



## MEMORANDUM PORTLAND WATER DISTRICT

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TO: Board of Trustees

FROM: Carrie Walker

DATE: May 3, 2022

RE: **Workshop Meeting – Monday, May 9, 2022**

There will be a Workshop Meeting of the Board of Trustees of the Portland Water District on Monday, May 9, 2022. The meeting will begin at 6:30 p.m. in the Nixon Training Center at the general offices of the District, 225 Douglass Street, Portland, Maine.

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

<b><u>Committee</u></b>	<b><u>Room / Location</u></b>	<b><u>Time</u></b>
General Manager's Selection	General Manager's Conference Room	4:45 p.m.
Pension	General Manager's Conference Room	5:15 p.m.
Administration & Finance	Monie Room	5:30 p.m.
Operations	EOC 2nd Floor	5:30 p.m.
Planning	Nixon Training Center	5:30 p.m.

### **AGENDA – WORKSHOP**

**1. 2021 Audit Report**

Representatives from Wipfli LLP, the District's auditor, will present the 2021 audit report.

**2. Corporate Giving**

Michelle Clements, Public Relations Manager, will review popular PWD community relations programs and present recommendations and solicit feedback for program modifications and enhancements. (See attached)

**3. Other Business**

**4. Executive Session**

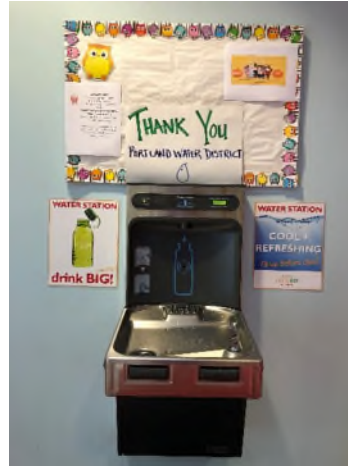
Pursuant to 1 M.R.S. §405 (6)(D) labor negotiations, the Board will go into Executive Session to discuss the status of labor union contract negotiations with Teamsters Local Union #340.

**5. Adjourn**

# Portland Water District

## Community Relations Program Update

5/02/2022



Water Bottle Filling  
Station Grants

Scholarships

Portable Water  
Fountain

Donated Bottles and  
Cups

Rain Barrel Donations

Corporate Giving

Food Drives

Sponsorships

Volunteer Days

32 bottle filling  
fountains  
\$43,500



21 scholarships  
\$30,000

## DiPietro Scholarship | Program review and update | May 2, 2022

The Portland Water District Trustees have administered a scholarship program for 18 years, since 2004. In that time, they have awarded 21 scholarships, totaling \$30,000, to local students.

The DiPietro Scholarship is awarded to students in our service area that are pursuing a career applicable to the water/wastewater industry and demonstrate a commitment to PWD's mission to protect public health, public safety, and the environment.

In 2020 the criteria was updated to further promote candidates in the trades at SMCC and specify trade fields and targeted programs (e.g., water/wastewater treatment technology, HVAC, electrical, automation technology, instrumentation, plumbing, pipefitting, fire science, environmental studies, applied sciences, engineering, public administration).

In addition to seeking comment from trustees for adjustments to the program, we are proposing an update for trustees to consider. We'd like to expand the program and further encourage the development of future water/wastewater industry employees. We recommend adding a second scholarship and award up to two scholarships a year. The second scholarship would be awarded to an individual who is pursuing a career in the water/wastewater industry as indicated by involvement in our field and attending a water/wastewater specific program like the water treatment program administered at the Northern Maine Community College and Southern Maine Community College: <https://www.nmcc.edu/academics/programs/academic-programs/water-treatment-technology/>.

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\$30,000 awarded since 2004

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DiPietro Scholarship | Program review and update | May 2, 2022

<b>YEAR</b>	<b>STUDENT</b>	<b>CITY</b>	<b>MAJOR</b>	<b>SCHOOL</b>	<b>APPLICATIONS RECEIVED</b>
2004	Kevin Beaulieu	Sanford		SMCC	NA
2005	Cynthia LeGage	Portland	Medical	UNE	NA
2006	Brendan Koza	Raymond	Construction Technology	SMCC	14
2007	David Ishihara	South Portland	Engineering	USM	17
2008	Helen E. Mattsson	Scarborough	Molecular/Cellular Biology	UMO	10
2009	Alvin Lam	Portland	Biochemistry/Pharmacology	UNE	21
2010	Spencer DiPietro Bowring	South Portland	Marine Engineering	Maine Maritime Academy	25
2011	Sarah Henderson	Gorham	Environmental Science	UNE	17
2012	Simone Chan	Scarborough	Laboratory Science	UNE	27
2013	Alyssa Marchant	South Portland	Medical/biology	USM	18
2014	Corey Bryant	Portland	Environmental Science	USM	24
2015	Erin Wright-Little	Windham	Biology	St. Joseph's College	33
2016	Jennifer Sawtelle	Scarborough	Environmental Science	USM	14
2017	Mohammed-Noor Omane	Portland	Business	SMCC	24
2018	David Grondin Emily Wilson	Westbrook Gorham	Business Precision Machining	USM SMCC	14
2019	Keith Nelson	South Portland	HVAC	SMCC	24
2020	Priscilla Arsenault  Daniel Quinho	Portland  Portland	Architecture & Engineering Design Electrical Engineering Technology	SMCC SMCC	12
2021	Simon Bourque	So. Portland	HVAC	SMCC	12
2022	Dylan Anderson	Westbrook	Plumbing/Heating	SMCC	9

## Joseph A. DiPietro Memorial Scholarship Criteria

The Joseph A. DiPietro Memorial Scholarship was established in 2003 in memory of respected businessman and longtime Portland Water District Trustee, Joe DiPietro. Joe served on the Portland Water District Board from 1988 to 2003 and owned DiPietro's Sandwich Shop on Cumberland Avenue in Portland. He was very active in the community and committed to youth, family, and education. When he wasn't working at his store or representing local residents on the Portland Water District Board of Trustees, he could be found volunteering through the Boys and Girls Club, St. Peter's Roman Catholic Church, or the Lions Club.

The scholarship will be awarded to an individual in the Portland Water District service area who is pursuing a career that is applicable to the water/wastewater industry, demonstrates financial need, a commitment to the community, and a desire to improve public health and the environment.

### Criteria

- Students must live in a community in the PWD service area (Portland, South Portland, Westbrook, Windham, Gorham, Raymond, Cumberland, Falmouth, Scarborough, Cape Elizabeth, or Standish).
- Students must be pursuing a career that is applicable to the water/wastewater industry (e.g., water/wastewater treatment technology, HVAC, electrical, automation technology, instrumentation, plumbing, pipefitting, fire science, environmental studies, applied sciences, engineering, public administration) and must demonstrate a commitment to PWD's mission to protect public health, public safety, and the environment.
- Preference will be given to student(s) that:
  - attend or plan to attend a community college, trade school or an accredited college or university in PWD's member communities (University of Southern Maine, University of New England, Southern Maine Community College),
  - are the first in their family to attend college,
  - demonstrate a commitment to the community through volunteer efforts, and
  - show high academic performance.
- Students must demonstrate financial need.
- Funds must be used towards tuition. The scholarship will be given on a one-time basis; it is not renewable.

### Deadlines

- The \$1,500 scholarship will be awarded annually to a deserving student. The Scholarship Committee, a sub-committee of the Board of Trustees, will review applications in the spring. To apply, students must complete the application by **March 31.**

## Program review and update March 3, 2022

Due to the pandemic, awards approved for 2022 installation were increased to a maximum of \$12,950. The maximum award has been \$7,000 since the program was established in 2013. Some trustees have expressed an interest in expanding the program to be able to award more units by increasing the maximum award amount to \$10,000 a year.

[illegible]

## WATER BOTTLE FILLING STATION GRANT RECIPIENTS (3.2.22)




South Portland, Wainwright Complex is the first outside station installed, Ocean Avenue School promoted the use of the fountain through a healthy eating campaign that incorporated a healthy drink display, St. Joseph's College's EcoReps promoted drinking tap water with a campaign that included water bottles.

2013 Recipients (2014 INSTALLS)			
Recipient	Maximum	Actual	Comments
Casco Bay Island Transit District Portland	\$2,000	\$2,000	The water bottle filling station at the Casco Bay Ferry Terminal is very popular. Feedback continues to be positive. The counter indicates, as of this morning, 31,186 bottles have been filled.
Greater Portland YMCA Portland	\$2,000		Not installed
Saint Joseph's College Standish	\$2,000	\$1,025	We installed it prominently in our Alford Center athletic/recreation building, which gets lots of traffic. 171,809 bottles have been filled at the station and the College has installed 12 additional bottle filling stations throughout campus. An ECO REPS campaign encouraged drinking tap vs. bottled water.
Greely High School – Global Awareness Club Cumberland	\$500	\$434	

<b>2014 Recipients (2015 INSTALLS)</b>			
One City Center Portland	\$500	\$500	107,000+ bottles
Falmouth Memorial Library Falmouth, Maine	\$500		Not installed
Gorham Sports Center (Southern Maine Community Recreation Center) Gorham	\$500	\$500	We have received numerous positive comments since we installed the bottle filling unit onto our existing water fountain. I've overheard the conversations of adults and children telling other children that "this place has the best water" and that the bottle filler is the "coolest thing!". Many People have told us they are seeing this technology for the first time. Currently, our bottle counter is just shy of 17,000, however I believe the counter got reset at one point so the true number is probably higher. Our organization, and the thousands of local athletes, parents, grandparents from the region who utilize our facility appreciate your kind donation!
Southern Maine Community College So Portland	\$500		Not installed
<b>2015 Recipients (2016 INSTALLS)</b>			
Wainwright Recreation Complex, City of South Portland So Portland	\$5,000	\$4,390	NO COUNTER
Redbank Community Center, City of South Portland So Portland	\$500	\$490	Counter wasn't working, reset
Maine Academy of Gymnastics Westbrook	\$2,000	\$1,099	22,050. We all drink delicious water from the fountain and kids constantly fill their bottles. Thank you so much for contributing to the overall health of our kids and their families!
Courtyard Portland Airport So Portland	\$500		Not installed

<b>2016 Recipients (2017 INSTALLS)</b>			
City of Portland, Baxter Blvd Portland	\$5,000	\$4,692	Installed
Westbrook High School Westbrook	\$2,000	\$1,219	11,256 We are so thankful for our water fountain. This is the first new fountain our school has had since the school was built. We are the process of trying to replace all now with the same type as this one we were able to purchase with this grant. We thank you so much!! We would be thrilled to have another opportunity to have another one. The kids love them. And water consumption has gone up exponentially.
Ocean Ave Elementary School Portland	\$2,000	\$1,405	Unfortunately, our 'counter' hadn't been working, but it is now and reads 14,984. The whole community is using it and everyone is enjoying it. Thanks and if I get any data any time soon, I will send it your way.
<b>2017 Recipients (2018 INSTALLS)</b>			
City of Portland, Oxford Street Shelter, General Assistance Office (2), Portland	\$500 \$500	\$500 \$500	
Longfellow Elementary School Portland	\$500	\$558	
James Otis Kaler Elementary School Portland	\$500	\$558	
Greely Middle School Cumberland	\$500		Selected a stand alone unit but never sent invoice to pay.
Pond Cove Elementary Cape Elizabeth	\$2,000	\$1,239	
Gorham Middle School Gorham	\$2,000	\$1,979	

2018 Recipients (2019 INSTALLS)			
Boys and Girls Clubs of Southern ME Portland	\$550	\$550	Installed. Paid 9/13/19
Cape Elizabeth Community Services Cape Elizabeth	\$550	\$550	Installed. dedication on 9/19
Helena Dyer Elementary School South Portland	\$550	\$524	Installed. Paid 5/30/19
East End Community School Portland	\$550		Installation cost came in too high, abandoning grant.
Frank I Brown School PTA South Portland	\$550	\$1,297	9/Still trying to locate a retrofit that works with their system. <b>Update: Installed and reimbursed for a full unit in 2020.</b>
Oxford Cumberland Canal School Westbrook	\$550	\$550	Installed <i>Oh Michelle - if I could have recorded a video of the kids (and staff) coming in this morning and seeing the water bottle fountain installed and ready to use! It was so wonderful!! I loved hearing everyone's excitement all day! Many, many of both students and staff commenting on how awesome it looked, how cold the water was, how cool it was that it could fill a bottle automatically! :) So Great!</i>
Skillin Elementary School South Portland	\$550	\$579	Installed.
State Street Housing Preservation Portland	\$550	\$550	Installed. Reimbursed on 1/10/19
Greater Portland Health Portland	\$2,000	\$1,104	Installed fountain, waiting for bottle water filling equipment.
2019 Recipients (2020 INSTALLS)			
Windham Christian Academy Windham	\$550	\$1,297	We increased the funding to support a stand alone unit because their current fountain was unable to be retrofitted.

Mason-Motz Activity Center Falmouth	\$550	\$622	
Falmouth High School Falmouth	\$2,000	\$1,779	
The Governor Baxter School of the Deaf Falmouth	\$2,000	\$1,297	
Apex Racket and Fitness Portland	\$2,000	\$1,297	
<b>2020 Recipients (2021 INSTALLS)</b>			
South Portland High School South Portland	\$650		Did not receive an invoice, assume not installed.
City of Westbrook, Riverbank Park Westbrook	\$5,000	\$5,676	<div>  <p>121 likes, 14 comments, 14 shares</p> </div>
STRIVE South Portland	\$2,000	\$1,324	

Portland Ballet Portland	\$2,000	\$1,412	
<b>2021 Recipients (2022 INSTALLS)</b>			
Falmouth Community Park Falmouth	\$5,000		
Animal Refuge League Westbrook	\$650		
Mayo Street Arts Portland	\$2,000		
YMCA Southern Maine Portland	\$650		
City of Portland – DHS Portland	\$2,000		
Memorial Middle School So Portland	\$650		Sadly, we will not be able to utilize the water station. As you may know our building is scheduled for tear down the year after next, and lots of things are not working as they should this year, so for now, they feel the portable/ refillable water stations are best to stick with. I was trying to talk to some different folks in the district if there was another way to get it installed, but it seems as if there is not. I hope another school can use it. Thank you so much for offering this opportunity and thanks for checking back in with me.
Windham Fire and Rescue Windham	\$2,000		



**Portland Water District**  
*FROM SEBAGO LAKE TO CASCO BAY*

**Water Bottle Filling Fountains Installed**  
**with support of a grant from the Portland Water District** *March 3, 2022*

**Portland, Maine**

Casco Bay Island Transit District	One City Center
City of Portland, Baxter Blvd (Outside)	Ocean Avenue Elementary School
City of Portland, General Assistance Office	Longfellow Elementary School
Boys and Girls Clubs of Southern Maine	State Street Housing Preservation
Greater Portland Health	Apex Racket and Fitness
Portland Ballet	

**South Portland, Maine**

Redbank Community Center, City of So. Portland	James Otis Kaler Elementary School
Helena Dyer Elementary School	Frank I Brown School PTA
Skillin Elementary School	STRIVE
Wainwright Recreation Complex, City of So Portland	

**Westbrook, Maine**

Westbrook High School	City of Westbrook, Riverbank Park (Outside)
Maine Academy of Gymnastics	Oxford Cumberland Canal School

**Cumberland, Maine**

Greely High School – Global Awareness Club
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## **Gorham, Maine**

Gorham Middle School

Gorham Sports Center

(Southern Maine Community Recreation Center)

## **Cape Elizabeth, Maine**

Cape Elizabeth Community Services

Pond Cove Elementary

## **Falmouth, Maine**

Falmouth High School

The Governor Baxter School of the Deaf

Mason-Motz Activity Center

## **Windham, Maine**

Windham Christian Academy

## **Standish, Maine**

Saint Joseph's College

## **Water Bottle Filling Fountain Grants**

Annually, the Portland Water District will award up to \$7,000 in water bottle filling stations grants - maximum value of \$5,000 for outdoor units, \$2,000 maximum value for internal stand alone units, and \$650 for retrofits - to non-profits and businesses within the service territory. Interested organizations should complete the online application.

### **Criteria**

- The organization must be a non-profit organization or business within the Portland Water District territory and a customer of the District.
- Filling stations must be open to the public and/or general audience and be located in visible, high traffic areas.
- The organization must agree to install the fountain within nine months.
- The organization must agree to clean and maintain the fountain.
- The organization must agree to pay for water service and all expenses involved in the installation (Installation costs could be minimal or extensive depending on the type of unit selected, location of installation, and staff capabilities).
- The organization must include PWD's provided decal on the unit.
- Due to the cost of outside units, only one outside unit will be awarded per year.
- Preference will be given to those organizations that provide the largest exposure and benefit for public use.
- Preference will be given to first time applicants.

### **Deadlines**

Deadline for application for the following year is October 31. Grant recipients will be notified by January, then will have nine months to install the unit. For longer term projects, applicants can designate the year in which they are applying for the grant and expecting to install the unit.

### **Process**

The Portland Water District's supplier will offer a wide variety of units for the recipient to choose from. The recipient will order the unit and have it shipped to their facility. The Portland Water District will pay the supplier directly. Optionally, if the recipient prefers to use its own supplier, the Portland Water District will reimburse the recipient once installation is complete.



## **MEMORANDUM PORTLAND WATER DISTRICT**

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TO: Pension Committee / Board of Trustees

FROM: Mary Demers, Director of Employee Services

DATE: April 29, 2022

RE: **Pension Committee Meeting – May 9, 2022**

A meeting of the Pension Committee of the Portland Water District Board of Trustees is scheduled for Monday, May 9, 2022 in the General Manager's Conference Room of the District, 225 Douglass Street, Portland, Maine. The start time is 5:15 p.m. or upon arrival of all committee members.

### **AGENDA**

**1. Approval of Pension Distributions**

Staff will present a request to approve benefits for two retirees.

**2. Other Business**



## **MEMORANDUM PORTLAND WATER DISTRICT**

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TO: Administration and Finance Committee / Board of Trustees

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

DATE: April 29, 2022

RE: **Administration and Finance Committee Meeting – May 9, 2022**

A meeting of the Administration and Finance Committee of the Portland Water District Board of Trustees will be held on Monday, May 9, 2022. The meeting will begin at 5:30 p.m. in the Monie Room of the District, 225 Douglass Street, Portland, Maine.

