

GREATER AUGUSTA UTILITY DISTRICT

Financial Statements

**For the Year Ended
December 31, 2018**

GREATER AUGUSTA UTILITY DISTRICT
Financial Statements
For the Year Ended December 31, 2018

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Independent Auditor's Report

Board of Trustees
Greater Augusta Utility District

Report on Financial Statements

We have audited the accompanying financial statements of the Greater Augusta Utility District as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Greater Augusta Utility District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Greater Augusta Utility District as of December 31, 2018, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in the notes to the financial statements, in 2018, the District adopted new accounting guidance, *GASBS No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of District's proportionate share of net pension liability, schedule of District contributions - pension, schedule of District's proportionate share of net OPEB liability - PLD, schedule of District contributions - PLD OPEB, and schedule of changes in the District's total health OPEB liability and related ratios, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Greater Augusta Utility District's basic financial statements. The comparative exhibits are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The comparative exhibits are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2019, on our consideration of the Greater Augusta Utility District's internal control over financial reporting and 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 Greater Augusta Utility 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 Greater Augusta Utility District's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Remya Kristen Ouellette". The signature is written in a cursive, flowing style.

April 15, 2019
South Portland, Maine

GREATER AUGUSTA UTILITY DISTRICT
Management's Discussion and Analysis
December 31, 2018

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the basic financial statements and supplementary information. The MD&A represents management's examination and analysis of the Greater Augusta Utility District's (District) financial condition and performance for the year ended December 31, 2018. The Water Division is the drinking water and fire protection division of the District. For discussion and analysis purposes, the Sewer and Storm Water Divisions of the District are combined and referred to as the Sanitary Division.

Financial Highlights - Water Division

Management believes the Water Division's financial condition is adequate. The Water Division is within the financial policies and guidelines set by the Board and management. Key financial highlights include:

- The Water Division's cash and cash equivalents increased by \$239,000. Net cash provided by operating activities totaled \$1.7 million. Receipts from customers decreased by \$23,000, payments to suppliers increased by \$283,000 and payments to employees decreased by \$112,000. Net cash used in capital and related financing activities totaled \$1.4 million. Principal and interest on long-term debt totaled \$790,000 down from 2017 by \$22,000. Investment in capital assets totaled \$654,000, a decrease of \$688,000.
- The accounts receivable balance was \$594,000 on December 31, 2018. This increase of \$131,000 (or 28.24%) from the December 31, 2017 balance can be attributed to the timing of customer payments and billings.
- The work in process (WIP) account decreased by \$566,000 due to adding \$652,000 in new construction, offset by the completion of approximately \$1.2 million in projects from current and previous years. Operating property increased by \$1.2 million due to the completion of water mains on Ward Street, North Belfast Avenue, Cony Street, Gage Street, the purchase of property located at 28 Arsenal Street, building upgrades, the purchase of a new flow meter, trench box, GIS receivers, trailer, and three new pickup trucks.
- Accumulated depreciation increased by \$851,000 from 2017.
- The Water Division decreased its long-term financial indebtedness obligation by \$615,000 by making all the required scheduled debt payments. No new debt was issued in 2018.
- The Water Division's net position as of December 31, 2018 was \$26.4 million. Net position consists of net investments in capital assets of \$24.6 million and the remaining unrestricted net position of \$1.8 million. The change in net position for the year ended December 31, 2018 was a net increase of \$924,000. The increase is the result of operating revenues being higher than operating expenses and a small amount of non-operating revenues. Operating revenues totaled \$3.8 million, an increase of \$80,000 from the previous fiscal year. Metered sales to customers totaled \$2.4 million, a slight increase of 3.3%. Fire protection revenues totaled \$1.3 million, equivalent to the previous fiscal year. Operating expenses totaled \$2.9 million, slightly lower than the previous fiscal year. Net non-operating revenue increased \$44,000, primarily due to an increase in non-utility income and a decrease in interest expense. All metered customers of the Water Division are charged a minimum fee depending on the size of the meter which includes a minimum water allowance of 100 cubic feet of water per month. For usage in excess of 100 cubic feet, the charge is \$2.40 per 100 cubic feet. The Maine Public Utilities Commission approved the Water Division's schedule of rates which became effective October 3, 2011.

GREATER AUGUSTA UTILITY DISTRICT
Management's Discussion and Analysis, Continued

Financial Highlights - Sanitary Division

Management believes the Sanitary Division's financial condition is adequate. The Sanitary Division is within the financial policies and guidelines set by the Board and management. Key financial highlights include:

- The Sanitary Division's cash and cash equivalents balance increased by \$430,000 as net cash provided by operating activities exceeded net cash used in capital and related financing activities.
- Net capital assets increased by \$132,000. The work in process (WIP) account decreased by \$1.6 million. Operating property increased by \$3.9 million. The increase to operating property is due to the completion of sewer main work on Ward Street, Greenlief Morse and Gannet, Brookside Avenue, Westwood Road, Lambard Court, Capitol Street, Highland Avenue, relining Jefferson and various other streets, and also storm mains on Union Street, Westwood Road, Phillips Avenue, Second Avenue, South Belfast Avenue, Penely Street, Purinton Avenue and Civic Center Drive. Upgrading the SCADA system and replacing a primary and a main flow pump at the Wastewater Treatment Plant, along with upgrading the Winthrop Trunkline pump station. Also purchasing property located on Arsenal and State Street plus purchasing new GIS receivers, trench box, trailer, three new trucks and a CCTV truck.
- The accounts receivable balance at December 31, 2018 of \$1.5 million is a decrease of \$96,000 or 5.82% from 2017. This decrease can be attributed to the timing of customer payments and billings.
- Accumulated depreciation increased by \$2.2 million from 2017.
- The Sanitary Division decreased its long-term financial indebtedness obligation by \$2.1 million by making all the required scheduled debt payments. No new debt was issued in 2018.
- The Sanitary Division's operating revenues totaled \$8.8 million and operating expenses totaled \$5.7 million. Net non-operating revenues (expenses) totaled (\$288,000), resulting in an increase in net position of \$2.8 million.
- The Sanitary Division's net position as of December 31, 2018 was \$45.7 million. Net position consists of net investment in capital assets of \$44.4 million and the remaining unrestricted net position totaled \$1.3 million.
- All customers of the Sanitary Division are charged \$4.34 per 100 cubic feet of metered sewage, \$8.50 for a monthly service charge and \$8.30 per equivalent residential unit for storm water. Hallowell customers are not charged for storm water. The monthly service charge for each equivalent residential unit for storm water increased 10% on July 1, 2017 from \$7.55 to \$8.30.

Overview of Annual Financial Reports

The financial statements report information about the District using full accrual accounting methods as utilized by similar business activities in the private sector. The basic financial statements include a statement of net position; a statement of revenues, expenses, and changes in net position; a statement of cash flows; and notes to the financial statements.

The statement of net position presents the financial position of the District on a full accrual historical cost basis. The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases and decreases in net position are one indicator of whether the financial position of the District is improving or deteriorating.

While the statement of net position provides information about the nature and amount of resources and obligations at year-end, the statement of revenues, expenses, and changes in net position presents the results of the business activities over the course of the fiscal year and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement also provides certain information about the District's recovery of its costs. Rate setting policies use different methods of cost recovery not fully provided for by generally accepted accounting principles.

GREATER AUGUSTA UTILITY DISTRICT
Management's Discussion and Analysis, Continued

The primary objectives of the rate model are to improve equity among customer classes and to ensure that capital costs are allocated on the basis of long-term capacity needs, ensuring that growth pays for growth.

The statement of cash flows presents changes in cash and cash equivalents, resulting from operational, investing, and capital and related financing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the District's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

In addition, there is required supplementary information that is mandated by governmental accounting standards to provide additional insight to users of the financial information.

Lastly, there is other supplementary information, which is not required, that management of the District has chosen to report to give the readers additional data regarding the operations of the District. This supplementary information consists of separate statements of net position, statements of revenues, expenses, and changes in net position, and statements of cash flows for the water, sewer, and stormwater divisions.

The financial statements were prepared by management from the detailed books and records of the District. The financial statements were audited during the independent external audit process.

Summary of Organization and Business

The Augusta Water District was created under provisions of Private and Special Laws 1903, c 139 enacted during the 1903 Session of the Maine Legislature. The Augusta Sanitary District was created under provisions of Private and Special Laws 1955, c 139 enacted during the 1955 Session of the Maine Legislature. On January 1, 2008, Augusta Water District and Augusta Sanitary District were combined into Greater Augusta Utility District (GAUD). The Water Division is responsible for maintaining the public drinking water system for the City of Augusta, and portions of Chelsea, Vassalboro, Manchester, East Winthrop, and Hallowell. The Sanitary Division owns, operates, and maintains a regional wastewater treatment facility, the sewer system for the cities of Augusta and Hallowell, the storm water system for the City of Augusta, and a regional pumping and collection system known as the Intercommunity Trunkline. The Sanitary Division treats sewerage delivered via the Intercommunity Trunkline from three communities (Manchester, Winthrop, and Monmouth). These communities pay for their share of treated flow, related debt and operation and maintenance costs.

