold for inclusion were SBITA's where the present value of the payments at the beginning of the SBITA term were over \$25,000. The discount rates used were the District's average borrowing costs at the date of execution.

Preliminary Surveys for Plant Expansion or Modification

Expenses incurred for preliminary surveys for plant expansion or modification are capitalized and charged to the capital asset when the project is completed or to expense if the project is abandoned.

Maintenance and Other Costs

Certain maintenance and other costs are capitalized and amortized on a straight-line basis over periods as approved by the Maine PUC which approximate methods and periods under GAAP. There were no amortization costs in 2023.

Compensated Absences

The District's policy is to accrue for employee vacation when the employee vests in such benefits. It is the District's policy to permit employees to accumulate earned but unused sick pay benefits. Upon retirement, employees can be paid up to a maximum of 400 hours of unused sick pay. The estimated sick leave balance due to employees upon retirement is calculated and accrued in accordance with the vesting method of GASB Statement No. 101, *Compensated Absences*.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section of deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) that will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position will sometimes report a separate section of deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

These deferred outflows of resources and deferred inflows of resources are related to the recognition of the net pension liability, lease transactions and a 2016 bond refunding. In the case of the pension, these items can include differences between expected and actual expense, change in assumptions, the net difference between projected and actual returns on pension plan investments and also District pension contributions made prior to the measurement date. For leases the initial value of the deferred inflows of resources is the present value of the lease payments the District expects to receive and is amortized over the life of the lease on a straight-line basis. For the bond refunding, the deferred outflows of resources is utilized to amortize the loss on the refund over the remaining life of the original bond.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

An annual budget is prepared by management and approved by the elected Board of Trustees for each of the proprietary funds. The budget is prepared on a departmental basis. The budget is prepared according to GAAP, except that:

- The funding for capital acquisitions and debt principal payments are considered expenses in all funds.
- Depreciation is not considered an expense.
- Contributions are not considered revenue.
- The funding of the pension is considered an expense.
- Gain/loss on disposal of capital assets are not recognized.

NOTE 3 - DETAILED NOTES ON ALL FUNDS

Cash & Investments

The carrying amount of the District's deposits with financial institutions was (\$1,687,228) at December 31, 2023 and the bank balance was \$504,152. The District held certificates of deposit carried at \$2,779,779. Total deposits were categorized, as follows:

	Bank Balances	Certificates of Deposit	Total Deposits
Amount Insured	260,033	2,779,779	\$ 3,039,812
Amount Uninsured	244,119	-	\$ 244,119
	<u>\$ 504,152</u>	<u>\$ 2,779,779</u>	<u>\$ 3,283,931</u>

A reconciliation of cash, cash equivalents and investments as shown on the Statement of Net Position is, as follows:

Cash on Hand	\$ 1,300
Investment Account Cash	124,466
Carrying Value of Deposits	(1,687,228)
Money Market Mutual Funds	10,207,091
Total Cash and Cash equivalents	<u>\$ 8,645,629</u>
Certificates of Deposit	\$ 2,779,779
U.S. Treasury Securities	16,242,912
U.S. Agency Securities	8,176,979
Total Investments	<u>\$ 27,199,670</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Cash & Investments - Continued

Shares in the overnight money market mutual funds sweep arrangement are held in the Bank's name and not in the name of the District. These funds are secured by the underlying securities of the mutual funds. Fair value of assets measured on a recurring basis at December 31, 2023 are, as follows:

Proprietary Funds

	Total	Level 1	Level 2	Level 3
Money Market Mutual Funds	\$ 10,207,091	\$ 10,207,091	\$ -	\$ -
Certificates of Deposit	2,779,779	2,779,779	-	-
U.S. Treasury Securities	16,242,912	-	16,242,912	-
U.S. Agency Securities	8,176,979	-	8,176,979	-
	<u>\$ 37,406,761</u>	<u>\$ 12,986,870</u>	<u>\$ 24,419,891</u>	<u>\$ -</u>

Pension Trust Funds

	Total	Level 1	Level 2	Level 3
Equity mutual funds	\$ 25,995,215	\$ 25,995,215	\$-	\$-
Common stock	2,630,608	2,630,608	-	-
	<u>\$ 28,342,268</u>	<u>\$ 28,342,268</u>	<u>\$-</u>	<u>\$-</u>

Investment Ratings

U.S. Agency and Treasury Securities are implicitly guaranteed by the U.S. government.

Investment Ratings - Pension Trust Funds

Holdings in the fixed income mutual funds were rated by Standard & Poor's as having ratings of AAA to A. Ratings were not available for the equity mutual funds. U.S. Agency Securities are implicitly guaranteed by the U.S. government.

Notes Receivable

During the year, the District had one note receivable in Westbrook Wastewater Fund.

The note receivable to the Westbrook Wastewater Fund is related to the purchase of assets by the Windham Wastewater Fund. The note originated in 2008 and has an average annual interest rate of 4.395% with a 20-year term starting in 2008.

	<u>Dec 31, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2023</u>	<u>Current</u>	<u>Non-Current</u>
Westbrook WW Fund:						
Windham WW Fund	\$ 79,440	\$ -	\$ (13,240)	\$ 66,200	\$ 13,240	\$ 52,960
Total of all Notes	<u>\$ 79,440</u>	<u>\$ -</u>	<u>\$ (13,240)</u>	<u>\$ 66,200</u>	<u>\$ 13,240</u>	<u>\$ 52,960</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets

	<u>Dec 31, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2023</u>
Water Fund:				
Operating Property, not being depreciated				
Land	\$ 4,554,848	\$ -	\$ -	\$ 4,554,848
Land Rights	2,477,130	575,950	-	3,053,080
Plant Acquisition Adjustment	53,189	-	(17,000)	36,189
Organization	173,472	-	-	173,472
Non-Utility Property	103,935	-	-	103,935
Franchises	26,161	-	-	26,161
Property Held for Future Use	7,425	-	-	7,425
	<u>7,396,160</u>	<u>575,950</u>	<u>(17,000)</u>	<u>7,955,110</u>
Operating Property, being depreciated				
Distribution Mains	213,581,175	8,237,818	(551,588)	221,267,405
Services	41,560,018	1,410,343	-	42,970,361
Structures & Improvements	31,126,503	482,655	-	31,609,158
Water Treatment Equipment	14,424,461	-	-	14,424,461
Transmission Mains	13,430,883	-	-	13,430,883
Meters & Meter Installations	13,577,303	523,962	(264,695)	13,836,570
Reservoirs & Standpipes	11,186,539	-	-	11,186,539
Hydrants	13,205,410	500,433	(41,515)	13,664,328
Vehicles	3,837,756	972,493	(98,431)	4,711,818
Lake, River & Other Intakes	2,363,460	-	-	2,363,460
Communication Equipment	1,485,020	-	-	1,485,020
Pumping Equipment	2,950,240	-	-	2,950,240
Wells & Springs	989,248	-	-	989,248
Computer Equipment	4,635,901	237,750	-	4,873,651
Power Equipment	525,619	19,356	-	544,975
Office Furniture & Equipment	807,152	4,770	-	811,922
Shop Equipment	288,562	-	-	288,562
Garage Equipment	232,652	-	-	232,652
Radio Equipment	318,006	-	-	318,006
Laboratory Equipment	113,415	-	-	113,415
Stores Equipment	59,161	-	-	59,161
	<u>370,698,484</u>	<u>12,389,580</u>	<u>(956,229)</u>	<u>382,131,835</u>
Total Operating Property	\$ 378,094,644	\$ 12,965,530	\$ (973,229)	\$ 390,086,945

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets – Continued

	<u>Dec 31, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2023</u>
Water Fund (continued):				
Less, accumulated depreciation for:				
Distribution Mains	\$ 59,052,817	\$ 3,054,999	\$ (304,808)	\$ 61,803,008
Services	22,641,097	967,263	-	23,608,360
Structures & Improvements	17,166,394	669,303	-	17,835,697
Transmission Mains	7,804,537	132,308	-	7,936,845
Reservoirs & Standpipes	5,884,881	198,800	-	6,083,681
Water Treatment Equipment	6,228,153	417,746	-	6,645,899
Hydrants	4,846,736	265,685	(17,281)	5,095,140
Meters & Meter Installations	6,826,991	553,678	(156,851)	7,223,818
Vehicles	2,197,354	462,741	(90,006)	2,570,089
Intakes Suction Mains	1,949,104	24,813	-	1,973,917
Pumping Equipment	1,806,733	76,444	-	1,883,177
Communication Equipment	1,422,241	48,830	-	1,471,071
Power Equipment	477,783	6,353	-	484,136
Office Furniture & Equipment	899,575	56,708	-	956,283
Shop Equipment	337,029	-	-	337,029
Computer Equipment	1,175,183	483,423	-	1,658,606
Garage Equipment	261,820	4,137	-	265,957
Wells & Springs	284,446	19,643	-	304,089
Radio Equipment	231,230	13,369	-	244,599
Laboratory Equipment	108,272	3,430	-	111,702
Stores Equipment	46,716	995	-	47,711
	<u>141,649,092</u>	<u>7,460,668</u>	<u>(568,946)</u>	<u>148,540,814</u>
Net Operating Property	<u>236,445,552</u>	<u>5,504,862</u>	<u>(404,283)</u>	<u>241,546,131</u>
Right to Use Assets:				
Lease	82,163			82,163
SBITA	-	190,213		190,213
	<u>82,163</u>	<u>190,213</u>	<u>-</u>	<u>272,376</u>
Less, accumulated amortization for right to use assets:				
Lease	22,957	9,888	-	32,845
SBITA	-	63,404		63,404
	<u>22,957</u>	<u>73,292</u>	<u>-</u>	<u>96,249</u>
Net Right to Use Assets	<u>59,206</u>	<u>116,921</u>	<u>-</u>	<u>176,127</u>
Construction Work in Progress	<u>884,560</u>	<u>2,538,297</u>	<u>(73,980)</u>	<u>3,348,877</u>
Net Capital Assets	<u>\$ 237,389,318</u>	<u>\$ 8,160,080</u>	<u>\$ (478,263)</u>	<u>\$ 245,071,135</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets – Continued

	<u>Dec 31, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2023</u>
Cape Elizabeth Wastewater:				
Operating Property, not being depreciated				
Land	\$ 130,048	\$ -	\$ -	\$ 130,048
Land Rights	95,111	-	-	95,111
	<u>225,159</u>	<u>-</u>	<u>-</u>	<u>225,159</u>
Operating Property, being depreciated				
Interceptor Structures	6,315,961	-	-	6,315,961
Treatment Plant Equipment	3,364,473	-	-	3,364,473
Pumping Station Equipment	3,057,929	22,695	-	3,080,624
Treatment Plant Structures	3,599,968	-	-	3,599,968
Pumping Station Structures	2,280,230	-	-	2,280,230
General Equipment	197,933	-	-	197,933
Computer Equipment	75,247	-	-	75,247
Interceptor Equipment	11,330	-	-	11,330
	<u>18,903,071</u>	<u>22,695</u>	<u>-</u>	<u>18,925,766</u>
Total Operating Property	<u>19,128,230</u>	<u>22,695</u>	<u>-</u>	<u>19,150,925</u>
Less, accumulated depreciation for:				
Interceptor Structures	4,626,433	126,399	-	4,752,832
Treatment Plant Equipment	3,071,061	20,998	-	3,092,059
Pumping Station Equipment	2,256,292	77,344	-	2,333,636
Treatment Plant Structures	2,077,344	75,631	-	2,152,975
Pumping Station Structures	963,454	52,950	-	1,016,404
General Equipment	160,263	8,747	-	169,010
Computer Equipment	14,044	9,406	-	23,450
Interceptor Equipment	1,991	147	-	2,138
	<u>13,170,882</u>	<u>371,622</u>	<u>-</u>	<u>13,542,504</u>
Net Operating Property	<u>5,957,348</u>	<u>(348,927)</u>	<u>-</u>	<u>5,608,421</u>
Right to Use Lease Assets:				
Right to Use - Land	126,123	-	-	126,123
Less, accumulated amortization for right to use lease assets:				
Right to Use - Land	10,510	3,504	-	14,014
Net Right to Use Lease Assets	<u>115,613</u>	<u>(3,504)</u>	<u>-</u>	<u>112,109</u>
Construction Work in Progress	<u>64,936</u>	<u>10,600</u>	<u>-</u>	<u>75,536</u>
Net Capital Assets	<u>\$ 6,137,897</u>	<u>\$ (341,831)</u>	<u>\$ -</u>	<u>\$ 5,796,066</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets - Continued