### **AGENDA**

1. **2021 Financial Audit Report**  
A representative of Wipfli LLC will present the results of the 2021 financial audit.  
(See attached memo)
2. **Sewer Bond Authorization – Portland Wastewater \$5.49 Million**  
Staff will present a motion authorizing the issuance of a bond up to \$5.49 million to finance the upgrade of the electrical systems at Portland's East End Wastewater Treatment Plant and Northeast Pump Station. (See attached memo)
3. **North Windham – Clean Water State Revolving Loan Fund**  
Staff will present a motion supporting and ratifying the General Managers action of signing the Applicant Agreement to comply with 2022 Clean Water State Revolving Fund Requirements indicating the District's intent to borrow up to \$38.9 million to finance the construction of the sewer system in North Windham. (See attached memo)
4. **Other Business**



## **ADMINISTRATION AND FINANCE COMMITTEE / AGENDA ITEM SUMMARY**

Agenda Item: 1  
Date of Meeting: May 9, 2022  
Subject: 2021 Audit Report  
Presented By: Thomas Quirk, Finance Director

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### **RECOMMENDATION**

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

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

WHEREAS, the Board of Trustees previously appointed the accounting firm of Wipfli LLC to conduct the audit of 2021 financial affairs, and

WHEREAS, Wipfli LLC has conducted the audit of 2021 and presented their unqualified opinion to the Board of Trustees,

NOW THEREFORE BE IT RESOLVED, that the Board of Trustees accepts the Audit Report for 2021 and authorizes its distribution as required by Section 21 of the Charter of the District.

### **BACKGROUND ANALYSIS**

On May 9, 2022, Wipfli LLC will present the results of the 2021 audit to the Administration and Finance Committee. The items to be presented are:

- Auditor's Communication to the Board of Trustees;
- Financial Report for the year ending December 31, 2021;
- Single Audit

### **ANALYSIS**

Government Auditing Standards require independent auditors to report:

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

**FISCAL REVIEW / FUNDING**

None

**LEGAL REVIEW**

Corporate Counsel reviewed the proposed motion and approved it as to form.

**CONCLUSION**

The Committee will review the proposed motion accepting the 2021 audit report and recommend it be forwarded to the full Board for their consideration.

**ATTACHMENT(S)**

A - Auditors Communication to the Board of Trustees

B - Financial Report for the year ending December 31, 2021

C - Single Audit

April 27, 2022

To the Board of Trustees  
Portland Water District  
Portland, Maine

Dear Board of Trustees

We have audited the financial statements of each major fund of Portland Water District (the "District") for the year ended December 31, 2021, and have issued our report thereon dated April 27, 2022. Professional standards require that we provide you with the following information related to our audit:

**Our Responsibility Under Auditing Standards Generally Accepted in the United States, Government Auditing Standards, and Uniform Guidance**

As stated in our engagement letter dated March 15, 2022, 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 accordance with accounting principles generally accepted in the United States. Our audit of the financial statements does not relieve you or management of your responsibilities.

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

**Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope, timing, and with respect to significant risks identified by us, all of which were previously communicated to your representative, Louise G. Douglas, Board of Trustees, President, in our meeting about such matters on March 9, 2022, in addition to our engagement letter dated March 15, 2022 accepted by Carrie Lewis, General Manager.

**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 Company are described in Note 1 of the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2021.

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were as follows:

Management's estimate of the District's depreciation of capital assets is based on estimated useful lives. We evaluated the key factors and assumptions used to develop the useful lives and calculation of depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the actuarial net pension liabilities as of December 31, 2021 is based on amounts calculated by the District's consulting actuary. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the accrued sick liability as of December 31, 2021 is based on amounts calculated by the District's consulting actuary in accordance with the vesting method of Governmental Accounting Standards Board Statement No. 16. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the value of the District's contributed capital is based on the District's estimated costs. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements are as follows:

The disclosure of pension plans in Note 4 to the financial statements is significant to the financial statements as it is important for the users of the financial statements to understand the defined benefit plan provided to employees and the potential future benefit obligations of the District.

#### *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 trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgement, such uncorrected misstatements are immaterial to the financial statements under audit. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

#### *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 management representation letter, dated April 27, 2022, a copy of which accompanies this letter.

### *Management Consultations With Other 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 the application of an accounting principle to the District’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all of the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

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

### Other Matters

#### *Required Supplementary Information Accompanying Audited Financial Statements*

We applied certain limited procedures to the Management Discussion and Analysis and Schedules of Changes in the District’s Net Pension Liability and Related Ratios – Bargaining and Non-Bargaining Unit Pension Plan, Schedule of Investment Returns, Schedule of District’s Contributions, and Schedule of Investment Returns Annual Money-Weighted Rate of Return, Net of Investment Expenses, 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 or provide any assurance on the RSI.

#### *Supplementary Information Accompanying Audited Financial Statements*

With respect to the supplementary information accompanying the financial statements, 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, 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.

#### *Other Information in Documents Containing Audited Financial Statements*

The auditor’s responsibility for other information in documents containing audited financial statements does not extend beyond the financial information identified in our report, and we have no obligation to perform any procedures to corroborate other information contained in a document. Our responsibility is to read the other information and consider whether such information, or the manner of its presentation, is materially inconsistent with information, or the manner of its presentation, appearing in the financial statements.

We have read the Annual Comprehensive Financial Report and have found no material inconsistencies with the information appearing in the audited financial statements.

In relation to the preceding paragraph, we remind District management of the following clause in the engagement letter:

Board of Trustees  
Portland Water District  
Page 4  
April 27, 2022

If the District intends to reproduce or publish these financial statements, or any portion thereof whether in paper or electronic form, and make reference to our firm name in connection therewith, management agrees to provide us with proofs in sufficient time for our review and written approval before printing. If in our professional judgment the circumstances require, we may withhold our approval. The District agrees to compensate Wipfli for the time associated with such review.

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

We appreciate the opportunity to be of service to Portland Water District.

Sincerely,

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP  
South Portland, Maine  
April 27, 2022

Attachments



## Portland Water District

FROM SEBAGO LAKE TO CASCO BAY

April 27, 2022

Wipfli LLP  
One Market Square  
South Portland, Maine 04106

Ladies and Gentlemen:

This representation letter is provided in connection with your audit of the financial statements of Portland Water District (the District), which comprise the respective financial position of each major fund as of December 31, 2021, and the respective 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 our opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (GAAP).

This representation letter is also provided in connection with your audit of the federal award programs of the District as of and for the year ended December 31, 2021 which was performed in accordance with auditing standards generally accepted in the United States; Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

We understand that the purpose of your testing of transactions and records from the District's programs was to obtain reasonable assurance that the Organization had complied, in all material respects, with the compliance requirements that could have a direct and material effect on each of its major programs.

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 27, 2022, 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 March 15, 2022, including our responsibility for the preparation and fair presentation of the financial statements in accordance with GAAP.
- 2) The financial statements referred to above are fairly presented in conformity with 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) We have disclosed to you the identity of the District's related parties and all the related party relationships and transactions, including any side agreements, of which we are aware. All related party transactions were made at arm's-length. We have also disclosed any changes in related party transactions, and the business purpose for entering into transactions with related parties versus unrelated parties. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of 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 or in the schedule of findings and questioned costs.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with GAAP.
- 10) Significant estimates and material concentrations have been properly disclosed in accordance with GAAP.
- 11) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed in accordance with GAAP.
- 12) We accept responsibility for and have designated an individual with suitable skill, knowledge, or experience to oversee the following nonattest:
  - a) Data collection form preparation

**Information Provided**

- 13) 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.
  - 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 the Board of Trustees or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 14) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards (the "SEFA").

- 15) 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.
- 16) We have no knowledge of any fraud or suspected fraud that affects the District and involves:
  - a) Management,
  - b) Employees who have significant roles in internal control, or
  - c) Others where the fraud could have a material effect on the financial statements.
- 17) 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.
- 18) 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.
- 19) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

**Government — Specific**

- 20) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 21) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
- 22) We have identified to you an investigations or legal proceedings that have been initiated with respect to the period under audit.
- 23) The District has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, and deferred inflows of resources or net position.
- 24) 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.
- 25) We have identified and disclosed to you all instances, which 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.
- 26) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.
- 27) 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.

- 28) As part of your audit, you assisted with the preparation of the draft financial statements and disclosures and the SEFA. 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 and the SEFA.
- 29) 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, except as disclosed in the notes to the financial statements.
- 30) 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.
- 31) The financial statements properly classify all funds and activities in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34.
- 32) All funds that meet the quantitative criteria in GASB Statements Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to the financial statement users.
- 33) Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
- 34) Investments are properly valued.
- 35) Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the balance sheet date and have been reduced to their estimated net realizable value.
- 36) Provisions for uncollectible receivables have been properly identified and recorded.
- 37) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 38) Revenues are appropriately classified in the statement of activities.
- 39) Arrangements with financial institutions involving repurchase agreements or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements, have been properly recorded or disclosed in the financial statements.
- 40) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 41) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 42) We believe that the actuarial assumptions and methods used to measure pension and other post employment benefit liabilities and costs for financial accounting purposes are appropriate in the circumstances.

- 43) The District has identified all accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates, and we believe the estimates are reasonable in the circumstances.
- 44) There are no estimates that may be subject to a material change in the near term that have not been properly disclosed in the financial statements. We understand that near term means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make the District vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements.
- 45) We have identified and disclosed to you all instances, which 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.
- 46) We have identified and disclosed to you all instances, which 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.
- 47) We have identified and disclosed to you all instances, which 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.
- 48) We acknowledge the following document comprise the annual report, which contains the audited financial statements: Certificate of Achievement for Excellence in Financial Reporting (COA) (other information). We are not aware of any material inconsistencies that may exist between the other information and audited financial statements, which would be misleading.
- 49) We acknowledge our responsibility for required supplementary information (the "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 or interpretations underlying the measurement and presentation of the RSI.

**With Respect to Federal Award Programs**

50) With respect to federal award programs:

- a) We are responsible for understanding and complying with, and have complied with, the requirements *Title 2 U.S. Code of Federal Regulations* (CFR) Part 200 and *Audit Requirements for Federal Awards* (Uniform Guidance) and any other applicable laws and regulations and provisions of contracts and grant agreements, including requirements relating to preparation of the SEFA.
- b) We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations and the terms and conditions of federal awards that are considered to have a direct and material effect on each major federal program.
- c) We are responsible for establishing, designing, implementing, and maintaining, and have established, designed, implemented, and maintained, effective internal control over compliance

for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.

- d) We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relating to federal programs and related activities.
- e) We have received no requests from a federal agency to audit one or more specific programs as a major program.
- f) We have complied with the direct and material compliance, including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal awards.
- g) We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- h) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2CFR Part 200, Subpart E).
- i) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- j) We have made available to you all documentation relating to the compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- k) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- l) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- m) No changes have been made in internal control over compliance or other factors that might significantly affect internal control subsequent to the period covered by the auditor's report.
- n) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
- o) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- p) We have monitored subrecipients, as necessary, to determine that they have expended subawards in compliance with federal statutes, regulations, and the terms and conditions of the subaward and have met the other pass-through requirements of the Uniform Guidance.

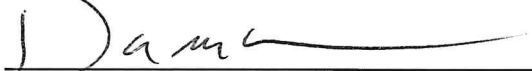
- q) We have charged costs to federal awards in accordance with applicable cost principles.
  - r) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
  - s) We are responsible for and will accurately prepare the auditee section of the Data Collection Form as required by the Uniform Guidance.
  - t) We have disclosed to you all contracts or other agreements with our service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.
- 51) We have identified to you any previous audits, attestation engagements, or other studies related to the audit objectives and whether related recommendations have been implemented.
- 52) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.

#### **Schedule of Expenditures of Federal Awards**

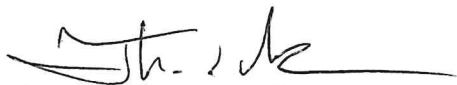
- 53) We acknowledge our responsibility for preparing and presenting the SEFA and related disclosures in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement and presentation of the SEFA have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SEFA.
- 54) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- 55) With respect to employee benefit plans:
- a) We have identified and disclosed to you all employee benefit plans.
  - b) Information about employee benefit plans has been properly disclosed in the financial statements.



Carrie Lewis, General Manager



David Kane, Executive Director of Administration



Tom Quirk, Director of Finance

**Portland Water District**  
**Summary of Passed Adjustments**  
**December 31, 2021**

Current - December 31, 2021				Effect of Uncorrected Misstatements: Under (Over) Statement of:				
WP Ref	Description	Type of Misstatement		Assets	Liabilities	Equity Before Income	Income	Total Equity
1	OPEB	Estimated GASB 75 liability not recorded.	Known	\$ -	\$ 154,178	\$ (154,178)	\$ -	\$ (154,178)
	Impact of unrecorded differences before income effect of prior year differences (Iron Curtain)			\$ -	\$ 154,178	\$ (154,178)	\$ -	\$ (154,178)
	Prior year differences					-	-	
	Impact of unrecorded differences after income effect of prior year differences (Roll Over)					\$ (154,178)	\$ -	
	Financial statement caption totals			\$ 359,928,867	\$ 115,078,003	\$ 237,220,993	\$ 7,629,871	\$ 244,850,864
	Differences as a % of F/S captions - Iron Curtain			- %	0.13 %	(0.06) %	- %	(0.06) %
	Differences as a % of F/S captions - Rollover					(0.06) %	- %	

Other Presentation and Disclosure Matters

Items	Comment

Prior - December 31, 2020				Effect of Uncorrected Misstatements: Under (Over) Statement of:				
WP Ref	Description	Type of Misstatement		Assets	Liabilities	Equity Before Income	Income	Total Equity
1	OPEB	Estimated GASB 75 liability not recorded.	Known	\$ -	\$ 154,178	\$ (154,178)	\$ -	\$ (154,178)
Total				\$ -	\$ 154,178	\$ (154,178)	\$ -	\$ (154,178)

**Acknowledgments:**

Known Misstatements - We acknowledge that you have requested that we correct all known misstatements that you have brought to our attention (including those that no longer appear on the accompanying schedule - if applicable).

Likely Misstatements - We acknowledge that you have requested that we examine the class of transactions, account balance, or disclosure (as applicable) to identify any likely misstatements that exist and make corrections.

Likely Misstatements Involving Estimates - We acknowledge that you have requested us to review the assumptions and methods used in developing our estimate - and as a result we affirm the accounting for the estimates involved as finally recorded.

**Conclusion:**

Based on our evaluation of the unadjusted audit differences, both individually and in the aggregate, as well as a consideration of qualitative factors and the possibility of undetected misstatements, we are not aware of any material modifications that should be made to the financial statements in order for them to be in conformity with the Company's financial reporting framework.

 Date 4/27/22

 Date 4/27/22

\*Please return with representation letter



**Financial Report**

**December 31, 2021**

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## **Independent Auditor's Report**

To the Board of Trustees  
Portland Water District  
Portland, Maine

### ***Opinions***

We have audited the accompanying financial statements of each major fund of Portland Water District (the District), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Portland Water District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of Portland Water District, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Portland Water District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Portland Water District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Board of Trustees  
Portland Water District

### ***Auditor's Responsibility for the Audit of Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Portland Water District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Portland Water District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

Accounting principles generally accepted in the United States require that the Management's Discussion and Analysis pages 4-18 and Schedules of Changes in the District's Net Pension Liability and Related Ratios - Bargaining and Non-Bargaining Unit Pension Plan, Schedule of Investment Returns, Schedule of District's Contributions, and Schedule of Investment Returns Annual Money-Weighted Rate of Return, Net of Investment Expense on pages 63-68 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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, 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.

To the Board of Trustees  
Portland Water District

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2022 on our consideration of the Portland Water District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Portland Water 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 Portland Water District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP  
South Portland, Maine  
April 27, 2022

# Introduction of the Financial Statements

## ***Overview of Financial Report***

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

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

The District's basic financial statements include the:

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

## ***Financial Highlights***

The District's financial condition remained strong in 2021.

Change in Net Position before Contributions – This item was a gain of \$4.44 million in 2021.

In 2021 the District was awarded a five (5) year, \$8.0 million watershed grant from the federal Natural Resources Conservation Service. During 2021, a portion of the \$8.0 million grant was used to award \$1,860,700 to Mahoosic Trust to purchase a conservation easement within the District's watershed. The \$1,860,700 was included as operating revenue offset by operating expense. The District contributed \$503,348 to the purchase and received a right to enforce the conservation if Mahoosic Trust failed to protect the land. The purchase is considered an intangible asset. The contribution was funded by issuing a \$500,000 bond and grant proceeds.

Operating Revenues – Operating revenues were up \$3.79 million (8.2%). The increase included: the watershed grant of \$1.86 million and wastewater assessments of \$1.48 million (7.5%).

Operating Expense – Operating Expense increased \$2.45 million (5.9%). This number included the watershed grant expense of \$1.86 million in 2021 and a reduction in pension expense of \$1.06 million. Also of note were increases of \$571k (33.5%) in biosolids disposal, depreciation \$581k (5.6%) and employee benefits \$304k (7.5%).

Net Capital Assets (\$323.7 million) had an increase of 4.8% (\$14.7 million). More than half of the Utility Property additions of \$21.2 million were water distribution infrastructure of \$13.9 million. The Allowance for Depreciation increased \$10.1 million while Construction Work in Progress increased \$3.5 million.

The District's new Asset Management, Billing and Customer Information System (ABC) went live in Q4 2021. The impact on the District's financial statements included a \$3.64 million addition to capital assets and a reduction of \$2.72 million in construction work in progress related to prior year project expenditures.

The District's bonded debt of \$94.85 million was up \$2.83 million as the District issued \$11.43 million in new debt, retired \$8.58 million and had \$0.02 million forgiven. The District's financial ratios remain strong with an overall current ratio of 2.20 and debt coverage ratio of 1.74

## COVID-19 Impact on District

The small water rate increase the District typically has each year was delayed until 2022. In addition, the pandemic has shifted water consumption to residential customers, as more people work at home, which has generated more revenue. In 2020 the Maine Public Utilities Commission ordered a suspension of collection activities, the resulting rise in past due receivables lead to a bad debt expense of \$220k. Collections resumed in 2021 and bad debt expense was down \$170k as past due levels returned to historical norms. In addition, inventory levels rose \$312k (19.5%) as supply chain issues drove up commodity prices and the District carried higher than normal inventory levels to ensure adequate supplies for ongoing operations.

