

April 15, 2020

Board of Trustees  
Greater Augusta Utility District

We have audited the financial statements of the Greater Augusta Utility District for the year ended December 31, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our conversation with a member of the Board of Trustees on January 21, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter dated January 20, 2020, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of Greater Augusta Utility District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we also performed tests of the Greater Augusta Utility District's compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with these provisions was not an objective of our audit.

Significant Audit Matters

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Greater Augusta Utility District are described in the notes to the financial statements. Greater Augusta Utility District adopted Statement of Governmental Accounting Standards (GASB Statement) No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. No other new accounting policies were adopted and the application of existing policies was not changed during 2019. We noted no transactions entered into by the Greater Augusta Utility District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were: (1) management's estimate of depreciation expense, which is based on estimated useful lives of assets; (2) management's estimate of the other post employment benefits (OPEB) liabilities, which are based on actuarial calculations and assumptions regarding future plan expenses; and (3) management's estimate of the net pension liability, which is based on actuarial calculations and assumptions regarding future plan expenses. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

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

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

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached list of *adjusting journal entries* represents misstatements detected as a result of audit procedures, some of which were material. All misstatements have been corrected by management.

#### *Disagreements with Management*

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

#### *Management Representations*

We have requested certain representations from management that are included in the attached management representation letter dated April 15, 2020.

*Management Consultations with Other Independent Accountants*

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

*Other Audit Findings or Issues*

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

Other Matters

We applied certain limited procedures to the management’s discussion and analysis, and the schedules pertaining to the net pension and OPEB liabilities, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion of provide any assurance on the RSI.

We were engaged to report on the comparative exhibits, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

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

Very truly yours,

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

**Client:** GREATER AUGUSTA UTILITY DISTRICT  
**Engagement:** 2019 AU  
**Current Period:** 12/31/2019  
**Workpaper:** Adjusting Journal Entries

| Account                                    | Description               | Debit                   | Credit                  |
|--------------------------------------------|---------------------------|-------------------------|-------------------------|
| <b>AJE 1</b>                               |                           |                         |                         |
| <i>To adjust the net pension liability</i> |                           |                         |                         |
| 2000-00-00-00-111864-                      | DEFERRED NET PENSION      | 15,303.25               | 0.00                    |
| 2000-00-00-00-212533-                      | DEFERRED NET PENSION LIAB | 6,603.46                | 0.00                    |
| 2000-00-00-00-242242-                      | NET PENSION LIABILITY     | 0.00                    | 39,193.95               |
| 2000-05-00-30-606042-                      | FRINGE BENEFITS           | 17,287.24               | 0.00                    |
| 3000-00-00-00-111864-                      | DEFERRED NET PENSION      | 13,810.14               | 0.00                    |
| 3000-00-00-00-212533-                      | DEFERRED NET PENSION LIAB | 5,959.22                | 0.00                    |
| 3000-00-00-00-242242-                      | NET PENSION LIABILITY     | 0.00                    | 35,370.15               |
| 3000-05-00-30-606042-                      | FRINGE BENEFITS           | 15,600.79               | 0.00                    |
| 4000-00-00-00-111864-                      | DEFERRED NET PENSION      | 8,211.30                | 0.00                    |
| 4000-00-00-00-212533-                      | DEFERRED NET PENSION LIAB | 3,543.32                | 0.00                    |
| 4000-00-00-00-242242-                      | NET PENSION LIABILITY     | 0.00                    | 21,030.90               |
| 4000-05-00-30-606042-                      | FRINGE BENEFITS           | 9,276.28                | 0.00                    |
| <b>Total</b>                               |                           | <b><u>95,595.00</u></b> | <b><u>95,595.00</u></b> |

|                                     |                                |                          |                          |
|-------------------------------------|--------------------------------|--------------------------|--------------------------|
| <b>AJE 2</b>                        |                                |                          |                          |
| <i>To adjust the OPEB liability</i> |                                |                          |                          |
| 2000-00-00-00-111865-               | DEFERRED OPEB                  | 0.00                     | 8,212.03                 |
| 2000-00-00-00-212534-               | DEFERRED OPEB LIABILITY        | 0.00                     | 6,154.05                 |
| 2000-00-00-00-242241-               | OTHER POST EMPLOYMENT BENEFITS | 37,477.50                | 0.00                     |
| 2000-05-00-30-606044-               | OPEB                           | 0.00                     | 23,111.42                |
| 3000-00-00-00-111865-               | DEFERRED OPEB                  | 0.00                     | 29,015.85                |
| 3000-00-00-00-212534-               | DEFERRED OPEB LIABILITY        | 0.00                     | 21,744.31                |
| 3000-00-00-00-242241-               | OTHER POST EMPLOYMENT BENEFITS | 132,420.50               | 0.00                     |
| 3000-05-00-30-606044-               | OPEB                           | 0.00                     | 81,660.34                |
| 4000-00-00-00-111865-               | DEFERRED OPEB                  | 0.00                     | 17,519.00                |
| 4000-00-00-00-212534-               | DEFERRED OPEB LIABILITY        | 0.00                     | 13,128.64                |
| 4000-00-00-00-242241-               | OTHER POST EMPLOYMENT BENEFITS | 79,952.00                | 0.00                     |
| 4000-05-00-30-606044-               | OPEB                           | 0.00                     | 49,304.36                |
| <b>Total</b>                        |                                | <b><u>249,850.00</u></b> | <b><u>249,850.00</u></b> |

|                                                                                 |                 |                          |                          |
|---------------------------------------------------------------------------------|-----------------|--------------------------|--------------------------|
| <b>AJE 3</b>                                                                    |                 |                          |                          |
| <i>To correct allocation for explicit OPEB payments between sewer and storm</i> |                 |                          |                          |
| 3000-05-00-30-606044-                                                           | OPEB            | 0.00                     | 68,001.84                |
| 4000-05-00-30-606044-                                                           | OPEB            | 68,001.84                | 0.00                     |
| 3000-00-00-00-101010-                                                           | DUE TO DUE FROM | 68,001.84                | 0.00                     |
| 4000-00-00-00-101010-                                                           | DUE TO DUE FROM | 0.00                     | 68,001.84                |
| <b>Total</b>                                                                    |                 | <b><u>136,003.68</u></b> | <b><u>136,003.68</u></b> |

|                                         |                            |                        |                        |
|-----------------------------------------|----------------------------|------------------------|------------------------|
| <b>AJE 4</b>                            |                            |                        |                        |
| <i>To adjust sewer/storm allocation</i> |                            |                        |                        |
| 4000-00-00-00-101510-                   | PLANT MATERIALS & SUPPLIES | 3,238.90               | 0.00                   |
| 3000-00-00-00-101510-                   | PLANT MATERIALS & SUPPLIES | 0.00                   | 3,238.90               |
| 3000-00-00-00-101010-                   | DUE TO DUE FROM            | 3,238.90               | 0.00                   |
| 1000-00-00-00-101010-                   | DUE TO DUE FROM            | 0.00                   | 3,238.90               |
| 4000-00-00-00-101010-                   | DUE TO DUE FROM            | 0.00                   | 3,238.90               |
| 1000-00-00-00-101010-                   | DUE TO DUE FROM            | 3,238.90               | 0.00                   |
| <b>Total</b>                            |                            | <b><u>9,716.70</u></b> | <b><u>9,716.70</u></b> |

**AJE 5***To adjust depreciation for assets that weren't disposed properly in MUNIS system*

|                       |                          |                          |                          |
|-----------------------|--------------------------|--------------------------|--------------------------|
| 2000-00-00-00-121010- | UTILITY PLANT IN SERVICE | 33,723.27                | 0.00                     |
| 2000-00-00-00-121080- | ACCUMULATED DEPRECIATION | 0.00                     | 33,723.27                |
| 2000-00-00-00-121010- | UTILITY PLANT IN SERVICE | 0.00                     | 38,222.00                |
| 2000-00-00-00-121080- | ACCUMULATED DEPRECIATION | 38,222.00                | 0.00                     |
| 3000-00-00-00-121080- | ACCUMULATED DEPRECIATION | 15,813.63                | 0.00                     |
| 3000-00-00-00-123410- | TRANS EQUIP GEN PLANT    | 0.00                     | 15,813.63                |
| 4000-00-00-00-121080- | ACCUMULATED DEPRECIATION | 9,287.37                 | 0.00                     |
| 4000-00-00-00-123410- | TRANS EQUIP GEN PLANT    | 0.00                     | 9,287.37                 |
| 3000-00-00-00-121080- | ACCUMULATED DEPRECIATION | 0.00                     | 15,372.63                |
| 3000-00-00-00-123410- | TRANS EQUIP GEN PLANT    | 15,372.63                | 0.00                     |
| 4000-00-00-00-121080- | ACCUMULATED DEPRECIATION | 0.00                     | 9,028.37                 |
| 4000-00-00-00-123410- | TRANS EQUIP GEN PLANT    | 9,028.37                 | 0.00                     |
| <b>Total</b>          |                          | <b><u>121,447.27</u></b> | <b><u>121,447.27</u></b> |

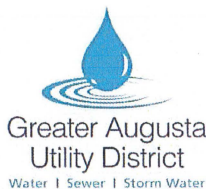
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April 15, 2020

Runyon Kersteen Ouellette  
20 Long Creek Drive  
South Portland, Maine 04106

This representation letter is provided in connection with your audit of the financial statements of Greater Augusta Utility District, as of December 31, 2019, the changes in financial position and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of April 15, 2020 the following representations made to you during your audit.

#### Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 20, 2020, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.



- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 9) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

#### **Information Provided**

- 10) We have provided you with:
  - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
  - b) Additional information that you have requested from us for the purpose of the audit.
  - c) Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.
  - d) Minutes of the meetings of Board of Trustees or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 11) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 13) We have no knowledge of any fraud or suspected fraud that affects the District and involves—
  - Management,
  - Employees who have significant roles in internal control, or
  - Others where the fraud could have a material effect on the financial statements.
- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, regulators, or others.
- 15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 16) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 17) We have disclosed to you the identity of the District's related parties and all the related party relationships and transactions of which we are aware.

#### **Government-specific**

- 18) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 19) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 20) The District has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

- 21) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 22) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 23) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 24) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 25) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 26) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 27) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 28) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 29) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 30) The financial statements properly classify all funds activities in accordance with GASBS No. 34, as amended, and GASBS No. 84.
- 31) Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
- 32) Investments, land, and other real estate held are properly valued.
- 33) Expenses have been appropriately classified in or allocated to functions and allocations have been made on a reasonable basis.
- 34) Revenues are appropriately classified.
- 35) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 36) Deposits and investment securities are properly classified as to risk and are properly disclosed.
- 37) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.