	<u>Dec 31, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2023</u>
Cumberland Wastewater:				
Operating Property, not being depreciated				
Land	\$ 89,005	\$ -	\$ -	\$ 89,005
Operating Property, being depreciated				
Interceptor Structures	7,108,317	-	-	7,108,317
Pumping Station Structures	1,041,213	-	-	1,041,213
Pumping Station Equipment	1,115,075	-	-	1,115,075
Treatment Plant Equipment	47,416	-	-	47,416
General Equipment	41,881	-	-	41,881
Computer Equipment	36,916	-	-	36,916
Interceptor Equipment	213	-	-	213
	<u>9,391,031</u>	<u>-</u>	<u>-</u>	<u>9,391,031</u>
Total Operating Property	<u>9,480,036</u>	<u>-</u>	<u>-</u>	<u>9,480,036</u>
Less, accumulated depreciation for:				
Interceptor Structures	4,152,569	142,166	-	4,294,735
Pumping Station Structures	822,127	13,483	-	835,610
Pumping Station Equipment	865,213	34,202	-	899,415
Treatment Plant Equipment	46,220	799	-	47,019
General Equipment	41,881	-	-	41,881
Computer Equipment	6,890	4,615	-	11,505
Interceptor Equipment	213	-	-	213
	<u>5,935,113</u>	<u>195,265</u>	<u>-</u>	<u>6,130,378</u>
Construction Work in Progress	<u>3,800</u>	<u>20,000</u>	<u>-</u>	<u>23,800</u>
Net Capital Assets	<u>\$ 3,548,723</u>	<u>\$(175,265)</u>	<u>\$ -</u>	<u>\$ 3,373,458</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets - Continued

	<u>Dec 31, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2023</u>
Falmouth Wastewater:				
Operating Property, not being depreciated				
Land	\$ 10,527	\$ -	\$ -	\$ 10,527
Operating Property, being depreciated				
Pumping Station Structures	2,226,400	-	-	2,226,400
Pumping Station Equipment	1,242,600	-	-	1,242,600
Interceptor Structures	2,224,436	-	-	2,224,436
Computer Equipment	39,871	-	-	39,871
	<u>5,733,307</u>	<u>-</u>	<u>-</u>	<u>5,733,307</u>
Total Operating Property	<u>5,743,834</u>	<u>-</u>	<u>-</u>	<u>5,743,834</u>
Less, accumulated depreciation for:				
Pumping Station Structures	244,903	44,528	-	289,431
Pumping Station Equipment	341,715	62,130	-	403,845
Interceptor Structures	244,783	44,489	-	289,272
Computer Equipment	7,476	4,984	-	12,460
	<u>838,877</u>	<u>156,131</u>	<u>-</u>	<u>995,008</u>
Net Capital Assets	<u>\$ 4,904,957</u>	<u>\$(156,131)</u>	<u>\$ -</u>	<u>\$4,748,826</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets - Continued

	<u>Dec 31, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2023</u>
Gorham Wastewater:				
Operating Property, not being depreciated				
Land	\$ 185,466	\$ -	\$ -	\$ 185,466
Land Rights	157,770	-	-	157,770
	<u>343,236</u>	<u>-</u>	<u>-</u>	<u>343,236</u>
Operating Property, being depreciated				
Interceptor Structures	12,122,352	19,689	-	12,142,041
Pumping Station Structures	1,938,943	-	-	1,938,943
Pumping Station Equipment	1,958,639	22,429	-	1,981,068
Treatment Plant Structures	1,073,993	-	-	1,073,993
Treatment Plant Equipment	1,248,474	16,635	-	1,265,109
Computer Equipment	66,996	-	-	66,996
General Equipment	52,972	-	-	52,972
Solids Handling Equipment	5,517	-	-	5,517
	<u>18,467,886</u>	<u>58,753</u>	<u>-</u>	<u>18,526,639</u>
Total Operating Property	<u>18,811,122</u>	<u>58,753</u>	<u>-</u>	<u>18,869,875</u>
Less, accumulated depreciation for:				
Interceptor Structures	6,275,387	242,644	-	6,518,031
Pumping Station Equipment	1,485,089	65,348	-	1,550,437
Treatment Plant Structures	846,319	20,086	-	866,405
Pumping Station Structures	982,708	43,203	-	1,025,911
Treatment Plant Equipment	736,604	46,861	-	783,465
General Equipment	42,306	2,042	-	44,348
Computer Equipment	12,490	8,375	-	20,865
Solids Handling Equipment	5,516	-	-	5,516
	<u>10,386,419</u>	<u>428,559</u>	<u>-</u>	<u>10,814,978</u>
Construction Work in Progress	<u>3,004,584</u>	<u>720,289</u>	<u>(26,368)</u>	<u>3,698,505</u>
Net Capital Assets	<u>\$ 11,429,287</u>	<u>\$ 350,483</u>	<u>\$ (26,368)</u>	<u>\$ 11,753,402</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets - Continued

	<u>Dec 31, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2023</u>
Portland Wastewater:				
Operating Property, not being depreciated				
Land	\$ 199,555	\$ -	\$ -	\$ 199,555
Land Rights	233,013	-	-	233,013
	<u>432,568</u>	<u>-</u>	<u>-</u>	<u>432,568</u>
Operating Property, being depreciated				
Treatment Plant Structures	36,256,966	1,590,948	-	37,847,914
Interceptor Structures	28,732,959	-	-	28,732,959
Treatment Plant Equipment	27,380,616	3,775,236	(12,852)	31,143,000
Pumping Station Structures	13,823,519	822,850	-	14,646,369
Pumping Station Equipment	10,502,503	120,061	(60,946)	10,561,618
Communications Equip.- Collectors	753,873	-	-	753,873
Computer Equipment	526,446	-	-	526,446
Storm Drains	617,610	-	-	617,610
Solids Handling Equipment	422,284	-	-	422,284
General Equipment	380,657	-	-	380,657
Interceptor Equipment	63,080	-	-	63,080
	<u>119,460,513</u>	<u>6,309,095</u>	<u>(73,798)</u>	<u>125,695,810</u>
Total Operating Property	<u>119,893,081</u>	<u>6,309,095</u>	<u>(73,798)</u>	<u>126,128,378</u>
Less, accumulated depreciation for:				
Treatment Plant Structures	24,896,921	787,936	-	25,684,857
Interceptor Structures	20,729,422	567,899	-	21,297,321
Treatment Plant Equipment	15,300,250	1,039,920	(12,852)	16,327,318
Pumping Station Structures	6,572,740	356,154	-	6,928,894
Pumping Station Equipment	6,293,829	395,429	(60,946)	6,628,312
Communications Equip.- Collectors	679,408	17,590	-	696,998
Solids Handling Equipment	309,278	9,798	-	319,076
General Equipment	327,880	20,728	-	348,608
Storm Drains	324,311	12,352	-	336,663
Interceptor Equipment	58,002	-	-	58,002
Computer Equipment	98,297	65,806	-	164,103
	<u>75,590,338</u>	<u>3,273,612</u>	<u>(73,798)</u>	<u>78,790,152</u>
Construction Work in Progress	<u>5,664,347</u>	<u>4,178,079</u>	<u>(5,442,266)</u>	<u>4,400,160</u>
Net Capital Assets	<u>\$ 49,967,090</u>	<u>\$ 7,213,562</u>	<u>\$ (5,442,266)</u>	<u>\$51,738,386</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets – Continued

	<u>Dec 31, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2023</u>
Westbrook Wastewater:				
Operating Property, not being depreciated				
Land	\$ 162,263	\$ -	\$ -	\$ 162,263
Land Rights	139,144	-	-	139,144
	<u>301,407</u>	<u>-</u>	<u>-</u>	<u>301,407</u>
Operating Property, being depreciated				
Treatment Plant Equipment	4,139,810	35,970	-	4,175,780
Pumping Station Structures	5,367,086	105,285	-	5,472,371
Treatment Plant Structures	4,374,984	-	-	4,374,984
Interceptor Structures	3,809,153	-	-	3,809,153
Pumping Station Equipment	3,648,642	157,765	-	3,806,407
General Equipment	1,180,597	-	-	1,180,597
Computer Equipment	129,878	-	-	129,878
Communications Equip. - Collectors	103,231	-	-	103,231
Storm Drains	748	-	-	748
Solids Handling Equipment	20,070	-	-	20,070
	<u>22,774,199</u>	<u>299,020</u>	<u>-</u>	<u>23,073,219</u>
Total Operating Property	<u>23,075,606</u>	<u>299,020</u>	<u>-</u>	<u>23,374,626</u>
Less, accumulated depreciation for:				
Treatment Plant Equipment	2,904,114	114,239	-	3,018,353
Treatment Plant Structures	3,550,384	76,646	-	3,627,030
Interceptor Structures	3,152,135	75,738	-	3,227,873
Pumping Station Structures	2,662,736	137,393	-	2,800,129
Pumping Station Equipment	2,256,546	141,699	-	2,398,245
General Equipment	298,139	24,637	-	322,776
Computer Equipment	24,265	16,235	-	40,500
Storm Drains	55	10	-	65
Solids Handling Equipment	20,070	-	-	20,070
Communications Equip. - Collectors	98,550	1,040	-	99,590
	<u>14,966,994</u>	<u>587,637</u>	<u>-</u>	<u>15,554,631</u>
Construction Work in Progress	<u>6,644,011</u>	<u>1,776,215</u>	<u>(153,653)</u>	<u>8,266,573</u>
Net Capital Assets	<u>\$14,752,623</u>	<u>\$1,487,598</u>	<u>\$ (153,653)</u>	<u>\$16,086,568</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets - Continued

	<u>Dec 31, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2023</u>
Windham Wastewater:				
Operating Property, not being depreciated				
Land	\$ 142,556	\$ -	\$ -	\$ 142,556
Land Rights	13,296	-	-	13,296
	<u>155,852</u>	<u>-</u>	<u>-</u>	<u>155,852</u>
Operating Property, being depreciated				
Interceptor Structures	2,015,463	8,846	-	2,024,309
Pumping Station Structures	778,240	-	-	778,240
Pumping Station Equipment	598,032	8,638	-	606,670
Treatment Plant Equipment	141,773	1,404	-	143,177
Treatment Plant Structures	145,456	-	-	145,456
Storm Drains	46,423	-	-	46,423
General Equipment	14,153	-	-	14,153
Computer Equipment	6,353	-	-	6,353
Solids Handling Equipment	683	-	-	683
	<u>3,746,576</u>	<u>18,888</u>	<u>-</u>	<u>3,765,464</u>
Total Operating Property	<u>3,902,428</u>	<u>18,888</u>	<u>-</u>	<u>3,921,316</u>
Less, accumulated depreciation for:				
Interceptor Structures	628,743	40,398	-	669,141
Pumping Station Equipment	358,848	19,876	-	378,724
Pumping Station Structures	207,061	20,095	-	227,156
Treatment Plant Equipment	95,988	4,173	-	100,161
Treatment Plant Structures	117,365	2,582	-	119,947
General Equipment	9,875	494	-	10,369
Computer Equipment	1,179	794	-	1,973
Storm Drains	1,386	928	-	2,314
Solids Handling Equipment	683	-	-	683
	<u>1,421,128</u>	<u>89,340</u>	<u>-</u>	<u>1,510,468</u>
Construction Work in Progress	<u>1,724,152</u>	<u>7,421,426</u>	<u>(9,171)</u>	<u>9,136,407</u>
Net Capital Assets	<u>\$ 4,205,452</u>	<u>\$7,350,974</u>	<u>\$ (9,171)</u>	<u>\$11,547,255</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets – Continued