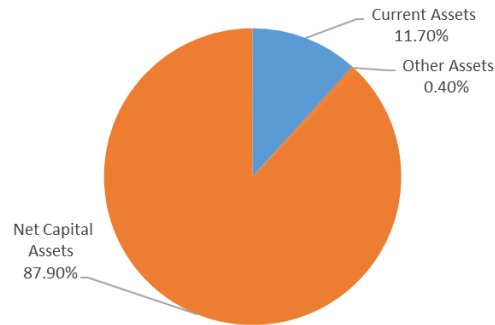
## Comparison of Financial Statements for Current and Prior Years

### Statement of Net Position (Condensed)

	2021	2020	Diff	Diff %
Current Assets	\$ 42,975,540	\$ 47,680,745	\$ (4,705,205)	-9.9%
Net Capital Assets	323,701,256	309,005,225	14,696,031	4.8%
Other Assets	1,505,496	1,542,224	(36,728)	-2.4%
Non-Current Assets	325,206,752	310,547,449	14,659,303	4.7%
<b>Total Assets</b>	<b>368,182,292</b>	<b>358,228,194</b>	<b>9,954,098</b>	<b>2.8%</b>
<b>Deferred Outflows</b>	<b>891,025</b>	<b>403,569</b>	<b>487,456</b>	<b>120.8%</b>
<b>Total Assets and Deferred Outflows</b>	<b>\$ 369,073,317</b>	<b>\$ 358,631,763</b>	<b>\$ 10,441,554</b>	<b>2.9%</b>
Current Liabilities	\$ 19,537,246	\$ 17,985,455	\$ 1,551,791	8.6%
Long-Term Debt/Payables	85,931,793	83,539,630	2,392,163	2.9%
Other Non-Current Liabilities	7,261,049	7,861,070	(600,021)	-7.6%
Non Current Liabilities	93,192,842	91,400,700	1,792,142	2.0%
<b>Total Liabilities</b>	<b>112,730,088</b>	<b>109,386,155</b>	<b>3,343,933</b>	<b>3.1%</b>
<b>Deferred Inflows</b>	<b>4,271,191</b>	<b>4,394,744</b>	<b>(123,553)</b>	<b>-2.8%</b>
Net Position				
Net Invested in Capital Assets	232,901,919	218,114,336	14,787,583	6.8%
Unrestricted	19,170,119	26,736,528	(7,566,409)	-28.3%
<b>Total Net Position</b>	<b>252,072,038</b>	<b>244,850,864</b>	<b>7,221,174</b>	<b>2.9%</b>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<b>\$ 369,073,317</b>	<b>\$ 358,631,763</b>	<b>\$ 10,441,554</b>	<b>2.9%</b>

**Note:** The 2020 totals have been reclassified to reflect changes made in 2021.

## District Assets



## Current Assets

Current Assets decreased \$4.7 million (9.9%) in 2021. The Cash/Investment balance decreased \$7.8 million (18.8%) due dollars spent on capital projects that will be reimbursed by bonds issued in early 2022. This was somewhat offset by a rise in bond Trustee Held funds of \$2.4 million.

## Net Capital Assets

Net Capital Assets increased \$14.7 million (4.8%):

	Additions	Reductions	Net Change
Operating Property	\$ 23,056,538	\$ (1,875,439)	\$21,181,099
Construction Work in Progress	8,704,526	(5,162,801)	3,541,725
Right to use Lease Assets (Net)	53,653	-	53,653
Allowance for Depreciation	(11,846,036)	1,765,590	(10,080,446)
	<u>\$ 19,968,681</u>	<u>\$ (5,272,650)</u>	<u>\$14,696,031</u>

The major additions to Utility Property for 2021 included:

- \$13.93 million in water infrastructure (mains, services, hydrants & meters).
- \$3.64 million in computer software and equipment mostly related to the Asset Management, Billing and Customer Information System (ABC) project.
- \$1.98 million in wastewater pump station structures and equipment.
- \$1.89 million in wastewater treatment plant structures and equipment.

Construction Work in Progress increased by \$3.54 million in 2021. There were large increases for the Westbrook Regional Wastewater Treatment Facility (WWTF) aeration (\$4.72 million), the East End WWTF backup power (\$1.41 million) and the Baxter Boulevard Wastewater Pump Station (WWPS) (\$0.93 million). This was somewhat offset by the completion of work with the ABC Project (\$2.72 million) and WWPS work in Cape Elizabeth (\$1.18 million).

The Allowance for Depreciation grew 4.2% (\$10.08 million) in 2021. The change was in line with prior years.

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

## Other Assets

The District's Other Assets, which decreased 2.4% (\$36.7k) in 2021, involves Lease and Notes Receivable. This decrease was due to pay downs of receivable balances. For more detailed information, please refer to the Notes to the Financial Statements – Note 3 – Detailed Notes on All Funds – Leases and Notes Receivable.

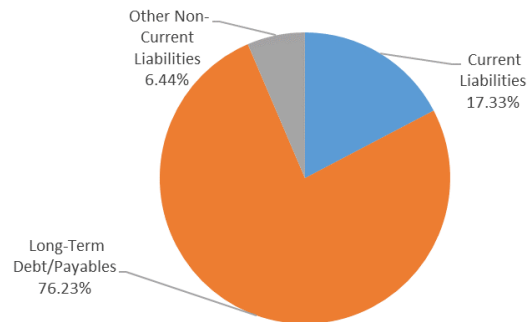
## Deferred Outflows

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

In the 2021, Deferred Outflows increased \$487k (120.8%). The portion of the Deferred Outflows relating to the pension was up \$512k (156.3%) primarily due to a rise Outflows related changes in assumptions. The portion of the Deferred Outflows related to bond refunding decreased \$24.8k due to the annual amortization.

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

## District Liabilities



## Current Liabilities

Description	2021	2020	Diff	Diff %
Accounts Payable & Accrued Payroll	\$ 7,783,619	\$ 7,472,758	\$ 310,861	4.2%
Accrued Interest	422,836	387,899	34,937	9.0%
Customer Deposits	436,374	363,640	72,734	20.0%
Construction Retainage	785,207	201,183	584,024	290.3%
Current Portion - Long-Term Debt	8,999,598	8,577,514	422,084	4.9%
All Other Current Liabilities	1,109,612	982,461	127,151	12.9%
	<u>\$ 19,537,246</u>	<u>\$ 17,985,455</u>	<u>\$ 1,551,791</u>	<u>8.6%</u>

Current Liabilities increased \$1.55 million (8.6%). Construction Retainage increased \$584k (290.3%) as the District had several large/multi-year projects ongoing at the end of 2021 including \$385k in retainage on water main renewal projects as well as \$210k for the Westbrook Regional Wastewater Treatment Facility aeration project. In addition, the Current Portion of Long-Term Debt increased 4.9% (\$422k) due to the new debt issued in 2021 (\$11.43 million) exceeding the debt retired (\$8.58 million).

## Long-Term Debt/Bond Rating

In 2021, the District issued bonds directly to the market for the Water. Moody's assigned a rating of Aa3 while Standard & Poor's (S&P) rated the debt AA.

## Long-Term Debt/Payables

<b>Bonded Debt:</b>	<b>Beginning</b>	<b>Issued</b>	<b>Forgiven</b>	<b>Retired</b>	<b>Ending</b>
Water	\$ 54,931,858	\$ 8,975,000	\$ (20,000)	\$ (5,082,403)	\$ 58,804,455
Wastewater:					
Cape Elizabeth	2,934,200	1,238,000	-	(215,850)	3,956,350
Cumberland	37,500	-	-	(6,250)	31,250
Falmouth	3,846,000	-	-	(238,000)	3,608,000
Gorham	2,545,515	53,900	-	(303,655)	2,295,760
Portland	21,468,670	422,000	-	(2,160,508)	19,730,162
Westbrook	5,427,879	116,550	-	(468,689)	5,075,740
Windham	832,842	619,550	-	(102,158)	1,350,234
Total Bonded Debt	92,024,464	11,425,000	(20,000)	(8,577,513)	94,851,951
(Less: current portion)	(8,577,514)				(8,999,598)
Non-Current	<u>\$ 83,446,950</u>				<u>\$ 85,852,353</u>
 <b>Notes Payable:</b>	 <b>Beginning</b>	 <b>Issued</b>	 <b>Forgiven</b>	 <b>Retired</b>	 <b>Ending</b>
Wastewater:					
Windham	<u>\$ 105,920</u>			<u>\$ (13,240)</u>	<u>\$ 92,680</u>
Total Notes Payable	105,920			(13,240)	92,680
(Less: current portion)	<u>(13,240)</u>				<u>(13,240)</u>
Non-Current	<u>92,680</u>				<u>79,440</u>
 Non-Current LT Debt	 <u>\$ 83,539,630</u>				 <u>\$ 85,931,793</u>

This category consists of general revenue bonds and notes payable. During 2021, the balance of Long-Term Debt/Payables increased 2.9% (\$2.39 million) as new issuances exceeded retirements. For more detailed information, please refer to the Notes to the Financial Statements – Note 3 – Detailed Notes on All Funds – Long-Term Debt.

## Other Non-Current Liabilities

	2021	2020	Diff	Diff %
Customer Advances & Other Liabilities	\$ 4,071,768	\$ 3,524,975	\$ 546,793	15.5%
Compensated Absences - Non Current	881,234	838,099	43,135	5.1%
Lease Liability - Non-Current	180,886	130,592	50,294	38.5%
Net Pension Liability	2,127,161	3,367,404	(1,240,243)	-36.8%
	<u>\$ 7,261,049</u>	<u>\$ 7,861,070</u>	<u>\$ (600,021)</u>	-7.6%

Other Non-Current Liabilities were down \$0.60 million (7.6%). The Net Pension Liability decreased \$1.24 million (36.8%) as the value of the plan assets as a percentage of the liabilities improved from 98% to 99% for the Bargaining Unit and from 96% to 101% for the Non-Bargaining Unit. Somewhat offsetting this was the increase in Customer Advances and Other Liabilities due an increase in unamortized bond premiums generated by new bond issues (\$534k).

## Deferred Inflows

Deferred Inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The portion of the Deferred Inflows relating to the pension was down 2.2% with reductions of inflows related to plan experience offsetting inflows related to investment earnings. For more detailed information, please refer to the Notes to the Financial Statements – Note 3 – Detailed Notes on All Funds – Pension Plans.

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

	2021	2020	Diff	Diff %
Operating Revenue	\$ 50,031,055	\$ 46,239,468	\$ 3,791,587	8.2%
Non-Operating Revenue	642,368	955,330	(312,962)	-32.8%
Total Revenues	50,673,423	47,194,798	3,478,625	7.4%
Operating Expense	43,778,873	41,331,292	2,447,581	5.9%
Non-Operating Expense	2,458,009	2,434,899	23,110	0.9%
Total Expenses	46,236,882	43,766,191	2,470,691	5.6%
Change in Net Position before Capital Contribution	4,436,541	3,428,607	1,007,934	29.4%
Capital Contributions	2,784,633	4,201,264	(1,416,631)	-33.7%
Change in Net Position	7,221,174	7,629,871	(408,697)	-5.4%
Beginning Net Position	244,850,864	237,220,993	7,629,871	3.2%
Ending Net Position	<u>\$ 252,072,038</u>	<u>\$ 244,850,864</u>	<u>\$ 7,221,174</u>	2.9%

Note: 2020 presentation changed to reflect groupings in 2021.

## Operating Revenue

	2021	2020	Diff	Diff %
Metered Water Revenue	\$ 23,728,260	\$ 23,539,794	\$ 188,466	0.8%
Wastewater Assessments	21,083,736	19,604,461	1,479,275	7.5%
Public & Private Fire Protection	2,727,737	2,623,588	104,149	4.0%
Watershed Protection Grant	1,860,700	-	1,860,700	n/a
Other Operating Revenue	630,622	471,625	158,997	33.7%
Total Operating Revenue	<u>\$ 50,031,055</u>	<u>\$ 46,239,468</u>	<u>\$ 3,791,587</u>	8.2%

## Operating Revenue - Continued

Metered Water Revenue (\$23.73 million) – The District's metered customers are billed monthly. The billing includes a minimum charge (based on the size of the meter) for the first hundred cubic feet (HCF) of water and a charge for each additional HCF of water used. Due to COVID-19, the District postponed the planned water rate increase from May 2020 to December 2020. The December increase was an average increase of 3.4% with no other change in the year 2021 therefore explaining the 0.8% change in metered revenue. Consumption in 2021 was 8.37 million HCF, a decrease of 2.5% from the previous year while interest charges and penalties on late payments were 63% higher than 2020 once disconnections were reinstated.

Wastewater Assessments (\$21.08 million) – These assessments were paid by the local municipalities to the District for providing wastewater services, such as interception, collection, treatment, and contracted billing and system maintenance services. The District's Board of Trustees sets assessments annually. Assessments were increased in six (6) of the seven (7) wastewater funds mostly due to capital projects.

Public and Private Fire Protection (\$2.73 million) – This revenue includes charges to local municipalities for water capacity available for public firefighting needs, as well as for private sprinkler systems. The District's Board of Trustees sets these rates. A 3.4% rate increase was put in place in December 2020, this was primarily the reason for the 4.0% increase in 2021.

Watershed Protection Grant (\$1.86 million) – Fund received for conservation easement purchase via the grant from the federal Natural Resources Conservation Service.

Other Operating Revenue (\$0.63 million) – Revenue in this category includes charges to septage haulers for dumping at wastewater treatment facilities (\$425k), fees in the Water Fund for new customers (\$89k) and activations for customers whose service had been turned off due to delinquent bills (\$43k).

## Operating Revenue by Fund

	2021	2020	Diff	Diff %
Water	\$ 28,475,693	\$ 26,313,359	\$ 2,162,334	8.2%
Wastewater:				
Cape Elizabeth	1,835,412	1,705,380	130,032	7.6%
Cumberland	989,268	965,292	23,976	2.5%
Falmouth	314,112	314,112	-	0.0%
Gorham	1,189,593	1,161,654	27,939	2.4%
Portland	13,860,833	12,637,728	1,223,105	9.7%
Westbrook	2,955,054	2,752,713	202,341	7.4%
Windham	411,090	389,230	21,860	5.6%
	<u>\$ 50,031,055</u>	<u>\$ 46,239,468</u>	<u>\$ 3,791,587</u>	<u>8.2%</u>

For the Water Fund, Operating Revenue primarily consists of metered water consumption and fire protection services. Metered Water sales grew \$188k (0.8%). Fire Protection revenue was up \$104k (4%) and Other Revenue was up \$1.86 million due to the watershed grant which does not impact the bottom line.

In the Wastewater (WW) Funds, the largest component of Operating Revenue was the wastewater assessments. Assessment increases in 2021 were: Cape Elizabeth 7.6%, Cumberland 2.5%, Gorham 2.4%, Portland 4.5%, Westbrook 2.9%, and Windham 5.9%. Portland also receives revenue from septage haulers, which was up \$148k (55%) attributed to a new car-wash customer that has added \$151k in 2021

## Non-Operating Revenue

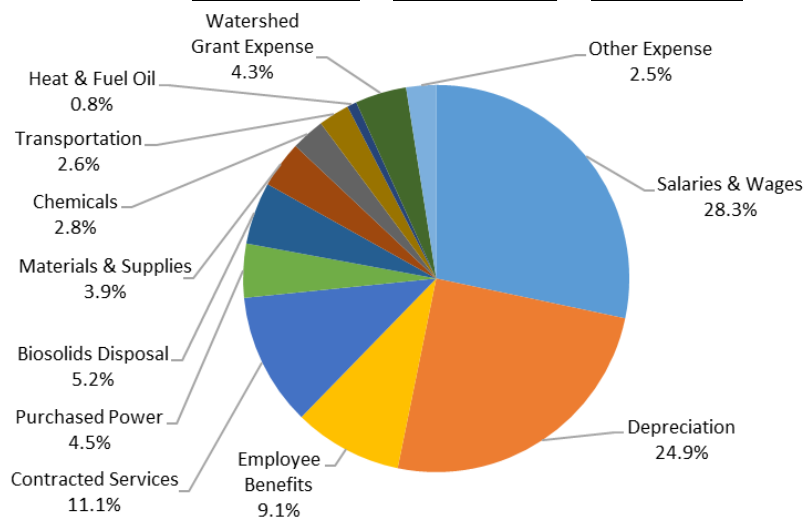
	2021	2020	Diff	Diff %
Interest Income	\$ 197,403	\$ 573,255	\$ (375,852)	-65.6%
Miscellaneous Income	444,965	382,075	62,890	16.5%
	<u>\$ 642,368</u>	<u>\$ 955,330</u>	<u>\$ (312,962)</u>	<u>-32.8%</u>

Interest Income decreased \$376k (65.6%) in 2021. The decline in 2021 can be attributed to lower rates of return. The principal objective of the District's investment policy is safety while attaining an appropriate rate of return.

Miscellaneous Income includes non-operational items, such as grants and reimbursements for expenses offset by the cost to retire capital assets. The increase in 2021 (\$62.9k) was mostly due to income from a developer received in an exchange easements and other considerations at the India St Wastewater Pump Station.

## Operating Expense

	2021	2020	Diff	Diff %
Salaries & Wages	\$ 12,368,700	\$ 11,857,086	\$ 511,614	4.3%
Depreciation	10,886,036	10,304,624	581,412	5.6%
Employee Benefits (Pension)	(393,583)	668,466	(1,062,049)	-158.9%
Employee Benefits	4,372,834	4,068,521	304,313	7.5%
Contracted Services	4,869,919	4,862,161	7,758	0.2%
Purchased Power	1,978,899	1,859,039	119,860	6.4%
Biosolids Disposal	2,275,184	1,704,001	571,183	33.5%
Materials & Supplies	1,715,342	1,508,430	206,912	13.7%
Chemicals	1,238,597	1,239,730	(1,133)	-0.1%
Transportation	1,156,609	988,095	168,514	17.1%
Heat & Fuel Oil	334,938	320,128	14,810	4.6%
Watershed Grant Expense	1,860,700	-	1,860,700	n/a
Other Expense	1,114,698	1,951,011	(836,313)	-42.9%
	<u>\$ 43,778,873</u>	<u>\$ 41,331,292</u>	<u>\$ 2,447,581</u>	<u>5.9%</u>



## Operating Expense Category Explanations

**Salaries/Wages** - Salaries and Wages expense increased by \$511,614 or 4.3%. Wages rates were increased an average of 3.0%. Regular hours were down 1.1% from 2020 while overtime and double-time and standby hours increased 4.5% in part due to turnover and open positions during 2021. In addition, bonuses paid in 2021 totaled \$131,499.