- 38) We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 39) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 40) With respect to the comparative exhibits:
- a) We acknowledge our responsibility for presenting the comparative exhibits in accordance with accounting principles generally accepted in the United States of America, and we believe the comparative exhibits, including their form and content, are fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the comparative exhibits have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
  - b) If the comparative exhibits are not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

Signature: \_\_\_\_\_

Brian Tarbuck  
General Manager

Signature: \_\_\_\_\_

Sherry Kenney  
Sherry Kenney  
Finance Director

**GREATER AUGUSTA UTILITY DISTRICT**

**Reports Required by *Government*  
*Auditing Standards***

**For the Year Ended December 31, 2019**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees  
Greater Augusta Utility District

We have audited, in accordance with the 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, the financial statements of the Greater Augusta Utility District, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Greater Augusta Utility District's basic financial statements, and have issued our report thereon dated April 15, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Greater Augusta Utility District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Greater Augusta Utility District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Greater Augusta Utility District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*, *CONTINUED***

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Greater Augusta Utility District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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



April 15, 2020  
South Portland, Maine

**GREATER AUGUSTA UTILITY DISTRICT**

**Financial Statements**

**For the Year Ended  
December 31, 2019**



**GREATER AUGUSTA UTILITY DISTRICT**  
**Financial Statements**  
**For the Year Ended December 31, 2019**

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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, 2019, 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, 2019, and the changes in its financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the schedules pertaining to the net pension and OPEB liabilities, 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 comparative exhibits are 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, 2020, 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, 2020  
South Portland, Maine

**GREATER AUGUSTA UTILITY DISTRICT**  
**Management's Discussion and Analysis**  
**December 31, 2019**

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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, 2019. 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 decreased by \$91,000. Net cash provided by operating activities totaled \$1.3 million. Receipts from customers decreased by \$97,000, payments to suppliers increased by \$220,000 and payments to employees increased by \$93,000. Net cash used in capital and related financing activities totaled \$1.4 million. Principal and interest on long-term debt totaled \$766,000 down from 2018 by \$23,000. Investment in capital assets totaled \$601,000, a decrease of \$54,000.
- The accounts receivable balance was \$658,000 on December 31, 2019. This increase of \$64,000 (or 10.80%) from the December 31, 2018 balance can be attributed to the timing of customer payments and billings.
- The work in process (WIP) account increased by \$581,000 due to adding \$891,000 in new construction, offset by the completion of approximately \$310,000 in projects from current and previous years. Operating property increased by \$300,000 due to the completion of water mains on Oak Street, the purchase of property located at 48 Pine Knoll Road, the purchase of two new pumps, two new servers, two trench boxes, PLC's and a new dump truck.
- Accumulated depreciation increased by \$842,000 from 2018.
- 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 2019.
- The Water Division's net position as of December 31, 2019 was \$26.7 million. Net position consists of net investments in capital assets of \$25.3 million and the remaining unrestricted net position of \$1.4 million. The change in net position for the year ended December 31, 2019 was a net increase of \$306,000. The increase is the result of operating revenues being higher than operating expenses and a small amount of non-operating revenues. Operating revenues totaled \$3.7 million, a decrease of \$117,000 from the previous fiscal year. Sales to customers totaled \$2.3 million, a slight decrease of 5%. Fire protection revenues totaled \$1.3 million, equivalent to the previous fiscal year. Operating expenses totaled \$3.4 million, slightly higher than the previous fiscal year. Net non-operating revenue decreased \$14,000 primarily due to a decrease 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**

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**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 \$2.3 million as net cash provided by operating activities exceeded net cash used in capital and related financing activities. The District received \$1.13 million of state grants and \$3.1 million of bond proceeds.
- Net capital assets increased by \$2.4 million. The work in process (WIP) account increased by \$3.7 million. Operating property increased by \$1 million. The increase to operating property is due to the completion of sewer main work on Oak Street, and storm mains on Fowler Street, Chase Avenue, and the Old Winthrop Road. Replacing a primary clarifier, a sludge pump, a sodium bisulfite monitor and a returned activated sludge actuator at the Wastewater Treatment Plant, along with upgrades to the Winthrop Trunkline pump station and the Westside conduit. Also the purchase two new servers, two trench boxes, a muffin monster and a new dump truck.
- The accounts receivable balance at December 31, 2019 of \$1.3 million is a decrease of \$207,000 or 13.41% from 2018. This decrease can be attributed to the timing of customer payments and billings.
- Accumulated depreciation increased by \$2.3 million from 2018.
- The Sanitary Division increased its long-term financial indebtedness obligation by \$4.7 million this year. The required scheduled debt payments of \$2.1 million were made. New debt of \$1.75 million was issued to replace the force main on Route 202 in Winthrop, \$2 million was issued to purchase new dewatering equipment for the Waste Water Treatment Plant and \$3 million was issued to construct a 1-million-gallon storm water storage tank, a new pump station and to install a new sewer line under the Kennebec River.
- The Sanitary Division's operating revenues totaled \$7.9 million and operating expenses totaled \$6.2 million. Net non-operating revenues totaled 1.3 million, resulting in an increase in net position of \$3 million.
- The Sanitary Division's net position as of December 31, 2019 was \$48.8 million. Net position consists of net investment in capital assets of \$47.4 million and the remaining unrestricted net position totaled \$1.4 million.
- For the first six months of 2019 all customers of the Sanitary Division were 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. On July 1, 2019 sewer rates decreased 29% to \$3.08 per 100 cubic feet of metered sewage and storm water rates increased 51%, from \$8.30 per equivalent residential unit to \$12.56 per unit. Hallowell customers are not charged for storm water.

**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.

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

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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.

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.

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

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 15<sup>th</sup> 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.

**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**

|                                             | <u>December 31, 2019</u>    | <u>December 31, 2018</u>    |
|---------------------------------------------|-----------------------------|-----------------------------|
| <b>Assets</b>                               |                             |                             |
| Current assets                              | \$ 2,852,741                | \$ 2,860,810                |
| Capital and other assets (net)              | <u>29,348,388</u>           | <u>29,311,759</u>           |
| <b>Total Assets</b>                         | <u>32,201,129</u>           | <u>32,172,569</u>           |
| <b>Deferred Outflows of Resources</b>       |                             |                             |
| Related to pensions                         | 115,909                     | 100,606                     |
| Related to other post employment benefits   | <u>18,760</u>               | <u>26,972</u>               |
| <b>Total Deferred Outflows of Resources</b> | <u>134,669</u>              | <u>127,578</u>              |
| <b>Liabilities</b>                          |                             |                             |
| Current liabilities                         | 1,108,051                   | 768,879                     |
| Long-term liabilities                       | <u>4,368,911</u>            | <u>4,974,387</u>            |
| <b>Total Liabilities</b>                    | <u>5,476,962</u>            | <u>5,743,266</u>            |
| <b>Deferred Inflows of Resources</b>        |                             |                             |
| Deferred credits                            | 1,992                       | 5,980                       |
| Related to pensions                         | 120,940                     | 127,544                     |
| Related to other post employment benefits   | <u>34,615</u>               | <u>28,461</u>               |
| <b>Total Deferred Inflow of Resources</b>   | <u>157,547</u>              | <u>161,985</u>              |
| <b>Net Position</b>                         |                             |                             |
| Net investment in capital assets            | 25,263,984                  | 24,611,227                  |
| Unrestricted                                | <u>1,437,305</u>            | <u>1,783,669</u>            |
| <b>Total Net Position</b>                   | <u><b>\$ 26,701,289</b></u> | <u><b>\$ 26,394,896</b></u> |

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

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

|                                        | <u>December 31, 2019</u>    | <u>December 31, 2018</u>    |
|----------------------------------------|-----------------------------|-----------------------------|
| <b>Operating Revenues</b>              |                             |                             |
| Metered                                | \$ 2,303,792                | \$ 2,424,732                |
| Fire protection                        | 1,342,772                   | 1,339,396                   |
| Other water revenues                   | 6,163                       | 5,850                       |
| <b>Total Operating Revenues</b>        | <u>3,652,727</u>            | <u>3,769,978</u>            |
| <b>Operating Expenses</b>              |                             |                             |
| Operating expenses                     | 2,529,699                   | 2,064,466                   |
| Depreciation                           | 882,615                     | 862,085                     |
| <b>Total Operating Expenses</b>        | <u>3,412,314</u>            | <u>2,926,551</u>            |
| <b>Nonoperating Revenue</b>            | <u>65,980</u>               | <u>80,183</u>               |
| <b>Change in Net Position</b>          | 306,393                     | 923,610                     |
| <b>Net Position- Beginning of Year</b> | <u>26,394,896</u>           | <u>25,471,286</u>           |
| <b>Net Position - End of Year</b>      | <u><u>\$ 26,701,289</u></u> | <u><u>\$ 26,394,896</u></u> |

**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**

|                                           | <u>December 31, 2019</u>    | <u>December 31, 2018</u>    |
|-------------------------------------------|-----------------------------|-----------------------------|
| <b>Assets</b>                             |                             |                             |
| Current assets                            | \$ 7,707,157                | \$ 5,593,937                |
| Capital and other assets (net)            | 70,391,469                  | 64,352,669                  |
| <b>Total Assets</b>                       | <u>78,098,626</u>           | <u>69,946,606</u>           |
| <b>Deferred Outflows of Resources</b>     |                             |                             |
| Related to pensions                       | 166,796                     | 144,775                     |
| Related to other post employment benefits | 106,308                     | 152,843                     |
| Related to Pensions                       | 273,104                     | 297,618                     |
| <b>Liabilities</b>                        |                             |                             |
| Current liabilities                       | 3,241,750                   | 2,464,644                   |
| Long-term liabilities                     | 25,481,453                  | 21,197,667                  |
| <b>Total Liabilities</b>                  | <u>28,723,203</u>           | <u>23,662,311</u>           |
| <b>Deferred Inflows of Resources</b>      |                             |                             |
| Deferred credits                          | 492,721                     | 537,514                     |
| Related to pensions                       | 174,036                     | 183,538                     |
| Related to other post employment benefits | 196,153                     | 161,280                     |
| <b>Total Deferred Inflow of Resources</b> | <u>862,910</u>              | <u>882,332</u>              |
| <b>Net Position</b>                       |                             |                             |
| Net investment in capital assets          | 47,419,972                  | 44,394,271                  |
| Unrestricted                              | 1,365,645                   | 1,305,310                   |
| <b>Total Net Position</b>                 | <u><u>\$ 48,785,617</u></u> | <u><u>\$ 45,699,581</u></u> |