All Funds Combined:	Dec 31, 2022	Increases	Decreases	Dec 31, 2023
Operating Property, not being depreciated				
Land (Water)	\$ 4,554,848	\$ -	\$ -	\$ 4,554,848
Land Rights (Water)	2,477,130	575,950	-	3,053,080
Land (Wastewater)	919,420	-	-	919,420
Land Rights (Wastewater)	638,334	-	-	638,334
Plant Acquisition Adjustment	53,189	-	(17,000)	36,189
Organization	173,472	-	-	173,472
Non-Utility Property	103,935	-	-	103,935
Franchises	26,161	-	-	26,161
Property Held for Future Use	7,425	-	-	7,425
	<u>8,953,914</u>	<u>575,950</u>	<u>(17,000)</u>	<u>9,512,864</u>
Operating Property, being depreciated				
Distribution Mains	213,581,175	8,237,818	(551,588)	221,267,405
Interceptor Structures	62,328,641	28,535	-	62,357,176
Treatment Plant Structures	45,451,367	1,590,948	-	47,042,315
Services	41,560,018	1,410,343	-	42,970,361
Structures & Improvements	31,126,503	482,655	-	31,609,158
Treatment Plant Equipment	36,322,562	3,829,245	(12,852)	40,138,955
Pumping Station Structures	27,455,631	928,135	-	28,383,766
Pumping Station Equipment	22,123,420	331,588	(60,946)	22,394,062
Water Treatment Equipment	14,424,461	-	-	14,424,461
Transmission Mains	13,430,883	-	-	13,430,883
Meters & Meter Installations	13,577,303	523,962	(264,695)	13,836,570
Reservoirs & Standpipes	11,186,539	-	-	11,186,539
Hydrants	13,205,410	500,433	(41,515)	13,664,328
Vehicles	3,837,756	972,493	(98,431)	4,711,818
Lake, River & Other Intakes	2,363,460	-	-	2,363,460
Communication Equipment	1,485,020	-	-	1,485,020
Pumping Equipment	2,950,240	-	-	2,950,240
General Equipment	1,868,193	-	-	1,868,193
Wells & Springs	989,248	-	-	989,248
Computer Equipment	5,517,608	237,750	-	5,755,358
Power Equipment	525,619	19,356	-	544,975
Communications Equipment - Collectors	857,104	-	-	857,104
Office Furniture & Equipment	807,152	4,770	-	811,922
Storm Drains	664,781	-	-	664,781
Shop Equipment	288,562	-	-	288,562
Solids Handling Equipment	448,554	-	-	448,554
Garage Equipment	232,652	-	-	232,652
Radio Equipment	318,006	-	-	318,006
Laboratory Equipment	113,415	-	-	113,415
Interceptor Equipment	74,623	-	-	74,623
Stores Equipment	59,161	-	-	59,161
	<u>569,175,067</u>	<u>19,098,031</u>	<u>(1,030,027)</u>	<u>587,243,071</u>
Total Operating Property	<u>\$ 578,128,981</u>	<u>\$ 19,673,981</u>	<u>\$ (1,047,027)</u>	<u>\$ 596,755,935</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets – Continued

All Funds Combined (continued):	Dec 31, 2022	Increases	Decreases	Dec 31, 2023
Less, accumulated depreciation for:				
Distribution Mains	\$ 59,052,816	\$ 3,054,999.00	\$ (304,808)	\$ 61,803,007
Interceptor Structures	39,809,473	1,239,734	-	41,049,207
Treatment Plant Structures	31,433,671	962,882	-	32,396,553
Treatment Plant Equipment	22,209,219	1,226,990	(12,852)	23,423,357
Services	22,641,095	967,261	-	23,608,356
Structures & Improvements	17,166,396	669,303	-	17,835,699
Pumping Station Equipment	13,857,213	796,028	(60,946)	14,592,295
Pumping Station Structures	12,455,731	667,806	-	13,123,537
Transmission Mains	7,804,537	132,308	-	7,936,845
Reservoirs & Standpipes	5,884,881	198,800	-	6,083,681
Water Treatment Equipment	6,228,152	417,746	-	6,645,898
Hydrants	4,846,736	265,685	(17,281)	5,095,140
Meters & Meter Installations	6,826,990	553,678	(156,851)	7,223,817
Vehicles	2,197,354	462,741	(90,006)	2,570,089
Lake, River & Other Intakes	1,949,104	24,813	-	1,973,917
Pumping Equipment	1,806,733	76,444	-	1,883,177
Communication Equipment	1,422,241	48,830	-	1,471,071
Power Equipment	477,783	6,353	-	484,136
Office Furniture & Equipment	899,575	56,708	-	956,283
General Equipment	880,344	56,648	-	936,992
Communications Equip.- Collectors	777,958	18,630	-	796,588
Solids Handling Equipment	335,547	9,798	-	345,345
Shop Equipment	337,029	-	-	337,029
Computer Equipment	1,339,824	593,638	-	1,933,462
Garage Equipment	261,820	4,137	-	265,957
Wells & Springs	284,446	19,643	-	304,089
Radio Equipment	231,230	13,369	-	244,599
Laboratory Equipment	108,272	3,430	-	111,702
Storm Drains	325,752	13,290	-	339,042
Stores Equipment	46,716	995	-	47,711
Interceptor Equipment	60,205	147	-	60,352
	<u>263,958,843</u>	<u>12,562,834</u>	<u>(642,744)</u>	<u>275,878,933</u>
Net Operating Property	<u>314,170,138</u>	<u>7,111,147</u>	<u>(404,283)</u>	<u>320,877,002</u>
Right to Use Lease Assets:				
Lease	208,286	-	-	208,286
SBITA	-	190,213	-	190,213
	<u>208,286</u>	<u>190,213</u>	<u>-</u>	<u>398,499</u>
Less, accumulated amortization for right to use assets:				
Lease	33,467	13,392	-	46,859
SBITA	-	63,404	-	63,404
	<u>33,467</u>	<u>76,796</u>	<u>-</u>	<u>110,263</u>
Net Right to Use Assets	<u>174,819</u>	<u>113,417</u>	<u>-</u>	<u>288,236</u>
Construction Work in Progress	<u>17,990,390</u>	<u>16,664,906</u>	<u>(5,705,438)</u>	<u>28,949,858</u>
Net Capital Assets	<u>\$ 332,335,347</u>	<u>\$ 23,889,470</u>	<u>\$ (6,109,721)</u>	<u>\$ 350,115,096</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets - Continued

Depreciation expense for each of the funds is noted below. Please note that \$1,075,000 in the Water Fund was allocated as part of operating expense. Depreciation related to vehicles (\$400,000) and the main office (\$400,000) was allocated to operating expenses based on vehicles' hours and office space occupied. Depreciation related to technology (\$275,000) was allocated to the funds based on their percentage of total expenditures.

	Gross Depreciation	Allocated	Depreciation not allocated elsewhere
Water	\$ 7,460,668	\$ (1,075,000)	\$ 6,385,668
Wastewater Funds:			
Cape Elizabeth	371,622	-	371,622
Cumberland	195,265	-	195,265
Falmouth	156,131	-	156,131
Gorham	428,559	-	428,559
Portland	3,273,612	-	3,273,612
Westbrook	587,637	-	587,637
Windham	89,340	-	89,340
Total	\$ 12,562,834	\$ (1,075,000)	\$ 11,487,834

Leases – District as Lessee

As of December 31, 2023, the District was leasing assets for the Water Fund (2) and Cape Elizabeth WW (1):

Peaks Island Storage: The District leases warehouse space on Peaks Island (Portland) from Central Maine Power to support the Water Operations group. The lease began in November 2011 for two (2) five (5) year terms. The lease was amended in 2021 adding two (2) additional five (5) year terms through October of 2031. The cost for 2023 was \$6,776. The cost is \$6,776/year for the initial term and \$7,454/year for the second with payment due the first day of each year's lease term.

Finance Department Mail Machine: The lease with Pitney Bowes started in October 2019 and has a five (5) year term through the end of September 2024 and calls for quarterly payments of \$817.

Water Fund	Intangible Asset	Accumulated Amortization	Net Lease Asset	Lease Liability
Peaks Island Storage	\$67,045	(\$20,114)	\$46,931	\$48,607
Finance Mail Machine	15,118	(12,731)	2,387	2,436
	\$82,163	(\$32,845)	\$49,318	\$51,043

The annual lease payments to amortize the lease liability are, as follows:

Years Ending, December 31,	Principal	Interest	Total
2024	\$8,676	\$551	\$9,227
2025	6,308	468	6,776
2026	7,055	399	7,454
2027	7,133	321	7,454
2028	7,211	243	7,454
2029-2030	14,661	246	14,907
	\$51,043	\$2,228	\$53,271

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 3 – DETAILED NOTES ON ALL FUNDS - CONTINUED

Leases – District as Lessee - Continued

Cape Elizabeth Wastewater Treatment Facility (WWTF) Land (Cape Elizabeth WW): The District leases the land for the treatment plant from the Town of Cape Elizabeth. The original lease commenced in 1985 with a term of 40 years expiring at the end of April 2025. That lease has been amended to extend the lease until April 2055. The annual rent is currently \$4,000 and will have annual 2.0% increases each year starting in 2025.

<u>Cape Elizabeth Wastewater</u>	<u>Intangible Asset</u>	<u>Accumulated Amortization</u>	<u>Net Lease Asset</u>	<u>Lease Liability</u>
Cape Elizabeth WWTF Land	\$126,123	(\$14,014)	\$112,109	\$119,118

The annual lease payments to amortize the lease liability are, as follows:

Years Ending, December 31,	Principal	Interest	Total
2024	\$1,366	2,634	\$4,000
2025	1,397	2,603	4,000
2026	1,507	2,573	4,080
2027	1,623	2,539	4,162
2028	1,742	2,503	4,245
2029-2033	10,651	11,883	22,534
2034-2038	14,336	10,549	24,885
2039-2043	18,708	8,777	27,485
2044-2048	23,858	6,488	30,346
2049-2053	29,912	3,592	33,504
2054-2055	14,019	339	14,358
	<u>\$ 119,118</u>	<u>\$ 54,481</u>	<u>\$ 173,599</u>

Leases – District as Lessor

As of December 31, 2023, the District leased five (5) Water fund assets:

Shore Acres Tank – AT&T: The cell phone provider leases space on the District’s water tank located in Cape Elizabeth for their equipment. The lease commenced in November 2014 with an initial five (5) year term. The lease contains an additional four extensions which if executed would extend the lease until the end of October 2039. The District expects these extensions will take place. Payments are made monthly and as of the end of 2023 were \$3,262/month. The contract includes an automatic increase of 3.0% each year in November.

Shore Acres Tank – Verizon: The cell phone provider leases space on the District’s water tank located in Cape Elizabeth for their equipment. The dates and terms are the same as the AT&T contract.

Broadway South Portland – AIM: The District leases the land on top of a transmission water main to AIM Broadway LLC which constructed a parking lot. The original lease started in 1998 and was later extended until the end of 2038. The current annual rent is \$2,416 and have 10.0% increases in 2028 and 2033.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS – CONTINUED

Leases – District as Lessor - Continued

Broadway South Portland – Pape Subaru: The District leases the land on top of a transmission water main to FWP Realty Company (Pape Subaru) which constructed a driveway and utility crossing. The lease was initiated in 2022 with a 10-year term expiring in 2032. The current annual rent is \$11,000 for the first five years with an increase of 10% in 2027.

Main Street Gorham – Madison VWB: – The District leases land next to the inactive water pumping station on Main Street in Gorham. The lease was originated in 2021 with a five (5) year term and an option for addition five (5) years through the end of 2030. The District expects this extension to take place. The annual rent is \$2,420 for the first term and \$2,662 for the second.

<u>Water Fund</u>	<u>Lease Revenue</u>	<u>Interest Income</u>	<u>Total Income</u>	<u>Lease Receivable</u>	<u>Deferred Inflow</u>
Shore Acres Tank - AT&T	\$ 37,690	\$ 13,939	\$ 51,629	\$ 660,099	\$ 598,326
Shore Acres Tank - Verizon	37,690	13,939	51,629	660,099	598,326
Broadway So Portland - AIM	2,198	681	2,879	32,299	29,862
Broadway So Portland - Pape	10,005	2,863	12,868	81,178	80,038
Main St. Gorham - Madison VWB	2,379	279	2,658	17,145	16,650
	<u>\$ 89,962</u>	<u>\$ 31,701</u>	<u>\$ 121,663</u>	<u>\$ 1,450,820</u>	<u>\$ 1,323,202</u>

Subscription-Based Informational Technology Arrangement (SBITA's)

The District has SBITA's with four (4) different vendors for cyber security, GIS mapping and team meeting and collaboration. These are monthly or annual arrangements with no specific end dates. The District assumed three (3) year terms starting in 2023 using its current funding rates. During the year ended December 31, 2023, the District incurred \$63,404 in SBITA amortization expense.