GAUD has a Board of nine trustees. Seven are appointed by the Mayor of the City of Augusta for a three-year term and the remaining two are appointed by the Mayor of the City of Hallowell. All trustees must be residents of either the City of Augusta or the City of Hallowell.

The Water Division charges sales and use tax on its billings to non-residential customers who are not tax-exempt, as well as partial tax for combination business/personal residence. Sales tax payments are made to Maine Revenue Services on or before the 15th day of the month following the particular month of operation. Operational and maintenance costs are funded from customer fees and charges. The acquisition and construction of capital assets are funded by contributed capital, contributions from customers (cash and meter services), bonds payable, and customer revenues.

The Sanitary Division has no taxing power. Operational and maintenance costs are funded from customer fees and charges. The acquisition and construction of capital assets are funded by contributed capital, contributions from customers (cash and sewer systems), bonds payable, and customer revenues.

GREATER AUGUSTA UTILITY DISTRICT
Management's Discussion and Analysis, Continued

Financial Analysis - Water Division

The following condensed financial statements serve as the key financial data and indicators for management's monitoring and planning. Any significant items noted by management are described in comments in each section under the applicable statement.

CONDENSED STATEMENTS OF NET POSITION - WATER DIVISION

	December 31, 2018	December 30, 2017 (restated)
Assets		
Current assets	\$ 2,860,810	\$ 2,503,423
Capital and other assets (net)	29,311,759	29,533,043
Total Assets	<u>32,172,569</u>	<u>32,036,466</u>
Deferred Outflows of Resources		
Related to pensions	\$ 100,606	\$ 95,427
Related to other post employment benefits	26,972	18,802
Total Deferred Outflows of Resources	<u>127,578</u>	<u>114,229</u>
Liabilities		
Current liabilities	\$ 768,879	\$ 769,648
Long-term liabilities	4,974,387	5,844,191
Total Liabilities	<u>5,743,266</u>	<u>6,613,839</u>
Deferred Inflows of Resources		
Deferred credits	\$ 5,980	\$ 11,961
Related to pensions	127,544	50,031
Related to other post employment benefits	28,461	3,578
Total Deferred Inflows of Resources	<u>161,985</u>	<u>65,570</u>
Net Position		
Net investment in capital assets	\$ 24,611,227	\$ 24,211,663
Unrestricted	1,783,669	1,259,623
Total Net Position	<u>\$ 26,394,896</u>	<u>\$ 25,471,286</u>

**CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
WATER DIVISION**

	December 31, 2018	December 30, 2017 (restated)
Operating Revenues		
Metered	\$ 2,424,732	\$ 2,347,999
Fire protection	1,339,396	1,335,552
Other water revenues	5,850	6,578
Total Operating Revenues	<u>3,769,978</u>	<u>3,690,129</u>
Operating Expenses		
Operating expenses	2,064,466	2,112,633
Depreciation	862,085	853,281
Total Operating Expenses	<u>2,926,551</u>	<u>2,965,914</u>
Nonoperating Revenue	<u>80,183</u>	<u>36,642</u>
Change in Net Position	923,610	760,857
Net Position- Beginning of Year	<u>25,471,286</u>	<u>24,710,429</u>
Net Position - End of Year	<u>\$ 26,394,896</u>	<u>\$ 25,471,286</u>

GREATER AUGUSTA UTILITY DISTRICT
Management's Discussion and Analysis, Continued

Financial Analysis - Sanitary Division

The following condensed financial statements serve as the key financial data and indicators for management's monitoring and planning. Any significant items noted by management are described in comments, in each section, under the applicable statement.

CONDENSED STATEMENTS OF NET POSITION - SANITARY DIVISION

	December 31, 2018	December 30, 2017 (restated)
Assets		
Current assets	\$ 5,593,937	\$ 5,277,765
Capital and other assets (net)	64,352,669	64,220,465
Total Assets	<u>69,946,606</u>	<u>69,498,230</u>
Deferred Outflows of Resources		
Related to pensions	\$ 144,775	\$ 137,323
Related to other post employment benefits	152,843	106,545
Total Deferred Outflows of Resources	<u>297,618</u>	<u>243,868</u>
Liabilities		
Current liabilities	\$ 2,464,644	\$ 2,459,722
Long-term liabilities	21,197,667	23,720,986
Total Liabilities	<u>23,662,311</u>	<u>26,180,708</u>
Deferred Inflows of Resources		
Deferred credits	\$ 537,514	\$ 584,958
Related to pensions	183,538	71,996
Related to other post employment benefits	161,280	20,273
Total Deferred Inflows of Resources	<u>882,332</u>	<u>677,227</u>
Net Position		
Net investment in capital assets	\$ 44,394,271	\$ 42,397,850
Unrestricted	1,305,310	486,313
Total Net Position	<u>\$ 45,699,581</u>	<u>\$ 42,884,163</u>

**CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
SANITARY DIVISION**

	December 31, 2018	December 30, 2017 (restated)
Operating Revenues		
Sewer	\$ 3,739,152	\$ 3,532,808
Storm Water	3,801,483	3,557,405
Trunkline	731,729	632,758
Other	487,489	442,917
Total Operating Revenues	<u>8,759,853</u>	<u>8,165,888</u>
Operating Expenses		
Operating expenses	3,455,344	4,276,205
Depreciation	2,201,302	2,132,631
Total Operating Expenses	<u>5,656,646</u>	<u>6,408,836</u>
Nonoperating Revenue (Expense)	<u>(287,789)</u>	<u>67,762</u>
Change in Net Position	2,815,418	1,824,814
Net Position- Beginning of Year	<u>42,884,163</u>	<u>41,059,349</u>
Net Position - End of Year	<u>\$ 45,699,581</u>	<u>\$ 42,884,163</u>

GREATER AUGUSTA UTILITY DISTRICT
Management's Discussion and Analysis, Continued

Capital Asset Activity

During the year, the District continued to carry out plans to upgrade vital components of both the Water and Sanitary systems. These projects are expected to improve efficiencies within the District and reduce future maintenance costs.

Several major Water division projects were completed this year. The District invested roughly \$1.1 million to replace/repair water mains on Ward Street, North Belfast Avenue, Cony Street and Gage Street. A new meter was installed at the Triangle Well pump station, a new roof on the South Well pump station and trees were planted for erosion control at the Riverside Drive Well for a combined cost of \$45,000. The water division also split the cost of purchasing property located on Arsenal Street, building upgrades, the purchase of a trench box, GIS receivers, a trailer and three new trucks with the sanitary division. Several water main replacement projects are in process on Commercial Street, Oak Street, Cedar Street, Murray Street, Columbia Street, and Prospect Street.

Several major Sanitary division projects were completed this year. A major rehab project on the Trunkline Three Pump Station for \$1.6 million. Sewer mains were upgraded on Ward Street, Greenlief Street, Brookside Avenue, Westwood Road, Lambard Court, Capitol Street, and Highland Avenue for a combined cost of \$654,000. Sewer mains were relined on Jefferson Street and various other streets for a combined cost of \$200,000. Storm mains were upgraded on Union Street, Westwood Road, Phillips Avenue, Second Avenue, South Belfast Avenue, Penley Street, Purinton Avenue, and Civic Center Drive for a cost of \$315,000. Property was purchase on State Street for \$317,000 and a CCTV truck for \$327,000. The Waste Water Treatment Plant upgraded their SCADA system, replaced a primary and main flow pump for a combined cost of \$84,000. The sanitary division also split the cost of purchasing property located on Arsenal Street, building upgrades, the purchase of a trench box, GIS receivers, a trailer and three new trucks with the water division. Significant ongoing projects at year end included sewer main replacements or repairs on Oak Street, Cedar Street, Murray Street, Columbia Street, Prospect Street, and a storm project on Fowler Street. Combined Sewer Overflow (CSO) projects started in 2017 include replacing a siphon under the Kennebec River and the Construction of a CSO storage tank on the east side of Augusta.

Debt Activity

The District made all required 2018 principal and interest payments on existing debt. No new debt was issued in 2018.

Request for Information

This financial report is intended to provide readers with a general overview of the Greater Augusta Utility District's finances and show accountability for expenditures related to its business-type activity. If you have questions regarding this report or need additional information, please contact the General Manager of the Greater Augusta Utility District.