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

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

|                                        | <u>December 31, 2019</u>    | <u>December 31, 2018</u>    |
|----------------------------------------|-----------------------------|-----------------------------|
| <b>Operating Revenues</b>              |                             |                             |
| Sewer                                  | \$ 2,807,745                | \$ 3,739,152                |
| Storm Water                            | 3,876,323                   | 3,801,483                   |
| Trunkline                              | 797,973                     | 731,729                     |
| Other                                  | 448,823                     | 487,489                     |
| <b>Total Operating Revenues</b>        | <u>7,930,864</u>            | <u>8,759,853</u>            |
| <b>Operating Expenses</b>              |                             |                             |
| Operating expenses                     | 3,882,316                   | 3,455,344                   |
| Depreciation                           | 2,293,692                   | 2,201,302                   |
| <b>Total Operating Expenses</b>        | <u>6,176,008</u>            | <u>5,656,646</u>            |
| <b>Nonoperating Revenue (Expense)</b>  | <u>1,331,180</u>            | <u>(287,789)</u>            |
| <b>Change in Net Position</b>          | 3,086,036                   | 2,815,418                   |
| <b>Net Position- Beginning of Year</b> | <u>45,699,581</u>           | <u>42,884,163</u>           |
| <b>Net Position - End of Year</b>      | <u><u>\$ 48,785,617</u></u> | <u><u>\$ 45,699,581</u></u> |

**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.

Two Water Division projects were completed this year. The District invested roughly \$177,000 to replace/repair water mains on Oak Street and Penobscot Street. The District purchased a PLC for the triangle station and two new pumps for the Western station for a combined cost of \$25,000. The Water Division purchased land located at 48 Pine Knoll Road and made land improvements at its watershed for a combined cost of \$43,000. The Water Division also split the cost of purchasing two new servers, two trench boxes, three trucks and one dump truck with the Sanitary Division. Several water main replacement projects are in process on Commercial Street, Cedar Street, Murray Street, Columbia Street, Prospect Street and the installation of a redundant water line under the Kennebec River.

Several major Sanitary Division projects were completed this year. Sewer mains were upgraded on Oak Street, Franklin Street, Fairview Avenue, Penobscot Street and Grove Street for a combined cost of \$262,000. Storm mains were upgraded on Oak Street, Fowler Street, Chase Avenue, Old Winthrop Road, Franklin Street, Fairview Avenue, and Grove Street for a cost of \$145,000. The Waste Water Treatment Plant replaced a sludge pump, a sodium bisulfite monitor, a return activated sludge actuator and a primary clarifier for a combined cost of \$238,000. Trunkline Two Pump Station was rehabbed for \$88,000. The bypass station at Trunkline Three was rehabbed for \$40,000. Another \$33,000 was spent purchasing a muffin monster for Pump Station Fourteen and a drive for Pump Station Five. The Sanitary Division also split the cost of purchasing two new servers, two trench boxes, three trucks and one dump truck with the Water Division. Significant ongoing projects at year end included sewer main replacements or repairs on Cedar Street, Murray Street, Columbia Street, Prospect Street and Gage Street. Sewer relining projects have been started on New England Road, Prince Street and Northern Avenue. The Trunkline is replacing a portion of the force main on Route 202. The Waste Water Treatment Plant is in the process of replacing the dewatering system, a main flow pump, a grit pump and actuators. Ongoing 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. In December, 2019, the Sanitary division sold forty four acres located at 121 Sanford Road in Augusta Maine for \$435K.



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

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**Debt Activity**

The District made all required 2019 principal and interest payments on existing debt. In 2019, new Sewer Division debt was issued in the amount of \$4.6 million. Of this \$1.8 million was issued for the Trunkline Force Main Project, \$2 million was issued for the Dewatering Project and the remaining \$840,000 was issued for the Sewer Division's portion of the CSO Storage Tank Project and the Eastside Siphon Rehab Project. Also in 2019, new Storm Water Division debt was issued in the amount of \$2.2 million for the Storm Water Division's portion of the CSO Storage Tank Project and the Eastside Siphon Rehab Project. Each issuance has a term of twenty years with interest rates ranging from 1% to 3.35%.

**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, 2019**

|                                                                          |           |                    |
|--------------------------------------------------------------------------|-----------|--------------------|
| <b>ASSETS</b>                                                            |           |                    |
| Current assets:                                                          |           |                    |
| Cash and cash equivalents                                                | \$        | 8,287,953          |
| Accounts receivable:                                                     |           |                    |
| Customer service                                                         |           | 737,365            |
| Unbilled                                                                 |           | 980,881            |
| Intercommunity trunkline - operations                                    |           | 79,804             |
| Other                                                                    |           | 198,134            |
| Inventory                                                                |           | 183,189            |
| Prepaid expenses                                                         |           | 92,572             |
| Total current assets                                                     |           | 10,559,898         |
| Noncurrent assets:                                                       |           |                    |
| Other assets:                                                            |           |                    |
| Unamortized debt discount                                                |           | 877                |
| Cash held by Maine Municipal Bond Bank                                   |           | 3,623,062          |
| Total other assets                                                       |           | 3,623,939          |
| Capital assets:                                                          |           |                    |
| Work in process                                                          |           | 6,137,749          |
| Operating property                                                       |           | 147,682,075        |
| Less accumulated depreciation                                            |           | (57,703,906)       |
| Net capital assets                                                       |           | 96,115,918         |
| Total noncurrent assets                                                  |           | 99,739,857         |
| <b>Total assets</b>                                                      |           | <b>110,299,755</b> |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                    |           |                    |
| Deferred outflows of resources related to pensions                       |           | 282,705            |
| Deferred outflows of resources related to other post employment benefits |           | 125,068            |
| <b>Total deferred outflows of resources</b>                              |           | <b>407,773</b>     |
| <b>LIABILITIES</b>                                                       |           |                    |
| Current liabilities:                                                     |           |                    |
| Accounts payable:                                                        |           |                    |
| Trade                                                                    |           | 594,633            |
| Construction/retainage                                                   |           | 590,312            |
| Accrued payroll                                                          |           | 110,895            |
| Accrued interest                                                         |           | 118,254            |
| Unearned revenue                                                         |           | 6,739              |
| Current portion of notes payable                                         |           | 2,928,968          |
| Total current liabilities                                                |           | 4,349,801          |
| Noncurrent liabilities:                                                  |           |                    |
| Accrued compensated absences                                             |           | 120,260            |
| OPEB liabilities                                                         |           | 2,900,860          |
| Net pension liability                                                    |           | 1,007,488          |
| Notes payable                                                            |           | 25,821,756         |
| Total noncurrent liabilities                                             |           | 29,850,364         |
| <b>Total liabilities</b>                                                 |           | <b>34,200,165</b>  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                     |           |                    |
| Deferred credits                                                         |           | 494,713            |
| Deferred inflows of resources related to pensions                        |           | 294,976            |
| Deferred inflows of resources related to other post employment benefits  |           | 230,768            |
| <b>Total deferred inflows of resources</b>                               |           | <b>1,020,457</b>   |
| <b>NET POSITION</b>                                                      |           |                    |
| Net investment in capital assets                                         |           | 72,683,956         |
| Unrestricted                                                             |           | 2,802,950          |
| <b>Total net position</b>                                                | <b>\$</b> | <b>75,486,906</b>  |

*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, 2019**

|                                        |           |                   |
|----------------------------------------|-----------|-------------------|
| Operating revenues:                    |           |                   |
| Metered                                | \$        | 5,098,097         |
| Flat rate                              |           | 13,440            |
| Storm water                            |           | 1,824,153         |
| Catch basins                           |           | 2,052,170         |
| Trunkline communities                  |           | 797,973           |
| Public fire protection                 |           | 818,999           |
| Private fire protection                |           | 523,773           |
| Other revenues                         |           | 454,986           |
| Total operating revenues               |           | 11,583,591        |
| Operating expenses:                    |           |                   |
| Source of supply                       |           | 241,199           |
| Treatment plant                        |           | 1,435,795         |
| Transportation and distribution        |           | 2,936,735         |
| Customer accounts                      |           | 495,823           |
| Administrative and general             |           | 1,046,126         |
| Trunkline expenses                     |           | 256,337           |
| Depreciation                           |           | 3,176,307         |
| Total operating expenses               |           | 9,588,322         |
| Operating income                       |           | 1,995,269         |
| Nonoperating revenues (expenses):      |           |                   |
| Interest revenue                       |           | 34,832            |
| Utility contract income                |           | 15,870            |
| Non-utility income                     |           | 150,342           |
| Grant revenue                          |           | 1,130,000         |
| Miscellaneous                          |           | 88,022            |
| Interest expense                       |           | (456,003)         |
| Amortization expense                   |           | (903)             |
| Gain on disposal of capital assets     |           | 435,000           |
| Total nonoperating revenues (expenses) |           | 1,397,160         |
| Change in net position                 |           | 3,392,429         |
| Net position, beginning of year        |           | 72,094,477        |
| <b>Net position, end of year</b>       | <b>\$</b> | <b>75,486,906</b> |