**Depreciation Expense** – This expense went from \$10.30 million in 2020 to \$10.89 million in 2021, an increase of \$581,412 or 5.6%. Most of the increase comes from additions to the Water fund, such as new and renewed water mains and services.

**Employee Benefits (Pension)** – Pension expense is equal to the change in the net pension liability and the associated deferred outflows and inflows as calculated by the annual actuary study and the amount of the pension contribution. The change between 2020 and 2021 was a decrease of \$1.06 million.

**Employee Benefits** - This expense increased \$304,313 or 7.5%. Health insurance costs rose \$169k and FICA taxes were \$45k higher.

**Contracted Services** - This category, which is comprised of services provided to the District by outside vendors, has remained relatively flat compared to 2020. Increases in repair and maintenance services were offset by lower expenses for contractor construction and minor paving.

**Purchased Power** – Power costs increased \$119,860 or 6.4% in 2021. The increase was primarily due to the rise in transmission and distribution rates that was impacted by costs from the Federal Energy Regulatory Commission (FERC) which manages the national energy grid.

**Biosolids Disposal** - The District contracts with an outside vendor to remove and dispose of biosolids from its wastewater treatment facilities. In total, biosolids expense was higher by \$571,183 or 33.5% with the majority due to a 25% price increase in the per unit disposal cost driven by regulator and public concerns with poly-fluoroalkyl substances (PFAS). In addition, the District incurred \$51k in surcharges for off hours disposal and overweight truck loads from the East End Treatment Facility.

**Materials/Supplies** - Materials and Supplies have increased by \$206,912 or 13.7%. Expenses in this group include parts and supplies purchased directly from outside vendors or items drawn out of the District's inventory stockroom. This expense is made up of thousands of individual purchases and stock issuances; the annual expense varies depending on the volume and types of repairs/maintenance being performed.

**Transportation** - Transportation costs, which were up \$168,514 or 17.1% are based on vehicle usage and a predefined hourly rate for each class of vehicle. The sum of these charges equal the cost of operating the vehicle fleet, as well as depreciation. Vehicle maintenance and associated supplies were higher by \$43k in addition to vehicle depreciation.

**Chemicals** - Expenses have remained flat in relation to 2020 by fluctuations in prices by different chemical types. Polymer, used in the dewatering process of wastewater, has increased \$26k or 8.2% due to higher usage and liquid oxygen, used in the drinking water treatment, was down by \$27k or 30% due to a lower contracted price per unit.

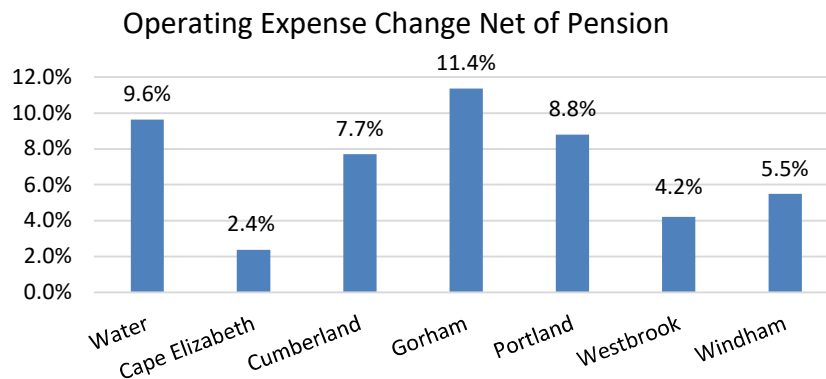
**Watershed Grant Expense** – The \$1.86 million expense in 2021 was the funding for the purchase of a conservation easement by a local environmental non-profit.

**Other Expense** – In 2021, this category was down \$836,313 or 42.9%. The 2020 expenditures included a \$450k write-off for costs associated with the new Asset Management, Billing and Customer Information System (ABC) project, higher expenses for bad debt (\$170k) related suspension of collections activity and \$70k for an emergency generator at the East End Wastewater Treatment Facility.

## Operating Expense by Fund

	2021	2020	Diff	Diff %
Water	\$ 23,559,034	\$ 22,063,590	\$ 1,495,444	6.8%
Wastewater:				
Cape Elizabeth	1,893,128	1,910,105	(16,977)	-0.9%
Cumberland	1,146,345	1,070,772	75,573	7.1%
Falmouth	166,476	168,998	(2,522)	-1.5%
Gorham	1,145,522	1,039,703	105,819	10.2%
Portland	12,910,659	12,177,254	733,405	6.0%
Westbrook	2,670,441	2,627,206	43,235	1.6%
Windham	287,268	273,664	13,604	5.0%
	<u>\$ 43,778,873</u>	<u>\$ 41,331,292</u>	<u>\$ 2,447,581</u>	<u>5.9%</u>

Pension expenses (which are included above) were \$1.06 million lower in 2021 than the previous year. The Operating Expense by Fund without the pension decrease was:



Water Fund (9.6% or \$2.09 million) – Most of the increase (\$1.83 million) was the watershed grant which was offset in Other Operating Revenue. All other expenses were up 1.2% (\$265k) with higher labor and benefits expenses being offset by lower bad debt and contracted services expenses.

Cape Elizabeth (2.4% or \$44k) – Depreciation increased \$34k in 2021 due to the first year of additions from the work at Little John and Spurwink WWPS's. Increases in labor and benefits were mostly offset by a decrease in contracted treatment services due to lower flows at the City of South Portland's Wastewater Treatment Facility (WWTF).

Cumberland (7.7% or \$82k) – Contracted services were up \$34k due mostly to manhole raising due to local paving projects. In addition, expenses increased for contracted treatment services to the Town of Falmouth at their WWTF (\$17k) because of higher flows. Depreciation expense was up \$8k due to recent additions.

Falmouth (-1.5% or \$2.5k) – Falmouth's expenses in 2021 as the onetime write-off of billing system costs from 2020 (\$6.5k) did not recur.

Gorham (11.4% or \$118k) – Contracted services were up \$56k due mostly to manhole raising due to local paving projects. In addition, Higher labor/benefit, biosolids disposal and maintenance/repair costs at the Westbrook Regional Wastewater Treatment Facility (WWTF) increases the costs \$27k.

Portland (8.8% or \$1.05 million) – Biosolids costs were up \$506k due to an 29.2% increase in per unit disposal costs as well as a 6.0% increase in volume disposed. Also of note were approximately \$191k in unexpected maintenance issues including the Baxter Boulevard Wastewater Pump Station.

## Operating Expense by Fund - Continued

Westbrook (4.2% or \$109k) – Expenses were higher at the treatment facility (\$170k) due to increases in labor/benefit, biosolids disposal and maintenance/repair costs. These costs were offset somewhat as the costs associated with the 2020 landslide (\$128k) did not recur.

Windham (5.5% or \$15k) – Higher labor/benefit and transportation expenses in 2021 (\$8.4k) were offset as the onetime write-off of billing system costs from 2020 (\$4.8k) did not recur.

## Non-Operating Expense

Interest/Amortization Expense was relatively flat. The Loss on Sale/Retirement recognizes the retirement of long-term assets that had not yet been fully depreciated and 2021 was \$225k lower than 2020. Due to rising interest rates, the market value of investments held declined resulting in an unrealized loss in 2021.

	<b>2021</b>	<b>2020</b>	<b>Diff</b>	<b>Diff %</b>
Interest/Amortization Expense	\$ 2,167,973	\$ 2,147,227	\$ 20,746	1.0%
Investments unrealized loss (gain)	214,829	(12,482)	227,311	-1821.1%
Loss on Sale/Retirement	75,207	300,154	(224,947)	-74.9%
	<u>\$ 2,458,009</u>	<u>\$ 2,434,899</u>	<u>\$ 23,110</u>	<u>0.9%</u>

## Contributions

Contributions are non-exchange transactions in which the District takes ownership of fixed assets constructed and/or paid for by outside parties. Water contributions for mains, services, meters and hydrants occur as developers install water infrastructure each year. The Gorham Wastewater contributions was for sewer interceptors and collector. The contribution in Windham Wastewater was related to the Depot Street wastewater pump station. The 2020 Other Water Assets contribution represents the principal forgiveness on debt issued for the Crooked River conservation right to enforce easement.

	<b>2021</b>	<b>2020</b>	<b>Diff</b>	<b>Diff %</b>
Water Distribution Mains	\$ 1,891,638	\$ 3,009,540	\$ (1,117,902)	-37.1%
Water Services	288,003	207,108	80,895	39.1%
Water Meters	202,552	93,957	108,595	115.6%
Hydrants	107,840	163,159	(55,319)	-33.9%
Other Water Assets	20,000	50,000	(30,000)	n/a
Wastewater - Gorham	11,700	499,500	(487,800)	-97.7%
Wastewater - Windham	262,900	178,000	84,900	n/a
	<u>\$ 2,784,633</u>	<u>\$ 4,201,264</u>	<u>\$ (1,416,631)</u>	<u>-33.7%</u>

## Overall Financial Position

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

### ***Financial Ratios***

#### **Current Ratio by Fund**

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

	<u>2021</u>	<u>2020</u>
Water	2.42	2.44
Wastewater:		
Cape Elizabeth	2.22	0.50
Cumberland	3.42	4.62
Falmouth	0.11	0.21
Gorham	0.00	2.99
Portland	2.01	2.91
Westbrook	2.30	7.60
Windham	0.00	1.99
All Funds Combined	2.20	2.65

The Gorham and Windham Wastewater funds had large Construction Work in Progress balances at the end of 2021, they which are related to the aeration project at the Westbrook Regional Wastewater Treatment Facility. The bonds to pay for this work will be issued in 2022. The Falmouth fund is almost entirely made up of the Mill Creek pump station and the related debt. The next year's bond principal payment is the majority of the current liability. The Town of Falmouth is legally obligated to fund the payment of the debt payments that they do through the next year's assessment.

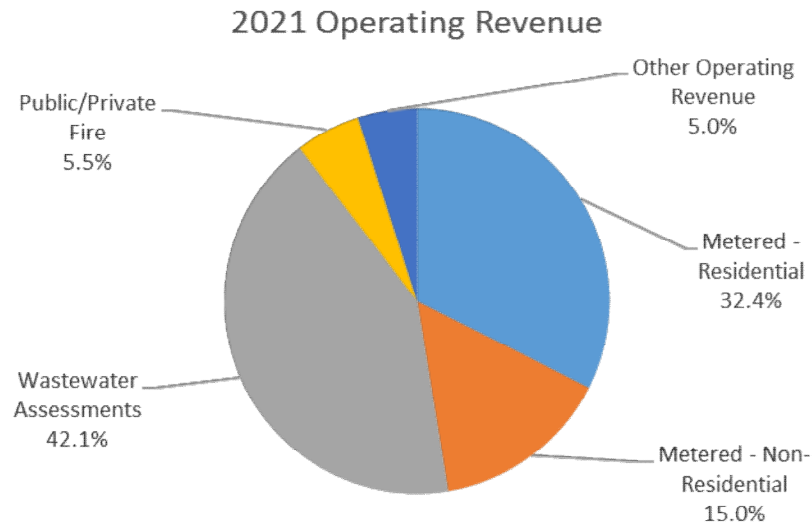
#### **Debt Coverage Ratio by Fund**

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

	<u>2021</u>	<u>2020</u>
Water	1.82	1.80
Wastewater:		
Cape Elizabeth	1.84	1.33
Cumberland	1.13	1.32
Falmouth	1.04	1.02
Gorham	1.32	1.56
Portland	1.76	1.63
Westbrook	1.56	1.37
Windham	1.62	1.54
All Funds Combined	1.74	1.68

## Revenue Stability

Most of the District's Operating Revenue (95% in 2021), not including the revenue related to the watershed grant, came from three sources: Metered Water Revenue, Wastewater Assessments, and Public/Private Fire Protection charges.



**Metered Water Revenue (47.4%)** – Metered water rates are set by the District’s Board of Trustees. These rate changes allow the District to maintain operations and pay debt service. The District had 54,058 metered customers at the end of 2021; the largest ten customers only represented 8.7% of water revenues.

**Wastewater Assessments (42.1%)** – These assessments are paid by the local municipalities served by the District and are funded by sewer user charges. Legally, the District is obligated to set the assessments at an amount needed to operate the wastewater facilities and pay the related debt service.

**Public/Private Fire Projection (5.5%)** – Public Fire charges are paid by the eleven municipalities served by the District; Private Fire has 2,560 customers.

## Significant Changes to Individual Funds

### Pension Trust Funds

#### Statement of Net Position

	2021	2020	Diff	Diff %
<b>Bargaining Unit:</b>				
Cash and cash equivalents	\$ 328,118	\$ 241,436	\$ 86,682	35.9%
Investments				
Equity Mutual Funds	10,009,150	8,861,038	1,148,112	13.0%
Common Stock	5,960,993	5,469,357	491,636	9.0%
Fixed Income Mutual Funds	678,794	703,423	(24,629)	-3.5%
	16,648,937	15,033,818	1,615,119	10.7%
Interest Receivable	-3,160	-760	-2,400	315.8%
Total Assets	<u>\$ 16,973,895</u>	<u>\$ 15,274,494</u>	<u>\$ 1,699,401</u>	<u>11.1%</u>
<b>Non-Bargaining Unit:</b>				
Cash and cash equivalents	\$ 284,114	\$ 213,916	\$ 70,198	32.8%
Investments				
Equity Mutual Funds	8,565,168	7,635,485	929,683	12.2%
Common Stock	5,392,762	4,883,552	509,210	10.4%
Fixed Income Mutual Funds	565,347	585,869	(20,522)	-3.5%
	14,523,277	13,104,906	1,418,371	10.8%
Interest Receivable	-2,974	-387	-2,587	668.5%
Total Assets	<u>\$ 14,804,417</u>	<u>\$ 13,318,435</u>	<u>\$ 1,485,982</u>	<u>11.2%</u>

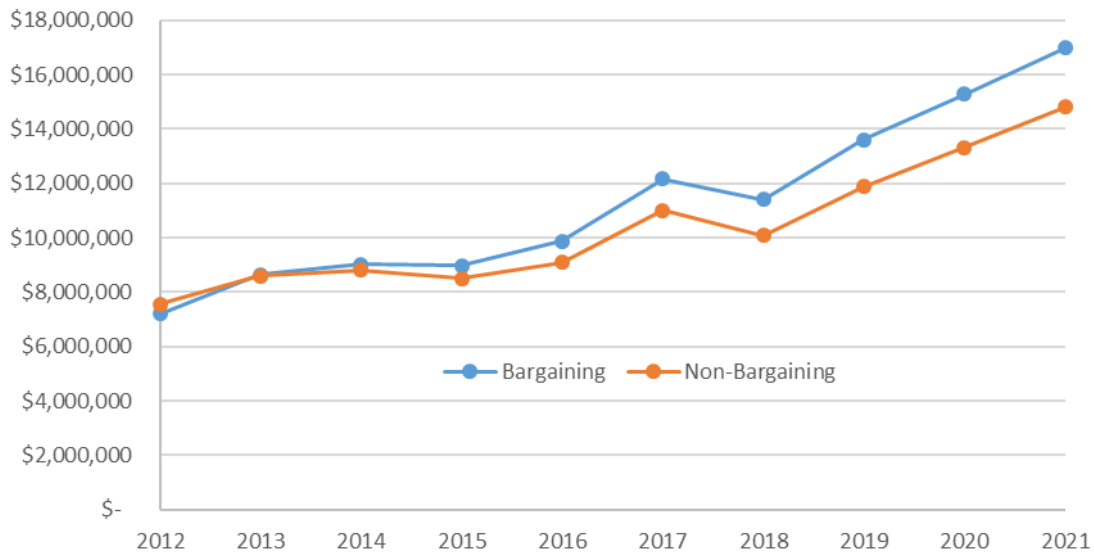
#### Statement of Revenues, Expenses & Changes in Net Position

	2021	2020	Diff	Diff %
<b>Bargaining Unit:</b>				
Employer Contributions	\$ 816,192	\$ 632,344	\$ 183,848	29.1%
Net Investment Income	1,791,576	1,844,171	(52,595)	-2.9%
Total Additions	2,607,768	2,476,515	131,253	5.3%
Benefit Payments	908,368	818,174	90,194	11.0%
Net Increase in Position	1,699,400	1,658,341	41,059	2.5%
Beginning Year	15,274,495	13,616,154	1,658,341	12.2%
Ending Year	<u>\$ 16,973,895</u>	<u>\$ 15,274,495</u>	<u>\$ 1,699,400</u>	<u>11.1%</u>
<b>Non-Bargaining Unit:</b>				
Employer Contributions	\$ 608,121	\$ 488,318	\$ 119,803	24.5%
Net Investment Income	1,563,111	1,624,656	(61,545)	-3.8%
Total Additions	2,171,232	2,112,974	58,258	2.8%
Benefit Payments	685,250	685,000	250	0.0%
Net Increase in Position	1,485,982	1,427,974	58,008	4.1%
Beginning Year	13,318,435	11,890,461	1,427,974	12.0%
Ending Year	<u>\$ 14,804,417</u>	<u>\$ 13,318,435</u>	<u>\$ 1,485,982</u>	<u>11.2%</u>

## Statement of Revenues, Expenses & Changes in Net Position - Continued

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

	<u>Bargaining</u>	<u>Diff</u>	<u>Diff %</u>	<u>Non-Bargaining</u>	<u>Diff</u>	<u>Diff %</u>
2012	\$ 7,214,219	\$ 941,631	15.0%	\$ 7,554,655	\$ 663,898	9.6%
2013	8,645,546	1,431,327	19.8%	8,611,262	1,056,607	14.0%
2014	9,017,043	371,497	4.3%	8,823,096	211,834	2.5%
2015	8,988,517	(28,526)	-0.3%	8,514,202	(308,894)	-3.5%
2016	9,869,559	881,042	9.8%	9,096,188	581,986	6.8%
2017	12,176,397	2,306,838	23.4%	11,018,376	1,922,188	21.1%
2018	11,404,562	(771,835)	-6.3%	10,099,126	(919,250)	-8.3%
2019	13,616,153	1,439,756	11.8%	11,890,461	872,085	7.9%
2020	15,274,494	1,658,341	12.2%	13,318,435	1,427,974	12.0%
2021	16,973,895	1,699,401	11.1%	14,804,417	1,485,982	11.2%