GREATER AUGUSTA UTILITY DISTRICT
Statement of Net Position
December 31, 2018

ASSETS

Current assets:

Cash and cash equivalents	\$ 6,073,516
Accounts receivable:	
Customer service	850,897
Unbilled	1,119,933
Intercommunity trunkline - operations	80,921
Other	87,444
Inventory	176,793
Prepaid expenses	65,243
Total current assets	8,454,747

Noncurrent assets:

Other assets:

Unamortized debt discount	1,780
Total other assets	1,780

Capital assets:

Work in process	1,900,015
Operating property	146,355,496
Less accumulated depreciation	(54,592,863)
Net capital assets	93,662,648
Total noncurrent assets	93,664,428

Total assets	102,119,175
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DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources related to pensions	245,381
Deferred outflows of resources related to other post employment benefits	179,815

Total deferred outflows of resources	425,196
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GREATER AUGUSTA UTILITY DISTRICT
Statement of Net Position, Continued
December 31, 2018

LIABILITIES	
Current liabilities:	
Accounts payable:	
Trade	216,675
Construction/retainage	111,773
Accrued payroll	116,656
Accrued interest	107,174
Unearned revenue	3,049
Current portion of bonds and notes payable	2,678,196
Total current liabilities	3,233,523
Noncurrent liabilities:	
Accrued compensated absences	108,728
OPEB liabilities	3,150,710
Net pension liability	911,892
Bonds and notes payable	22,000,724
Total noncurrent liabilities	26,172,054
Total liabilities	29,405,577
DEFERRED INFLOWS OF RESOURCES	
Deferred credits	543,494
Deferred inflows of resources related to pensions	311,082
Deferred inflows of resources related to other post employment benefits	189,741
Total deferred inflows of resources	1,044,317
NET POSITION	
Net investment in capital assets	69,005,498
Unrestricted	3,088,979
Total net position	\$ 72,094,477

See accompanying notes to financial statements.

GREATER AUGUSTA UTILITY DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2018

Operating revenues:		
Metered	\$	6,149,116
Flat rate		14,768
Storm water		1,451,099
Catch basins		2,350,384
Trunkline communities		731,729
Public fire protection		819,135
Private fire protection		520,261
Other revenues		493,339
Total operating revenues		12,529,831
Operating expenses:		
Source of supply		152,881
Treatment plant		1,415,645
Transportation and distribution		2,694,744
Customer accounts		481,601
Administrative and general		524,867
Trunkline expenses		250,072
Depreciation		3,063,387
Total operating expenses		8,583,197
Operating income		3,946,634
Nonoperating revenues (expenses):		
Interest revenue		28,021
Utility contract income		15,870
Non-utility income		204,442
Miscellaneous		42,318
Interest expense		(481,701)
Amortization expense		(5,623)
Loss on disposal of capital assets		(10,933)
Total nonoperating revenues (expenses)		(207,606)
Change in net position		3,739,028
Net position, beginning of year, as restated		68,355,449
Net position, end of year	\$	72,094,477

See accompanying notes to financial statements.

GREATER AUGUSTA UTILITY DISTRICT
Statement of Cash Flows
For the Year Ended December 31, 2018

Cash flows from operating activities:		
Receipts from customers and users	\$	12,757,914
Payments to suppliers		(2,787,168)
Payments to employees		(3,038,877)
Net cash provided by (used in) operating activities		6,931,869
Cash flows from capital and related financing activities:		
Purchase of capital assets		(3,031,407)
Principal payments on long-term debt		(2,711,792)
Interest payments on long-term debt		(548,446)
Net cash provided by (used in) capital and related financing activities		(6,291,645)
Cash flows from investing activities:		
Interest income		28,021
Net cash provided by (used in) investing activities		28,021
Net increase (decrease) in cash and cash equivalents		668,245
Cash and cash equivalents at beginning of year		5,405,271
Cash and cash equivalents at end of year	\$	6,073,516
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$	3,946,634
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation		3,063,387
Utility, non-utility, jobbing and miscellaneous revenues		262,630
Change in operating assets and liabilities:		
(Increase) decrease in accounts receivable - customer service		14,679
(Increase) decrease in accounts receivable - unbilled		(267,484)
(Increase) decrease in accounts receivable - intercommunity trunkline		(22,792)
(Increase) decrease in accounts receivable - other		240,317
(Increase) decrease in inventory		11,788
(Increase) decrease in prepaid expenses		18,178
(Decrease) increase in accounts payable - trade		44,354
(Decrease) increase in accrued payroll		46,526
(Decrease) increase in accrued compensated absences		4,521
(Decrease) increase in OPEB liability and related deferred outflows and inflows of resources		(53,269)
(Decrease) increase in net pension liability and related deferred outflows and inflows of resources		(378,333)
(Decrease) increase in unearned revenue		733
Net cash provided by (used in) operating activities		6,931,869
Noncash capital and related financing activities:		
Amortized debt discount		(5,623)
Amortized deferred credits from bond refinancing proceeds		53,425

See accompanying notes to financial statements.

GREATER AUGUSTA UTILITY DISTRICT
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - The Greater Augusta Utility District is a quasi-municipal corporation established in 2007. The District is a special purpose governmental entity engaged in business-type activities. Effective January 1, 2008, the Augusta Water District, Augusta Sanitary District, and the sanitary division of the Hallowell Water District officially merged to create one entity. The District supplies public drinking water and fire protection services to the City of Augusta, Maine and parts of several surrounding cities and towns. The District owns a water filtration plant, which is not in use, as well as several gravel packed wells. The District also operates sewerage and surface drainage collection systems as well as a treatment plant. The regional Waste Water Plant treats sewerage from the Towns of Winthrop, Manchester, Monmouth, and the Cities of Hallowell and Augusta.

Basis of Accounting - The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The financial statements of the District are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges to the customers for sales and services. The District also recognizes as operating revenue late fees and connection fees intended to cover the cost of connecting new customers to the District's system. Operating expenses for the District include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expense.

Cash and Cash Equivalents - The District considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Accounts Receivable - The District provides credit to customers in the District. The District uses the allowance method to account for uncollectible accounts receivable. The allowance for doubtful accounts is based on prior years' experience and management's analysis of possible bad debts. At December 31, 2018, there was no allowance for uncollectible accounts receivable recorded as the District estimated 100% of receivables were collectible. The District also accrues revenue for estimated water, sanitary, and storm water services, which were not yet billed as of the balance sheet dates.

Inventory - Inventory is valued at cost using the first-in, first-out (FIFO) method and consists of various repair parts and supplies.

Unamortized Debt Discount - Debt discounts reflect additional funds surrendered at the time of debt issuance due to variances between the stated interest rate on debt and the going market rate. Debt discounts are amortized over the life of each bond issued.

Prepaid Expenses - Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid expenses in the financial statements.

GREATER AUGUSTA UTILITY DISTRICT
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Capital Assets - Capital assets with an initial individual cost of more than \$5,000 and an estimated useful life of 3 years are stated at the cost to acquire or construct the asset. Capital assets acquired through contributions or donations are capitalized at their estimated acquisition value. Routine maintenance and repairs are charged to expense. Expenses which materially increase values, change capacities or extend useful lives are capitalized. The provision for depreciation has been computed by the use of the straight-line method at rates intended to amortize the cost of the related assets over their estimated useful lives, ranging from 3-75 years.

Accrued Compensated Absences - Under terms of personnel policies, the District grants vacation and sick time benefits. These benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered.

Deferred Inflows and Outflows of Resources - In addition to assets and liabilities, the statement of net position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represents a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until that time. The District has deferred outflows and inflows that relate to the net pension and OPEB liabilities, which include the District's contributions subsequent to the measurement date, which is recognized as a reduction of the respective liability in the subsequent year. They also includes changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between the District's contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. They also include the net difference between the projected and actual earnings on plan investments, which is deferred and amortized over a five-year period.

In addition, the District also reports deferred inflows of resources from deferred credits, which reflect the difference between the value of new bond proceeds received from the Maine Municipal Bond Bank and the carrying value of the refunded bonds. Deferred credits are being amortized and recognized as inflows of resources over the remaining terms of the refinanced bonds using the straight-line method.

Pensions and OPEB Liabilities - For purposes of measuring the net pension and net OPEB liabilities, the related deferred outflows of resources and deferred inflows of resources, and the related expense, information about the fiduciary net position of the Maine Public Employees Retirement System Consolidated Plan for Participating Local Districts (PLD Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Income Taxes - The District qualifies as a tax exempt organization under the provisions of the Internal Revenue Code and, accordingly, its income is not subject to any state or federal income taxes.