*See accompanying notes to financial statements.*

**GREATER AUGUSTA UTILITY DISTRICT**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2019**

|                                                                                                     |           |                  |
|-----------------------------------------------------------------------------------------------------|-----------|------------------|
| Cash flows from operating activities:                                                               |           |                  |
| Receipts from customers and users                                                                   | \$        | 11,984,526       |
| Payments to suppliers                                                                               |           | (2,833,874)      |
| Payments to employees                                                                               |           | (3,340,047)      |
| Net cash provided by operating activities                                                           |           | 5,810,605        |
| Cash flows from capital and related financing activities:                                           |           |                  |
| Purchase of capital assets                                                                          |           | (5,151,038)      |
| Proceeds from sale of capital assets                                                                |           | 435,000          |
| Grant revenue                                                                                       |           | 1,130,000        |
| Proceeds from long-term debt                                                                        |           | 3,126,938        |
| Principal payments on long-term debt                                                                |           | (2,678,196)      |
| Interest payments on long-term debt                                                                 |           | (493,704)        |
| Net cash used in capital and related financing activities                                           |           | (3,631,000)      |
| Cash flows from investing activities:                                                               |           |                  |
| Interest income                                                                                     |           | 34,832           |
| Net cash provided by investing activities                                                           |           | 34,832           |
| Net increase (decrease) in cash and cash equivalents                                                |           | 2,214,437        |
| Cash and cash equivalents at beginning of year                                                      |           | 6,073,516        |
| <b>Cash and cash equivalents at end of year</b>                                                     | <b>\$</b> | <b>8,287,953</b> |
| Reconciliation of operating income to net cash provided by operating activities:                    |           |                  |
| Operating income                                                                                    | \$        | 1,995,269        |
| Adjustments to reconcile operating income to net cash provided by operating activities:             |           |                  |
| Depreciation                                                                                        |           | 3,176,307        |
| Utility, non-utility, jobbing and miscellaneous revenues                                            |           | 254,234          |
| Change in operating assets and liabilities:                                                         |           |                  |
| (Increase) decrease in accounts receivable - customer service                                       |           | 113,532          |
| (Increase) decrease in accounts receivable - unbilled                                               |           | 139,052          |
| (Increase) decrease in accounts receivable - intercommunity trunkline                               |           | 1,117            |
| (Increase) decrease in accounts receivable - other                                                  |           | (110,690)        |
| (Increase) decrease in inventory                                                                    |           | (6,396)          |
| (Increase) decrease in prepaid expenses                                                             |           | (27,329)         |
| (Decrease) increase in accounts payable - trade                                                     |           | 377,958          |
| (Decrease) increase in accrued payroll                                                              |           | (5,761)          |
| (Decrease) increase in accrued compensated absences                                                 |           | 11,532           |
| (Decrease) increase in OPEB liability and related deferred outflows and inflows of resources        |           | (154,076)        |
| (Decrease) increase in net pension liability and related deferred outflows and inflows of resources |           | 42,166           |
| (Decrease) increase in unearned revenue                                                             |           | 3,690            |
| Net cash provided by operating activities                                                           |           | 5,810,605        |
| Noncash capital and related financing activities:                                                   |           |                  |
| Amortized debt discount                                                                             |           | (903)            |
| Amortized deferred credits from bond refinancing proceeds                                           |           | 48,781           |

*See accompanying notes to financial statements.*

**GREATER AUGUSTA UTILITY DISTRICT**  
**Notes to Basic Financial Statements**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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**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 expenses.

**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, 2019, 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**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**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 include 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**

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**DEPOSITS**

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*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, 2019, the District's bank balance of \$8,415,570 was collateralized by a \$8,975,000 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.

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**CAPITAL ASSETS**

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The following is a summary of the changes in capital assets for the year ended December 31, 2019:

|                                             | Balance<br><u>12/31/18</u> | <u>Additions</u> | <u>Dispositions</u> | Balance<br><u>12/31/19</u> |
|---------------------------------------------|----------------------------|------------------|---------------------|----------------------------|
| Capital assets not being depreciated:       |                            |                  |                     |                            |
| Land                                        | \$ 2,977,777               | 42,843           | -                   | 3,020,620                  |
| Work in process                             | 1,900,015                  | 5,507,779        | 1,270,045           | 6,137,749                  |
| Total capital assets not being depreciated  | 4,877,792                  | 5,550,622        | 1,270,045           | 9,158,369                  |
| Capital assets being depreciated:           |                            |                  |                     |                            |
| Building and structures                     | 33,241,427                 | 39,756           | -                   | 33,281,183                 |
| Equipment                                   | 6,419,562                  | 200,026          | 1,990               | 6,617,598                  |
| Transportation                              | 2,558,889                  | 261,675          | 63,323              | 2,757,241                  |
| Infrastructure                              | 101,157,841                | 847,592          | -                   | 102,005,433                |
| Total capital assets being depreciated      | 143,377,719                | 1,349,049        | 65,313              | 144,661,455                |
| Less accumulated depreciation for:          |                            |                  |                     |                            |
| Building and structures                     | 8,731,711                  | 536,399          | -                   | 9,268,110                  |
| Equipment                                   | 4,181,477                  | 401,748          | 1,990               | 4,581,235                  |
| Transportation                              | 1,959,305                  | 130,701          | 63,274              | 2,026,732                  |
| Infrastructure                              | 39,720,370                 | 2,107,459        | -                   | 41,827,829                 |
| Total accumulated depreciation              | 54,592,863                 | 3,176,307        | 65,264              | 57,703,906                 |
| Total capital assets being depreciated, net | 88,784,856                 | (1,827,258)      | 49                  | 86,957,549                 |
| <b>Capital assets, net</b>                  | <b>\$ 93,662,648</b>       | <b>3,723,364</b> | <b>1,270,094</b>    | <b>96,115,918</b>          |



**GREATER AUGUSTA UTILITY DISTRICT**  
**Notes to Basic Financial Statements, Continued**

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**CAPITAL ASSETS, CONTINUED**

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Depreciation expense was charged as follows:

|                                   |                     |
|-----------------------------------|---------------------|
| Sewer division                    | \$ 1,403,924        |
| Storm water division              | 889,768             |
| Water division                    | 882,615             |
| <b>Total depreciation expense</b> | <b>\$ 3,176,307</b> |

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

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**COMMITMENTS**

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The District has entered into multiple contracts in connection with various construction projects. The following is a summary of the commitments at December 31, 2019:

|                                   | <u>Contract<br/>Total</u> | <u>Percentage<br/>Complete</u> | <u>Billed<br/>to Date</u> | <u>Retainage</u> | <u>Balance<br/>Remaining</u> |
|-----------------------------------|---------------------------|--------------------------------|---------------------------|------------------|------------------------------|
| CSO Phase Four Storage Tank       | \$ 204,250                | 92.06%                         | 188,026                   | -                | 16,224                       |
| CSO Phase Four Storage Tank       | 551,554                   | 96.86%                         | 534,220                   | 7,064            | 17,334                       |
| CSO Phase Four Storage Tank       | 1,875,506                 | 0.00%                          | -                         | -                | 1,875,506                    |
| CSO Phase Four Storage Tank       | 1,586,245                 | 89.07%                         | 1,412,851                 | 75,986           | 173,394                      |
| Cedar Street Water / Sewer Mains  | 949,650                   | 94.17%                         | 894,259                   | 40,341           | 55,391                       |
| Murray Street Water / Sewer Mains | 699,637                   | 59.16%                         | 413,939                   | 32,096           | 285,698                      |
| WWTF Dewatering System            | 525,000                   | 42.77%                         | 224,540                   | -                | 300,460                      |

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**LONG-TERM DEBT**

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The following is a summary of long-term liability transactions of the District for the year ended December 31, 2019:

|                                    | <u>Beginning<br/>Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending<br/>balance</u> | <u>Due within<br/>one year</u> |
|------------------------------------|------------------------------|------------------|------------------|---------------------------|--------------------------------|
| Notes payable                      | \$ 24,678,920                | 6,750,000        | 2,678,196        | 28,750,724                | 2,928,968                      |
| Accrued compensated absences       | 108,728                      | 11,532           | -                | 120,260                   | -                              |
| Other post employment benefits     | 3,150,710                    | -                | 249,850          | 2,900,860                 | -                              |
| Net pension liability              | 911,892                      | 95,596           | -                | 1,007,488                 | -                              |
| <b>Total long-term liabilities</b> | <b>\$ 28,850,250</b>         | <b>6,857,128</b> | <b>2,928,046</b> | <b>32,779,332</b>         | <b>2,928,968</b>               |

**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, 2019 and 2018:

| <u>Issue</u>                   | <u>Amount<br/>issued</u> | <u>Maturity<br/>date</u> | <u>Interest<br/>rate</u> | <u>Balance<br/>12/31/18</u> | <u>Balance<br/>12/31/19</u> |
|--------------------------------|--------------------------|--------------------------|--------------------------|-----------------------------|-----------------------------|
| 1990 MMBB                      | \$ 6,000,000             | 2020                     | 7.10-7.20%               | 400,000                     | 200,000                     |
| 2009 MMBB SRF                  | 190,000                  | 2027                     | 0.00%                    | 43,752                      | 38,527                      |
| 2011 MMBB                      | 700,000                  | 2031                     | 2.12-5.62%               | 455,000                     | 420,000                     |
| 2013 TD Bank                   | 2,000,000                | 2023                     | 2.79%                    | 1,000,000                   | 800,000                     |
| 2014 MMBB                      | 2,400,000                | 2034                     | 0.43-3.78%               | 1,920,000                   | 1,800,000                   |
| 2014 MMBB                      | 1,100,000                | 2034                     | 0.43-3.78%               | 880,000                     | 825,000                     |
| Subtotal Water Division        |                          |                          |                          | 4,698,752                   | 4,083,527                   |
| 2002 MMBB                      | 10,750,000               | 2021                     | 2.34%                    | 1,680,000                   | 1,120,000                   |
| 2005 MMBB                      | 1,500,000                | 2025                     | 1.53%                    | 525,000                     | 450,000                     |
| 2006 MMBB                      | 1,250,000                | 2026                     | 1.42%                    | 500,000                     | 437,500                     |
| 2008 Taxable Sewer             | 2,000,000                | 2028                     | 1.27%                    | 1,063,017                   | 962,650                     |
| 2009 CWSRF                     | 6,500,000                | 2029                     | 1.00%                    | 3,610,821                   | 3,298,651                   |
| 2010 CWSRF - SR                | 1,750,000                | 2030                     | 1.17%                    | 1,098,424                   | 1,012,630                   |
| 2010 CWSRF - FFR               | 1,610,000                | 2030                     | 1.00%                    | 1,051,937                   | 968,993                     |
| 2011 CWSRF                     | 14,520,000               | 2030                     | 1.00%                    | 8,930,969                   | 8,226,773                   |
| 2017 MMBB                      | 1,600,000                | 2037                     | 1.26-3.92%               | 1,520,000                   | 1,440,000                   |
| 2019 CWSRF - FFR               | 2,000,000                | 2039                     | 1.00%                    | -                           | 2,000,000                   |
| 2019 CWSRF - SR                | 3,000,000                | 2039                     | 1.00%                    | -                           | 3,000,000                   |
| 2019 MMBB                      | 1,750,000                | 2039                     | 1.61-3.35%               | -                           | 1,750,000                   |
| Subtotal Sanitary Division     |                          |                          |                          | 19,980,168                  | 24,667,197                  |
| Less current portion           |                          |                          |                          | 2,678,196                   | 2,928,968                   |
| <b>Total long-term portion</b> |                          |                          |                          | <b>\$ 22,000,724</b>        | <b>25,821,756</b>           |

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

|               | <u>Principal</u>     | <u>Interest</u>  | <u>Total debt<br/>service</u> |
|---------------|----------------------|------------------|-------------------------------|
| 2020          | \$ 2,928,968         | 545,858          | 3,474,826                     |
| 2021          | 2,742,377            | 490,848          | 3,233,225                     |
| 2022          | 2,307,037            | 449,881          | 2,756,918                     |
| 2023          | 2,320,725            | 416,509          | 2,737,234                     |
| 2024          | 2,134,557            | 382,714          | 2,517,271                     |
| 2025-2029     | 10,270,257           | 1,459,201        | 11,729,458                    |
| 2030-2034     | 4,063,746            | 534,091          | 4,597,837                     |
| 2035-2039     | 1,983,057            | 168,000          | 2,151,057                     |
| <b>Totals</b> | <b>\$ 28,750,724</b> | <b>4,447,102</b> | <b>33,197,826</b>             |

**GREATER AUGUSTA UTILITY DISTRICT**  
**Notes to Basic Financial Statements, Continued**

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**JOINT PROJECT – WMMHA TRUNKLINE PROJECT**

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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 (\$4,202,630 and \$2,618,424 at December 31, 2019 and 2018, 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.