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

### Request for Information

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

# Statement of Net Position - Proprietary Funds

December 31, 2021

## ASSETS

	<u>Water Systems</u>	<u>Cape Elizabeth</u>	<u>Cumberland</u>	<u>Falmouth</u>
<b>Current Assets</b>				
Cash and cash equivalents	\$ 6,677,377	\$ 414,678	\$ 221,900	\$ 8,561
Investments	15,802,276	981,541	525,240	20,263
Accounts receivable, net allowance for doubtful accounts of \$334,081 for water systems	3,464,100	-	-	-
Notes receivable, current	-	-	-	-
Interfund receivable	151,150	-	-	-
Lease receivable, current	44,882	-	-	-
Inventories	1,909,323	-	-	-
Prepaid expenses	657,155	55,377	-	-
Trustee held funds	2,600,000	7,871	-	-
<b>Total Current Assets</b>	<u>31,306,263</u>	<u>1,459,467</u>	<u>747,140</u>	<u>28,824</u>
<b>Non-Current Assets</b>				
<b>Capital Assets:</b>				
Operating property	369,856,357	18,592,545	9,406,758	5,743,834
Accumulated depreciation	(134,941,106)	(12,856,326)	(5,799,381)	(682,747)
Net operating property	<u>234,915,251</u>	<u>5,736,219</u>	<u>3,607,377</u>	<u>5,061,087</u>
Right to use lease asset	82,164	126,123	-	-
Accumulated amortization - lease assets	(13,071)	(7,007)	-	-
Net lease assets	<u>69,093</u>	<u>119,116</u>	<u>-</u>	<u>-</u>
Construction in progress	<u>533,731</u>	<u>70,685</u>	<u>1,520</u>	<u>-</u>
<b>Net Capital Assets</b>	<u>235,518,075</u>	<u>5,926,020</u>	<u>3,608,897</u>	<u>5,061,087</u>
<b>Charges and Other Assets:</b>				
Notes receivable	-	-	-	-
Lease receivable	<u>1,426,056</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Charges and Other Assets</b>	<u>1,426,056</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Non-Current Assets</b>	<u>236,944,131</u>	<u>5,926,020</u>	<u>3,608,897</u>	<u>5,061,087</u>
<b>Total Assets</b>	<u>268,250,394</u>	<u>7,385,487</u>	<u>4,356,037</u>	<u>5,089,911</u>
<b>Deferred Outflows:</b>				
Deferred outflows of pension resources	535,787	31,581	11,423	-
Deferred outflows on bond refunding	<u>51,100</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Deferred Outflows</b>	<u>586,887</u>	<u>31,581</u>	<u>11,423</u>	<u>-</u>
<b>Total Assets and Deferred Outflows</b>	<u>\$ 268,837,281</u>	<u>\$ 7,417,068</u>	<u>\$ 4,367,460</u>	<u>\$ 5,089,911</u>

See independent auditor's report.

The accompanying notes are an integral part of these financial statements.

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**Wastewater Funds**


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<u>Gorham</u>	<u>Portland</u>	<u>Westbrook</u>	<u>Windham</u>	<u>TOTAL</u>
\$ -	\$ 2,123,515	\$ 648,190	\$ -	\$ 10,094,221
-	5,026,365	1,334,469	-	23,690,154
-	159,266	3,055	-	3,626,421
-	-	13,240	-	13,240
-	-	-	-	151,150
-	-	-	-	44,882
-	-	-	-	1,909,323
-	90,923	26,699	-	830,154
-	8,124	-	-	2,615,995
-	7,408,193	2,025,653	-	42,975,540
18,403,529	116,530,581	22,988,989	3,860,356	565,382,949
<u>(10,019,455)</u>	<u>(72,583,517)</u>	<u>(14,400,958)</u>	<u>(1,342,951)</u>	<u>(252,626,441)</u>
<u>8,384,074</u>	<u>43,947,064</u>	<u>8,588,031</u>	<u>2,517,405</u>	<u>312,756,508</u>
-	-	-	-	208,287
-	-	-	-	(20,078)
-	-	-	-	188,209
<u>1,698,869</u>	<u>4,011,261</u>	<u>3,677,173</u>	<u>763,300</u>	<u>10,756,539</u>
<u>10,082,943</u>	<u>47,958,325</u>	<u>12,265,204</u>	<u>3,280,705</u>	<u>323,701,256</u>
-	-	79,440	-	79,440
-	-	-	-	1,426,056
-	-	79,440	-	1,505,496
<u>10,082,943</u>	<u>47,958,325</u>	<u>12,344,644</u>	<u>3,280,705</u>	<u>325,206,752</u>
<u>10,082,943</u>	<u>55,366,518</u>	<u>14,370,297</u>	<u>3,280,705</u>	<u>368,182,292</u>
16,715	196,962	41,241	6,216	839,925
-	-	-	-	51,100
<u>16,715</u>	<u>196,962</u>	<u>41,241</u>	<u>6,216</u>	<u>891,025</u>
<u>\$ 10,099,658</u>	<u>\$ 55,563,480</u>	<u>\$ 14,411,538</u>	<u>\$ 3,286,921</u>	<u>\$ 369,073,317</u>

## Statement of Net Position - Proprietary Funds - Continued

December 31, 2021

## LIABILITIES AND NET POSITION

	<u>Water Systems</u>	<u>Cape Elizabeth</u>	<u>Cumberland</u>	<u>Falmouth</u>
<b>Current Liabilities</b>				
Accounts payable and accrued payroll	\$ 5,284,287	\$ 358,700	\$ 212,290	\$ 19,843
Accrued interest	320,694	12,643	37	6,013
Customer deposits	436,374	-	-	-
Construction retainage	384,577	6,586	-	-
Interfund Payable	-	-	-	-
Current portion - lease liability	9,283	1,308	-	-
Current portion - compensated absences	934,631	-	-	-
Current portion - notes payable	-	-	-	-
Current portion - bonds	5,587,257	277,750	6,250	238,000
<b>Total Current Liabilities</b>	<u>12,957,103</u>	<u>656,987</u>	<u>218,577</u>	<u>263,856</u>
<b>Non-Current Liabilities</b>				
Customer advances and other liabilities	3,884,506	-	-	-
Compensated absences - non-current	881,234	-	-	-
Lease liability - non-current	60,431	120,455	-	-
Net pension liability	1,356,917	79,981	28,929	-
Total other non-current liabilities	6,183,088	200,436	28,929	-
Long-term debt - notes payable	-	-	-	-
Long-term debt - bonds	53,217,198	3,678,600	25,000	3,370,000
Total long-term debt - notes payable and bonds	53,217,198	3,678,600	25,000	3,370,000
<b>Total Non-Current Liabilities</b>	<u>59,400,286</u>	<u>3,879,036</u>	<u>53,929</u>	<u>3,370,000</u>
<b>Total Liabilities</b>	<u>72,357,389</u>	<u>4,536,023</u>	<u>272,506</u>	<u>3,633,856</u>
<b>Deferred Inflows</b>				
Deferred Inflows - leases	1,403,077	-	-	-
Deferred inflows of pension resources	1,829,569	107,841	39,007	-
<b>Total Deferred Inflows</b>	<u>3,232,646</u>	<u>107,841</u>	<u>39,007</u>	<u>-</u>
<b>Net Position</b>				
Invested in capital assets	180,567,889	1,977,541	3,577,647	1,453,087
Unrestricted	12,679,357	795,663	478,300	2,968
<b>Total Net Position</b>	<u>193,247,246</u>	<u>2,773,204</u>	<u>4,055,947</u>	<u>1,456,055</u>
<b>Total Liabilities, Deferred Inflows &amp; Net Position</b>	<u>\$ 268,837,281</u>	<u>\$ 7,417,068</u>	<u>\$ 4,367,460</u>	<u>\$ 5,089,911</u>

See independent auditor's report.

The accompanying notes are an integral part of these financial statements.

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**Wastewater Funds**


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<u>Gorham</u>	<u>Portland</u>	<u>Westbrook</u>	<u>Windham</u>	<u>TOTAL</u>
\$ 163,500	\$ 1,478,926	\$ 177,922	\$ 88,151	\$ 7,783,619
8,827	49,746	17,069	7,807	422,836
-	-	-	-	436,374
-	173,256	209,889	10,899	785,207
106,059	-	-	45,091	151,150
-	-	-	-	10,591
-	-	-	-	934,631
-	-	-	13,240	13,240
306,284	1,976,650	474,279	133,128	8,999,598
<u>584,670</u>	<u>3,678,578</u>	<u>879,159</u>	<u>298,316</u>	<u>19,537,246</u>
-	94,117	93,145	-	4,071,768
-	-	-	-	881,234
-	-	-	-	180,886
42,330	498,819	104,444	15,741	2,127,161
<u>42,330</u>	<u>592,936</u>	<u>197,589</u>	<u>15,741</u>	<u>7,261,049</u>
-	-	-	79,440	79,440
1,989,476	17,753,512	4,601,461	1,217,106	85,852,353
<u>1,989,476</u>	<u>17,753,512</u>	<u>4,601,461</u>	<u>1,296,546</u>	<u>85,931,793</u>
2,031,806	18,346,448	4,799,050	1,312,287	93,192,842
2,616,476	22,025,026	5,678,209	1,610,603	112,730,088
-	-	-	-	1,403,077
57,076	672,572	140,825	21,224	2,868,114
<u>57,076</u>	<u>672,572</u>	<u>140,825</u>	<u>21,224</u>	<u>4,271,191</u>
7,805,492	28,253,227	7,229,055	2,037,981	232,901,919
(379,386)	4,612,655	1,363,449	(382,887)	19,170,119
<u>7,426,106</u>	<u>32,865,882</u>	<u>8,592,504</u>	<u>1,655,094</u>	<u>252,072,038</u>
<u>\$ 10,099,658</u>	<u>\$ 55,563,480</u>	<u>\$ 14,411,538</u>	<u>\$ 3,286,921</u>	<u>\$ 369,073,317</u>

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

**Year Ended December 31, 2021**

	<b><u>Water Systems</u></b>	<b><u>Cape Elizabeth</u></b>	<b><u>Cumberland</u></b>	<b><u>Falmouth</u></b>
<b>Operating Revenues</b>				
Water revenues	\$ 26,455,997	\$ -	\$ -	\$ -
Wastewater assessments	-	1,835,412	989,268	314,112
Other operating revenues	2,019,696	-	-	-
Total Operating Revenues	<u>28,475,693</u>	<u>1,835,412</u>	<u>989,268</u>	<u>314,112</u>
<b>Operating Expenses</b>				
Operations	5,922,699	780,373	581,537	-
Maintenance	5,981,970	116,639	201,792	-
Customer accounting and collections	1,064,491	28,884	15,110	8,998
Administrative and general	4,650,681	418,568	168,353	3,839
Taxes on operating property	60,425	-	-	-
Depreciation not allocated elsewhere	5,878,768	548,664	179,553	153,639
Total Operating Expenses	<u>23,559,034</u>	<u>1,893,128</u>	<u>1,146,345</u>	<u>166,476</u>
<b>Operating Income (Loss)</b>	4,916,659	(57,716)	(157,077)	147,636
<b>Non-Operating Revenues (Expenses)</b>				
Interest income	106,977	5,085	4,340	598
Investments unrealized loss	(120,388)	(6,606)	(4,930)	(736)
Miscellaneous	231,924	1,554	441	-
Loss on sale/disposal of operating property	(40,437)	-	-	-
Interest and amortization expense	(1,454,083)	(74,150)	(864)	(51,687)
Net Non-Operating Revenues (Expenses)	<u>(1,276,007)</u>	<u>(74,117)</u>	<u>(1,013)</u>	<u>(51,825)</u>
<b>Change in Net Position Before Contributions</b>	3,640,652	(131,833)	(158,090)	95,811
<b>Capital Contributions</b>	<u>2,510,033</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in Net Position</b>	6,150,685	(131,833)	(158,090)	95,811
<b>Net Position, Beginning of Year</b>	<u>187,096,561</u>	<u>2,905,037</u>	<u>4,214,037</u>	<u>1,360,244</u>
<b>Net Position, End of Year</b>	<u>\$ 193,247,246</u>	<u>\$ 2,773,204</u>	<u>\$ 4,055,947</u>	<u>\$ 1,456,055</u>

See independent auditor's report.

The accompanying notes are an integral part of these financial statements.

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**Wastewater Funds**


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<u>Gorham</u>	<u>Portland</u>	<u>Westbrook</u>	<u>Windham</u>	<u>TOTAL</u>
\$ -	\$ -	\$ -	\$ -	\$ 26,455,997
1,188,840	13,441,944	2,903,244	410,916	21,083,736
753	418,889	51,810	174	2,491,322
<u>1,189,593</u>	<u>13,860,833</u>	<u>2,955,054</u>	<u>411,090</u>	<u>50,031,055</u>
393,134	6,395,123	1,278,595	116,239	15,467,700
82,396	361,472	92,302	22,829	6,859,400
23,407	208,827	57,526	658	1,407,901
247,598	2,860,959	673,722	73,691	9,097,411
-	-	-	-	60,425
398,987	3,084,278	568,296	73,851	10,886,036
<u>1,145,522</u>	<u>12,910,659</u>	<u>2,670,441</u>	<u>287,268</u>	<u>43,778,873</u>
44,071	950,174	284,613	123,822	6,252,182
6,103	46,346	26,178	1,776	197,403
(5,825)	(51,395)	(23,008)	(1,941)	(214,829)
825	206,068	3,879	274	444,965
(691)	(31,480)	(2,513)	(86)	(75,207)
<u>(56,225)</u>	<u>(385,946)</u>	<u>(119,694)</u>	<u>(25,324)</u>	<u>(2,167,973)</u>
<u>(55,813)</u>	<u>(216,407)</u>	<u>(115,158)</u>	<u>(25,301)</u>	<u>(1,815,641)</u>
(11,742)	733,767	169,455	98,521	4,436,541
<u>11,700</u>	<u>-</u>	<u>-</u>	<u>262,900</u>	<u>2,784,633</u>
(42)	733,767	169,455	361,421	7,221,174
<u>7,426,148</u>	<u>32,132,115</u>	<u>8,423,049</u>	<u>1,293,673</u>	<u>244,850,864</u>
<u>\$ 7,426,106</u>	<u>\$ 32,865,882</u>	<u>\$ 8,592,504</u>	<u>\$ 1,655,094</u>	<u>\$ 252,072,038</u>

**Statement of Cash Flows - Proprietary Funds**
**For the Year Ended December 31, 2021**

	<b>Water Systems</b>	<b>Cape Elizabeth</b>	<b>Cumberland</b>	<b>Falmouth</b>
<b>Cash flows from operating activities:</b>				
Receipts from customers	\$ 28,791,939	\$ 1,835,412	\$ 989,268	\$ 314,113
Payments to suppliers	(10,221,633)	(971,022)	(767,775)	(5,482)
Payments to employees	(7,617,979)	(487,935)	(184,326)	(3,132)
<b>Net cash flows from operating activities</b>	<b>10,952,327</b>	<b>376,455</b>	<b>37,167</b>	<b>305,499</b>
<b>Cash flows from capital and related financing activities:</b>				
Proceeds from bonds	8,975,000	1,238,000	-	-
Bond principal forgiven	(20,000)	-	-	-
Principal payments bonds	(5,082,403)	(215,850)	(6,250)	(238,000)
Notes payable payments	-	-	-	-
Transfer from trustee funds	2,777	1,238,311	-	-
New trustee funds	(2,600,000)	(1,238,000)	-	-
Interest paid	(1,417,675)	(68,816)	(871)	(52,085)
Acquisitions and construction of operating property	(12,360,597)	(234,888)	(114,706)	(39,871)
Amortization of leased assets	3,784	3,504	-	-
Proceeds from sale of operating property	17,240	-	-	-
<b>Net cash flows from capital and related financing activities</b>	<b>(12,481,874)</b>	<b>722,261</b>	<b>(121,827)</b>	<b>(329,956)</b>
<b>Cash flows from investing activities:</b>				
Investments - transfer to water	(13,562,261)	231,829	645,341	41,415
Investments - purchases	(15,835,317)	-	-	-
Investments - sales	24,116,005	-	-	-
Investments - market value change	214,829	-	-	-
Investments - transfer from water	7,887,878	(981,541)	(525,240)	(20,263)
Interest income received	106,977	5,085	4,340	598
Investments unrealized loss	(120,388)	(6,606)	(4,930)	(736)
Payments on notes receivable	-	-	-	-
<b>Net cash flows from investing activities</b>	<b>2,807,723</b>	<b>(751,233)</b>	<b>119,511</b>	<b>21,014</b>
Net change in cash	1,278,176	347,483	34,851	(3,443)
Cash and cash equivalents - beginning of year	5,399,201	67,195	187,049	12,004
Cash and cash equivalents - end of year	<u>\$ 6,677,377</u>	<u>\$ 414,678</u>	<u>\$ 221,900</u>	<u>\$ 8,561</u>
<b>Reconciliation of operating income to net cash flows from operating activities:</b>				
Operating income (loss)	\$ 4,916,659	\$ (57,716)	\$ (157,077)	\$ 147,636
Depreciation	5,878,768	548,664	179,553	153,639
Depreciation allocated	960,000	-	-	-
Amortization	17,000	-	-	-
Miscellaneous income	231,924	1,554	441	-
Changes in assets and liabilities:				
Accounts receivable	316,246	-	-	-
Interfund receivable	(151,150)	-	-	-
Inventories	(311,829)	-	-	-
Prepays	(343,798)	(50,984)	-	-
Lease receivable	24,288	-	-	-
Accounts payable and accrued payroll	(136,649)	5,764	48,376	4,223
Interfund payable	-	-	-	-
Compensated absences	12,966	-	-	-
Customer deposits	82,734	-	(10,000)	-
Net pension liability and deferred inflows (outflows)	(1,120,811)	(69,548)	(24,126)	-
Bond refunding deferred outflow	24,800	-	-	-
Lease liability	57,743	(1,279)	-	-
Lease deferred inflows	(58,151)	-	-	-
Customer advances and other liabilities	551,588	-	-	-
<b>Net cash flows from operating activities</b>	<b>\$ 10,952,328</b>	<b>\$ 376,455</b>	<b>\$ 37,167</b>	<b>\$ 305,498</b>
<b>Noncash investing, capital and financing activities</b>				
Capital contributions	<u>\$ 2,510,033</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report.

The accompanying notes are an integral part of these financial statements.