Comparative Data Reclassifications - Comparative data for the prior year has been presented for certain divisions in the exhibits in order to provide an understanding of the changes in financial position and the operations of these funds. In some instances, prior year data has been reclassified to be consistent with current year presentation.

GREATER AUGUSTA UTILITY DISTRICT
Notes to Basic Financial Statements, Continued

DEPOSITS

Custodial credit risk- deposits - In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of December 31, 2018, \$253,831 of the District's bank balance of \$6,138,054 was insured by the FDIC and \$5,884,223 was collateralized by a \$6,125,000 irrevocable standby letter of credit issued by the Federal Home Loan Bank of Pittsburgh. In accordance with its investment policy, the District's funds must be made in financial institutions that are insured by FDIC or FSLIC. Any funds deposited or invested above those insurance limits must be collateralized by the financial institution, or any excess funds over that limit must be placed with other insured (FDIC or FSLIC) financial institutions.

Interest rate risk - In accordance with its investment policy, the maturity date of new investments shall not be further than the time that the District reasonably anticipates the funds will be needed. It invests primarily in certificates of deposit, savings accounts, and repurchase agreements. Any other type of investment must be approved by the Board of Trustees.

CAPITAL ASSETS

The following is a summary of the changes in capital assets for the year ended December 31, 2018:

	Balance <u>12/31/17</u>	<u>Additions</u>	<u>Dispositions</u>	Balance <u>12/31/18</u>
Capital assets not being depreciated:				
Land	\$ 2,484,560	493,217	-	2,977,777
Work in process	4,052,342	2,975,768	5,128,095	1,900,015
Total capital assets not being depreciated	6,536,902	3,468,985	5,128,095	4,877,792
Capital assets being depreciated:				
Building and structures	31,763,824	1,477,603	-	33,241,427
Equipment	5,695,761	723,801	-	6,419,562
Transportation	2,378,323	213,361	32,795	2,558,889
Infrastructure	98,922,633	2,235,208	-	101,157,841
Total capital assets being depreciated	138,760,541	4,649,973	32,795	143,377,719
Less accumulated depreciation for:				
Building and structures	8,220,542	511,169	-	8,731,711
Equipment	3,839,766	341,711	-	4,181,477
Transportation	1,865,856	115,311	21,862	1,959,305
Infrastructure	37,625,174	2,095,196	-	39,720,370
Total accumulated depreciation	51,551,338	3,063,387	21,862	54,592,863
Total capital assets being depreciated, net	87,209,203	1,586,586	10,933	88,784,856
Capital assets, net	\$ 93,746,105	5,055,571	5,139,028	93,662,648

GREATER AUGUSTA UTILITY DISTRICT
Notes to Basic Financial Statements, Continued

CAPITAL ASSETS, CONTINUED

Depreciation expense was charged as follows:

Sewer division	\$ 1,334,299
Storm water division	867,003
Water division	862,085
Total depreciation expense	\$ 3,063,387

Idle assets - \$1,275,000 of the District's total buildings and structures are currently not in service.

COMMITMENTS

The District has entered into multiple contracts in connection with various construction projects. The following is a summary of the commitments at December 31, 2018:

	<u>Contract Total</u>	<u>Percentage Complete</u>	<u>Billed to Date</u>	<u>Retainage</u>	<u>Balance Remaining</u>
Winthrop Pump Station (TL3)	\$ 13,155	0.00%	-	-	13,155
East Side Siphon	13,000	0.00%	-	-	13,000
Oak Street Water and Sewer Mains	477,147	95.21%	454,303	23,650	22,844
CSO Phase Four Storage Tank	18,110	94.48%	17,110	-	1,000
CSO Phase Four Storage Tank	204,250	39.53%	80,732	-	123,518
Cedar Street Water and Sewer Mains	707,542	54.98%	389,039	24,553	318,503
WWTF Primary Clarifier	97,408	0.00%	-	-	97,408

LONG-TERM DEBT

The following is a summary of long-term liability transactions of the District for the year ended December 31, 2018:

	<u>Beginning Balance Restated</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Bonds and notes payable	\$ 27,390,712	-	2,711,792	24,678,920	2,678,196
Accrued compensated absences	104,207	4,521	-	108,728	-
Other post employment benefits	3,315,401	-	164,691	3,150,710	-
Net pension liability	1,466,649	-	554,757	911,892	-
Total long-term liabilities	\$ 32,276,969	4,521	3,431,240	28,850,250	2,678,196

GREATER AUGUSTA UTILITY DISTRICT
Notes to Basic Financial Statements, Continued

LONG-TERM DEBT, CONTINUED

The following is a summary of the long-term debt payable at December 31, 2018 and 2017:

<u>Issue</u>	<u>Amount issued</u>	<u>Maturity date</u>	<u>Interest rate</u>	<u>Balance 12/31/17</u>	<u>Balance 12/31/18</u>
Bond 1990 MMBB	\$ 6,000,000	2020	7.10-7.20%	600,000	400,000
Bond 2009 MMBB SRF	190,000	2027	0.00%	48,977	43,752
Bond 2011 MMBB	700,000	2031	2.12-5.62%	490,000	455,000
Bond 2013 TD Bank	2,000,000	2023	2.79%	1,200,000	1,000,000
Bond 2014 MMBB	2,400,000	2034	0.43-3.78%	2,040,000	1,920,000
Bond 2014 MMBB	1,100,000	2034	0.43-3.78%	935,000	880,000
Subtotal Water Division				5,313,977	4,698,752
Bond 2002 MMBB	10,750,000	2021	2.34%	2,240,000	1,680,000
Bond 2005 MMBB	1,500,000	2025	1.53%	600,000	525,000
Bond 2006 MMBB	1,250,000	2026	1.42%	562,500	500,000
Hallowell Bond	579,793	2018	5.00-7.85%	46,732	-
2008 Taxable Sewer Bond	2,000,000	2028	1.27%	1,162,125	1,063,017
2009 CWSRF	6,500,000	2029	1.00%	3,919,901	3,610,821
2010 CWSRF - SR	1,750,000	2030	1.17%	1,183,225	1,098,424
2010 CWSRF - FFR	1,610,000	2030	1.00%	1,134,059	1,051,937
2011 CWSRF	14,520,000	2030	1.00%	9,628,193	8,930,969
Bond 2017 MMBB	1,600,000	2037	1.26-3.92%	1,600,000	1,520,000
Subtotal Sanitary Division				22,076,735	19,980,168
Less current portion				2,711,792	2,678,196
Total long-term portion				\$ 24,678,920	22,000,724

Requirements for the repayment of the outstanding debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total debt service</u>
2019	\$ 2,678,196	493,704	3,171,900
2020	2,691,467	439,155	3,130,622
2021	2,504,877	393,220	2,898,097
2022	1,958,426	349,690	2,308,116
2023	1,972,114	320,478	2,292,592
2024-2028	8,712,450	1,196,050	9,908,500
2029-2033	3,666,390	391,292	4,057,682
2034-2037	495,000	37,718	532,718
Totals	\$ 24,678,920	3,621,307	28,300,227

GREATER AUGUSTA UTILITY DISTRICT
Notes to Basic Financial Statements, Continued

JOINT PROJECT – WMMHA TRUNKLINE PROJECT

The participants in the Joint Project, WMMA Trunkline, are Winthrop Utility District, Manchester Sanitary District, and Monmouth Sanitary District. These participants have entered into an agreement whereby they are liable for bonds payable (\$2,618,424 and \$2,783,225 at December 31, 2018 and 2017, respectively) issued to fund the construction of said Joint Project. The participants also pay for all operating expenses of the trunkline and operations and maintenance costs of the treatment plant based on a percentage of their flow.

OPERATING LEASE

On July 30, 2001, the District entered into a five-year non-cancelable lease with Global Tower (formerly Mesa Communications) for the use of the District's land to place communication facilities. Base rental payments are \$1,000 per month and the agreement automatically renews for seven additional terms of five years, with rental payments increasing 15% each renewal term. The lease was renewed at \$1,150 per month beginning in February of 2010 and at \$1,322 per month beginning in February of 2015. Future minimum rentals at December 31, 2018 are as follows:

2019	\$ 15,870
2020	<u>1,322</u>
Total	<u>\$ 17,192</u>

NET POSITION

Net position represents assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds payable and adding back any unspent bond proceeds. Net position is reported as restricted when there are limitations imposed on the use of funds either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District's net investment in capital assets was calculated as follows at December 31, 2018:

Capital assets	\$ 148,255,511
Accumulated depreciation	(54,592,863)
Bonds payable	(24,678,920)
Unspent bond proceeds	<u>21,770</u>
Net investment in capital assets	<u>\$ 69,005,498</u>

GREATER AUGUSTA UTILITY DISTRICT
Notes to Basic Financial Statements, Continued

NET PENSION LIABILITY

General Information about the Pension Plan

Plan Description - Employees of the District are provided with pensions through the Maine Public Employees Retirement Consolidated Plan for Local Participating Districts (PLD Plan), a cost sharing multiple-employer defined benefit pension plan, administered by the Maine Public Employees Retirement System (MPERS). Benefit terms are established in Maine statute; in the case of the PLD Plan, an advisory group, also established by statute, reviews the terms of the plan and periodically makes recommendations to the Maine State Legislature to amend the terms. MPERS issues a publicly available financial report that can be obtained at www.mainebers.org.