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**OPERATING LEASE**

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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, \$1,322 per month beginning in February of 2015, and \$1,521 beginning in February 2020. Future minimum rentals at December 31, 2019 are as follows:

|              |                         |
|--------------|-------------------------|
| 2020         | \$ 18,052               |
| 2021         | 18,250                  |
| 2022         | 18,250                  |
| 2023         | 18,250                  |
| 2024         | 18,250                  |
| 2025         | <u>1,521</u>            |
| <b>Total</b> | <b><u>\$ 92,573</u></b> |

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**NET POSITION**

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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 notes payable and adding back any unspent note 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, 2019:

|                                         |                             |
|-----------------------------------------|-----------------------------|
| Capital assets                          | \$ 153,819,824              |
| Accumulated depreciation                | (57,703,906)                |
| Notes payable                           | (28,750,724)                |
| Cash held by Maine Municipal Bond Bank  | 3,623,062                   |
| Unspent note proceeds                   | <u>1,695,700</u>            |
| <b>Net investment in capital assets</b> | <b><u>\$ 72,683,956</u></b> |

**GREATER AUGUSTA UTILITY DISTRICT**  
**Notes to Basic Financial Statements, Continued**

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**NET PENSION LIABILITY**

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**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](http://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, 2019 and 2018 were as follows:

|                  | Employee    |             | Employer    |             |
|------------------|-------------|-------------|-------------|-------------|
|                  | <u>2018</u> | <u>2019</u> | <u>2018</u> | <u>2019</u> |
| January to June  | 8.0%        | 8.0%        | 9.6%        | 10.0%       |
| July to December | 8.0%        | 7.1%/8.35%  | 10.00%      | 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 \$213,365 for the year ended December 31, 2019.

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

At December 31, 2019, the District reported a liability of \$1,007,488 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019, the District's proportion was 0.3296%.

For the year ended December 31, 2019, the District recognized pension expense of \$255,529.

**GREATER AUGUSTA UTILITY DISTRICT**  
**Notes to Basic Financial Statements, Continued**

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**NET PENSION LIABILITY, CONTINUED**

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At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                                                               | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---------------------------------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------------|
| Differences between expected and actual experience                                                            | \$ 119,290                                | -                                        |
| Net difference between projected and actual earnings on pension plan investments                              | -                                         | 252,350                                  |
| Changes in proportion and differences between District contributions and proportionate share of contributions | -                                         | 42,626                                   |
| Changes of assumptions                                                                                        | 51,023                                    | -                                        |
| District contributions subsequent to the measurement date                                                     | 112,392                                   | -                                        |
| <b>Total</b>                                                                                                  | <b>\$ 282,705</b>                         | <b>294,976</b>                           |

\$112,392 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, 2020. 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:

|      |           |
|------|-----------|
| 2020 | \$ 7,057  |
| 2021 | (111,720) |
| 2022 | (19,840)  |
| 2023 | (160)     |

**Actuarial Assumptions** - The total pension liability in the June 30, 2019 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, 2019 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**

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**NET PENSION LIABILITY, CONTINUED**

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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, 2019 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-term Expected<br/>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%                                              |

**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%<br>Decrease<br><u>(5.75%)</u> | Current<br>Discount Rate<br><u>(6.75%)</u> | 1%<br>Increase<br><u>(7.75%)</u> |
|----------------------------------------------------------------|----------------------------------|--------------------------------------------|----------------------------------|
| District's proportionate share of<br>the net pension liability | \$ 2,294,994                     | \$ 1,007,488                               | \$ (196,850)                     |

**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, 2019.

**GREATER AUGUSTA UTILITY DISTRICT**  
**Notes to Basic Financial Statements, Continued**

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**OTHER DEFERRED COMPENSATION PLAN**

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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 2019, 2018, and 2017, respectively. Total District contributions were \$8,265, \$7,710, and \$9,360 in 2019, 2018, and 2017, respectively.

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**SANITARY DIVISION EXPENSE ALLOCATIONS**

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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. On September 17, 2018 the Board approved changing the ratios to allocate expenses between sewer and storm water by the following: operations and maintenance expenses on the treatment plant, pump stations, and sanitary pipes changed from 63% sewer and 37% storm water to 59% sewer and 41% storm water; catch basin and storm pipe expenses stayed at 100% storm water; sewer pipe expenses stayed at 100% sewer; the administration and general expenses allocation changed from 58% sewer and 42% storm water to 50% sewer and 50% storm water. On October 15, 2018 the Board approved changing the allocation for customer service from 84% sewer and 16% storm water to 50% sewer and 50% storm water. All allocation changes are effective as of January 1, 2019. The previous Board approval to allocate debt and interest expenses separately based on the related projects and the purpose for bond issuances did not change.

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**OTHER POST EMPLOYMENT BENEFITS (OPEB) – HEALTH INSURANCE**

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**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**

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

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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, 2019 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 \$2,824,091 was measured as of January 1, 2019 and was determined by an actuarial valuation as of January 1, 2018.

**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                                | 4.10%                                        |
| Healthcare cost trend rates                  | 8.20% 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**

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

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***Changes in the Total OPEB Liability***

|                                                    |                     |
|----------------------------------------------------|---------------------|
| Balance at December 31, 2018                       | \$ 3,071,985        |
| Changes for the year:                              |                     |
| Service Cost                                       | 15,125              |
| Interest                                           | 103,219             |
| Differences between expected and actual experience | -                   |
| Changes in assumptions or other inputs             | (191,663)           |
| Benefit payments                                   | (174,575)           |
| Net change                                         | <u>(247,894)</u>    |
| Balance at December 31, 2019                       | \$ <u>2,824,091</u> |

Change in assumptions reflects a change in the discount rate from 3.44% to 4.10%.

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

For the year ended December 31, 2019, the District recognized OPEB expense of \$35,564. At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                                                           | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|-----------------------------------------------------------|-----------------------------------------------|----------------------------------------------|
| Differences between expected and actual experience        | \$ -                                          | 113,760                                      |
| Changes of assumption or other inputs                     | -                                             | 99,713                                       |
| District contributions subsequent to the measurement date | <u>118,885</u>                                | <u>-</u>                                     |
| Total                                                     | \$ <u>118,885</u>                             | <u>213,473</u>                               |

\$118,885 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, 2020. 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: |             |
| 2020                    | \$ (82,780) |
| 2021                    | (82,778)    |
| 2022                    | (47,915)    |

**GREATER AUGUSTA UTILITY DISTRICT**  
**Notes to Basic Financial Statements, Continued**

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

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**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 4.10%, 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 (3.10%) or 1 percentage-point higher (5.10%) than the current rate:

|                      | 1%<br>Decrease<br>(3.10%) | Discount<br>Rate<br>(4.10%) | 1%<br>Increase<br>(5.10%) |
|----------------------|---------------------------|-----------------------------|---------------------------|
| Total OPEB liability | \$ 3,123,250              | 2,824,091                   | 2,570,866                 |

**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, 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 or 1 percentage-point higher than the current healthcare cost trend rates:

|                      | 1% Decrease  | Healthcare Cost<br>Trend Rates | 1% Increase |
|----------------------|--------------|--------------------------------|-------------|
| Total OPEB liability | \$ 2,581,150 | 2,824,091                      | 3,106,405   |

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OTHER POST EMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE

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**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](http://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 \$2,305 for the year ended December 31, 2019. Employees are not required to contribute to the OPEB plan.

**GREATER AUGUSTA UTILITY DISTRICT**  
**Notes to Basic Financial Statements, Continued**

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

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

At December 31, 2019, the District reported a liability of \$76,769 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, 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, 2019, the District's proportion was 0.3588%.

For the year ended December 31, 2019, the District recognized OPEB expense of \$45. At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                                                                                                                     | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience                                                                  | \$ 4,893                             | -                                   |
| Changes of assumptions                                                                                              | -                                    | 3,641                               |
| Net difference between projected and actual earnings<br>on OPEB plan investments                                    | -                                    | 3,433                               |
| Changes in proportion and differences between District<br>contributions and proportionate share of<br>contributions | -                                    | 10,221                              |
| Districts contributions subsequent to the measurement<br>date                                                       | 1,290                                | -                                   |
| Total                                                                                                               | \$ 6,183                             | 17,295                              |

\$1,290 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, 2020. 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: |            |
| 2020                    | \$ (4,047) |
| 2021                    | (4,047)    |
| 2022                    | (3,329)    |
| 2023                    | (379)      |
| 2024                    | (600)      |

**Actuarial Assumptions** - The total OPEB liability in the June 30, 2019 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%         |

**GREATER AUGUSTA UTILITY DISTRICT**  
**Notes to Basic Financial Statements, Continued**

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

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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, 2019 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<br>Expected Real Rate<br>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%                                         |

**Discount Rate** - The rate used to measure the total OPEB liability for the plan was 4.98%, which is a blend of the assumed long-term expected rate of return of 6.75% and a municipal bond index rate of 3.5%, based on the Bond Buyer GO 20-year Municipal Bond Index as of June 30, 2019. 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 2050. Therefore, the portion of the future projected benefit payments after 2050 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.