<u>Water Fund</u>	<u>Intangible Asset</u>	<u>Accumulated Amortization</u>	<u>Net SBITA Asset</u>	<u>SBITA Liability</u>
SBITA's	<u>\$190,213</u>	<u>(\$63,404)</u>	<u>\$126,809</u>	<u>\$128,442</u>

The annual payments to amortize the SBITA liability are, as follows:

<u>Years Ending, December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$63,391	\$2,577	\$65,968
2025	65,051	916	65,967
	<u>\$128,442</u>	<u>\$3,493</u>	<u>\$131,935</u>

Long-Term Debt - Bonds

The following is a summary of changes in bonds, including current portions reported in the Statement of Net Position: General Revenue bonds:

<u>Dec 31, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2023</u>	<u>Current</u>	<u>Non-Current</u>
<u>\$ 107,570,554</u>	<u>\$ 17,265,000</u>	<u>\$ (14,414,846)</u>	<u>\$ 110,420,708</u>	<u>\$ 10,515,721</u>	<u>\$ 99,904,987</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS – CONTINUED

Long-Term Debt - Bonds

Long-term debt outstanding as of December 31, 2023, consisted of the following general revenue bonds:

Issue Date	PWD Code	Original Amount	Maturities Through	Interest Rate Range	Amount	Current	Non-Current
Water Fund:							
10/27/05	WTR05-02	\$ 900,000	2025	3.0% to 5.0%	\$ 90,000		
10/26/06	WTR06-01	\$ 1,500,000	2026	3.0% to 5.0%	\$ 225,000		
10/30/08	WTR08-01	\$ 1,500,000	2028	2.1% to 5.6%	\$ 375,000		
04/01/09	WTR09-01	\$ 1,598,500	2028	1.050%	\$ 399,625		
05/28/09	WTR09-02	\$ 4,519,800	2029	2.1% to 5.6%	\$ 1,355,940		
05/28/09	WTR09-03	\$ 180,200	2029	2.1% to 5.6%	\$ 54,060		
08/28/09	WTR09-04	\$ 2,991,066	2029	0.0%	\$ 897,320		
08/28/09	WTR09-05	\$ 163,953	2029	0.0%	\$ 49,186		
05/27/10	WTR10-02	\$ 400,000	2030	3.36% to 5.75%	\$ 175,000		
11/01/10	WTR10-03	\$ 902,500	2030	1.0%	\$ 315,875		
10/27/11	WTR11-01	\$ 2,300,000	2031	0.5% to 5.5%	\$ 920,000		
05/01/12	WTR12-03	\$ 1,130,000	2032	1.0%	\$ 508,500		
10/25/12	WTR12-01	\$ 2,000,000	2032	1.5% to 3.7%	\$ 900,000		
05/01/13	WTR13-01	\$ 2,850,000	2032	1.0%	\$ 1,350,000		
05/23/13	WTR13-04	\$ 1,428,000	2033	0.6% to 3.7%	\$ 714,000		
11/15/13	WTR13-05	\$ 1,072,000	2033	1.1%	\$ 536,000		
06/30/14	WTR14-01	\$ 2,541,000	2034	3.0% to 3.5%	\$ 1,375,000		
06/30/14	WTR14-02	\$ 2,000,000	2024	3.00%	\$ 200,000		
05/14/15	WTR15-01	\$ 459,000	2034	0.2%	\$ 254,152		
06/25/15	WTR15-03	\$ 2,000,000	2025	3.0%	\$ 400,000		
06/25/15	WTR15-04	\$ 3,230,000	2035	3.0% to 3.25%	\$ 1,920,000		
06/25/15	WTR15-05	\$ 500,000	2035	3.0% to 3.25%	\$ 300,000		
12/04/15	WTR15-06	\$ 270,000	2035	1.0%	\$ 162,000		
06/20/16	WT16-04	\$ 385,000	2036	3.0% to 4.0%	\$ 245,000		
06/20/16	WT16-05	\$ 1,830,000	2026	3.0% to 4.0%	\$ 540,000		
06/20/16	WT16-06	\$ 1,830,000	2036	3.0% to 4.0%	\$ 1,170,000		
06/20/16	WTR16-07	\$ 1,734,250	2027	3.0% to 4.0%	\$ 582,750		
06/20/16	WTR16-08	\$ 185,813	2027	3.0% to 4.0%	\$ 62,438		
06/20/16	WTR16-09	\$ 3,034,938	2027	3.0% to 4.0%	\$ 1,019,813		
09/28/16	WTR16-10	\$ 1,158,979	2036	1.0%	\$ 779,290		
09/28/16	WTR16-11	\$ 566,362	2036	1.0%	\$ 380,819		
07/18/17	WTR17-05	\$ 3,725,000	2037	3.0% to 5.0%	\$ 2,600,000		
07/18/17	WTR17-06	\$ 1,875,000	2027	3.0% to 5.0%	\$ 750,000		
03/02/18	WTR18-01	\$ 1,900,000	2037	1.0%	\$ 1,396,318		
08/01/18	WTR18-04	\$ 1,000,000	2028	5.00%	\$ 500,000		
08/01/18	WTR18-05	\$ 900,000	2038	3.0% to 5.0%	\$ 675,000		
08/01/18	WTR18-06	\$ 2,000,000	2028	5.00%	\$ 1,000,000		
11/30/18	WTR18-08	\$ 3,000,000	2038	1.0%	\$ 2,250,000		
08/01/19	WTR19-02	\$ 4,500,000	2039	3% to 5%	\$ 3,600,000		
08/01/19	WTR19-03	\$ 2,000,000	2029	2% to 5%	\$ 1,200,000		
01/31/20	WTR20-01	\$ 295,000	2029	1.0%	\$ 177,000		
07/30/20	WTR20-03	\$ 1,745,000	2040	2% to 5%	\$ 1,484,000		
07/30/20	WTR20-04	\$ 1,830,000	2030	5.00%	\$ 1,281,000		
11/01/20	WTR20-07	\$ 220,000	2040	1.0%	\$ 187,000		
07/29/21	WTR21-04	\$ 3,479,157	2041	2% to 5%	\$ 3,130,221		
07/29/21	WTR21-05	\$ 1,743,308	2031	5.00%	\$ 1,394,372		
07/29/21	WTR21-06	\$ 1,152,535	2041	2% to 5%	\$ 1,030,407		
12/22/21	WTR21-09	\$ 2,100,000	2041	1.0%	\$ 1,890,000		
12/22/21	WTR21-10	\$ 480,000	2041	1.0%	\$ 432,000		
08/01/22	WTR22-04	\$ 3,500,000	2042	4% to 5%	\$ 3,325,000		
08/01/22	WTR22-05	\$ 2,000,000	2032	5.00%	\$ 1,800,000		

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Long-Term Debt - Bonds – Continued

Issue Date	PWD Code	Original Amount	Maturities Through	Interest Rate Range	Amount	Current	Non-Current
Water Fund - Continued:							
08/15/23	WTR23-01	\$ 3,665,000	2043	4.0% to 5.0%	\$ 3,665,000		
08/15/23	WTR23-02	\$ 1,840,000	2033	4.0% to 5.0%	\$ 1,840,000		
08/15/23	WTR23-03	\$ 4,055,000	2034	4.0% to 5.0%	\$ 4,015,000		
08/15/23	WTR23-04	\$ 4,675,000	2043	4.0% to 5.0%	\$ 4,675,000		
08/15/23	WTR23-05	\$ 2,110,000	2043	4.0% to 5.0%	\$ 2,110,000		
12/20/23	WTR23-07	\$ 190,000	2043	1.00%	\$ 190,000		
					<u>\$ 64,854,086</u>	<u>\$ 6,658,480</u>	<u>\$ 58,195,606</u>
Cape Elizabeth Wastewater Fund:							
10/30/08	WW08-03	\$ 95,000	2028	2.1% to 5.6%	\$ 23,750		
12/16/11	WW11-01	\$ 2,430,000	2031	1.0%	\$ 972,000		
10/25/12	WW12-03	\$ 160,000	2032	1.48% to 3.7%	\$ 72,000		
05/28/15	WW15-02	\$ 240,000	2035	0.4% to 3.9%	\$ 144,000		
05/25/17	WW17-03	\$ 315,000	2037	1.3% to 3.9%	\$ 220,500		
11/02/17	WW17-07	\$ 72,000	2037	1.4% to 4.1%	\$ 50,400		
06/03/19	WW19-01	\$ 875,000	2039	1.0%	\$ 700,000		
05/08/20	WW20-02	\$ 130,000	2039	1.0%	\$ 104,000		
02/18/21	WW21-01	\$ 850,000	2041	1.0%	\$ 765,000		
07/01/21	WW21-02	\$ 388,000	2041	1.0%	\$ 349,200		
11/03/22	WW22-08	\$ 575,000	2042	3.5% to 4.9%	\$ 546,250		
					<u>\$ 3,947,100</u>	<u>\$ 306,500</u>	<u>\$ 3,640,600</u>
Cumberland Wastewater Fund:							
12/22/06	WW06-01	\$ 125,000	2026	1.4%	\$ 18,750	\$ 6,250	\$ 12,500
Falmouth Wastewater Fund:							
05/01/16	WW16-03	\$ 4,000,000	2036	1.0%	\$ 2,600,000		
03/21/17	WW17-02	\$ 760,000	2037	1.0%	\$ 532,000		
					<u>\$ 3,132,000</u>	<u>\$ 238,000</u>	<u>\$ 2,894,000</u>
Gorham Wastewater Fund:							
12/01/05	WW05-02	\$ 252,000	2025	1.6%	\$ 25,200		
05/15/08	WW08-01	\$ 50,400	2028	2.0% to 5.5%	\$ 12,600		
10/30/08	WW08-02	\$ 474,672	2029	2.1% to 5.6%	\$ 142,402		
01/15/09	WW09-01	\$ 4,258,208	2028	1.4%	\$ 1,075,305		
02/27/09	WW09-02	\$ 253,475	2028	1.0%	\$ 63,369		
05/28/09	WW09-04	\$ 233,954	2029	2.1% to 5.6%	\$ 70,186		
11/01/10	WW10-04	\$ 52,360	2030	1.0%	\$ 18,326		
03/02/18	WW18-02	\$ 308,000	2038	1.00%	\$ 231,000		
11/04/21	WW21-08	\$ 53,900	2041	0.61% to 2.95%	\$ 48,510		
05/19/22	WW22-03	\$ 2,498,400	2041	1.00%	\$ 2,248,560		
					<u>\$ 3,935,458</u>	<u>\$ 423,919</u>	<u>\$ 3,511,539</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Long-Term Debt - Bonds - Continued