Benefits Provided - The PLD Plan provides defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 (65 for new members to the PLD Plan on or after July 1, 2014). The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. MEPRS also provides disability and death benefits, which are established by contract under applicable provisions.

Contributions - Employee contribution rates are defined by law or Board rule and depend on the terms of the plan which an employee is covered. Employer contributions are determined by actuarial valuations. Required contributions for the years ended December 31, 2018 and 2017 were as follows:

	Employee		Employer	
	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>
January to June	8.0%	8.0%	9.5%	9.6%
July to December	8.0%	8.0%	9.6%	10.0%

The employer contributions, combined with the employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$193,975 for the year ended December 31, 2018.

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

At December 31, 2018, the District reported a liability of \$911,892 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating local districts, actuarially determined. At June 30, 2018, the District's proportion was 0.3332%.

For the year ended December 31, 2018, the District recognized pension gain of \$184,355.

GREATER AUGUSTA UTILITY DISTRICT
Notes to Basic Financial Statements, Continued

NET PENSION LIABILITY, CONTINUED

At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	7,160
Net difference between projected and actual earnings on pension plan investments	-	220,185
Changes in proportion and differences between District contributions and proportionate share of contributions	-	83,737
Changes of assumptions	145,545	-
District contributions subsequent to the measurement date	99,836	-
Total	\$ 245,381	311,082

\$99,836 is reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:

2019	\$ 70,503
2020	(29,342)
2021	(149,791)
2022	(56,907)

Actuarial Assumptions - The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary Increases	2.75% to 9.00% per year
Investment return	6.75% per annum, compounded annually
Cost of living benefit increases	1.91% per annum

Mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period June 30, 2012 to June 30, 2015.

GREATER AUGUSTA UTILITY DISTRICT
Notes to Basic Financial Statements, Continued

NET PENSION LIABILITY, CONTINUED

The long-term expected rate of return on pension plan investments was determined using 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 by 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public equities	30.0%	6.0%
US Government	7.5%	2.3%
Private equity	15.0%	7.6%
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	7.5%	3.0%
Alternative credit	5.0%	4.2%
Diversifiers	10.0%	5.9%
<u>Total</u>	<u>100.0%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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 District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.75%) or 1 percentage-point higher (7.75%) than the current rate:

	1% Decrease <u>(5.75%)</u>	Current Discount Rate <u>(6.75%)</u>	1% Increase <u>(7.75%)</u>
District's proportionate share of the net pension liability	\$ 2,149,211	\$ 911,892	\$ (244,660)

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS financial report.

Payables to the Pension Plan - None as of December 31, 2018.

GREATER AUGUSTA UTILITY DISTRICT
Notes to Basic Financial Statements, Continued

OTHER DEFERRED COMPENSATION PLAN

The Greater Augusta Utility District offers all its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits participating 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.

Assets of the plan are placed in trust for the exclusive benefit of participants and their beneficiaries. Accordingly, the assets and the liabilities for the compensation deferred by plan participants, including earnings on plan assets, are not included in the District's financial statements.

The District also sponsors an employee money purchase plan to which it contributed 5.00% of compensation of electing union and non-union participants for 2018, 2017, and 2016, respectively. Total District contributions were \$7,710, \$9,360, and \$11,495 in 2018, 2017, and 2016, respectively.

SANITARY DIVISION EXPENSE ALLOCATIONS

During 2011, the District decided to display financial information for the Sanitary Division by each of its subdivisions, sewer and storm water, in its individual fund financial statements located in Exhibits 4 through 9 following the notes to the financial statements. The Board approved allocating expenses between sewer and storm water by the following ratios on September 19, 2011. Operations and maintenance expenses on the treatment plant, pump stations, and sanitary pipes are allocated at 63% sewer and 37% storm water; catch basin and storm pipe expenses are 100% storm water; sewer pipe expenses are 100% sewer; customer accounts expenses are allocated at 84% sewer and 16% storm water; and administration and general expenses are allocated at 58% sewer and 42% storm water. Additionally, the Board approved allocating debt and interest expenses separately based on the related projects and the purpose for bond issuances.

OTHER POST EMPLOYMENT BENEFITS (OPEB) – HEALTH INSURANCE

General Information about the OPEB Plan

Plan Descriptions - The District sponsors a post-retirement benefit plan providing health insurance to retiring employees. The plan is a single-employer defined benefit OPEB plan administered by the Maine Municipal Employees Health Trust (MMEHT). The Board of Trustees has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Benefits Provided - MMEHT provides healthcare and life insurance benefits for retirees and their dependents. For District employees hired before January 1, 2005 the District will pay towards a retired employee's health insurance an amount equal to ninety percent of the cost of the employee only health insurance coverage for any employee that is at least sixty years of age and unable to access similar insurance coverage with another employer. The premium expense to the District for retirees' health insurance shall not increase more than five percent in any year and any excess costs will be borne by the retiree.

GREATER AUGUSTA UTILITY DISTRICT
Notes to Basic Financial Statements, Continued

OTHER POST EMPLOYMENT BENEFITS (OPEB) – HEALTH INSURANCE, CONTINUED

This benefit shall be made available to employees conditioned on their years of service with the District as follows:

Years of Service	Maximum Years of Benefit
More than 15 but less than 20	2
More than 20 but less than 25	3
More than 25 but less than 30	4
Over 30 years	5

For District employees hired on or after January 1, 2005 the District will not contribute to the cost of retiree health insurance.

Employees Covered by Benefit Terms - At December 30, 2018 the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	21
Inactive employee entitled to but not yet receiving benefits	-
Active employees	26
Total	<u>47</u>

Total OPEB Liability

The District's total Health OPEB liability of \$3,071,984 was measured as of January 1, 2018 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00% per year
Salary increases	2.75% per year
Discount rate	3.44%
Healthcare cost trend rates	8.27% for 2018, decreasing to 4.00% for 2032
Retirees' share of the benefit related costs	10% of projected health insurance premiums

The discount rate was based upon high quality AA/Aa or higher bond yields in effect for 20 years, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index.

Mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females.

The actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study for the period June 30, 2012 through June 30, 2015.

GREATER AUGUSTA UTILITY DISTRICT
Notes to Basic Financial Statements, Continued

OTHER POST EMPLOYMENT BENEFITS (OPEB) – HEALTH INSURANCE, CONTINUED

Changes in the Total OPEB Liability

Balance at December 31, 2017	\$ 3,242,353
Changes for the year:	
Service Cost	16,581
Interest	120,050
Differences between expected and actual experience	(227,522)
Changes in assumptions or other inputs	88,068
Benefit payments	<u>(167,546)</u>
Net change	<u>(170,369)</u>
Balance at December 31, 2018	\$ <u>3,071,984</u>

Change in assumptions reflects a change in the discount rate from 3.78% to 3.44% and also a change in valuation method from Projected Unit Credit to the Entry Age Normal funding method.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the District's total OPEB liability calculated using the discount rate of 3.44%, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.44%) or 1 percentage-point higher (4.44%) than the current rate:

	1% Decrease (2.44%)	Discount Rate (3.44%)	1% Increase (4.44%)
Total OPEB liability	\$ 3,424,103	3,071,984	2,776,200

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the District's total OPEB liability calculated using the healthcare cost trend rates of 8.27%, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower (7.27%) or 1 percentage-point higher (9.27%) than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 2,815,423	3,071,984	3,371,175

GREATER AUGUSTA UTILITY DISTRICT
Notes to Basic Financial Statements, Continued

OTHER POST EMPLOYMENT BENEFITS (OPEB) – HEALTH INSURANCE, CONTINUED

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the District recognized OPEB gain of \$51,623. At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	170,641
Changes of assumption or other inputs	66,051	-
District contributions subsequent to the measurement date	106,079	-
Total	\$ 172,130	170,641

\$106,079 is reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	
2019	\$ (34,864)
2020	(34,864)
2021	(34,862)

OTHER POST EMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE

Plan Description - The District sponsors a post-retirement benefit plan providing group term life insurance to retiring employees. The plan is a cost-sharing multiple-employer defined benefit OPEB plan administered by the Maine Public Employees Retirement System (MPERS). The MPERS Board of Trustees has the authority to establish and amend the benefit terms and financing requirements. MPERS issues a publicly available financial report that is available at www.maineopers.org.