**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 4.98%, 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 (3.98%) or 1 percentage-point higher (5.98%) than the current rate:

|                    | 1%<br>Decrease<br>(3.98%) | Discount<br>Rate<br>(4.98%) | 1%<br>Increase<br>(5.98%) |
|--------------------|---------------------------|-----------------------------|---------------------------|
| Net OPEB liability | \$ 101,381                | 76,769                      | 57,366                    |

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

**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>2019</u>  | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|----------------------------------------------------------------------------------------------------|--------------|-------------|-------------|-------------|-------------|-------------|
| District's proportion of the net pension liability                                                 | 0.3296%      | 0.3332%     | 0.3582%     | 0.3579%     | 0.3755%     | 0.3495%     |
| District's proportionate share of the net pension liability                                        | \$ 1,007,488 | 911,892     | 1,466,649   | 1,901,605   | 1,198,107   | 537,862     |
| District's covered payroll                                                                         | 2,104,541    | 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 | 47.87%       | 47.33%      | 75.77%      | 100.78%     | 60.88%      | 28.85%      |
| Plan fiduciary net position as a percentage of the total pension liability                         | 90.62%       | 91.14%      | 86.43%      | 81.61%      | 88.27%      | 94.10%      |

\* Only six years of information available. The amounts presented for each year were determined as of the prior June 30<sup>th</sup>.

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

|                                                                      | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|----------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Contractually required contribution                                  | \$ 213,365  | 193,975     | 179,618     | 176,082     | 163,431     | 138,965     |
| Contributions in relation to the contractually required contribution | (213,365)   | (193,975)   | (179,618)   | (176,082)   | (163,431)   | (138,965)   |
| <b>Contribution deficiency (excess)</b>                              | -           | -           | -           | -           | -           | -           |
| District's covered payroll                                           | 2,133,646   | 1,978,973   | 1,880,749   | 1,910,960   | 1,957,474   | 1,940,354   |
| Contributions as a percentage of covered payroll                     | 10.00%      | 9.80%       | 9.55%       | 9.21%       | 8.35%       | 7.16%       |

\*\* Only six 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>2019</u> | <u>2018</u> | <u>2017</u> |
|------------------------------------------------------------------------------------------------------|-------------|-------------|-------------|
| District's proportion of the net OPEB liability                                                      | 0.3588%     | 0.3897%     | 0.4369%     |
| District's proportionate share of the net OPEB liability                                             | \$ 76,769   | 78,726      | 73,048      |
| District's covered-employee payroll                                                                  | 2,104,541   | 1,926,738   | 1,935,746   |
| District's proportionate share of net OPEB liability as a percentage of its covered-employee payroll | 3.65%       | 4.09%       | 3.77%       |
| Plan fiduciary net position as a percentage of the total OPEB liability                              | 43.18%      | 43.92%      | 47.42%      |

\* Only three years of information available. Amounts presented for each fiscal year were determined as of the prior June 30<sup>th</sup>.

**Schedule of District Contributions – PLD OPEB**

Last 10 Fiscal Years\*\*

|                                                                      | <u>2019</u>  | <u>2018</u> | <u>2017</u> |
|----------------------------------------------------------------------|--------------|-------------|-------------|
| Contractually required contribution                                  | \$ 2,305     | 2,099       | 2,169       |
| Contributions in relation to the contractually required contribution | (2,305)      | (2,099)     | (2,169)     |
| Contribution deficiency (excess)                                     | \$ -         | -           | -           |
| District's covered-employee payroll                                  | \$ 2,133,646 | 1,978,973   | 1,880,749   |
| Contributions as a percentage of covered-employee payroll            | 0.11%        | 0.11%       | 0.12%       |

\*\* Only three 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>2019</u>         | <u>2018</u>      |
|------------------------------------------------------------------|---------------------|------------------|
| <b>Total OPEB Liability</b>                                      |                     |                  |
| Service cost                                                     | \$ 15,125           | 16,581           |
| Interest                                                         | 103,219             | 120,050          |
| Differences between expected and actual experience               | -                   | (227,522)        |
| Changes of assumptions or other inputs                           | (191,663)           | 88,068           |
| Benefit payments                                                 | (174,575)           | (167,546)        |
| <b>Net change in total OPEB Liability</b>                        | <u>(247,894)</u>    | <u>(170,369)</u> |
| <br>Total OPEB liability - beginning                             | <br>3,071,985       | <br>3,242,354    |
| Total OPEB liability - ending                                    | \$ <u>2,824,091</u> | <u>3,071,985</u> |
| <br>Covered-employee payroll                                     | <br>\$ 1,330,077    | <br>1,330,077    |
| Total OPEB liability as a percentage of covered-employee payroll | 212.33%             | 230.96%          |

\* Only two years of information available.

**GREATER AUGUSTA UTILITY DISTRICT**  
**Notes to Required Supplementary Information**

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**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%       |

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>2019</u> | <u>2018</u> | <u>2017</u> |
|------------------|-------------|-------------|-------------|
| Discount rate    | 4.98%       | 5.13%       | 5.41%       |
| Inflation rate   | 2.75%       | 2.75%       | 2.75%       |
| Salary increases | 2.75-9.00%  | 2.75-9.00%  | 2.75-9.00%  |

**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>2019</u> | <u>2018</u> | <u>2017</u> |
|---------------|-------------|-------------|-------------|
| Discount rate | 4.10%       | 3.44%       | 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.

*\* These schedules are 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.*



# **WATER DIVISION**

**GREATER AUGUSTA UTILITY DISTRICT  
WATER DIVISION  
Statements of Net Position  
December 31, 2019**

**(with comparative totals for December 31, 2018)**

|                                                                          | 2019                 | 2018              |
|--------------------------------------------------------------------------|----------------------|-------------------|
| <b>ASSETS</b>                                                            |                      |                   |
| Current assets:                                                          |                      |                   |
| Cash and cash equivalents                                                | \$ 2,037,426         | 2,128,063         |
| Accounts receivable:                                                     |                      |                   |
| Customer service                                                         | 230,806              | 242,037           |
| Unbilled                                                                 | 234,399              | 267,127           |
| Other                                                                    | 192,994              | 84,904            |
| Inventory                                                                | 112,636              | 107,366           |
| Prepaid expenses                                                         | 44,480               | 31,313            |
| Total current assets                                                     | 2,852,741            | 2,860,810         |
| Noncurrent assets:                                                       |                      |                   |
| Other assets:                                                            |                      |                   |
| Unamortized debt discount                                                | 877                  | 1,780             |
| Total other assets                                                       | 877                  | 1,780             |
| Capital assets:                                                          |                      |                   |
| Work in process                                                          | 993,442              | 412,700           |
| Operating property                                                       | 46,861,114           | 46,561,872        |
| Less accumulated depreciation                                            | (18,507,045)         | (17,664,593)      |
| Net capital assets                                                       | 29,347,511           | 29,309,979        |
| Total noncurrent assets                                                  | 29,348,388           | 29,311,759        |
| <b>Total assets</b>                                                      | <b>32,201,129</b>    | <b>32,172,569</b> |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                    |                      |                   |
| Deferred outflows of resources related to pensions                       | 115,909              | 100,606           |
| Deferred outflows of resources related to other post employment benefits | 18,760               | 26,972            |
| <b>Total deferred outflows of resources</b>                              | <b>134,669</b>       | <b>127,578</b>    |
| <b>LIABILITIES</b>                                                       |                      |                   |
| Current liabilities:                                                     |                      |                   |
| Accounts payable:                                                        |                      |                   |
| Trade                                                                    | 65,863               | 54,538            |
| Construction/retainage                                                   | 350,044              | 30,414            |
| Accrued payroll                                                          | 44,056               | 32,146            |
| Accrued interest                                                         | 28,552               | 36,556            |
| Unearned revenue                                                         | 4,311                | -                 |
| Current portion of notes payable                                         | 615,225              | 615,225           |
| Total current liabilities                                                | 1,108,051            | 768,879           |
| Noncurrent liabilities:                                                  |                      |                   |
| Accrued compensated absences                                             | 52,410               | 44,377            |
| OPEB liabilities                                                         | 435,129              | 472,607           |
| Net pension liability                                                    | 413,070              | 373,876           |
| Notes payable                                                            | 3,468,302            | 4,083,527         |
| Total noncurrent liabilities                                             | 4,368,911            | 4,974,387         |
| <b>Total liabilities</b>                                                 | <b>5,476,962</b>     | <b>5,743,266</b>  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                     |                      |                   |
| Deferred credits                                                         | 1,992                | 5,980             |
| Deferred inflows of resources related to pensions                        | 120,940              | 127,544           |
| Deferred inflows of resources related to other post employment benefits  | 34,615               | 28,461            |
| <b>Total deferred inflows of resources</b>                               | <b>157,547</b>       | <b>161,985</b>    |
| <b>NET POSITION</b>                                                      |                      |                   |
| Net investment in capital assets                                         | 25,263,984           | 24,611,227        |
| Unrestricted                                                             | 1,437,305            | 1,783,669         |
| <b>Total net position</b>                                                | <b>\$ 26,701,289</b> | <b>26,394,896</b> |

**GREATER AUGUSTA UTILITY DISTRICT**  
**WATER DIVISION**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended December 31, 2019**  
**(with comparative totals for the year ended December 31, 2018)**

|                                        | 2019                 | 2018              |
|----------------------------------------|----------------------|-------------------|
| Operating revenues:                    |                      |                   |
| Metered:                               |                      |                   |
| Residential                            | \$ 1,315,015         | 1,406,859         |
| Commercial                             | 733,555              | 748,617           |
| Governmental                           | 255,222              | 269,256           |
| Public fire protection                 | 818,999              | 819,135           |
| Private fire protection                | 523,773              | 520,261           |
| Other water revenues                   | 6,163                | 5,850             |
| Total operating revenues               | 3,652,727            | 3,769,978         |
| Operating expenses:                    |                      |                   |
| Source of supply                       | 241,199              | 152,881           |
| Treatment plant                        | 128,323              | 122,345           |
| Transportation and distribution        | 1,306,453            | 1,196,574         |
| Customer accounts                      | 275,693              | 269,295           |
| Administrative and general             | 578,031              | 323,371           |
| Depreciation                           | 882,615              | 862,085           |
| Total operating expenses               | 3,412,314            | 2,926,551         |
| Operating income                       | 240,413              | 843,427           |
| Nonoperating revenues (expenses):      |                      |                   |
| Interest revenue                       | 12,882               | 8,981             |
| Utility contract income                | 15,870               | 15,870            |
| Non-utility income                     | 150,342              | 204,442           |
| Merchandising and jobbing revenue      | 26,915               | 25,066            |
| Interest expense                       | (139,126)            | (163,086)         |
| Amortization expense                   | (903)                | (5,623)           |
| Loss on disposal of capital assets     | -                    | (5,467)           |
| Total nonoperating revenues (expenses) | 65,980               | 80,183            |
| Change in net position                 | 306,393              | 923,610           |
| Net position, beginning of year        | 26,394,896           | 25,471,286        |
| <b>Net position, end of year</b>       | <b>\$ 26,701,289</b> | <b>26,394,896</b> |