Issue Date	PWD Code	Original Amount	Maturities Through	Interest Rate Range	Amount	Current	Non-Current
Portland Wastewater Fund:							
12/03/04	WW04-01	\$ 375,000	2024	1.3%	\$ 18,750		
12/03/04	WW04-02	\$ 1,740,000	2024	1.3%	\$ 87,000		
12/01/05	WW05-01	\$ 1,900,000	2025	1.6%	\$ 190,000		
04/01/09	WW09-03	\$ 5,700,000	2028	1.5%	\$ 1,404,970		
11/01/10	WW10-03	\$ 752,200	2030	1.0%	\$ 263,270		
10/27/11	WW11-02	\$ 400,000	2031	0.5% to 5.5%	\$ 160,000		
11/04/13	WW13-02	\$ 3,000,000	2033	3.0% to 4.0%	\$ 1,500,000		
12/04/15	WW15-07	\$ 2,000,000	2035	1.0%	\$ 1,200,000		
07/08/16	WW16-01	\$ 7,000,000	2036	1.0%	\$ 4,550,000		
07/08/16	WW16-02	\$ 1,200,000	2036	1.0%	\$ 780,000		
05/01/17	WW17-01	\$ 1,900,000	2036	1.0%	\$ 1,296,581		
05/24/18	WW18-03	\$ 500,000	2038	1.92% to 4.042%	\$ 375,000		
07/30/20	WW20-05	\$ 940,000	2040	2.00%	\$ 793,000		
07/30/20	WW20-06	\$ 410,000	2040	2.00%	\$ 347,000		
12/10/20	WW20-08	\$ 3,150,000	2040	1.00%	\$ 2,677,500		
07/01/21	WW21-03	\$ 422,000	2041	1.00%	\$ 379,800		
03/09/22	WW22-01	\$ 476,000	2041	1.00%	\$ 428,400		
05/04/22	WW22-02	\$ 290,000	2031	1.00%	\$ 232,000		
09/23/22	WW22-06	\$ 2,130,000	2042	1.00%	\$ 2,023,500		
09/23/22	WW22-07	\$ 5,200,000	2042	1.00%	\$ 4,940,000		
11/02/23	WW23-06	\$ 710,000	2043	3.74% to 4.93%	\$ 710,000		
					<u>\$ 24,356,771</u>	<u>\$ 2,027,491</u>	<u>\$ 22,329,280</u>
Westbrook Wastewater Fund:							
12/01/05	WW05-02	\$ 1,316,800	2025	1.6%	\$ 131,680		
05/15/08	WW08-01	\$ 183,360	2028	2.0% to 5.5%	\$ 45,840		
10/30/08	WW08-02	\$ 2,384,641	2029	2.1% to 5.6%	\$ 715,392		
02/27/09	WW09-02	\$ 974,925	2028	1.0%	\$ 243,732		
11/01/10	WW10-04	\$ 113,220	2030	1.0%	\$ 39,627		
12/04/15	WW15-08	\$ 1,000,000	2035	1.0%	\$ 600,000		
03/02/18	WW18-02	\$ 666,000	2038	1.00%	\$ 499,500		
09/01/18	WW18-07	\$ 2,200,000	2039	1.00%	\$ 1,760,000		
11/04/21	WW21-08	\$ 116,550	2041	0.61% to 2.95%	\$ 104,895		
05/19/22	WW22-03	\$ 5,290,400	2041	1.00%	\$ 4,761,360		
					<u>\$ 8,902,026</u>	<u>\$ 712,295</u>	<u>\$ 8,189,731</u>
Windham Wastewater Fund:							
12/01/05	WW05-02	\$ 31,200	2025	1.6%	\$ 3,120		
05/15/08	WW08-01	\$ 6,240	2028	2.0% to 5.5%	\$ 1,560		
10/30/08	WW08-02	\$ 40,687	2029	2.1% to 5.6%	\$ 12,206		
01/15/09	WW09-01	\$ 1,681,792	2029	1.4%	\$ 424,695		
02/27/09	WW09-02	\$ 21,600	2028	1.0%	\$ 5,400		
05/28/09	WW09-04	\$ 196,046	2029	2.1% to 5.6%	\$ 58,814		
11/01/10	WW10-04	\$ 4,420	2030	1.0%	\$ 1,547		
03/02/18	WW18-02	\$ 26,000	2038	1.0%	\$ 19,500		
11/04/21	WW21-07	\$ 615,000	2041	0.61% to 2.95%	\$ 553,500		
11/04/21	WW21-08	\$ 4,550	2041	0.61% to 2.95%	\$ 4,095		
05/19/22	WW22-03	\$ 211,200	2041	1.0%	\$ 190,080		
					<u>\$ 1,274,517</u>	<u>\$ 142,786</u>	<u>\$ 1,131,731</u>
Total Long-Term Debt					<u>\$ 110,420,708</u>	<u>\$ 10,515,721</u>	<u>\$ 99,904,987</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Long-Term Debt -Bonds - Continued

The municipalities comprising the District have ratified a resolution to levy taxes in the event of default by the District on either principal or interest payments of its water system debt.

The municipalities that have wastewater systems pay for the debt service through assessments made on them by the District. The debt of the wastewater system is backed by the good faith and credit of each of the municipalities.

Green Bonds

In 2021, 2022 and 2023 the District’s Board of Trustees authorized the issuance of “Green Bonds” for the purpose of improvements to water mains and other related infrastructure. Water main projects are environmentally beneficial because they are designed to ensure safe drinking water for the public in accordance with State, Federal and local standards. By taking this action, purchasers of the Bonds can invest directly in environmentally beneficial projects. The holders of the bonds do not assume any specific project risk or economic benefit related to any of the funded projects as the result of the Green Bonds designation.

	<u>Dec 31,2022</u>	<u>Proceeds</u>	<u>Interest</u>	<u>Drawdowns</u>	<u>Dec 31,2023</u>
2021 Green Bonds	\$ 19,971	\$ -	\$ 171	\$ (20,142)	\$ -
2022 Green Bonds	2,994,748	-	46,819	(3,041,567)	-
2023 Green Bonds	-	13,723,016	211,738	(4,988,113)	8,946,641
	<u>\$ 3,014,719</u>	<u>\$ 13,723,016</u>	<u>\$ 258,728</u>	<u>\$ (8,049,822)</u>	<u>\$ 8,946,641</u>

Notes Payable – North Windham Wastewater

In January 2023 the District received a Sewer Bond Anticipation Note of \$11.0 million from the Maine State Revolving Fund (SRF). The Note had a term of one (1) year and had an annual interest rate of 1.85%. During 2023, the District had two (2) drawdowns on the Note totaling \$1,997,140. The accrued interest at December 31, 2023 was \$28,107.

In addition, in September 2023, the District received an additional Sewer Bond Anticipation Note of \$10.0 million from the Maine SRF. The Note has a term of one (1) year and annual interest rate of 2.18%, no drawdowns were taken during 2023.

Deferred Outflows of Resources - Bond Refunding

During 2016, the District refunded \$5,160,000 in bonds in the Water Fund and incurred a \$247,093 loss. The loss was recorded as deferred outflows of resources and as of December 31, 2023 had a balance of \$16,000. The remaining balance will be amortized for the remaining life of the original bonds:

Years Ending, December 31,	Beginning Balance	Reduction	Ending Balance
2024	\$ 16,000	\$ (10,100)	\$ 5,900
2025	5,900	(5,400)	500
2026	500	(500)	-
		<u>\$ (16,000)</u>	

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Long-Term Debt

Principal Payments Due: -----WASTEWATER SYSTEMS-----

	Cape								Total
	Water	Elizabeth	Cumberland	Falmouth	Gorham	Portland	Westbrook	Windham	
2024	\$ 6,658,480	\$ 306,500	\$ 6,250	\$ 238,000	\$ 423,919	\$ 2,027,491	\$ 712,295	\$ 142,786	\$ 10,515,721
2025	6,434,352	306,500	6,250	238,000	423,919	1,921,741	712,295	142,786	10,185,843
2026	6,195,238	306,500	6,250	238,000	411,319	1,826,741	646,455	141,226	9,771,729
2027	5,461,128	306,500	0	238,000	411,319	1,826,741	646,455	141,226	9,031,369
2028	5,217,028	306,500	0	238,000	411,319	1,826,741	646,455	141,226	8,787,269
2029-2033	19,498,445	1,257,750	0	1,190,000	755,743	7,502,905	2,448,786	226,463	32,880,092
2034-2038	10,572,915	805,900	0	752,000	715,075	5,201,211	2,168,240	214,190	20,429,531
2039-2043	4,816,500	350,950	0	0	382,845	2,223,200	921,045	124,614	8,819,154
	<u>\$ 64,854,086</u>	<u>\$ 3,947,100</u>	<u>\$ 18,750</u>	<u>\$ 3,132,000</u>	<u>\$ 3,935,458</u>	<u>\$ 24,356,771</u>	<u>\$ 8,902,026</u>	<u>\$ 1,274,517</u>	<u>\$ 110,420,708</u>

Interest Due: -----WASTEWATER SYSTEMS-----

	Cape								Total
	Water	Elizabeth	Cumberland	Falmouth	Gorham	Portland	Westbrook	Windham	
2024	\$ 2,253,290	\$ 69,491	\$ 266	\$ 31,130	\$ 52,157	\$ 342,877	\$ 119,089	\$ 22,255	\$ 2,890,555
2025	2,010,138	64,865	178	28,750	45,390	313,869	105,792	20,129	2,589,111
2026	1,778,829	60,182	89	26,370	38,394	286,170	92,408	17,790	2,300,232
2027	1,545,967	55,418	0	23,990	31,450	260,035	80,318	15,249	2,012,427
2028	1,337,989	50,569	0	21,610	24,945	233,188	68,373	12,987	1,749,661
2029-2033	4,346,168	182,127	0	72,350	78,648	803,434	229,023	48,751	5,760,501
2034-2038	1,750,045	85,454	0	15,040	42,013	328,811	112,667	28,963	2,362,993
2039-2043	443,285	17,736	0	0	7,967	72,508	17,258	6,061	564,815
	<u>\$ 15,465,711</u>	<u>\$ 585,842</u>	<u>\$ 533</u>	<u>\$ 219,240</u>	<u>\$ 320,964</u>	<u>\$ 2,640,892</u>	<u>\$ 824,928</u>	<u>\$ 172,185</u>	<u>\$ 20,230,295</u>

Total Debt Service Due: -----WASTEWATER SYSTEMS-----

	Cape								Total
	Water	Elizabeth	Cumberland	Falmouth	Gorham	Portland	Westbrook	Windham	
2024	\$ 8,911,770	\$ 375,991	\$ 6,516	\$ 269,130	\$ 476,076	\$ 2,370,368	\$ 831,384	\$ 165,041	\$ 13,406,276
2025	8,444,490	371,365	6,428	266,750	469,309	2,235,610	818,087	162,915	12,774,954
2026	7,974,067	366,682	6,339	264,370	449,713	2,112,911	738,863	159,016	12,071,961
2027	7,007,095	361,918	-	261,990	442,769	2,086,776	726,773	156,475	11,043,796
2028	6,555,017	357,069	-	259,610	436,264	2,059,929	714,828	154,213	10,536,930
2029-2033	23,844,613	1,439,877	-	1,262,350	834,391	8,306,339	2,677,809	275,214	38,640,593
2034-2038	12,322,960	891,354	-	767,040	757,088	5,530,022	2,280,907	243,153	22,792,524
2039-2043	5,259,785	368,686	-	-	390,812	2,295,708	938,303	130,675	9,383,969
	<u>\$ 80,319,797</u>	<u>\$ 4,532,942</u>	<u>\$ 19,283</u>	<u>\$ 3,351,240</u>	<u>\$ 4,256,422</u>	<u>\$ 26,997,663</u>	<u>\$ 9,726,954</u>	<u>\$ 1,446,702</u>	<u>\$ 130,651,003</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Notes Payable

The Windham Wastewater fund has a note payable. That note payable is related to the purchase of assets from the Westbrook Wastewater Fund. The note was originated in 2008, has an average annual interest rate of 4.395% and has a 20-year term.

	<u>Dec 31, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2023</u>	<u>Current</u>	<u>Non-Current</u>
Windham WW Fund:						
2008 Note	\$ 79,440	\$ -	\$ (13,240)	\$ 66,200	\$ 13,240	\$ 52,960

The annual debt service requirements to amortize notes payable are, as follows:

Years Ending December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	13,240	2,909	16,149
2025	13,240	2,328	15,568
2026	13,240	1,746	14,986
2027	13,240	1,164	14,404
2028	13,240	582	13,822
	<u>\$ 66,200</u>	<u>\$ 8,729</u>	<u>\$ 74,929</u>

Compensated Absences

Sick Time: District employees can be paid out up to 400 hours of sick time upon retirement. The District calculated the value of those potential payments using current pay rates and, using historic data, considered the likelihood of each employee retiring from the District. In addition, we looked at historic use of sick time and calculated the average hours taken in excess of the 96 hours of annual sick time given to each employee and multiplied that by the average employee pay rate for the current year. The District complied early with GASB Statement No. 101, *Compensated Absences*. The impact of this statement did not have a material impact of the financial statements of the District.

Vacation Time: District employees earn vacation time based on their years of service. The liability for vacation time is equal to the sum of all employees' vacation hours times their rate of pay. The current portion is equal to the vacation time they are expected to take in the next year.