Benefits Provided - MPERS provides basic group life insurance benefits, during retirement, to retirees who participated in the plan prior to retirement for a minimum of 10 years. The level of coverage is initially set to an amount equal to the retirees average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

Contributions - Premium rates are determined by the MPERS Board of Trustees to be actuarially sufficient to pay anticipated claims. The District is required to remit a premium of \$0.46 per \$1,000 of coverage per month during the post-employment retirement period. Contributions to the OPEB plan from the District were \$2,099 for the year ended December 31, 2018. Employees are not required to contribute to the OPEB plan.

GREATER AUGUSTA UTILITY DISTRICT
Notes to Basic Financial Statements, Continued

OTHER POST EMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE, CONTINUED

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

At December 31, 2018, the District reported a liability of \$78,726 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the District's proportion was 0.3897%.

For the year ended December 31, 2018, the District recognized OPEB expense of \$454. At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,644	-
Changes of assumptions	-	9,479
Net difference between projected and actual earnings on OPEB plan investments	-	4,132
Changes in proportion and differences between District contributions and proportionate share of contributions	-	5,489
Districts contributions subsequent to the measurement date	1,041	-
Total	\$ 7,685	19,100

\$1,041 is reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	
2019	\$ (3,458)
2020	(3,458)
2021	(3,458)
2022	(2,678)
2023	596

GREATER AUGUSTA UTILITY DISTRICT
Notes to Basic Financial Statements, Continued

OTHER POST EMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE, CONTINUED

Actuarial Assumptions - The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	2.75% - 9.00%
Investment rate of return	6.75%

Mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study conducted for the period June 30, 2012 to June 30, 2015.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method which best estimates ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	70.0%	6.0%
Real estate	5.0%	5.2%
Traditional credit	15.0%	3.0%
US Government Securities	10.0%	2.3%
Total	100.0%	

Discount Rate - The rate used to measure the total OPEB liability for the plan was 5.13% which is a blend of the assumed long-term expected rate of return of 6.75% and a municipal bond index rate of 3.87%, based on the Bond Buyer GO 20-year Municipal Bond Index as of June 30, 2018. Projections of the plan's fiduciary net position indicate that it is not expected to be sufficient to make projected benefit payments for current members beyond 2047. Therefore, the portion of the future projected benefit payments after 2047 are discounted at the municipal bond index rate. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined.

GREATER AUGUSTA UTILITY DISTRICT
Notes to Basic Financial Statements, Continued

OTHER POST EMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE, CONTINUED

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate -

The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 5.13%, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (4.13%) or 1 percentage-point higher (6.13%) than the current rate:

	1% Decrease (4.13%)	Discount Rate (5.13%)	1% Increase (6.13%)
Net OPEB liability	\$ 104,009	78,726	58,792

OPEB Plan Fiduciary Net Position - Detailed information about the OPEB plan's fiduciary net position is available in a separately issued MPERS financial report.

NEW PRONOUNCEMENTS AND RESTATEMENT OF NET POSITION

For the fiscal year ended December 31, 2018, the District has elected to implement Statement No. 75 of the Governmental Accounting Standards Board – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result of implementing GASB Statement No. 75, the District has restated beginning net position to account for the addition of the District's proportionate share of the net OPEB liability for the PLD and Health OPEB plans of \$1,956,014 and the related deferred outflows and inflows of resources of \$101,496, which effectively decreased the District's net position as of January 1, 2018 by \$1,854,518.

GREATER AUGUSTA UTILITY DISTRICT
Required Supplementary Information

Schedule of District's Proportionate Share of the Net Pension Liability
Maine Public Employees Retirement System Consolidated Plan (PLD)
Last 10 Fiscal Years *

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.3332%	0.3582%	0.3579%	0.3755%	0.3495%
District's proportionate share of the net pension liability	\$ 911,892	1,466,649	1,901,605	1,198,107	537,862
District's covered payroll	1,926,738	1,935,746	1,886,980	1,967,972	1,864,159
District's proportionate share of the net pension liability as a percentage of its covered payroll	47.33%	75.77%	100.78%	60.88%	28.85%
Plan fiduciary net position as a percentage of of the total pension liability	91.14%	86.43%	81.61%	88.27%	94.10%

* Only five years of information available. The amounts presented for each year were determined as of the prior June 30th.

Schedule of District Contributions - Pension
Maine Public Employees Retirement System Consolidated Plan (PLD)
Last 10 Fiscal Years **

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 193,975	179,618	176,082	163,431	138,965
Contributions in relation to the contractually required contribution	(193,975)	(179,618)	(176,082)	(163,431)	(138,965)

Contribution deficiency (excess)	-	-	-	-	-
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District's covered payroll	1,978,973	1,880,749	1,910,960	1,957,474	1,940,354
Contributions as a percentage of covered payroll	9.80%	9.55%	9.21%	8.35%	7.16%

** Only five years of information available.

GREATER AUGUSTA UTILITY DISTRICT
Required Supplementary Information, continued

Schedule of District's Proportionate Share of the Net OPEB Liability - PLD

Last 10 Fiscal Years*

	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.3897%	0.4369%
District's proportionate share of the net OPEB liability	\$ 78,726	73,048
District's covered-employee payroll	1,926,738	1,935,746
District's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	4.09%	3.77%
Plan fiduciary net position as a percentage of the total OPEB liability	43.92%	47.42%

* Only two years of information available. Amounts presented for each fiscal year were determined as of the prior June 30th.

Schedule of District's Contributions – PLD OPEB

Last 10 Fiscal Years**

	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 2,099	2,169
Contributions in relation to the contractually required contribution	(2,099)	(2,169)
Contribution deficiency (excess)	\$ -	-
District's covered-employee payroll	\$ 1,978,973	1,880,749
Contributions as a percentage of covered-employee payroll	0.11%	0.12%

** Only two years of information available.

GREATER AUGUSTA UTILITY DISTRICT
Required Supplementary Information, continued

Schedule of Changes in the District's Total Health OPEB Liability and Related Ratios
Last 10 Fiscal Years*

	<u>2018</u>
Total OPEB Liability	
Service cost	\$ 16,581
Interest	120,050
Differences between expected and actual experience	(227,522)
Changes of assumptions or other inputs	88,068
Benefit payments	<u>(167,546)</u>
Net change in total OPEB Liability	(170,369)
 Total OPEB liability - beginning	 <u>3,242,353</u>
Total OPEB liability - ending	\$ <u>3,071,984</u>
 Covered-employee payroll	 \$ 1,330,077
Total OPEB liability as a percentage of covered-employee payroll	230.96%

* Only one year of information available.

GREATER AUGUSTA UTILITY DISTRICT
Notes to Required Supplementary Information

Changes of Benefit Terms (Pension) - None

Changes of Assumptions (Pension) - The following are changes in actuarial assumptions used in the actuarial valuations:

	<u>2018</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Discount rate	6.750%	6.875%	7.125%	7.250%
Inflation rate	2.75%	2.75%	3.50%	3.50%
Salary increases	2.75-9.00%	2.75-9.00%	3.50-9.50%	3.50-9.50%
Cost of living increases	1.91%	2.20%	2.55%	3.12%

** This schedule is intended to show information for ten years, but only the years in which changes occurred have been displayed. Additional years' information will be displayed as it becomes available.*

Mortality rates:

In 2015, mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA. In 2016 and going forward, mortality rates were based on the RP2014 Total Data Set Health Annuitant Mortality Table.

Changes of Benefit Terms (PLD OPEB) - None

Changes of Assumptions (PLD OPEB) - The following are changes in actuarial assumptions used in the actuarial valuations:

	<u>2018</u>	<u>2017</u>
Discount rate	6.75%	6.875%
Inflation rate	2.75%	2.75%
Salary increases	2.75-9.00%	2.75-9.00%

** This schedule is intended to show information for ten years, but only the years in which changes occurred have been displayed. Additional years' information will be displayed as it becomes available.*

Changes of Benefit Terms (Health OPEB) - None

Changes of Assumptions (Health OPEB) – Changes of assumptions and other inputs reflects the changes in the discount rate each period. The following are the discount rates used in each period:

<u>Fiscal Year</u>	<u>Discount Rate</u>
2018	3.44%
2017	3.78%

Additionally, the valuation method was changed from the Projected Unit Credit funding method in 2017 to the Entry Age Normal funding method in 2018.