**GREATER AUGUSTA UTILITY DISTRICT**  
**WATER DIVISION**  
**Statements of Cash Flows**  
**For the Year Ended December 31, 2019**  
**(with comparative totals for the year ended December 31, 2018)**

|                                                                                                     | 2019                | 2018             |
|-----------------------------------------------------------------------------------------------------|---------------------|------------------|
| Cash flows from operating activities:                                                               |                     |                  |
| Receipts from customers and users                                                                   | \$ 3,786,034        | 3,883,296        |
| Payments to suppliers                                                                               | (1,215,284)         | (995,626)        |
| Payments to employees                                                                               | (1,307,409)         | (1,214,185)      |
| Net cash provided by operating activities                                                           | 1,263,341           | 1,673,485        |
| Cash flows from capital and related financing activities:                                           |                     |                  |
| Purchase of capital assets                                                                          | (600,517)           | (654,293)        |
| Principal payments on long-term debt                                                                | (615,225)           | (615,225)        |
| Interest payments on long-term debt                                                                 | (151,118)           | (174,332)        |
| Net cash used in capital and related financing activities                                           | (1,366,860)         | (1,443,850)      |
| Cash flows from investing activities:                                                               |                     |                  |
| Interest revenue                                                                                    | 12,882              | 8,981            |
| Net cash provided by investing activities                                                           | 12,882              | 8,981            |
| Net increase (decrease) in cash and cash equivalents                                                | (90,637)            | 238,616          |
| Cash and cash equivalents at beginning of year                                                      | 2,128,063           | 1,889,447        |
| <b>Cash and cash equivalents at end of year</b>                                                     | <b>\$ 2,037,426</b> | <b>2,128,063</b> |
| Reconciliation of operating income to net cash provided by operating activities:                    |                     |                  |
| Operating income                                                                                    | \$ 240,413          | 843,427          |
| Adjustments to reconcile operating income to net cash provided by operating activities:             |                     |                  |
| Depreciation                                                                                        | 882,615             | 862,085          |
| Utility, non-utility, jobbing and miscellaneous revenues                                            | 193,127             | 245,378          |
| Change in operating assets and liabilities:                                                         |                     |                  |
| (Increase) decrease in accounts receivable - customers                                              | 11,231              | 18,303           |
| (Increase) decrease in accounts receivable - unbilled                                               | 32,728              | (66,059)         |
| (Increase) decrease in accounts receivable - other                                                  | (108,090)           | (83,076)         |
| (Increase) decrease in inventory                                                                    | (5,270)             | 3,213            |
| (Increase) decrease in prepaid expenses                                                             | (13,167)            | 8,848            |
| (Decrease) increase in accounts payable - trade                                                     | 11,325              | 7,003            |
| (Decrease) increase in accrued payroll                                                              | 11,910              | 1,123            |
| (Decrease) increase in accrued compensated absences                                                 | 8,033               | (2,426)          |
| (Decrease) increase in OPEB liability and related deferred outflows and inflows of resources        | (23,112)            | (7,990)          |
| (Decrease) increase in net pension liability and related deferred outflows and inflows of resources | 17,287              | (155,116)        |
| (Decrease) increase in unearned revenue                                                             | 4,311               | (1,228)          |
| Net cash provided by operating activities                                                           | 1,263,341           | 1,673,485        |
| Noncash capital and related financing activities:                                                   |                     |                  |
| Amortized debt discount                                                                             | (903)               | (5,623)          |
| Amortized deferred credits from bond refinancing proceeds                                           | 3,988               | 5,981            |

## **SEWER DIVISION**

**GREATER AUGUSTA UTILITY DISTRICT  
SEWER DIVISION  
Statements of Net Position  
December 31, 2019  
(with comparative totals for December 31, 2018)**

|                                                                          | 2019          | 2018         |
|--------------------------------------------------------------------------|---------------|--------------|
| <b>ASSETS</b>                                                            |               |              |
| Current assets:                                                          |               |              |
| Cash and cash equivalents                                                | \$ 5,541,458  | 3,288,920    |
| Accounts receivable:                                                     |               |              |
| Customer service                                                         | 195,195       | 307,283      |
| Unbilled                                                                 | 284,867       | 427,505      |
| Intercommunity trunkline - operations                                    | 79,804        | 80,921       |
| Other                                                                    | 4,605         | 2,540        |
| Inventory                                                                | 41,626        | 43,739       |
| Prepaid expenses                                                         | 24,046        | 19,679       |
| Total current assets                                                     | 6,171,601     | 4,170,587    |
| Noncurrent assets:                                                       |               |              |
| Other assets:                                                            |               |              |
| Cash held by Maine Municipal Bond Bank                                   | 2,268,727     | -            |
| Total other assets                                                       | 2,268,727     | -            |
| Capital assets:                                                          |               |              |
| Work in process                                                          | 1,799,404     | 813,918      |
| Operating property                                                       | 60,038,489    | 59,442,153   |
| Less accumulated depreciation                                            | (24,412,944)  | (23,024,834) |
| Net capital assets                                                       | 37,424,949    | 37,231,237   |
| Total noncurrent assets                                                  | 39,693,676    | 37,231,237   |
| Total assets                                                             | 45,865,277    | 41,401,824   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                    |               |              |
| Deferred outflows of resources related to pensions                       | 104,601       | 90,791       |
| Deferred outflows of resources related to other post employment benefits | 66,286        | 95,302       |
| Total deferred outflows of resources                                     | 170,887       | 186,093      |
| <b>LIABILITIES</b>                                                       |               |              |
| Current liabilities:                                                     |               |              |
| Accounts payable:                                                        |               |              |
| Trade                                                                    | 73,724        | 73,561       |
| Construction/retainage                                                   | 137,787       | 68,825       |
| Accrued payroll                                                          | 38,489        | 54,604       |
| Accrued interest                                                         | 53,972        | 38,123       |
| Unearned revenue                                                         | 2,428         | 3,049        |
| Current portion of notes payable                                         | 1,203,784     | 993,976      |
| Total current liabilities                                                | 1,510,184     | 1,232,138    |
| Noncurrent liabilities:                                                  |               |              |
| Accrued compensated absences                                             | 38,798        | 40,796       |
| OPEB liabilities                                                         | 1,537,456     | 1,669,876    |
| Net pension liability                                                    | 372,771       | 337,400      |
| Notes payable                                                            | 14,512,309    | 11,126,093   |
| Total noncurrent liabilities                                             | 16,461,334    | 13,174,165   |
| Total liabilities                                                        | 17,971,518    | 14,406,303   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                     |               |              |
| Deferred credits                                                         | 216,797       | 236,506      |
| Deferred inflows of resources related to pensions                        | 109,141       | 115,100      |
| Deferred inflows of resources related to other post employment benefits  | 122,307       | 100,563      |
| Total deferred inflows of resources                                      | 448,245       | 452,169      |
| <b>NET POSITION</b>                                                      |               |              |
| Net investment in capital assets                                         | 25,673,283    | 25,132,938   |
| Unrestricted                                                             | 1,943,118     | 1,596,507    |
| Total net position                                                       | \$ 27,616,401 | 26,729,445   |

**GREATER AUGUSTA UTILITY DISTRICT**  
**SEWER DIVISION**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended December 31, 2019**  
**(with comparative totals for the year ended December 31, 2018)**

|                                           | 2019                 | 2018              |
|-------------------------------------------|----------------------|-------------------|
| Operating revenues:                       |                      |                   |
| Metered                                   | \$ 2,794,305         | 3,724,384         |
| Flat rate                                 | 13,440               | 14,768            |
| Trunkline communities                     | 797,973              | 731,729           |
| Late fees                                 | 8,639                | 9,425             |
| Connection fees                           | 53,656               | 92,638            |
| Togus debt                                | 365,692              | 365,692           |
| Total operating revenues                  | 4,033,705            | 4,938,636         |
| Operating expenses:                       |                      |                   |
| Treatment plant                           | 881,529              | 814,779           |
| Transportation and distribution           | 883,991              | 806,038           |
| Customer accounts                         | 110,065              | 178,337           |
| Administrative and general                | 230,875              | 109,012           |
| Trunkline                                 | 256,337              | 250,072           |
| Depreciation                              | 1,403,924            | 1,334,299         |
| Total operating expenses                  | 3,766,721            | 3,492,537         |
| Operating income                          | 266,984              | 1,446,099         |
| Nonoperating revenues (expenses):         |                      |                   |
| Interest revenue                          | 12,206               | 11,749            |
| Grant revenue                             | 316,000              | -                 |
| Miscellaneous                             | 61,107               | 17,252            |
| Interest expense                          | (204,341)            | (195,357)         |
| Gain (loss) on disposal of capital assets | 435,000              | (3,498)           |
| Total nonoperating revenues (expenses)    | 619,972              | (169,854)         |
| Change in net position                    | 886,956              | 1,276,245         |
| Net position, beginning of year           | 26,729,445           | 25,453,200        |
| <b>Net position, end of year</b>          | <b>\$ 27,616,401</b> | <b>26,729,445</b> |