	<u>Dec 31, 2022</u>	<u>Net Change</u>	<u>Dec 31, 2023</u>	<u>Current</u>	<u>Non-Current</u>
Sick	\$ 820,696	\$ 87,312	\$ 908,008	\$ 499,064	\$ 408,944
Vacation	891,214	(40,344)	850,870	654,997	195,873
	<u>\$ 1,711,910</u>	<u>\$ 46,968</u>	<u>\$ 1,758,878</u>	<u>\$ 1,154,061</u>	<u>\$ 604,817</u>

NOTE 4 - OTHER INFORMATION

Risk Management

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disaster for which the District carries commercial insurance. There have been no significant reductions in the commercial coverage from the prior year and no settlements have exceeded insurance coverage in any of the past three years.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 4 - OTHER INFORMATION - CONTINUED

Commitments and Contingencies

At December 31, 2023, the District was committed on signed, but incomplete, construction and other contracts with a remaining balance of \$18,436,904, which is broken down by funds, as follows:

Water Fund	\$6,183,110
Cape Elizabeth Wastewater	361,127
Gorham Wastewater	56,553
Portland Wastewater	8,025,809
Westbrook Wastewater	171,171
Windham Wastewater	3,639,134

Bond Commitments:

As of December 31, 2023, the District's Board of Trustees approved resolutions for the issuance of the following bonds that have yet to be issued as of the date of this report:

<u>Resolution</u>	<u>Fund</u>	<u>Project</u>	<u>Principal</u>	<u>Full Debt Service</u>
19-009/21-001	Gorham WW	Aeration - WRWWTF	1,232,000	1,540,390
19-009/21-001	Westbrook WW	Aeration - WRWWTF	2,664,000	3,330,844
19-009/21-001	Windham WW	Aeration - WRWWTF	104,000	130,033
			<u>4,000,000</u>	<u>5,001,267</u>
21-006	Water Fund	Watershed Protection Easement	900,000	1,412,011
21-013/23-009	Windham WW	North Windham Treatment	38,900,000	53,937,997
23-007	Portland WW	East End WWTF	16,750,000	25,930,667
23-043	Water Fund	Vac Truck	700,000	315,000
			<u>\$ 61,250,000</u>	<u>\$ 86,596,942</u>

Bond Commitments – Subsequent Events:

Since December 31, 2023 and through the date of this report, the following bonds were issued: Aeration – Westbrook Regional Wastewater Treatment Facility (WRWWTF), principal of \$3,835,000, full debt service of \$4,680,342.; Watershed Projection Easements, principal of \$313,950, \$20,000 principal forgiven, full debt service of \$342,709; Vac Truck, principal of \$685,000, \$376,750 principal forgiven, full debt service of \$326,745. In addition, during January 2024 a bond anticipation note of \$3,950,000 (12 months, 1.77% annual interest rate) was issued for the East End WWTF, there have been no drawdowns as of the date of this report.

Cumberland Wastewater - Commitments and Contingencies:

The Town of Falmouth provides wastewater treatment services to the Cumberland Wastewater fund. In 2007, the Town issued a 20-year bond to finance an upgrade at their treatment plant. The District agreed the Cumberland fund would pay 30% of the debt service payments. As of December 31, 2023, the total remaining debt payments to be paid by the Cumberland fund were \$402,018.

The Falmouth Wastewater fund has issued two bonds, \$4.0 million in 2016 and \$0.76 million in 2017, for the replacement/upgrade of the Mill Creek wastewater pump station and force main. The Cumberland Wastewater fund agreed to pay 43.7% of the debt service payments. As of December 31, 2023, the total remaining debt payments for the Cumberland fund through 2037 were \$1,537,716.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 4 - OTHER INFORMATION - CONTINUED

Commitments and Contingencies - Continued

Wastewater Funds - Commitments and Contingencies:

The Department of Environmental Protection and Environmental Protection Agency, local municipalities, and the District have entered into agreements to abate combined sewer overflows (CSO) and wet weather overflows in the respective Cities of Portland and Westbrook and the Town of Cape Elizabeth. Since the District operates the interception and treatment facilities and the municipalities operate the collection systems, the municipality and the District have responsibility to complete certain projects under the agreements. Periodically, the plans are reviewed and updated based on the impact of completion of prior projects. The current status of the agreements is outlined below:

The City of Portland submitted an updated plan in 2011. This 15-year plan was estimated to cost \$167 million, including approximately \$45 million of projects to be completed by the District towards the end of the plan. The City of Portland completed an update to the Long-Term Control Plan in 2020 as part of the Integrated Planning process. The City and MEDEP continue to negotiate on the final plan based on the work submitted.

The City of Westbrook and the District submitted an updated plan in December 2014 for the next 5 years. The City of Westbrook has completed its projects and is on schedule to meet the requirements of the current plan. In December 2023, an updated draft was submitted to Maine DEP. Once approved, the plan will guide abatement projects for the next 5 years.

The Town of Cape Elizabeth, the City of South Portland and the District submitted a draft plan for the Ottawa Road CSO in 2011. Because the combined sewer overflow is impacted by flow from the City of South Portland, the City of South Portland is also a party to the agreement. Extraneous flow was abated by the City and Town and PWD will complete an upgrade to the Ottawa Road Pump Station in 2024. The outfall will be monitored to determine if CSO flows have been abated.

In 2006, the District entered into a biosolids management agreement with New England Organics (now Casella Organics). Casella agreed to provide for the transportation and processing of wastewater treatment plant residual called biosolids. All biosolids are landfilled by Casella. In December 2020 the parties signed an amendment for additional five-year period through the end of 2025. It is estimated that payments of approximately \$3,201,668 will be made to Casella in 2024.

All Funds - Commitments and Contingencies:

The District purchases its electricity from Constellation Energy through an energy aggregation group – Maine Power Option. Energy contracts for small and medium accounts run through the end of 2025, the large are accounts are all have been signed through the end of 2024, some extend as late as 2026 & 2027. The estimated cost of electricity in 2024 is \$1,384,312.

On January 30, 2020, the District's Board of Trustees authorized entering into a 20-year contract to purchase net energy billing credits and renewable energy certificates (REC) generated from solar and hydro power electricity producers. The District signed contracts obligating it to annually pay \$511,700 to electricity producers for 4,941,649 kilowatts. The payment is offset by energy billing credits on the District's electricity bills and sale of the REC. Given the current billing credit rates and estimated REC value (\$166,410), the District would generate \$959,366 in net energy credits, resulting in a net savings of \$447,666. The billing credit rates are established annually by the Maine Public Utilities.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 4 - OTHER INFORMATION - CONTINUED

Trustee Held Funds

The District participates in the State of Maine's revolving loan fund program. The program administrator retains the bond proceeds until the District expends the funds and requests reimbursement. During 2023, the District issued a bond through this program in the Water fund and received reimbursements for projects in the Water fund as well as the Cape Elizabeth and Portland Wastewater funds.

	<u>Dec. 31, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec. 31, 2023</u>
Water Fund	\$ 150,007	\$ 210,000	\$ (360,007)	\$ -
Cape Elizabeth Wastewater	7,871	-	(7,871)	-
Portland Wastewater	1,670,934	-	(1,241,105)	429,829
Total	<u>\$ 1,828,812</u>	<u>\$ 210,000</u>	<u>\$ (1,608,983)</u>	<u>\$ 429,829</u>

Net Position

Net position invested in capital assets in each fund is net of related debt plus unspent bond proceeds of \$8,946,641. All of these proceeds were related to the Water Fund.

Pension Plans

Plan Descriptions: The Portland Water District administers the District's non-bargaining unit and bargaining unit employees' pension plans. Both are single-employer defined benefit pension plans. No employee contributions are required by the plans. Management of the plans is vested in the Portland Water District Board. Membership in the respective plans is, as follows:

	<u>As of January 1, 2023</u>		<u>As of January 1, 2024</u>	
	<u>Bargaining Unit</u>	<u>Non-Bargaining Unit</u>	<u>Bargaining Unit</u>	<u>Non-Bargaining Unit</u>
Active employees included in plan	37	20	31	18
Retired employees and beneficiaries	108	47	114	48
Terminated employees with vested rights	<u>26</u>	<u>10</u>	<u>25</u>	<u>9</u>
	<u>171</u>	<u>77</u>	<u>170</u>	<u>75</u>

The pension plan does not issue a stand-alone financial report.

Eligibility for each plan requires the participants to be eighteen years of age and to have fulfilled five years of continuous service. Union members and nonunion members are respectively eligible for the bargaining unit employees' pension plan or the non-bargaining unit plan.

The Trustees of the District elected to freeze eligibility for newly hired bargaining unit and non-bargaining unit employees as of December 31, 2010 and December 31, 2011, respectively. Those employees receive a contribution to the deferred compensation plan (see Deferred Compensation Plan). Employees hired before those dates and transferred between units are required to participate in the deferred compensation plan unless they make a one-time irrevocable decision to continue participation in the defined benefit plan.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 4 - OTHER INFORMATION - CONTINUED

Pension Plans - Continued

In both plans, members are partially vested after five years and fully vested after seven years of continuous service. Participants who retire at or after age sixty-five with seven or more years of credited service are entitled to an annual retirement benefit payable monthly for life, as follows:

Non-Bargaining Unit Participants: The annual benefit is equal to 1% of the average of the employees three highest annual earnings times the number of total years of service up to forty-five years, plus up to 0.6% of average annual earnings in excess of covered compensation times credited service up to thirty-five years.

Bargaining Unit Participants: Effective November 7, 2023, the monthly pension benefit is computed based on a \$41.50 for all pay grades, previously the rate was \$40.75. Those dollars are multiplied by the number of creditable years of continuous service with Portland Water District, to a maximum of forty-five years. The maximum monthly benefit is \$1,867.50, the previous maximum was \$1,833.75.

Employees 55 or older and vested in the plan may retire. Benefits are actuarially reduced if an employee retires before turning 65 unless the employee is 62 or older with 30 years or more of service.

Benefits payable may be increased annually, at the discretion of the Board of Trustees, up to the 50% of the consumer price index or 5%, whichever is lower. The authority to establish and amend benefit provisions for both plans rest with the District's Board of Trustees. A stand-alone report is not issued for either of the plans. The assets in the plans' pension funds are presented as fiduciary funds on the accompanying financial statements.

Administrative Expenses: All administrative expenses are paid by the District and allocated to the individual funds. Such expenses were \$129,510 for the year ended December 31, 2023.

Funding Policy: The District's policy is to contribute at least the actuarially determined contribution to the plans or \$1,000,000, whichever is higher. No employee contributions are required by the plans. The District's Board authorizes the specific contribution annually. For the year ended December 31, 2023, a total contribution of \$1,524,809 was made with a contribution of \$858,468 and \$666,341 to the bargaining and non-bargaining units, respectively. The contributions represented 40.2% and 31.5% of the respective plan's covered compensation.