<b>Wastewater Funds</b>				
<u><b>Gorham</b></u>	<u><b>Portland</b></u>	<u><b>Westbrook</b></u>	<u><b>Windham</b></u>	<u><b>TOTAL</b></u>
\$ 1,189,593	\$ 13,769,767	\$ 2,955,489	\$ 411,088	\$ 50,256,669
(418,225)	(6,812,963)	(1,513,295)	(65,862)	(20,776,257)
(256,150)	(2,931,694)	(681,466)	(92,779)	(12,255,461)
<u>515,218</u>	<u>4,025,110</u>	<u>760,728</u>	<u>252,447</u>	<u>17,224,951</u>
53,900	422,000	116,550	619,550	11,425,000
-	-	-	-	(20,000)
(303,655)	(2,160,508)	(468,689)	(102,158)	(8,577,513)
-	-	-	(13,240)	(13,240)
-	574,173	-	-	1,815,261
-	(422,000)	-	-	(4,260,000)
(56,618)	(392,068)	(121,182)	(23,724)	(2,133,039)
(1,623,201)	(4,519,107)	(3,289,217)	(1,108,935)	(23,290,522)
-	383	-	-	7,288
<u>(1,929,574)</u>	<u>(6,497,127)</u>	<u>(3,762,538)</u>	<u>(628,507)</u>	<u>(25,029,142)</u>
1,096,317	7,463,647	3,792,030	291,682	-
-	-	-	-	(15,835,317)
-	-	-	-	24,116,005
-	-	-	-	214,829
-	(5,026,365)	(1,334,469)	-	-
6,103	46,346	26,178	1,776	197,403
(5,825)	(51,395)	(23,008)	(1,941)	(214,829)
-	-	13,240	-	13,240
<u>1,096,595</u>	<u>2,432,233</u>	<u>2,473,971</u>	<u>291,517</u>	<u>8,491,331</u>
(317,761)	(39,784)	(527,839)	(84,543)	687,140
<u>317,761</u>	<u>2,163,299</u>	<u>1,176,029</u>	<u>84,543</u>	<u>9,407,081</u>
<u>\$ -</u>	<u>\$ 2,123,515</u>	<u>\$ 648,190</u>	<u>\$ -</u>	<u>\$ 10,094,221</u>
\$ 44,071	\$ 950,174	\$ 284,613	\$ 123,822	\$ 6,252,182
398,987	3,084,278	568,296	73,851	10,886,036
-	-	-	-	960,000
-	-	-	-	17,000
825	206,068	3,879	274	444,965
-	(91,065)	437	-	225,618
-	-	-	-	(151,150)
-	-	-	-	(311,829)
-	(18,842)	(8,249)	-	(421,873)
-	-	-	-	24,288
3,840	358,227	6,605	20,475	310,861
106,059	-	-	45,091	151,150
-	-	-	-	12,966
-	-	-	-	72,734
(38,565)	(450,191)	(103,596)	(11,064)	(1,817,901)
-	-	-	-	24,800
-	-	-	-	56,464
-	-	-	-	(58,151)
-	(13,538)	8,744	-	546,794
<u>\$ 515,217</u>	<u>\$ 4,025,111</u>	<u>\$ 760,729</u>	<u>\$ 252,449</u>	<u>\$ 17,224,954</u>
<u>\$ 11,700</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 262,900</u>	<u>\$ 2,784,633</u>

**Statement of Fiduciary Net Position - Pension Trust Funds**

**December 31, 2021**

	<b><u>Total</u></b>
<b>ASSETS</b>	
<b>Cash and cash equivalents</b>	<b>\$ 612,232</b>
Investments	
Equity mutual funds	18,574,318
Common stock	11,353,755
Fixed income - mutual funds	1,244,141
	<u>31,172,214</u>
Interest receivable	<u>(6,134)</u>
<b>Total Assets</b>	<b>\$ 31,778,312</b>
Restricted for pension benefits	<u>\$ 31,778,312</u>
<b>Total Net Position</b>	<b>\$ 31,778,312</b>

See independent auditor's report.

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

**Year Ended December 31, 2021**

	<u><b>Total</b></u>
<b>Additions:</b>	
<b>Employer Contributions</b>	<u>\$ 1,424,313</u>
<b>Investment Income</b>	
Interest and dividends	684,170
Net gain on sale of assets	2,030,296
Net appreciation of investments	<u>816,698</u>
<b>Net Investment Income</b>	<u>3,531,164</u>
<b>Total Additions</b>	4,955,477
<b>Deductions:</b>	
Benefits	(1,593,618)
Fees/Other Expenses	<u>(176,477)</u>
<b>Total Deductions</b>	<u>(1,770,095)</u>
<b>Change in Position</b>	3,185,382
<b>Net Position - Beginning of Year</b>	<u>28,592,930</u>
<b>Net Position - End of Year</b>	<u><u>\$ 31,778,312</u></u>

## NOTES TO FINANCIAL STATEMENTS

December 31, 2021

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Reporting Entity

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

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

#### Measurement Focus, Basis of Accounting and Basis of Presentation

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS

December 31, 2021

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

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

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

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

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

#### *Credit Risk:*

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

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

#### *Concentration Credit Risk*

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

#### *Custodial Credit Risk:*

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

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

## NOTES TO FINANCIAL STATEMENTS

**December 31, 2021**

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

##### *Interest Rate Risk:*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value on an investment.

The investment policy calls for investment in securities with varying maturities and investing a portion of the portfolio in money market funds or other overnight investments to ensure appropriate liquidity. The maturity of investments is limited to two years or less. Reserve funds may be invested in assets with maturities of over two years; however, no single investment can exceed three years and the weighted average maturity of the entire reserve fund should not exceed two and one-half years. Information about the exposure of the District's debt type investments to this risk, using the segmented time distribution model is as follows: U.S. Agency and Treasury Securities fair value with maturities less than one year are \$2,079,426 and maturities of 1-5 years are \$7,435,166.

#### Investments – Pension Trust Funds

##### *Method used to Value Investments:*

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

##### *Credit Risk/Concentration Credit Risk:*

The pension plans' policy in regard to the allocation of invested assets is established and may be amended by the District's Board of Trustees. It is the policy of the District's Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plans' investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of December 31, 2021:

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

There were no changes to the allocation policy during 2021. As of December 31, 2021, the investment portfolio does not hold any investment in any one organization greater than 5% of either of the plan's fiduciary net positions.

##### *Rate of Return:*

For the year ended December 31, 2021, the annual money-weighted rate of return on pension plan investments, net of pension expense, was 12.42% and 12.43% for the Bargaining and Non-Bargaining Units Plan, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

##### *Custodial Credit Risk:*

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

## NOTES TO FINANCIAL STATEMENTS

December 31, 2021

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

#### Investments - Pension Trust Funds - Continued

##### *Interest Rate Risk:*

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

##### **Fair Value Measurements**

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

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

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

For the year ended December 31, 2021, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

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

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

#### **Accounts Receivable**

Trade accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and credit to trade accounts receivable. Allowance for doubtful accounts as of December 31, 2021 was \$334,081. The District has the ability to place a lien on property with past due balances.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2021

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

#### Inventories

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

#### Capital Assets

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

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

##### *Water Capital Assets:*

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

##### *Wastewater Capital Assets:*

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

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

#### Leases

The District complies with the requirements of GASB Statement 87 – *Leases*. The threshold for inclusion were leases where the present value of the payments at the beginning of the lease term were over \$10,000. The Discount rates used were the District's average borrowing costs at the date of execution.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2021

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

#### **Preliminary Surveys for Plant Expansion or Modification**

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

#### **Maintenance and Other Costs**

Certain maintenance and other costs are capitalized and amortized on a straight-line basis over periods as approved by the Maine PUC which approximate methods and periods under GAAP. There were no amortization costs in 2021.

#### **Compensated Absences**

The District's policy is to accrue for employee vacation when the employee vests in such benefits. It is the District's policy to permit employees to accumulate earned but unused sick pay benefits. Upon retirement, employees can be paid up to a maximum of 400 hours of unused sick pay. The estimated sick leave balance due to employees upon retirement is calculated and accrued in accordance with the vesting method of GASB Statement No. 16, *Accounting for Compensated Absences*.

#### **Deferred Outflows & Inflows**

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

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

#### **Use of Estimates**

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

## NOTES TO FINANCIAL STATEMENTS

**December 31, 2021**

### NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### Budgets

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

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

### NOTE 3 - DETAILED NOTES ON ALL FUNDS

#### Cash & Investments

The carrying amount of the District's deposits with financial institutions was -\$1,045,400 at December 31, 2021 and the bank balance was \$328,376. The District held certificates of deposit carried at \$14,175,562. Total deposits were categorized, as follows:

	<b>Bank Balances</b>	<b>Certificates of Deposit</b>	<b>Total Deposits</b>
Amount Insured	\$ 328,376	\$ 14,157,468	\$ 14,485,844
Amount Uninsured	-	18,094	18,094
	<u>\$ 328,376</u>	<u>\$ 14,175,562</u>	<u>\$ 14,503,938</u>

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

Cash on Hand	\$ 1,300
Investment Account Cash	8,005
Carrying Value of Deposits	(1,053,405)
Money Market Mutual Funds	11,138,321
Total cash and cash equivalents	<u>\$ 10,094,221</u>
Certificates of Deposit	\$ 14,175,562
U.S. Treasury Securities	732,689
U.S. Agency Securities	8,781,903
Total investments	<u>\$ 23,690,154</u>

## NOTES TO FINANCIAL STATEMENTS

December 31, 2021

## NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

## Cash &amp; Investments - Continued

Shares in the overnight money market mutual funds sweep arrangement are held in the Bank's name and not in the name of the District. These funds are secured by the underlying securities of the mutual funds. Fair value of assets measured on a recurring basis at December 31, 2021 are, as follows:

## Proprietary Funds

	Total	Level 1	Level 2	Level 3
Money Market Mutual Funds	\$ 11,138,321	\$ 11,138,321	\$ -	\$ -
Certificates of Deposit	14,175,562	13,417,268	758,294	-
U.S. Treasury Securities	732,689	-	732,689	-
U.S. Agency Securities	8,781,903	-	8,781,903	-
	<u>\$ 34,828,475</u>	<u>\$ 24,555,589</u>	<u>\$ 10,272,886</u>	<u>\$ -</u>

## Pension Trust Funds

	Total	Level 1	Level 2	Level 3
Equity Mutual Funds	\$ 18,574,318	\$ 18,574,318	\$ -	\$ -
Common Stock	11,353,755	11,353,755	-	-
Fixed Income - Mutual Funds	1,244,141	1,244,141	-	-
	<u>\$ 31,172,214</u>	<u>\$ 31,172,214</u>	<u>\$ -</u>	<u>\$ -</u>

## Investment Ratings

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

## Investment Ratings - Pension Trust Funds

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

## Notes Receivable

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

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

	Dec 31, 2020	Increases	Decreases	Dec 31, 2021	Current	Non-Current
<b>Westbrook Wastewater Fund:</b>						
Windham Wastewater Fund	105,920	-	(13,240)	92,680	13,240	79,440
<b>Total of all Notes</b>	<u>\$ 105,920</u>	<u>\$ -</u>	<u>\$ (13,240)</u>	<u>\$ 92,680</u>	<u>\$ 13,240</u>	<u>\$ 79,440</u>

## NOTES TO FINANCIAL STATEMENTS

December 31, 2021

## NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

## Capital Assets

	<u>Dec 31, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2021</u>
<b>Water Fund:</b>				
<b>Operating Property, not being depreciated</b>				
Land	\$ 4,539,448	\$ 15,400	\$ -	\$ 4,554,848
Land Rights	1,973,782	503,348	-	2,477,130
Plant Acquisition Adjustment	87,189	-	(17,000)	70,189
Organization	173,472	-	-	173,472
Non-Utility Property	103,935	-	-	103,935
Franchises	26,161	-	-	26,161
Forestation of Land	-	-	-	-
Property Held for Future Use	7,425	-	-	7,425
	<u>6,911,412</u>	<u>518,748</u>	<u>(17,000)</u>	<u>7,413,160</u>
<b>Operating Property, being depreciated</b>				
Distribution Mains	196,582,954	11,390,110	(72,473)	207,900,591
Services	38,974,017	1,569,905	-	40,543,922
Structures & Improvements	30,674,337	76,602	-	30,750,939
Water Treatment Equipment	14,424,461	-	-	14,424,461
Transmission Mains	13,430,883	-	-	13,430,883
Meters & Meter Installations	12,948,958	396,889	(46,608)	13,299,239
Reservoirs & Standpipes	11,090,541	96,000	-	11,186,541
Hydrants	12,302,245	569,372	(49,166)	12,822,451
Vehicles	3,397,407	389,738	(294,106)	3,493,039
Lake, River & Other Intakes	2,363,460	-	-	2,363,460
Communication Equipment	1,485,020	-	-	1,485,020
Pumping Equipment	2,820,230	111,050	-	2,931,280
Wells & Springs	989,248	-	-	989,248
Computer Equipment	1,573,084	2,768,144	-	4,341,228
Power Equipment	706,964	-	-	706,964
Office Furniture & Equipment	762,135	-	-	762,135
Shop Equipment	288,562	-	-	288,562
Garage Equipment	232,652	-	-	232,652
Radio Equipment	318,006	-	-	318,006
Laboratory Equipment	113,415	-	-	113,415
Stores Equipment	59,161	-	-	59,161
	<u>345,537,740</u>	<u>17,367,810</u>	<u>(462,353)</u>	<u>362,443,197</u>
<b>Total Operating Property</b>	<u>\$ 352,449,152</u>	<u>\$ 17,886,558</u>	<u>\$ (479,353)</u>	<u>\$ 369,856,357</u>

## NOTES TO FINANCIAL STATEMENTS

December 31, 2021

## NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

## Capital Assets – Continued

	<u>Dec 31, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2021</u>
<b>Water Fund (continued):</b>				
<b>Less, accumulated depreciation for:</b>				
Distribution Mains	\$ 53,444,555	\$ 2,849,499	\$ (65,590)	\$ 56,228,464
Services	20,778,091	919,514	-	21,697,605
Structures & Improvements	15,866,711	645,038	-	16,511,749
Transmission Mains	7,529,521	139,836	-	7,669,357
Reservoirs & Standpipes	5,488,241	197,840	-	5,686,081
Water Treatment Equipment	5,382,802	422,862	-	5,805,664
Hydrants	4,391,417	251,341	(32,635)	4,610,123
Meters	5,831,932	525,896	(24,382)	6,333,446
Vehicles	1,888,056	339,548	(282,069)	1,945,535
Intakes Suction Mains	1,899,478	24,813	-	1,924,291
Pumping Equipment	1,656,949	73,814	-	1,730,763
Communication Equipment	1,298,418	64,263	-	1,362,681
Power Equipment	648,358	5,385	-	653,743
Office Equipment	783,098	59,885	-	842,983
Shop Equipment	337,029	-	-	337,029
Computer Equipment	437,633	274,586	-	712,219
Garage Equipment	253,546	4,137	-	257,683
Wells & Springs	245,160	19,643	-	264,803
Radio Equipment	199,881	16,443	-	216,324
Laboratory Equipment	101,412	3,430	-	104,842
Stores Equipment	44,726	995	-	45,721
	<u>128,507,014</u>	<u>6,838,768</u>	<u>(404,676)</u>	<u>134,941,106</u>
<b>Net Operating Property</b>	<u>223,942,138</u>	<u>11,047,790</u>	<u>(74,677)</u>	<u>234,915,251</u>
<b>Right to Use Lease Assets:</b>				
Right to Use - Buildings	6,104	67,045	(6,104)	67,045
Right to Use - Equipment	15,119	-	-	15,119
	<u>21,223</u>	<u>67,045</u>	<u>(6,104)</u>	<u>82,164</u>
<b>Less, accumulated amortization for lease assets:</b>				
Right to Use - Buildings	6,104	6,705	(6,104)	6,705
Right to Use - Equipment	3,183	3,183	-	6,366
	<u>9,287</u>	<u>9,888</u>	<u>(6,104)</u>	<u>13,071</u>
<b>Net Lease Assets</b>	<u>11,936</u>	<u>57,157</u>	<u>-</u>	<u>69,093</u>
<b>Construction Work in Progress</b>	<u>3,305,579</u>	<u>232,505</u>	<u>(3,004,353)</u>	<u>533,731</u>
<b>Net Capital Assets</b>	<u>\$ 227,259,653</u>	<u>\$ 11,337,452</u>	<u>\$ (3,079,030)</u>	<u>\$ 235,518,075</u>

## NOTES TO FINANCIAL STATEMENTS

December 31, 2021

## NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

## Capital Assets – Continued

	<u>Dec 31, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2021</u>
<b>Cape Elizabeth Wastewater:</b>				
<b>Operating Property, not being depreciated</b>				
Land	\$ 130,048	\$ -	\$ -	\$ 130,048
Land Rights	95,111	-	-	95,111
	<u>225,159</u>	<u>-</u>	<u>-</u>	<u>225,159</u>
<b>Operating Property, being depreciated</b>				
Interceptor Structures	6,315,962	-	-	6,315,962
Treatment Plant Equipment	3,419,135	-	(54,662)	3,364,473
Pumping Station Equipment	2,804,416	219,582	(98,601)	2,925,397
Treatment Plant Structures	3,200,940	399,015	-	3,599,955
Pumping Station Structures	1,244,753	674,035	(41,181)	1,877,607
General Equipment	197,955	-	(22)	197,933
Computer Equipment	-	74,729	-	74,729
Interceptor Equipment	11,330	-	-	11,330
	<u>17,194,491</u>	<u>1,367,361</u>	<u>(194,466)</u>	<u>18,367,386</u>
<b>Total Operating Property</b>	<u>17,419,650</u>	<u>1,367,361</u>	<u>(194,466)</u>	<u>18,592,545</u>
<b>Less, accumulated depreciation for:</b>				
Interceptor Structures	4,373,636	126,399	-	4,500,035
Treatment Plant Equipment	2,919,297	185,861	(54,662)	3,050,496
Pumping Station Equipment	2,177,585	119,213	(98,601)	2,198,197
Treatment Plant Structures	1,936,058	65,655	-	2,001,713
Pumping Station Structures	961,171	30,667	(41,181)	950,657
General Equipment	132,664	16,051	-	148,715
Computer Equipment	-	4,671	-	4,671
Interceptor Equipment	1,695	147	-	1,842
	<u>12,502,106</u>	<u>548,664</u>	<u>(194,444)</u>	<u>12,856,326</u>
<b>Net Operating Property</b>	<u>4,917,544</u>	<u>818,697</u>	<u>(22)</u>	<u>5,736,219</u>
<b>Right to Use Lease Assets:</b>				
Right to Use - Land	126,123	-	-	126,123
<b>Less, accumulated amortization for lease assets:</b>				
Right to Use - Land	3,503	3,504	-	7,007
<b>Net Lease Assets</b>	<u>122,620</u>	<u>(3,504)</u>	<u>-</u>	<u>119,116</u>
<b>Construction Work in Progress</b>	<u>1,241,282</u>	<u>46,016</u>	<u>(1,216,613)</u>	<u>70,685</u>
<b>Net Capital Assets</b>	<u>\$ 6,281,446</u>	<u>\$ 861,209</u>	<u>\$(1,216,635)</u>	<u>\$ 5,926,020</u>