WATER DIVISION

GREATER AUGUSTA UTILITY DISTRICT
WATER DIVISION
Statements of Net Position
December 31, 2018
(with comparative totals for December 31, 2017)

	2018	2017 Restated
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,128,063	1,889,447
Accounts receivable:		
Customer	242,037	260,340
Unbilled	267,127	201,068
Other	84,904	1,828
Inventory	107,366	110,579
Prepaid expenses	31,313	40,161
Total current assets	2,860,810	2,503,423
Noncurrent assets:		
Other assets:		
Unamortized debt discount	1,780	7,403
Total other assets	1,780	7,403
Capital assets:		
Work in process	412,700	978,424
Operating property	46,561,872	45,360,655
Less accumulated depreciation	(17,664,593)	(16,813,439)
Net capital assets	29,309,979	29,525,640
Total noncurrent assets	29,311,759	29,533,043
Total assets	32,172,569	32,036,466
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions	100,606	95,427
Deferred outflows of resources related to other post employment benefits	26,972	18,802
Total deferred outflows of resources	127,578	114,229

**GREATER AUGUSTA UTILITY DISTRICT
WATER DIVISION
Statements of Net Position, Continued
December 31, 2018
(with comparative totals for December 31, 2017)**

	2018	2017 Restated
LIABILITIES		
Current liabilities:		
Accounts payable:		
Trade	54,538	47,535
Construction/retainage	30,414	32,816
Accrued payroll	32,146	31,023
Accrued interest	36,556	41,821
Unearned revenue	-	1,228
Current portion of bonds and notes payable	615,225	615,225
Total current liabilities	768,879	769,648
Noncurrent liabilities:		
Accrued compensated absences	44,377	46,803
OPEB liabilities	472,607	497,310
Net pension liability	373,876	601,326
Bonds and notes payable	4,083,527	4,698,752
Total noncurrent liabilities	4,974,387	5,844,191
Total liabilities	5,743,266	6,613,839
DEFERRED INFLOWS OF RESOURCES		
Deferred credits	5,980	11,961
Deferred inflows of resources related to pensions	127,544	50,031
Deferred inflows of resources related to other post employment benefits	28,461	3,578
Total deferred inflows of resources	161,985	65,570
NET POSITION		
Net investment in capital assets	24,611,227	24,211,663
Unrestricted	1,783,669	1,259,623
Total net position	\$ 26,394,896	25,471,286

GREATER AUGUSTA UTILITY DISTRICT
WATER DIVISION
Statements of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	2018	2017 Restated
Operating revenues:		
Metered:		
Residential	\$ 1,406,859	1,348,579
Commercial	748,617	729,257
Governmental	269,256	270,163
Public fire protection	819,135	816,001
Private fire protection	520,261	519,551
Other water revenues	5,850	6,578
Total operating revenues	3,769,978	3,690,129
Operating expenses:		
Source of supply	152,881	153,622
Treatment plant	122,345	158,693
Transportation and distribution	1,196,574	1,071,265
Customer accounts	269,295	254,436
Administrative and general	323,371	474,617
Depreciation	862,085	853,281
Total operating expenses	2,926,551	2,965,914
Operating income (loss)	843,427	724,215
Nonoperating revenues (expenses):		
Interest revenue	8,981	5,288
Utility contract income	15,870	15,870
Non-utility income	204,442	183,552
Merchandising and jobbing revenue	25,066	21,881
Interest expense	(163,086)	(183,153)
Amortization expense	(5,623)	(6,796)
Loss on disposal of capital assets	(5,467)	-
Total nonoperating revenues (expenses)	80,183	36,642
Change in net position	923,610	760,857
Net position, beginning of year, as restated	25,471,286	24,710,429
Net position, end of year	\$ 26,394,896	25,471,286

GREATER AUGUSTA UTILITY DISTRICT
WATER DIVISION
Statements of Cash Flows
For the Year Ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	2018	2017
Cash flows from operating activities:		
Receipts from customers and users	\$ 3,883,296	3,906,110
Payments to suppliers	(995,626)	(712,261)
Payments to employees	(1,214,185)	(1,325,926)
Net cash provided by (used in) operating activities	1,673,485	1,867,923
Cash flows from capital and related financing activities:		
Purchase of capital assets	(654,293)	(1,342,222)
Principal payments on long-term debt	(615,225)	(615,225)
Interest payments on long-term debt	(174,332)	(196,713)
Net cash provided by (used in) capital and related financing activities	(1,443,850)	(2,154,160)
Cash flows from investing activities:		
Interest revenue	8,981	5,288
Net cash provided by (used in) investing activities	8,981	5,288
Net increase (decrease) in cash and cash equivalents	238,616	(280,949)
Cash and cash equivalents at beginning of year	1,889,447	2,170,396
Cash and cash equivalents at end of year	\$ 2,128,063	1,889,447
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ 843,427	724,215
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	862,085	853,281
Utility, non-utility, jobbing and miscellaneous revenues	245,378	221,303
Change in operating assets and liabilities:		
(Increase) decrease in accounts receivable - customers	18,303	18,651
(Increase) decrease in accounts receivable - unbilled	(66,059)	(23,173)
(Increase) decrease in accounts receivable - other	(83,076)	(621)
(Increase) decrease in inventory	3,213	(3,286)
(Increase) decrease in prepaid expenses	8,848	25,767
(Decrease) increase in accounts payable - trade	7,003	14,553
(Decrease) increase in accrued payroll	1,123	(1,340)
(Decrease) increase in accrued compensated absences	(2,426)	(3,095)
(Decrease) increase in OPEB liabilities and related deferred outflows and inflows of resources	(7,990)	10,657
(Decrease) increase in net pension liability and related deferred outflows and inflows of resources	(155,116)	31,190
(Decrease) increase in unearned revenue	(1,228)	(179)
Net cash provided by (used in) operating activities	1,673,485	1,867,923
Noncash capital and related financing activities:		
Amortized debt discount	(5,623)	(6,796)
Amortized deferred credits from bond refinancing proceeds	5,981	7,975

SEWER DIVISION

GREATER AUGUSTA UTILITY DISTRICT
SEWER DIVISION
Statements of Net Position
December 31, 2018
(with comparative totals for December 31, 2017)

	2018	2017 Restated
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,288,920	3,020,283
Accounts receivable:		
Customer service	307,283	252,139
Unbilled	427,505	337,120
Intercommunity trunkline - operations	80,921	58,129
Other	2,540	325,933
Inventory	43,739	49,141
Prepaid expenses	19,679	25,091
Total current assets	4,170,587	4,067,836
Noncurrent assets:		
Capital assets:		
Work in process	813,918	2,357,574
Operating property	59,442,153	56,584,134
Less accumulated depreciation	(23,024,834)	(21,697,531)
Net capital assets	37,231,237	37,244,177
Total noncurrent assets	37,231,237	37,244,177
Total assets	41,401,824	41,312,013
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions	90,791	86,118
Deferred outflows of resources related to other post employment benefits	95,302	66,434
Total deferred outflows of resources	186,093	152,552

**GREATER AUGUSTA UTILITY DISTRICT
SEWER DIVISION
Statements of Net Position, Continued
December 31, 2018
(with comparative totals for December 31, 2017)**

	2018	2017 Restated
LIABILITIES		
Current liabilities:		
Accounts payable:		
Trade	73,561	53,071
Construction/retainage	68,825	85,981
Accrued payroll	54,604	24,516
Accrued interest	38,123	41,469
Unearned revenue	3,049	1,088
Current portion of bonds and notes payable	993,976	1,032,486
Total current liabilities	1,232,138	1,238,611
Noncurrent liabilities:		
Accrued compensated absences	40,796	36,205
OPEB liabilities	1,669,876	1,757,163
Net pension liability	337,400	542,660
Bonds and notes payable	11,126,093	12,120,069
Total noncurrent liabilities	13,174,165	14,456,097
Total liabilities	14,406,303	15,694,708
DEFERRED INFLOWS OF RESOURCES		
Deferred credits	236,506	258,866
Deferred inflows of resources related to pensions	115,100	45,150
Deferred inflows of resources related to other post employment benefits	100,563	12,641
Total deferred inflows of resources	452,169	316,657
NET POSITION		
Net investment in capital assets	25,132,938	24,345,742
Unrestricted	1,596,507	1,107,458
Total net position	\$ 26,729,445	25,453,200