Net Pension Liability: The liability as of December 31, 2023 is based an actuarial valuation as of January 1, 2024 that was adjusted back to December 31, 2023. Balances as of December 31, 2023 are, as follows:

	<u>Bargaining Unit</u>	<u>Non-Bargaining Unit</u>	<u>Total</u>
Pension Liabilities	\$ 16,652,078	\$ 14,990,419	\$ 31,642,497
Net Fiduciary Position (Pension Assets)	15,512,484	13,566,731	29,079,215
Net Pension Liability	1,139,594	1,423,688	2,563,282
Deferred Outflows of resources related to Pension	(843,849)	(790,217)	(1,634,066)
Deferred Inflows of resources related to Pension	-	-	-
Net Carrying Amount on Statement of Net Position	<u>\$ 295,745</u>	<u>\$ 633,471</u>	<u>\$ 929,216</u>
Pension Expense	<u>\$ 726,420</u>	<u>\$ 771,011</u>	<u>\$ 1,497,431</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 4 - OTHER INFORMATION - CONTINUED

Pension Plans - Continued

Changes in the Net Pension Liability: The changes in each of the pension plans for the year ended December 31, 2023 are listed below:

Bargaining Unit	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2022	<u>\$ 16,258,053</u>	<u>\$ 13,501,455</u>	<u>\$ 2,756,598</u>
Service cost	82,933		82,933
Interest	1,026,865		1,026,865
Difference between expected and actual experience	376,584		376,584
Change in assumptions	-		-
Benefit payments	(1,092,357)		(1,092,357)
Contribution - employer		858,468	(858,468)
Net investment income		2,300,444	(2,300,444)
Fees/Other Expenses		(55,526)	55,526
Benefit payments		(1,092,357)	1,092,357
Net Change	<u>394,025</u>	<u>2,011,029</u>	<u>(1,617,004)</u>
Balance at December 31, 2023	<u>\$ 16,652,078</u>	<u>\$ 15,512,484</u>	<u>\$ 1,139,594</u>

Plan fiduciary net position as a percentage of total pension liability 93%

Non-Bargaining Unit	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2022	<u>\$ 14,360,944</u>	<u>\$ 11,817,276</u>	<u>\$ 2,543,668</u>
Service cost	159,373		159,373
Interest	913,717		913,717
Difference between expected and actual experience	436,332		436,332
Change in assumptions	-		-
Benefit payments	(879,947)		(879,947)
Contribution - employer		666,341	(666,341)
Net investment income		2,011,269	(2,011,269)
Fees/Other Expenses		(48,208)	48,208
Benefit payments		(879,947)	879,947
Net Change	<u>629,475</u>	<u>1,749,455</u>	<u>(1,119,980)</u>
Balance at December 31, 2023	<u>\$ 14,990,419</u>	<u>\$ 13,566,731</u>	<u>\$ 1,423,688</u>

Plan fiduciary net position as a percentage of total pension liability 91%

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 4 - OTHER INFORMATION - CONTINUED

Pension Plans - Continued

Additional information from the January 1, 2024 actuarial valuation is listed below. The valuation was updated and rolled back to the December 31, 2023 measurement date.

	<u>Bargaining Unit</u>	<u>Non-Bargaining Unit</u>
Valuation date	January 1, 2024	January 1, 2024
Measurement date	December 31, 2023	December 31, 2023
Actuarial cost method	Entry Age	Entry Age
Amortization method- investment	5-Year Period	5-Year Period
Amortization method- liability	Expected Future Service	Expected Future Service
Amortization method-assumption	Expected Future Service	Expected Future Service
Amortization method-benefit change	3 Year Period	3 Year Period
Asset valuation method	5-Year Smoothed Market	5-Year Smoothed Market
Actuarial assumptions:		
Investment rate of return	6.5%	6.5%
Projected salary increases	3.0%	3.0%
Inflation rate	3.0%	3.0%
COLA (post-retirement)	1.5%	1.5%
Retirement age	Graded by age based on past experience	Graded by age based on past experience
Mortality	Pri-2012 Blue Collar Dataset Employee Amount - Weighted Mortality with Scale MP-2021	RP-2012 Total Dataset Employee Amount - Weighted Mortality with Scale MP-2021

Long-Term Expected Rate of Return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Return Estimate 7- & 20-Year Horizon</u>
U.S. Equities Large	25%	4.85%/8.25%
U.S. Equities Small	15%	6.05%/7.80%
International Developed Market Equities	15%	5.20%/7.20%
International Emerging Market Equities	10%	7.80%/8.40%
Core Bonds	20%	4.80%/3.80%
High Yield Bonds	5%	7.10%/5.40%
REIT's	5%	4.00%/6.40%
Natural Resources	5%	5.50%/6.10%

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 4 - OTHER INFORMATION - CONTINUED

Pension Plans - Continued

Discount Rate: The discount rate used to measure the total pension liability was 6.5%. The projection of cash flows used to determine the discount rate assumed the District contributions will be made at the rate equal to the actuarially determined contribution or \$1,000,000, whichever is higher. Based on those assumptions, the pension plans' 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 total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the District, calculated using the discount rate of 6.5%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5%) or 1-percentage-point higher (7.5%) than the current rate:

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
Bargaining Unit Net Pension Liability	\$2,785,546	\$1,139,594	\$(268,185)
Non-Bargaining Unit Net Pension Liability	\$2,891,436	\$1,423,686	\$161,460

Pension Expense and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions: For the year ended December 31, 2023, the District recognized pension expense for the bargaining and non-bargaining unit of \$726,420 and \$771,011, respectively. At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	Bargaining	Non-Bargaining	Total	Bargaining	Non-Bargaining	Total
Difference between Expected and Actual Expense	\$ 115,065	\$ 178,143	\$ 293,208	\$ -	\$ -	\$ -
Difference between Projected and Actual Returns	728,784	612,074	1,340,858	-	-	-
	<u>\$ 843,849</u>	<u>\$ 790,217</u>	<u>\$ 1,634,066</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense, as follows:

Year Ending December 31:	Bargaining Unit	Non-Bargaining Unit
	2024	\$ 262,707
2025	338,892	290,421
2026	509,886	440,853
2027	(267,636)	(240,117)
	<u>\$ 843,849</u>	<u>\$ 790,217</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 4 - OTHER INFORMATION - CONTINUED

Pension Plans - Continued

Combining Statement of Fiduciary Net Position - Pension Trust Funds

December 31, 2023

	<u>Bargaining</u>	<u>Non-Bargaining</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 382,196	\$ 354,375	\$ 736,571
Investments			
Equity mutual funds	\$ 9,483,288	\$ 8,303,289	\$ 17,786,577
Common stock	4,222,875	3,656,874	7,879,749
Fixed income - mutual funds	1,423,938	1,252,004	2,675,942
	<u>15,130,101</u>	<u>13,212,167</u>	<u>28,342,268</u>
Interest receivable	<u>187</u>	<u>189</u>	<u>376</u>
Total Assets	<u>\$ 15,512,484</u>	<u>\$ 13,566,731</u>	<u>\$ 29,079,215</u>
Restricted for pension benefits	<u>\$ 15,512,484</u>	<u>\$ 13,566,731</u>	<u>\$ 29,079,215</u>
Total Fiduciary Net Position	<u>\$ 15,512,484</u>	<u>\$ 13,566,731</u>	<u>\$ 29,079,215</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 4 - OTHER INFORMATION - CONTINUED

Pension Plans – Continued

Combining Statement of Changes in Fiduciary Net Position - Pension Trust Funds

Year Ended December 31, 2023

	<u>Bargaining</u>	<u>Non-Bargaining</u>	<u>Total</u>
Additions:			
Employer Contributions	\$ 858,468	\$ 666,341	\$ 1,524,809
Investment Income			
Interest and dividends	351,617	306,470	658,087
Net gain on sale of assets	582,217	603,145	1,185,362
Net appreciation of investments	1,366,610	1,101,654	2,468,264
Net Investment Income	<u>2,300,444</u>	<u>2,011,269</u>	<u>4,311,713</u>
Total Additions	3,158,912	2,677,610	5,836,522
Deductions:			
Benefits	(1,092,357)	(879,947)	(1,972,304)
Fees/Other Expenses	<u>(55,526)</u>	<u>(48,208)</u>	<u>(103,734)</u>
Total Deductions	<u>(1,147,883)</u>	<u>(928,155)</u>	<u>(2,076,038)</u>
Change in Fiduciary Net Position	2,011,029	1,749,455	3,760,484
Fiduciary Net Position - Beginning of Year	<u>13,501,455</u>	<u>11,817,276</u>	<u>25,318,731</u>
Fiduciary Net Position - End of Year	<u>\$ 15,512,484</u>	<u>\$ 13,566,731</u>	<u>\$ 29,079,215</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 4 - OTHER INFORMATION - CONTINUED

Pension Plans - Continued

Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits the employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

For Bargaining Unit employees hired as of December 31, 2010, and Non-Bargaining Unit employees hired as of December 31, 2011, the plan and their level of contribution is optional. Starting in 2022, the District has matched employee contributions at the rate of a dollar-for-dollar match to a limit of \$1,500 per year for Bargaining Unit employees and Non-Bargaining Unit employees.

For Bargaining Unit employees hired after December 31, 2010, and Non-Bargaining Unit employees hired after December 31, 2011, the plan is mandatory. Employees are required to contribute 3.0% of their regular wages to the plan with a District match 150%. Employees can also elect to receive a 150% match on an additional 1.5% of regular wages beyond the mandatory 3.0%.

The District has no liability for losses under the plan but does have the usual fiduciary responsibilities of a plan sponsor. The assets and liabilities of the plan are not reflected in the financial statements of the District.

Subsequent Events

On January 1, 2024, the District implemented at average 6.4% water rate adjustment. The increase is projected to increase water revenue by an additional \$1.85 million.

On January 11, 2024, the \$11.00 million Sewer Bond Anticipation Note related to the design and construction of a new wastewater treatment facility in North Windham was renewed for another 12 months with the original interest rate of 1.85%. Later in January, the District took an additional \$4.30 million draw on the note.

On January 22, 2024, the District's Board of Trustees (BOT) approved resolutions for the issuance of up to \$15.71 million in water bonds to finance the installation and renewal of water mains, the replacement of the Sebago Lake Water Treatment Facility's Roof, upgrade of the Windham Water Pump Station, and obtaining Service Lines' GPS data points and related infrastructure. On April 22, 2024 the BOT authorized the issuance of an additional \$300k to a total of \$16.01 million. Of the total, \$8.20 million will be financed through a State Revolving Bond Fund which will have 55% principal forgiveness and a 0.00% interest rate.

On January 22, 2024, the BOT approved resolutions for the issuance of up to \$11.50 million in Portland wastewater bonds to finance the upgrade of the dewatering system at Portland's East End Wastewater Treatment Facility and related infrastructure.

On April 22, 2024, the BOT approved contracts totaling \$26.5 million relating to the construction of the North Windham WWTF.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

Schedules of Changes in the District's Net Pension Liability and Related Ratios - Bargaining Unit Pension Plan

	2019	2020	2021	2022	2023
Total Pension Liability					
Service cost	\$ 153,079	\$ 143,565	\$ 128,489	\$ 107,762	\$ 82,933
Interest	984,696	976,184	913,919	1,005,684	1,026,865
Change in benefit terms	124,915	-	-	-	-
Difference between expected and actual experience	(273,426)	(954,383)	118,140	(279,695)	376,584
Changes in assumptions	275,750	290,329	1,378,752	(793,502)	-
Benefit payments	(745,100)	(818,174)	(908,368)	(960,370)	(1,092,357)
Net change in total pension liability	519,914	(362,479)	1,630,932	(920,121)	394,025
Net pension liability - beginning	15,389,802	15,909,716	15,547,237	17,178,174	16,258,053
Total pension liability - ending (a)	\$ 15,909,716	\$ 15,547,237	\$ 17,178,172	\$ 16,258,053	\$ 16,652,078
Plan fiduciary net position					
Contribution - employer	\$ 657,022	\$ 632,344	\$ 816,192	\$ 368,518	\$ 858,468
Net investment income	2,299,668	1,844,172	1,791,576	(2,880,591)	2,244,918
Benefit payments	(745,100)	(818,174)	(908,368)	(960,370)	(1,092,357)
Net change in plan fiduciary net position	2,211,590	1,658,342	1,699,400	(3,472,443)	2,011,029
Plan fiduciary of net position - beginning	11,404,562	13,616,152	15,274,498	16,973,898	13,501,455
Plan fiduciary of net position - ending (b)	\$ 13,616,152	\$ 15,274,494	\$ 16,973,898	\$ 13,501,455	\$ 15,512,484
Net pension liability - ending (a)-(b)	\$ 2,293,564	\$ 272,743	\$ 204,274	\$ 2,756,598	\$ 1,139,594
Plan fiduciary net position as a percentage of total pension liability	86%	98%	99%	83%	93%
Covered payroll	\$ 3,365,672	\$ 2,968,576	\$ 2,514,595	\$ 2,514,595	\$ 2,133,555
District's net pension liability as a percentage of covered payroll	68%	9%	8%	110%	53%
Schedule of Investment Returns					
Annual money-weighted rate of return, net of investment return (expenses)	2019	2020	2021	2022	2023
	19.98%	12.81%	12.42%	-16.84%	15.86%

REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED**December 31, 2023****Schedules of Changes in the District's Net Pension Liability and Related Ratios - Bargaining Unit Pension Plan - Continued**