## NOTES TO FINANCIAL STATEMENTS

December 31, 2021

## NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

## Capital Assets - Continued

	<u>Dec 31, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2021</u>
<b>Cumberland Wastewater:</b>				
<b>Operating Property, not being depreciated</b>				
Land	\$ 89,005	\$ -	\$ -	\$ 89,005
<b>Operating Property, being depreciated</b>				
Interceptor Structures	7,031,795	76,522	-	7,108,317
Pumping Station Structures	1,041,213	-	-	1,041,213
Pumping Station Equipment	1,042,049	-	-	1,042,049
Treatment Plant Equipment	47,416	-	-	47,416
General Equipment	41,881	-	-	41,881
Computer Equipment	-	36,664	-	36,664
Interceptor Equipment	213	-	-	213
	<u>9,204,567</u>	<u>113,186</u>	<u>-</u>	<u>9,317,753</u>
<b>Total Operating Property</b>	<u>9,293,572</u>	<u>113,186</u>	<u>-</u>	<u>9,406,758</u>
<b>Less, accumulated depreciation for:</b>				
Interceptor Structures	3,869,002	141,401	-	4,010,403
Pumping Station Structures	795,161	13,483	-	808,644
Pumping Station Equipment	868,949	21,579	-	890,528
Treatment Plant Equipment	44,622	799	-	45,421
General Equipment	41,881	-	-	41,881
Computer Equipment	-	2,291	-	2,291
Interceptor Equipment	213	-	-	213
	<u>5,619,828</u>	<u>179,553</u>	<u>-</u>	<u>5,799,381</u>
<b>Construction Work in Progress</b>	<u>-</u>	<u>1,520</u>	<u>-</u>	<u>1,520</u>
<b>Net Capital Assets</b>	<u>\$ 3,673,744</u>	<u>\$ (64,847)</u>	<u>\$ -</u>	<u>\$ 3,608,897</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets - Continued

	<u>Dec 31, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2021</u>
<b>Falmouth Wastewater:</b>				
<b>Operating Property, not being depreciated</b>				
Land	\$ 10,527	\$ -	\$ -	\$ 10,527
<b>Operating Property, being depreciated</b>				
Pumping Station Structures	2,226,400	-	-	2,226,400
Pumping Station Equipment	1,242,600	-	-	1,242,600
Interceptor Structures	2,224,436	-	-	2,224,436
Computer Equipment	-	39,871	-	39,871
	<u>5,693,436</u>	<u>39,871</u>	<u>-</u>	<u>5,733,307</u>
<b>Total Operating Property</b>	<u>5,703,963</u>	<u>39,871</u>	<u>-</u>	<u>5,743,834</u>
<b>Less, accumulated depreciation for:</b>				
Pumping Station Structures	155,848	44,528	-	200,376
Pumping Station Equipment	217,455	62,130	-	279,585
Interceptor Structures	155,805	44,489	-	200,294
Computer Equipment	-	2,492	-	2,492
	<u>529,108</u>	<u>153,639</u>	<u>-</u>	<u>682,747</u>
<b>Net Capital Assets</b>	<u>\$ 5,174,855</u>	<u>\$ (113,768)</u>	<u>\$ -</u>	<u>\$ 5,061,087</u>

## NOTES TO FINANCIAL STATEMENTS

December 31, 2021

## NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

## Capital Assets - Continued

	<u>Dec 31, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2021</u>
<b>Gorham Wastewater:</b>				
<b>Operating Property, not being depreciated</b>				
Land	\$ 185,466	\$ -	\$ -	\$ 185,466
Land Rights	157,770	-	-	157,770
	<u>343,236</u>	<u>-</u>	<u>-</u>	<u>343,236</u>
<b>Operating Property, being depreciated</b>				
Interceptor Structures	11,826,653	11,700	-	11,838,353
Pumping Station Structures	1,938,943	-	-	1,938,943
Pumping Station Equipment	1,863,868	-	-	1,863,868
Treatment Plant Structures	1,058,115	13,843	-	1,071,958
Treatment Plant Equipment	1,118,463	107,059	(3,264)	1,222,258
Computer Equipment	-	66,424	-	66,424
General Equipment	52,972	-	-	52,972
Solids Handling Equipment	5,517	-	-	5,517
	<u>17,864,531</u>	<u>199,026</u>	<u>(3,264)</u>	<u>18,060,293</u>
<b>Total Operating Property</b>	<u>18,207,767</u>	<u>199,026</u>	<u>(3,264)</u>	<u>18,403,529</u>
<b>Less, accumulated depreciation for:</b>				
Interceptor Structures	5,799,131	236,650	-	6,035,781
Pumping Station Equipment	1,427,768	49,801	-	1,477,569
Treatment Plant Structures	806,079	20,188	-	826,267
Pumping Station Structures	896,302	43,203	-	939,505
Treatment Plant Equipment	650,024	42,952	(2,574)	690,402
General Equipment	38,222	2,042	-	40,264
Computer Equipment	-	4,151	-	4,151
Solids Handling Equipment	5,516	-	-	5,516
	<u>9,623,042</u>	<u>398,987</u>	<u>(2,574)</u>	<u>10,019,455</u>
<b>Construction Work in Progress</b>	<u>262,994</u>	<u>1,452,826</u>	<u>(16,951)</u>	<u>1,698,869</u>
<b>Net Capital Assets</b>	<u>\$ 8,847,719</u>	<u>\$ 1,252,865</u>	<u>\$ (17,641)</u>	<u>\$10,082,943</u>

## NOTES TO FINANCIAL STATEMENTS

December 31, 2021

## NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

## Capital Assets - Continued

	<u>Dec 31, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2021</u>
<b>Portland Wastewater:</b>				
<b>Operating Property, not being depreciated</b>				
Land	\$ 199,555	\$ -	\$ -	\$ 199,555
Land Rights	233,013	-	-	233,013
	<u>432,568</u>	<u>-</u>	<u>-</u>	<u>432,568</u>
<b>Operating Property, being depreciated</b>				
Treatment Plant Structures	35,209,686	1,031,365	-	36,241,051
Interceptor Structures	28,219,221	25,205	-	28,244,426
Treatment Plant Equipment	27,521,048	70,268	(1,100,872)	26,490,444
Pumping Station Structures	11,906,803	446,864	-	12,353,667
Pumping Station Equipment	9,903,213	189,757	(85,204)	10,007,766
Communications Equip.- Collectors	753,873	-	-	753,873
Computer Equipment	-	523,155	-	523,155
Storm Drains	617,610	-	-	617,610
Solids Handling Equipment	407,487	14,797	-	422,284
General Equipment	374,585	6,072	-	380,657
Interceptor Equipment	63,080	-	-	63,080
	<u>114,976,606</u>	<u>2,307,483</u>	<u>(1,186,076)</u>	<u>116,098,013</u>
<b>Total Operating Property</b>	<u>115,409,174</u>	<u>2,307,483</u>	<u>(1,186,076)</u>	<u>116,530,581</u>
<b>Less, accumulated depreciation for:</b>				
Treatment Plant Structures	23,395,041	715,931	-	24,110,972
Interceptor Structures	19,706,616	455,733	-	20,162,349
Treatment Plant Equipment	14,342,821	1,040,586	(1,100,872)	14,282,535
Pumping Station Structures	6,072,271	306,900	-	6,379,171
Pumping Station Equipment	5,675,035	350,519	(53,341)	5,972,213
Communications Equip.- Collectors	598,785	63,033	-	661,818
Solids Handling Equipment	290,422	9,058	-	299,480
General Equipment	274,285	32,958	-	307,243
Storm Drains	235,096	76,863	-	311,959
Interceptor Equipment	63,080	-	-	63,080
Computer Equipment	-	32,697	-	32,697
	<u>70,653,452</u>	<u>3,084,278</u>	<u>(1,154,213)</u>	<u>72,583,517</u>
<b>Construction Work in Progress</b>	<u>1,703,276</u>	<u>3,120,695</u>	<u>(812,710)</u>	<u>4,011,261</u>
<b>Net Capital Assets</b>	<u>\$46,458,998</u>	<u>\$2,343,900</u>	<u>\$ (844,573)</u>	<u>\$47,958,325</u>

## NOTES TO FINANCIAL STATEMENTS

December 31, 2021

## NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

## Capital Assets – Continued

	<u>Dec 31, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2021</u>
<b>Westbrook Wastewater:</b>				
<b>Operating Property, not being depreciated</b>				
Land	\$ 162,263	\$ -	\$ -	\$ 162,263
Land Rights	139,144	-	-	139,144
	<u>301,407</u>	<u>-</u>	<u>-</u>	<u>301,407</u>
<b>Operating Property, being depreciated</b>				
Treatment Plant Equipment	3,863,502	231,497	(11,876)	4,083,123
Pumping Station Structures	5,367,086	-	-	5,367,086
Treatment Plant Structures	4,340,647	29,933	-	4,370,580
Interceptor Structures	3,809,153	-	-	3,809,153
Pumping Station Equipment	3,623,810	-	-	3,623,810
General Equipment	1,180,597	-	-	1,180,597
Computer Equipment	-	129,184	-	129,184
Communications Equip. - Collectors	103,231	-	-	103,231
Storm Drains	748	-	-	748
Solids Handling Equipment	20,070	-	-	20,070
	<u>22,308,844</u>	<u>390,614</u>	<u>(11,876)</u>	<u>22,687,582</u>
<b>Total Operating Property</b>	<u>22,610,251</u>	<u>390,614</u>	<u>(11,876)</u>	<u>22,988,989</u>
<b>Less, accumulated depreciation for:</b>				
Treatment Plant Equipment	2,692,648	106,961	(9,364)	2,790,245
Treatment Plant Structures	3,392,206	81,604	-	3,473,810
Interceptor Structures	3,000,659	75,738	-	3,076,397
Pumping Station Structures	2,391,461	135,638	-	2,527,099
Pumping Station Equipment	2,003,880	131,202	-	2,135,082
General Equipment	248,865	24,637	-	273,502
Computer Equipment	-	8,074	-	8,074
Storm Drains	35	10	-	45
Solids Handling Equipment	20,070	-	-	20,070
Communications Equip. - Collectors	92,202	4,432	-	96,634
	<u>13,842,026</u>	<u>568,296</u>	<u>(9,364)</u>	<u>14,400,958</u>
<b>Construction Work in Progress</b>	<u>568,681</u>	<u>3,145,146</u>	<u>(36,654)</u>	<u>3,677,173</u>
<b>Net Capital Assets</b>	<u>\$ 9,336,906</u>	<u>\$ 2,967,464</u>	<u>\$ (39,166)</u>	<u>\$ 12,265,204</u>

## NOTES TO FINANCIAL STATEMENTS

December 31, 2021

## NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

## Capital Assets - Continued

	<u>Dec 31, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2021</u>
<b>Windham Wastewater:</b>				
<b>Operating Property, not being depreciated</b>				
Land	\$ 129,656	\$ 12,900	\$ -	\$ 142,556
Land Rights	13,296	-	-	13,296
	<u>142,952</u>	<u>12,900</u>	<u>-</u>	<u>155,852</u>
<b>Operating Property, being depreciated</b>				
Interceptor Structures	1,789,876	223,917	-	2,013,793
Pumping Station Structures	459,745	293,290	-	753,035
Pumping Station Equipment	425,873	159,788	-	585,661
Treatment Plant Equipment	130,927	9,037	(404)	139,560
Treatment Plant Structures	144,115	1,169	-	145,284
Storm Drains	-	46,079	-	46,079
General Equipment	14,153	-	-	14,153
Computer Equipment	-	6,256	-	6,256
Solids Handling Equipment	683	-	-	683
	<u>2,965,372</u>	<u>739,536</u>	<u>(404)</u>	<u>3,704,504</u>
<b>Total Operating Property</b>	<u>3,108,324</u>	<u>752,436</u>	<u>(404)</u>	<u>3,860,356</u>
<b>Less, accumulated depreciation for:</b>				
Interceptor Structures	550,413	38,037	-	588,450
Pumping Station Equipment	336,697	12,913	-	349,610
Pumping Station Structures	172,384	14,964	-	187,348
Treatment Plant Equipment	88,286	3,874	(319)	91,841
Treatment Plant Structures	112,069	2,717	-	114,786
General Equipment	8,887	494	-	9,381
Computer Equipment	-	391	-	391
Storm Drains	-	461	-	461
Solids Handling Equipment	683	-	-	683
	<u>1,269,419</u>	<u>73,851</u>	<u>(319)</u>	<u>1,342,951</u>
Construction Work in Progress	<u>133,002</u>	<u>705,818</u>	<u>(75,520)</u>	<u>763,300</u>
<b>Net Capital Assets</b>	<u>\$ 1,971,907</u>	<u>\$1,384,403</u>	<u>\$(75,605)</u>	<u>\$ 3,280,705</u>

## NOTES TO FINANCIAL STATEMENTS

December 31, 2021

## NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

## Capital Assets – Continued

<b>All Funds Combined:</b>	<b>Dec 31, 2020</b>	<b>Increases</b>	<b>Decreases</b>	<b>Dec 31, 2021</b>
<b>Operating Property, not being depreciated</b>				
Land (Water)	\$ 4,539,448	\$ 15,400	\$ -	\$ 4,554,848
Land Rights (Water)	1,973,782	503,348	-	2,477,130
Land (Wastewater)	906,520	12,900	-	919,420
Land Rights (Wastewater)	638,334	-	-	638,334
Plant Acquisition Adjustment	87,189	-	(17,000)	70,189
Organization	173,472	-	-	173,472
Non-Utility Property	103,935	-	-	103,935
Franchises	26,161	-	-	26,161
Property Held for Future Use	7,425	-	-	7,425
	<u>8,456,266</u>	<u>531,648</u>	<u>(17,000)</u>	<u>8,970,914</u>
<b>Operating Property, being depreciated</b>				
Distribution Mains	196,582,955	11,390,110	(72,473)	207,900,592
Interceptor Structures	61,217,096	337,344	-	61,554,440
Treatment Plant Structures	43,953,503	1,475,325	-	45,428,828
Services	38,974,017	1,569,905	-	40,543,922
Structures & Improvements	30,674,337	76,602	-	30,750,939
Treatment Plant Equipment	36,100,488	417,864	(1,171,078)	35,347,274
Pumping Station Structures	24,184,943	1,414,189	(126,385)	25,472,747
Pumping Station Equipment	20,905,829	569,127	(98,601)	21,376,355
Water Treatment Equipment	14,424,461	-	-	14,424,461
Transmission Mains	13,430,883	-	-	13,430,883
Meters & Meter Installations	12,948,958	396,889	(46,608)	13,299,239
Reservoirs & Standpipes	11,090,541	96,000	-	11,186,541
Hydrants	12,302,245	569,372	(49,166)	12,822,451
Vehicles	3,397,407	389,738	(294,106)	3,493,039
Lake, River & Other Intakes	2,363,460	-	-	2,363,460
Communication Equipment	1,485,020	-	-	1,485,020
Pumping Equipment	2,820,230	111,050	-	2,931,280
General Equipment	1,862,143	6,072	(22)	1,868,193
Wells & Springs	989,248	-	-	989,248
Computer Equipment	1,573,084	3,644,427	-	5,217,511
Power Equipment	706,964	-	-	706,964
Communications Equipment - Collectors	857,104	-	-	857,104
Office Furniture & Equipment	762,135	-	-	762,135
Storm Drains	618,358	46,079	-	664,437
Shop Equipment	288,562	-	-	288,562
Solids Handling Equipment	433,757	14,797	-	448,554
Garage Equipment	232,652	-	-	232,652
Radio Equipment	318,006	-	-	318,006
Laboratory Equipment	113,415	-	-	113,415
Interceptor Equipment	74,623	-	-	74,623
Stores Equipment	59,161	-	-	59,161
	<u>535,745,585</u>	<u>22,524,890</u>	<u>(1,858,439)</u>	<u>556,412,035</u>
<b>Total Operating Property</b>	<b>\$ 544,201,851</b>	<b>\$ 23,056,538</b>	<b>\$ (1,875,439)</b>	<b>\$ 565,382,949</b>

## NOTES TO FINANCIAL STATEMENTS

December 31, 2021

## NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

## Capital Assets – Continued

	<u>Dec 31, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2021</u>
<b>All Funds Combined (continued):</b>				
<b>Less, accumulated depreciation for:</b>				
Distribution Mains	\$ 53,444,555	\$ 2,849,501	\$ (65,590)	\$ 56,228,466
Interceptor Structures	37,455,261	1,118,447	-	38,573,708
Treatment Plant Structures	29,641,453	886,095	(54,662)	30,472,886
Treatment Plant Equipment	20,737,701	1,381,033	(1,112,810)	21,005,924
Services	20,778,089	919,512	-	21,697,601
Structures & Improvements	15,866,711	645,038	-	16,511,749
Pumping Station Equipment	12,707,369	747,357	(152,261)	13,302,465
Pumping Station Structures	11,444,598	589,383	(41,181)	11,992,800
Transmission Mains	7,529,521	139,836	-	7,669,357
Reservoirs & Standpipes	5,488,241	197,840	-	5,686,081
Water Treatment Equipment	5,382,802	422,862	-	5,805,664
Hydrants	4,391,417	251,341	(32,635)	4,610,123
Meters & Meter Installations	5,831,932	525,896	(24,382)	6,333,446
Vehicles	1,888,056	339,548	(282,069)	1,945,535
Lake, River & Other Intakes	1,899,478	24,813	-	1,924,291
Pumping Equipment	1,656,949	73,814	-	1,730,763
Communication Equipment	1,298,418	64,263	-	1,362,681
Power Equipment	648,358	5,385	-	653,743
Office Furniture & Equipment	783,098	59,885	-	842,983
General Equipment	744,804	76,182	-	820,986
Communications Equip.- Collectors	690,987	67,465	-	758,452
Solids Handling Equipment	316,691	9,058	-	325,749
Shop Equipment	337,029	-	-	337,029
Computer Equipment	437,633	329,353	-	766,986
Garage Equipment	253,546	4,137	-	257,683
Wells & Springs	245,160	19,643	-	264,803
Radio Equipment	199,881	16,443	-	216,324
Laboratory Equipment	101,412	3,430	-	104,842
Storm Drains	235,131	77,334	-	312,465
Stores Equipment	44,726	995	-	45,721
Interceptor Equipment	64,988	147	-	65,135
	<u>242,545,995</u>	<u>11,846,036</u>	<u>(1,765,590)</u>	<u>252,626,441</u>
<b>Net Operating Property</b>	<u>301,655,856</u>	<u>11,210,502</u>	<u>(109,849)</u>	<u>312,756,508</u>
<b>Right to Use Lease Assets:</b>				
Right to Use - Buildings	6,104	67,045	(6,104)	67,045
Right to Use - Equipment	15,119	-	-	15,119
Right to Use - Land	126,123	-	-	126,123
	<u>147,346</u>	<u>67,045</u>	<u>(6,104)</u>	<u>208,287</u>
<b>Less, accumulated amortization for lease assets:</b>				
Right to Use - Buildings	6,104	6,705	(6,104)	6,705
Right to Use - Equipment	3,183	3,183	-	6,366
Right to Use - Land	3,503	3,504	-	7,007
	<u>12,790</u>	<u>13,392</u>	<u>(6,104)</u>	<u>20,078</u>
<b>Net Lease Assets</b>	<u>134,556</u>	<u>53,653</u>	<u>-</u>	<u>188,209</u>
<b>Construction Work in Progress</b>	<u>7,214,814</u>	<u>8,704,526</u>	<u>(5,162,801)</u>	<u>10,756,539</u>
<b>Net Capital Assets</b>	<u>\$309,005,226</u>	<u>\$19,968,681</u>	<u>\$(5,272,650)</u>	<u>\$323,701,256</u>

## NOTES TO FINANCIAL STATEMENTS

December 31, 2021

## NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

## Capital Assets - Continued

Depreciation expense for each of the funds is noted below. Please note that \$960,000 in the Water Fund was allocated as part of operating expense.