GREATER AUGUSTA UTILITY DISTRICT
SEWER DIVISION
Statements of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	2018	2017 Restated
Operating revenues:		
Metered	\$ 3,724,384	3,517,605
Flat rate	14,768	15,203
Trunkline communities	731,729	632,758
Late fees	9,425	11,401
Connection fees	92,638	44,655
Togus debt	365,692	365,692
Total operating revenues	4,938,636	4,587,314
Operating expenses:		
Treatment plant	814,779	802,538
Transportation and distribution	806,038	1,120,167
Customer accounts	178,337	168,980
Administrative and general	109,012	380,647
Trunkline	250,072	194,635
Depreciation	1,334,299	1,292,466
Total operating expenses	3,492,537	3,959,433
Operating income (loss)	1,446,099	627,881
Nonoperating revenues (expenses):		
Interest revenue	11,749	5,644
Miscellaneous	17,252	381,104
Interest expense	(195,357)	(184,234)
Loss on disposal of capital assets	(3,498)	-
Total nonoperating revenues (expenses)	(169,854)	202,514
Change in net position	1,276,245	830,395
Net position, beginning of year, as restated	25,453,200	24,622,805
Net position, end of year	\$ 26,729,445	25,453,200

GREATER AUGUSTA UTILITY DISTRICT
SEWER DIVISION
Statements of Cash Flows
For the Year Ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	2018	2017
Cash flows from operating activities:		
Receipts from customers and users	\$ 5,112,921	4,876,184
Payments to suppliers	(1,120,639)	(1,475,364)
Payments to employees	(1,139,832)	(1,107,924)
Net cash provided by (used in) operating activities	2,852,450	2,292,896
Cash flows from capital and related financing activities:		
Purchase of capital assets	(1,342,013)	(2,033,140)
Proceeds from long-term debt	-	1,600,000
Principal payments on long-term debt	(1,032,486)	(1,230,748)
Interest payments on long-term debt	(221,063)	(221,992)
Net cash provided by (used in) capital and related financing activities	(2,595,562)	(1,885,880)
Cash flows from investing activities:		
Interest income	11,749	5,644
Net cash provided by (used in) investing activities	11,749	5,644
Net increase (decrease) in cash and cash equivalents	268,637	412,660
Cash and cash equivalents at beginning of year	3,020,283	2,607,623
Cash and cash equivalents at end of year	\$ 3,288,920	3,020,283
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ 1,446,099	627,881
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	1,334,299	1,292,466
Miscellaneous and utility contract income	17,252	381,104
Change in operating assets and liabilities:		
(Increase) decrease in accounts receivable - customer service	(55,144)	38,932
(Increase) decrease in accounts receivable - unbilled	(90,385)	(25,243)
(Increase) decrease in accounts receivable - intercommunity trunkline	(22,792)	(37,278)
(Increase) decrease in accounts receivable - other	323,393	(69,733)
(Increase) decrease in inventory	5,402	(11,117)
(Increase) decrease in prepaid expenses	5,412	17,292
(Decrease) increase in accounts payable - trade	20,490	6,467
(Decrease) increase in accrued payroll	30,088	(1,563)
(Decrease) increase in accrued compensated absences	4,591	4,872
(Decrease) increase in OPEB liabilities and related deferred outflows and inflows of resources	(28,233)	28,307
(Decrease) increase in net pension liability and related deferred outflows and inflows of resources	(139,983)	39,421
(Decrease) increase in unearned revenue	1,961	1,088
Net cash provided by (used in) operating activities	2,852,450	2,292,896
Noncash capital and related financing activities:		
Amortized deferred credits from bond refinancing proceeds	22,360	40,329

STORM WATER DIVISION

GREATER AUGUSTA UTILITY DISTRICT
STORM WATER DIVISION
Statements of Net Position
December 31, 2018
(with comparative totals for December 31, 2017)

	2018	2017 Restated
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 656,533	495,541
Accounts receivable:		
Customer service	301,577	353,097
Unbilled	425,301	314,261
Inventory	25,688	28,861
Prepaid expenses	14,251	18,169
Total current assets	1,423,350	1,209,929
Noncurrent assets:		
Capital assets:		
Work in process	673,397	716,344
Operating property	40,351,471	39,300,312
Less accumulated depreciation	(13,903,436)	(13,040,368)
Net capital assets	27,121,432	26,976,288
Total noncurrent assets	27,121,432	26,976,288
Total assets	28,544,782	28,186,217
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions	53,984	51,205
Deferred outflows of resources related to other post employment benefits	57,541	40,111
Total deferred outflows of resources	111,525	91,316

GREATER AUGUSTA UTILITY DISTRICT
STORM WATER DIVISION
Statements of Net Position, Continued
December 31, 2018
(with comparative totals for December 31, 2017)

	2018	2017 Restated
LIABILITIES		
Current liabilities:		
Accounts payable:		
Trade	88,576	71,715
Construction/retainage	12,534	33,520
Accrued payroll	29,906	14,591
Accrued interest	32,495	37,204
Current portion of bonds and notes payable	1,068,995	1,064,081
Total current liabilities	1,232,506	1,221,111
Noncurrent liabilities:		
Accrued compensated absences	23,555	21,199
OPEB liabilities	1,008,227	1,060,928
Net pension liability	200,616	322,663
Bonds and notes payable	6,791,104	7,860,099
Total noncurrent liabilities	8,023,502	9,264,889
Total liabilities	9,256,008	10,486,000
DEFERRED INFLOWS OF RESOURCES		
Deferred credits	301,008	326,092
Deferred inflows of resources related to pensions	68,438	26,846
Deferred inflows of resources related to other post employment benefits	60,717	7,632
Total deferred inflows of resources	430,163	360,570
NET POSITION		
Net investment in capital assets	19,261,333	18,052,108
Unrestricted	(291,197)	(621,145)
Total net position	\$ 18,970,136	17,430,963

GREATER AUGUSTA UTILITY DISTRICT
STORM WATER DIVISION
Statements of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	2018	2017 Restated
Operating revenues:		
Storm water	\$ 1,451,099	1,223,517
Catch basins	2,350,384	2,333,888
Other	19,734	21,169
Total operating revenues	3,821,217	3,578,574
Operating expenses:		
Treatment plant	478,521	471,332
Transportation and distribution	692,132	835,233
Customer accounts	33,969	32,187
Administrative and general	92,484	270,486
Depreciation	867,003	840,165
Total operating expenses	2,164,109	2,449,403
Operating income (loss)	1,657,108	1,129,171
Nonoperating revenues (expenses):		
Interest revenue	7,291	3,305
Interest expense	(123,258)	(138,057)
Loss on disposal of capital assets	(1,968)	-
Total nonoperating revenues (expenses)	(117,935)	(134,752)
Change in net position	1,539,173	994,419
Net position, beginning of year, as restated	17,430,963	16,436,544
Net position, end of year	\$ 18,970,136	17,430,963

GREATER AUGUSTA UTILITY DISTRICT
STORM WATER DIVISION
Statements of Cash Flows
For the Year Ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	2018	2017
Cash flows from operating activities:		
Receipts from customers and users	\$ 3,761,697	3,546,333
Payments to suppliers	(670,903)	(875,426)
Payments to employees	(684,860)	(673,522)
Net cash provided by (used in) operating activities	2,405,934	1,997,385
Cash flows from capital and related financing activities:		
Purchase of capital assets	(1,035,101)	(699,379)
Principal payments on long-term debt	(1,064,081)	(1,229,418)
Interest payments on long-term debt	(153,051)	(176,995)
Net cash provided by (used in) capital and related financing activities	(2,252,233)	(2,105,792)
Cash flows from investing activities:		
Interest income	7,291	3,305
Net cash provided by (used in) investing activities	7,291	3,305
Net increase (decrease) in cash and cash equivalents	160,992	(105,102)
Cash and cash equivalents at beginning of year	495,541	600,643
Cash and cash equivalents at end of year	\$ 656,533	495,541
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ 1,657,108	1,129,171
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	867,003	840,165
Change in operating assets and liabilities:		
(Increase) decrease in accounts receivable - customer service	51,520	18,994
(Increase) decrease in accounts receivable - unbilled	(111,040)	(51,235)
(Increase) decrease in inventory	3,173	(6,529)
(Increase) decrease in prepaid expenses	3,918	12,522
(Decrease) increase in accounts payable - trade	16,861	2,574
(Decrease) increase in accrued payroll	15,315	(2,082)
(Decrease) increase in accrued compensated absences	2,356	1,166
(Decrease) increase in OPEB liabilities and related deferred outflows and inflows of resources	(17,046)	16,705
(Decrease) increase in net pension liability and related deferred outflows and inflows of resources	(83,234)	35,934
Net cash provided by (used in) operating activities	2,405,934	1,997,385
Noncash capital and related financing activities:		
Amortized deferred credits from bond refinancing proceeds	25,084	33,157