	2014	2015	2016	2017	2018
Total Pension Liability					
Service cost	\$ 168,163	\$ 195,241	\$ 169,601	\$ 168,310	\$ 160,841
Interest	784,769	918,080	958,787	955,116	966,881
Change in benefit terms	-	-	94,108	13,576	-
Difference between expected and actual experience	1,635,699	(115,154)	(154,202)	136,114	(138,333)
Changes in assumptions	-	-	(504,440)	644,838	-
Benefit payments	(507,918)	(564,678)	(584,988)	(631,191)	(699,644)
Net change in total pension liability	2,080,713	433,489	(21,134)	1,286,763	289,745
Net pension liability - beginning	11,320,226	13,400,939	13,834,428	13,813,294	15,100,057
Total pension liability - ending (a)	<u>\$ 13,400,939</u>	<u>\$ 13,834,428</u>	<u>\$ 13,813,294</u>	<u>\$ 15,100,057</u>	<u>\$ 15,389,802</u>
Plan fiduciary net position					
Contribution - employer	\$ 502,000	\$ 609,851	\$ 684,363	\$ 870,877	\$ 817,528
Net investment income	377,415	(73,698)	781,667	2,067,152	(889,719)
Benefit payments	(507,918)	(564,679)	(584,988)	(631,191)	(699,644)
Net change in plan fiduciary net position	371,497	(28,526)	881,042	2,306,838	(771,835)
Plan fiduciary of net position - beginning	8,645,546	9,017,043	8,988,517	9,869,559	12,176,397
Plan fiduciary of net position - ending (b)	<u>\$ 9,017,043</u>	<u>\$ 8,988,517</u>	<u>\$ 9,869,559</u>	<u>\$ 12,176,397</u>	<u>\$ 11,404,562</u>
Net pension liability - ending (a)-(b)	<u>\$ 4,383,896</u>	<u>\$ 4,845,911</u>	<u>\$ 3,943,735</u>	<u>\$ 2,923,660</u>	<u>\$ 3,985,240</u>
Plan fiduciary net position as a percentage of total pension liability	67%	65%	71%	81%	74%
Covered payroll	\$ 4,198,147	\$ 4,048,574	\$ 4,026,235	\$ 3,825,166	\$ 3,367,434
District's net pension liability as a percentage of covered payroll	104%	120%	98%	76%	118%
Schedule of Investment Returns					
	2014	2015	2016	2017	2018
Annual money-weighted rate of return, net of investment return (expenses)	4.27%	(0.97%)	8.38%	19.98%	(7.16%)

REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED**December 31, 2023****Schedules of Changes in the District's Net Pension Liability and Related Ratios – Non-Bargaining Unit Pension Plan**

	2019	2020	2021	2022	2023
Total Pension Liability					
Service cost	\$ 190,869	\$ 198,332	\$ 212,607	\$ 214,702	\$ 159,373
Interest	824,557	821,796	818,185	870,282	913,717
Change in benefit terms	-	-	-	-	-
Difference between expected and actual experience	185,820	(76,959)	315,451	93,885	436,332
Changes in assumptions	-	207,627	230,871	(728,506)	-
Benefit payments	(713,961)	(685,000)	(685,250)	(788,536)	(879,947)
Net change in total pension liability	487,285	465,796	891,864	(338,173)	629,475
Net pension liability - beginning	12,854,166	13,341,455	13,807,255	14,699,117	14,360,944
Total pension liability - ending (a)	\$ 13,341,451	\$ 13,807,251	\$ 14,699,117	\$ 14,360,944	\$ 14,990,419
Plan fiduciary net position					
Contribution - employer	\$ 455,752	\$ 488,318	\$ 608,121	\$ 330,113	\$ 666,341
Net investment income	2,049,544	1,624,656	1,563,111	(2,528,716)	1,963,061
Benefit payments	(713,961)	(685,000)	(685,250)	(788,536)	(879,947)
Net change in plan fiduciary net position	1,791,335	1,427,974	1,485,982	(2,987,139)	1,749,455
Plan fiduciary of net position - beginning	10,099,126	11,890,461	13,318,435	14,804,415	11,817,276
Plan fiduciary of net position - ending (b)	\$ 11,890,461	\$ 13,318,435	\$ 14,804,415	\$ 11,817,276	\$ 13,566,731
Net pension liability - ending (a)-(b)	\$ 1,450,990	\$ 488,816	\$ (105,298)	\$ 2,543,668	\$ 1,423,688
Plan fiduciary net position as a percentage of total pension liability	89%	96%	101%	82%	91%
Covered payroll	\$ 2,165,844	\$ 2,268,241	\$ 2,427,926	\$ 2,213,682	\$ 2,116,317
District's net pension liability as a percentage of covered payroll	67%	22%	-4%	115%	67%
Schedule of Investment Returns					
Annual money-weighted rate of return, of investment return (expenses)	20.37%	13.64%	12.43%	-16.91%	15.85%

REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED**December 31, 2023****Schedules of Changes in the District's Net Pension Liability and Related Ratios – Non-Bargaining Unit Pension Plan - Continued**

	2014	2015	2016	2017	2018
Total Pension Liability					
Service cost	\$ 205,440	\$ 229,085	\$ 214,157	\$ 196,096	\$ 192,284
Interest	672,086	802,879	849,544	852,297	803,360
Change in benefit terms	-	-	-	10,063	-
Difference between expected and actual experience	1,809,303	79,616	(29,531)	(746,340)	43,588
Changes in assumptions	-	-	(324,599)	533,290	-
Benefit payments	(587,753)	(651,317)	(621,009)	(657,627)	(710,413)
Net change in total pension liability	2,099,076	460,263	88,562	187,779	328,819
Net pension liability - beginning	9,689,665	11,788,741	12,249,004	12,337,566	12,525,345
Total pension liability - ending (a)	\$ 11,788,741	\$ 12,249,004	\$ 12,337,566	\$ 12,525,345	\$ 12,854,164
Plan fiduciary net position					
Contribution - employer	\$ 424,000	\$ 390,149	\$ 515,637	\$ 712,137	\$ 596,920
Net investment income	375,587	(47,726)	687,358	1,867,678	(805,757)
Benefit payments	(587,753)	(651,317)	(621,009)	(657,627)	(710,413)
Net change in plan fiduciary net position	211,834	(308,894)	581,986	1,922,188	(919,250)
Plan fiduciary of net position - beginning	8,611,262	8,823,096	8,514,202	9,096,188	11,018,376
Plan fiduciary of net position - ending (b)	\$ 8,823,096	\$ 8,514,202	\$ 9,096,188	\$ 11,018,376	\$ 10,099,126
Net pension liability - ending (a)-(b)	\$ 2,965,645	\$ 3,734,802	\$ 3,241,378	\$ 1,506,969	\$ 2,755,038
Plan fiduciary net position as a percentage of total pension liability	75%	70%	74%	88%	79%
Covered payroll	\$ 2,855,590	\$ 2,753,837	\$ 2,584,837	\$ 2,238,080	\$ 2,094,659
District's net pension liability as a percentage of covered payroll	104%	136%	125%	67%	132%
Schedule of Investment Returns					
	2014	2015	2016	2017	2018
Annual money-weighted rate of return, of investment return (expenses)	4.29%	-0.95%	7.92%	19.85%	-7.26%

REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED**December 31, 2023****Schedule of District's Contributions**

The required supplementary information is intended to show information for ten years, and that additional years' information will be displayed as it becomes available. The actuarial determined rate was determined using the January 1, 2024 actuarial valuation report.

Additional information from the January 1, 2024 actuarial valuation follows:

Fiscal year ended	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
Bargaining Unit					
2014	\$ 451,021	\$ 502,000	\$ (50,979)	\$ 4,198,147	12.0%
2015	\$ 560,263	\$ 609,581	\$ (49,318)	\$ 4,048,574	15.1%
2016	\$ 672,450	\$ 684,363	\$ (11,913)	\$ 4,026,235	17.0%
2017	\$ 870,877	\$ 870,877	\$ -	\$ 3,825,166	22.8%
2018	\$ 817,528	\$ 817,528	\$ -	\$ 3,367,434	24.3%
2019	\$ 657,022	\$ 657,022	\$ -	\$ 3,365,672	19.5%
2020	\$ 632,344	\$ 632,344	\$ -	\$ 2,968,576	21.3%
2021	\$ 816,192	\$ 816,192	\$ -	\$ 2,514,595	32.5%
2022	\$ 368,518	\$ 368,518	\$ -	\$ 2,375,595	15.5%
2023	\$ 858,468	\$ 858,468	\$ -	\$ 2,133,555	40.2%
Non-Bargaining Unit					
2014	\$ 405,542	\$ 424,000	\$ (18,458)	\$ 2,855,590	14.8%
2015	\$ 358,425	\$ 390,149	\$ (31,724)	\$ 2,753,837	14.2%
2016	\$ 503,724	\$ 515,637	\$ (11,913)	\$ 2,584,837	19.9%
2017	\$ 712,137	\$ 712,137	\$ -	\$ 2,238,080	31.8%
2018	\$ 596,920	\$ 596,920	\$ -	\$ 2,094,659	28.5%
2019	\$ 455,752	\$ 455,752	\$ -	\$ 2,165,844	21.0%
2020	\$ 488,318	\$ 488,318	\$ -	\$ 2,268,241	21.5%
2021	\$ 608,121	\$ 608,121	\$ -	\$ 2,427,926	25.0%
2022	\$ 330,113	\$ 330,113	\$ -	\$ 1,985,002	16.6%
2023	\$ 666,341	\$ 666,341	\$ -	\$ 2,116,317	31.5%

REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED

December 31, 2023

Assumptions

	<u>Bargaining Unit</u>	<u>Non-Bargaining Unit</u>
Valuation date	January 1, 2024	January 1, 2024
Measurement date	December 31, 2023	December 31, 2023
Actuarial cost method	Entry Age	Entry Age
Amortization method - investment	5-Year Period	5-Year Period
Amortization method - liability	Expected Future Service	Expected Future Service
Amortization method - assumption	Expected Future Service	Expected Future Service
Amortization method - benefit change	3-Year Period	3-Year Period
Asset valuation method	5-Year Smoothed Market	5-Year Smoothed Market
Actuarial assumptions:		
Investment rate of return	6.5%	6.5%
Projected salary increases	3.0%	3.0%
Inflation rate	3.0%	3.0%
COLA (post-retirement)	1.5%	1.5%
Retirement age	Graded by age based on past experience	Graded by age based on past experience
Mortality	Pri-2012 Blue Collar Dataset Employee Amount - Weighted Mortality with Scale MP-2021	RP-2012 Total Dataset Employee Amount - Weighted Mortality with Scale MP-2021

Schedule of Investment Returns

Annual Money-Weighted Rate of Return, Net of Investment Expense:

Year	Bargaining Unit	Non-Bargaining Unit
2014	4.27%	4.29%
2015	-0.97%	-0.95%
2016	8.38%	7.92%
2017	19.98%	19.85%
2018	-7.16%	-7.26%
2019	19.98%	20.37%
2020	12.81%	13.64%
2021	12.42%	12.43%
2022	-16.84%	-16.91%
2023	15.86%	15.85%



MEMORANDUM PORTLAND WATER DISTRICT

TO: Operations Committee/Board of Trustees

FROM: Scott Firmin, Director of Operations - Wastewater
James Wallace, Director of Operations - Water

DATE: May 7, 2024

RE: Operations Committee Meeting – May 13, 2024

A meeting of the Operations Committee of the Portland Water District Board of Trustees will be held on Monday, May 13, 2024, at 5:30 p.m., in the Emergency Operations Center (EOC) Room of the District, 225 Douglass Street, Portland, Maine.

AGENDA

- 1. 2024 Seasonal Service**
Staff will review the Seasonal Service Program, including seasonal mains and meters.
- 2. Other Business**



MEMORANDUM PORTLAND WATER DISTRICT

TO: Planning Committee/Board of Trustees

FROM: Christopher Crovo, P.E., Executive Director of Asset Management and Planning

DATE: May 7, 2024

RE: Planning Committee Meeting – May 13, 2024

A meeting of the Planning Committee of the Portland Water District Board of Trustees will be held on Monday, May 13, 2024, at 5:30 p.m., in the Nixon Room of the District, 225 Douglass Street, Portland, Maine.

AGENDA

- 1. 2023 Land Reserve and Lower Bay Activity Report**
Staff will review the 2023 report.
- 2. Other Business**