**GREATER AUGUSTA UTILITY DISTRICT**  
**SEWER DIVISION**  
**Statements of Cash Flows**  
**For the Year Ended December 31, 2019**  
**(with comparative totals for the year ended December 31, 2018)**

|                                                                                                     | 2019                | 2018             |
|-----------------------------------------------------------------------------------------------------|---------------------|------------------|
| Cash flows from operating activities:                                                               |                     |                  |
| Receipts from customers and users                                                                   | \$ 4,347,969        | 5,112,921        |
| Payments to suppliers                                                                               | (1,282,436)         | (1,120,639)      |
| Payments to employees                                                                               | (1,166,623)         | (1,139,832)      |
| Net cash provided by operating activities                                                           | 1,898,910           | 2,852,450        |
| Cash flows from capital and related financing activities:                                           |                     |                  |
| Purchase of capital assets                                                                          | (1,528,674)         | (1,342,013)      |
| Proceeds from sale of capital assets                                                                | 435,000             | -                |
| Grant revenue                                                                                       | 316,000             | -                |
| Proceeds from long-term debt                                                                        | 2,321,273           | -                |
| Principal payments on long-term debt                                                                | (993,976)           | (1,032,486)      |
| Interest payments on long-term debt                                                                 | (208,201)           | (221,063)        |
| Net cash provided by (used in) capital and related financing activities                             | 341,422             | (2,595,562)      |
| Cash flows from investing activities:                                                               |                     |                  |
| Interest income                                                                                     | 12,206              | 11,749           |
| Net cash provided by investing activities                                                           | 12,206              | 11,749           |
| Net increase (decrease) in cash and cash equivalents                                                | 2,252,538           | 268,637          |
| Cash and cash equivalents at beginning of year                                                      | 3,288,920           | 3,020,283        |
| <b>Cash and cash equivalents at end of year</b>                                                     | <b>\$ 5,541,458</b> | <b>3,288,920</b> |
| Reconciliation of operating income to net cash provided by operating activities:                    |                     |                  |
| Operating income                                                                                    | \$ 266,984          | 1,446,099        |
| Adjustments to reconcile operating income to net cash provided by operating activities:             |                     |                  |
| Depreciation                                                                                        | 1,403,924           | 1,334,299        |
| Miscellaneous and utility contract income                                                           | 61,107              | 17,252           |
| Change in operating assets and liabilities:                                                         |                     |                  |
| (Increase) decrease in accounts receivable - customer service                                       | 112,088             | (55,144)         |
| (Increase) decrease in accounts receivable - unbilled                                               | 142,638             | (90,385)         |
| (Increase) decrease in accounts receivable - intercommunity trunkline                               | 1,117               | (22,792)         |
| (Increase) decrease in accounts receivable - other                                                  | (2,065)             | 323,393          |
| (Increase) decrease in inventory                                                                    | 2,113               | 5,402            |
| (Increase) decrease in prepaid expenses                                                             | (4,367)             | 5,412            |
| (Decrease) increase in accounts payable - trade                                                     | 163                 | 20,490           |
| (Decrease) increase in accrued payroll                                                              | (16,115)            | 30,088           |
| (Decrease) increase in accrued compensated absences                                                 | (1,998)             | 4,591            |
| (Decrease) increase in OPEB liability and related deferred outflows and inflows of resources        | (81,660)            | (28,233)         |
| (Decrease) increase in net pension liability and related deferred outflows and inflows of resources | 15,602              | (139,983)        |
| (Decrease) increase in unearned revenue                                                             | (621)               | 1,961            |
| Net cash provided by operating activities                                                           | 1,898,910           | 2,852,450        |
| <b>Noncash capital and related financing activities:</b>                                            |                     |                  |
| Amortized deferred credits from bond refinancing proceeds                                           | 19,709              | 22,360           |



# **STORM WATER DIVISION**

GREATER AUGUSTA UTILITY DISTRICT  
STORM WATER DIVISION  
Statements of Net Position  
December 31, 2019  
(with comparative totals for December 31, 2018)

|                                                                          | 2019          | 2018         |
|--------------------------------------------------------------------------|---------------|--------------|
| <b>ASSETS</b>                                                            |               |              |
| Current assets:                                                          |               |              |
| Cash and cash equivalents                                                | \$ 709,069    | 656,533      |
| Accounts receivable:                                                     |               |              |
| Customer service                                                         | 311,364       | 301,577      |
| Unbilled                                                                 | 461,615       | 425,301      |
| Other                                                                    | 535           | -            |
| Inventory                                                                | 28,927        | 25,688       |
| Prepaid expenses                                                         | 24,046        | 14,251       |
| Total current assets                                                     | 1,535,556     | 1,423,350    |
| Noncurrent assets:                                                       |               |              |
| Other assets:                                                            |               |              |
| Cash held by Maine Municipal Bond Bank                                   | 1,354,335     | -            |
| Total other assets                                                       | 1,354,335     | -            |
| Capital assets:                                                          |               |              |
| Work in process                                                          | 3,344,903     | 673,397      |
| Operating property                                                       | 40,782,472    | 40,351,471   |
| Less accumulated depreciation                                            | (14,783,917)  | (13,903,436) |
| Net capital assets                                                       | 29,343,458    | 27,121,432   |
| Total noncurrent assets                                                  | 30,697,793    | 27,121,432   |
| Total assets                                                             | 32,233,349    | 28,544,782   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                    |               |              |
| Deferred outflows of resources related to pensions                       | 62,195        | 53,984       |
| Deferred outflows of resources related to other post employment benefits | 40,022        | 57,541       |
| Total deferred outflows of resources                                     | 102,217       | 111,525      |
| <b>LIABILITIES</b>                                                       |               |              |
| Current liabilities:                                                     |               |              |
| Accounts payable:                                                        |               |              |
| Trade                                                                    | 455,046       | 88,576       |
| Construction/retainage                                                   | 102,481       | 12,534       |
| Accrued payroll                                                          | 28,350        | 29,906       |
| Accrued interest                                                         | 35,730        | 32,495       |
| Current portion of notes payable                                         | 1,109,959     | 1,068,995    |
| Total current liabilities                                                | 1,731,566     | 1,232,506    |
| Noncurrent liabilities:                                                  |               |              |
| Accrued compensated absences                                             | 29,052        | 23,555       |
| OPEB liabilities                                                         | 928,275       | 1,008,227    |
| Net pension liability                                                    | 221,647       | 200,616      |
| Notes payable                                                            | 7,841,145     | 6,791,104    |
| Total noncurrent liabilities                                             | 9,020,119     | 8,023,502    |
| Total liabilities                                                        | 10,751,685    | 9,256,008    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                     |               |              |
| Deferred credits                                                         | 275,924       | 301,008      |
| Deferred inflows of resources related to pensions                        | 64,895        | 68,438       |
| Deferred inflows of resources related to other post employment benefits  | 73,846        | 60,717       |
| Total deferred inflows of resources                                      | 414,665       | 430,163      |
| <b>NET POSITION</b>                                                      |               |              |
| Net investment in capital assets                                         | 21,746,689    | 19,261,333   |
| Unrestricted                                                             | (577,473)     | (291,197)    |
| Total net position                                                       | \$ 21,169,216 | 18,970,136   |

**GREATER AUGUSTA UTILITY DISTRICT**  
**STORM WATER DIVISION**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended December 31, 2019**  
**(with comparative totals for the year ended December 31, 2018)**

|                                        | 2019                 | 2018              |
|----------------------------------------|----------------------|-------------------|
| Operating revenues:                    |                      |                   |
| Storm water                            | \$ 1,824,153         | 1,451,099         |
| Catch basins                           | 2,052,170            | 2,350,384         |
| Other                                  | 20,836               | 19,734            |
| Total operating revenues               | 3,897,159            | 3,821,217         |
| Operating expenses:                    |                      |                   |
| Treatment plant                        | 425,943              | 478,521           |
| Transportation and distribution        | 746,291              | 692,132           |
| Customer accounts                      | 110,065              | 33,969            |
| Administrative and general             | 237,220              | 92,484            |
| Depreciation                           | 889,768              | 867,003           |
| Total operating expenses               | 2,409,287            | 2,164,109         |
| Operating income                       | 1,487,872            | 1,657,108         |
| Nonoperating revenues (expenses):      |                      |                   |
| Interest revenue                       | 9,744                | 7,291             |
| Grant revenue                          | 814,000              | -                 |
| Interest expense                       | (112,536)            | (123,258)         |
| Loss on disposal of capital assets     | -                    | (1,968)           |
| Total nonoperating revenues (expenses) | 711,208              | (117,935)         |
| Change in net position                 | 2,199,080            | 1,539,173         |
| Net position, beginning of year        | 18,970,136           | 17,430,963        |
| <b>Net position, end of year</b>       | <b>\$ 21,169,216</b> | <b>18,970,136</b> |

**GREATER AUGUSTA UTILITY DISTRICT  
STORM WATER DIVISION  
Statements of Cash Flows**

**For the Year Ended December 31, 2019**

**(with comparative totals for the year ended December 31, 2018)**

|                                                                                                     | 2019              | 2018           |
|-----------------------------------------------------------------------------------------------------|-------------------|----------------|
| Cash flows from operating activities:                                                               |                   |                |
| Receipts from customers and users                                                                   | \$ 3,850,523      | 3,761,697      |
| Payments to suppliers                                                                               | (336,154)         | (670,903)      |
| Payments to employees                                                                               | (866,015)         | (684,860)      |
| Net cash provided by operating activities                                                           | 2,648,354         | 2,405,934      |
| Cash flows from capital and related financing activities:                                           |                   |                |
| Purchase of capital assets                                                                          | (3,021,847)       | (1,035,101)    |
| Grant revenue                                                                                       | 814,000           | -              |
| Proceeds from long-term debt                                                                        | 805,665           | -              |
| Principal payments on long-term debt                                                                | (1,068,995)       | (1,064,081)    |
| Interest payments on long-term debt                                                                 | (134,385)         | (153,051)      |
| Net cash used in capital and related financing activities                                           | (2,605,562)       | (2,252,233)    |
| Cash flows from investing activities:                                                               |                   |                |
| Interest income                                                                                     | 9,744             | 7,291          |
| Net cash provided by investing activities                                                           | 9,744             | 7,291          |
| Net increase (decrease) in cash and cash equivalents                                                | 52,536            | 160,992        |
| Cash and cash equivalents at beginning of year                                                      | 656,533           | 495,541        |
| <b>Cash and cash equivalents at end of year</b>                                                     | <b>\$ 709,069</b> | <b>656,533</b> |
| Reconciliation of operating income to net cash provided by operating activities:                    |                   |                |
| Operating income                                                                                    | \$ 1,487,872      | 1,657,108      |
| Adjustments to reconcile operating income to net cash provided by operating activities:             |                   |                |
| Depreciation                                                                                        | 889,768           | 867,003        |
| Change in operating assets and liabilities:                                                         |                   |                |
| (Increase) decrease in accounts receivable - customer service                                       | (9,787)           | 51,520         |
| (Increase) decrease in accounts receivable - unbilled                                               | (36,314)          | (111,040)      |
| (Increase) decrease in accounts receivable - other                                                  | (535)             | -              |
| (Increase) decrease in inventory                                                                    | (3,239)           | 3,173          |
| (Increase) decrease in prepaid expenses                                                             | (9,795)           | 3,918          |
| (Decrease) increase in accounts payable - trade                                                     | 366,470           | 16,861         |
| (Decrease) increase in accrued payroll                                                              | (1,556)           | 15,315         |
| (Decrease) increase in accrued compensated absences                                                 | 5,497             | 2,356          |
| (Decrease) increase in OPEB liability and related deferred outflows and inflows of resources        | (49,304)          | (17,046)       |
| (Decrease) increase in net pension liability and related deferred outflows and inflows of resources | 9,277             | (83,234)       |
| Net cash provided by operating activities                                                           | 2,648,354         | 2,405,934      |
| Noncash capital and related financing activities:                                                   |                   |                |
| Amortized deferred credits from bond refinancing proceeds                                           | 25,084            | 25,084         |