	Gross Depreciation	Allocated	Depreciation not allocated elsewhere
Water	\$ 6,838,768	\$ (960,000)	\$ 5,878,768
Wastewater Funds:			
Cape Elizabeth	548,664	-	548,664
Cumberland	179,553	-	179,553
Falmouth	153,639	-	153,639
Gorham	398,987	-	398,987
Portland	3,084,278	-	3,084,278
Westbrook	568,296	-	568,296
Windham	73,851	-	73,851
Total	<u>\$ 11,846,036</u>	<u>\$ (960,000)</u>	<u>\$ 10,886,036</u>

Depreciation related to vehicles (\$400,000) and the main office (\$360,000) was allocated to operating expenses based on vehicles' hours and office space occupied. Depreciation related to technology (\$200,000) was allocated to the funds based on their percentage of total expenditures.

## Leases – District as Lessee

As of December 31, 2021 the District was leasing assets for the Water Fund (2) and Cape Elizabeth Wastewater (1):

**Peaks Island Storage:** The District leases warehouse space on Peaks Island (Portland) from Central Maine Power to support the Water Operations group. The lease began in November 2011 for two (2) five (5) year terms. The lease was amended in 2021 adding two (2) additional five (5) year terms through October of 2031. The cost for 2021 was \$6,160. The cost is \$6,776/year for the initial term and \$7,454/year for the second with payment due the first day of each year's lease term.

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

Water Fund	Intangible Asset	Accumulated Amortization	Net Lease Asset	Lease Liability
Peaks Island Storage	\$67,045	(\$6,705)	\$60,340	\$60,883
Finance Mail Machine	15,119	(6,366)	8,753	8,831
	<u>\$82,164</u>	<u>(\$13,071)</u>	<u>\$69,093</u>	<u>\$69,714</u>

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

Years Ending, December 31,	Principal	Interest	Total
2022	\$9,283	\$762	\$10,045
2023	9,388	657	10,045
2024	8,676	551	9,228
2025	6,308	468	6,776
2026	7,055	399	7,454
2027-2030	<u>29,004</u>	<u>810</u>	<u>29,814</u>
	<u>\$69,714</u>	<u>\$3,647</u>	<u>\$73,361</u>

## NOTES TO FINANCIAL STATEMENTS

December 31, 2021

## NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

## Leases – District as Lessee - Continued

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

<u>Cape Elizabeth Wastewater</u>	<u>Intangible Asset</u>	<u>Accumulated Amortization</u>	<u>Net Lease Asset</u>	<u>Lease Liability</u>
Cape Elizabeth WWTF Land	<u>\$126,123</u>	<u>(\$7,007)</u>	<u>\$119,116</u>	<u>\$121,763</u>

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

<u>Years Ending, December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$1,308	\$2,692	\$4,000
2023	1,337	2,663	4,000
2024	1,366	2,634	4,000
2025	1,397	2,603	4,000
2026	1,507	2,573	4,080
2027-2031	9,348	12,311	21,659
2032-2036	12,784	11,131	23,915
2037-2041	16,872	9,543	26,415
2042-2046	21,697	7,471	29,168
2047-2051	27,373	4,830	32,203
2052-2055	<u>26,774</u>	<u>1,385</u>	<u>28,159</u>
	<u>\$121,763</u>	<u>\$59,836</u>	<u>\$181,599</u>

## Leases – District as Lessor

As of December 31, 2021, the District leased five (5) Water fund assets:

**Shore Acres Tank – AT&T:** The cell phone provider leases space on the District's water tank located in Cape Elizabeth for their equipment. The lease commenced in November 2014 with an initial five (5) year term. The lease contains an additional four extensions which if executed would extend the lease until the end of October 2039. The District expects these extensions will take place. Payments are made monthly and as of the end of 2021 were \$3,075/month. The contract includes an automatic increase of 3.0% each year in November.

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

**Broadway South Portland – AIM:** The District leases the land on top a transmission water main to AIM Broadway LLC which constructed a parking lot. The original lease started in 1998 and was later extended until the end of 2038. The current annual rent is \$2,196 and have 10.0% increases in 2023, 2028 and 2033.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2021

## NOTE 3 - DETAILED NOTES ON ALL FUNDS – CONTINUED

## Leases – District as Lessor - Continued

**Broadway South Portland – Pape Subaru:** The District leases the land on top of a transmission water main to FWP Realty Company (Pape Subaru) which constructed a driveway and utility crossing. The lease was initiated in 2002 with a 20 year term expiring in 2022. The current annual rent is \$1,997.

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

<u>Water Fund</u>	<u>Lease Revenue</u>	<u>Interest Income</u>	<u>Total Income</u>	<u>Lease Receivable</u>	<u>Deferred Inflow</u>
Shore Acres Tank - AT&T	\$37,690	\$14,874	\$52,564	\$707,012	\$673,705
Shore Acres Tank - Verizon	37,690	14,874	52,564	707,012	673,705
Broadway So Portland - AIM	2,198	740	2,938	35,519	34,259
Broadway So Portland - Pape	1,980	22	2,002	-	-
Main St. Gorham - Madison VWB	<u>2,379</u>	<u>29</u>	<u>2,408</u>	<u>21,395</u>	<u>21,408</u>
	<u>\$81,937</u>	<u>\$30,539</u>	<u>\$112,476</u>	<u>\$1,470,938</u>	<u>\$1,403,077</u>

## Long-Term Debt - Bonds

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

General Revenue bonds:

<u>Dec 31, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2021</u>	<u>Current</u>	<u>Non-Current</u>
<u>\$ 92,024,464</u>	<u>\$11,425,000</u>	<u>\$ (8,597,513)</u>	<u>\$ 94,851,951</u>	<u>\$ 8,999,598</u>	<u>\$ 85,852,353</u>

## NOTES TO FINANCIAL STATEMENTS

December 31, 2021

### NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

#### Long-Term Debt - Bonds - Continued

Long-term debt outstanding as of December 31, 2021, consisted of the following general revenue bonds:

#### Water Fund:

Issue Date	Original Amount	Maturities Through	Interest Rate Range	Amount	Current	Non-Current
Oct-05	\$ 900,000	2025	3.0% to 5.0%	\$ 180,000		
Oct-06	\$ 1,500,000	2026	3.0% to 5.0%	\$ 375,000		
Oct-08	\$ 1,500,000	2028	2.1% to 5.6%	\$ 525,000		
Apr-09	\$ 1,598,500	2029	1.050%	\$ 559,475		
May-09	\$ 4,519,800	2029	2.1% to 5.6%	\$ 1,807,920		
May-09	\$ 180,200	2029	2.1% to 5.6%	\$ 72,080		
Aug-09	\$ 2,991,066	2029	0.0%	\$ 1,196,426		
Aug-09	\$ 163,953	2029	0.0%	\$ 65,581		
May-10	\$ 400,000	2030	2.1% to 5.7%	\$ 225,000		
Nov-10	\$ 902,500	2030	1.0%	\$ 406,125		
Oct-11	\$ 2,300,000	2031	0.5% to 5.5%	\$ 1,150,000		
May-12	\$ 1,130,000	2032	1.0%	\$ 621,500		
Oct-12	\$ 2,000,000	2032	1.5% to 3.7%	\$ 1,100,000		
May-13	\$ 2,850,000	2033	1.0%	\$ 1,650,000		
May-13	\$ 1,428,000	2033	0.6% to 3.7%	\$ 856,800		
Nov-13	\$ 8,000,000	2033	2.0% to 4.3%	\$ 5,200,000		
Nov-13	\$ 1,072,000	2033	1.1%	\$ 643,200		
Jun-14	\$ 2,541,000	2034	2.7%	\$ 1,630,000		
Jun-14	\$ 2,000,000	2024	2.7%	\$ 600,000		
May-15	\$ 459,000	2035	0.2%	\$ 299,913		
Jun-15	\$ 2,000,000	2025	3.0%	\$ 800,000		
Jun-15	\$ 3,230,000	2035	3.0%	\$ 2,240,000		
Jun-15	\$ 500,000	2035	3.0%	\$ 350,000		
Dec-15	\$ 270,000	2035	1.0%	\$ 189,000		
Jun-16	\$ 385,000	2036	3.0% to 4.0%	\$ 285,000		
Jun-16	\$ 1,830,000	2026	3.0% to 4.0%	\$ 905,000		
Jun-16	\$ 1,830,000	2036	3.0% to 4.0%	\$ 1,355,000		
Jun-16	\$ 1,734,250	2036	3.0% to 4.0%	\$ 953,750		
Jun-16	\$ 185,813	2036	3.0% to 4.0%	\$ 102,188		
Jun-16	\$ 3,034,938	2036	3.0% to 4.0%	\$ 1,669,063		
Sep-16	\$ 1,158,979	2036	1.0%	\$ 890,486		
Sep-16	\$ 566,362	2036	1.0%	\$ 435,157		
Jul-17	\$ 3,725,000	2037	3.0% to 5.0%	\$ 2,975,000		
Jul-17	\$ 1,875,000	2027	3.0% to 5.0%	\$ 1,125,000		
Mar-18	\$ 1,900,000	2038	1.0%	\$ 1,595,792		
Aug-18	\$ 1,000,000	2038	5.00%	\$ 700,000		
Aug-18	\$ 900,000	2038	3.0% to 5.0%	\$ 765,000		
Aug-18	\$ 2,000,000	2028	5.00%	\$ 1,400,000		
Nov-18	\$ 3,000,000	2038	1.0%	\$ 2,550,000		
Aug-19	\$ 4,500,000	2039	3% to 5%	\$ 4,050,000		
Aug-19	\$ 2,000,000	2029	2% to 5%	\$ 1,600,000		
Jan-20	\$ 295,000	2030	1.0%	\$ 236,000		
Jul-20	\$ 1,745,000	2040	2% to 5%	\$ 1,658,000		
Jul-20	\$ 1,830,000	2030	5.00%	\$ 1,647,000		
Nov-20	\$ 220,000	2040	1.0%	\$ 209,000		
Jul-21	\$ 3,479,157	2041	2% to 5%	\$ 3,479,157		
Jul-21	\$ 1,743,308	2031	5.00%	\$ 1,743,308		
Jul-21	\$ 1,152,535	2041	2% to 5%	\$ 1,152,535		
Dec-21	\$ 2,100,000	2041	1.0%	\$ 2,100,000		
Dec-21	\$ 480,000	2041	1.0%	\$ 480,000		
				<u>\$ 58,804,455</u>	<u>\$ 5,587,257</u>	<u>\$ 53,217,198</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Long-Term Debt - Bonds – Continued

**Cape Elizabeth Wastewater Fund:**

Issue Date	Original Amount	Maturities Through	Interest Rate Range	Amount	Current	Non-Current
Oct-08	\$ 95,000	2028	2.1% to 5.6%	\$ 33,250		
Dec-11	\$ 2,430,000	2031	1.0%	\$ 1,215,000		
Oct-12	\$ 160,000	2032	1.48% to 3.7%	\$ 88,000		
May-15	\$ 240,000	2035	0.4% to 3.9%	\$ 168,000		
May-17	\$ 315,000	2037	1.3% to 3.9%	\$ 252,000		
Nov-17	\$ 72,000	2037	1.4% to 4.1%	\$ 57,600		
Jun-19	\$ 875,000	2039	1.0%	\$ 787,500		
May-20	\$ 130,000	2040	1.0%	\$ 117,000		
Feb-21	\$ 850,000	2041	1.0%	\$ 850,000		
Jul-21	\$ 388,000	2041	1.0%	\$ 388,000		
				<u>\$ 3,956,350</u>	<u>\$ 277,750</u>	<u>\$ 3,678,600</u>

**Cumberland Wastewater Fund:**

Issue Date	Original Amount	Maturities Through	Interest Rate Range	Amount	Current	Non-Current
Dec-06	\$ 125,000	2026	1.4%	\$ 31,250	\$ 6,250	\$ 25,000

**Falmouth Wastewater Fund:**

Issue Date	Original Amount	Maturities Through	Interest Rate Range	Amount	Current	Non-Current
May-16	\$ 4,000,000	2036	1.0%	\$ 3,000,000		
Mar-17	\$ 760,000	2037	1.0%	\$ 608,000		
				<u>\$ 3,608,000</u>	<u>\$ 238,000</u>	<u>\$ 3,370,000</u>

**Gorham Wastewater Fund:**

Issue Date	Original Amount	Maturities Through	Interest Rate Range	Amount	Current	Non-Current
Apr-03	\$ 78,120	2023	1.8%	\$ 3,676		
Nov-03	\$ 73,185	2023	2.1%	\$ 7,189		
Dec-05	\$ 252,000	2025	1.6%	\$ 50,400		
May-08	\$ 50,400	2028	2.0% to 5.5%	\$ 17,640		
Oct-08	\$ 474,672	2028	2.1% to 5.6%	\$ 189,869		
Jan-09	\$ 4,258,208	2029	1.4%	\$ 1,505,427		
Feb-09	\$ 253,475	2029	1.0%	\$ 88,716		
May-09	\$ 233,954	2029	2.1% to 5.6%	\$ 93,582		
Nov-10	\$ 52,360	2030	1.0%	\$ 23,562		
Mar-18	\$ 308,000	2038	1.00%	\$ 261,800		
Nov-21	\$ 53,900	2041	2.27%	\$ 53,900		
				<u>\$ 2,295,760</u>	<u>\$ 306,284</u>	<u>\$ 1,989,476</u>

## NOTES TO FINANCIAL STATEMENTS

December 31, 2021

## NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

## Long-Term Debt - Bonds - Continued

**Portland Wastewater Fund:**

<u>Issue Date</u>	<u>Original Amount</u>	<u>Maturities Through</u>	<u>Interest Rate Range</u>	<u>Amount</u>	<u>Current</u>	<u>Non-Current</u>
Apr-03	\$ 5,200,000	2023	1.88%	\$ 244,663		
Nov-03	\$ 1,230,000	2023	2.11%	\$ 118,525		
Nov-03	\$ 2,000,000	2023	2.11%	\$ 198,721		
Dec-04	\$ 375,000	2024	1.3%	\$ 56,250		
Dec-04	\$ 1,740,000	2024	1.3%	\$ 261,000		
Dec-05	\$ 1,900,000	2025	1.6%	\$ 380,000		
Apr-09	\$ 5,700,000	2029	1.5%	\$ 1,966,958		
Nov-10	\$ 752,200	2030	1.0%	\$ 338,490		
Oct-11	\$ 400,000	2031	0.5% to 5.5%	\$ 200,000		
Nov-13	\$ 3,000,000	2033	3.0% to 4.0%	\$ 1,800,000		
Dec-15	\$ 2,000,000	2035	1.0%	\$ 1,400,000		
Jul-16	\$ 7,000,000	2036	1.0%	\$ 5,250,000		
Jul-16	\$ 1,200,000	2036	1.0%	\$ 900,000		
May-17	\$ 1,900,000	2037	1.0%	\$ 1,496,055		
May-18	\$ 500,000	2038	1.92% to 4.042%	\$ 425,000		
Jul-20	\$ 940,000	2040	2.00%	\$ 891,000		
Jul-20	\$ 410,000	2040	2.00%	\$ 389,000		
Dec-20	\$ 3,150,000	2040	1.00%	\$ 2,992,500		
Jul-21	\$ 422,000	2041	1.00%	\$ 422,000		
				<u>\$ 19,730,162</u>	<u>\$ 1,976,650</u>	<u>\$ 17,753,512</u>

**Westbrook Wastewater Fund:**

<u>Issue Date</u>	<u>Original Amount</u>	<u>Maturities Through</u>	<u>Interest Rate Range</u>	<u>Amount</u>	<u>Current</u>	<u>Non-Current</u>
Apr-03	\$ 284,208	2023	1.8%	\$ 13,372		
Nov-03	\$ 266,254	2023	2.1%	\$ 26,153		
Dec-05	\$ 1,316,800	2025	1.6%	\$ 263,360		
May-08	\$ 183,360	2028	2.0% to 5.5%	\$ 64,176		
Oct-08	\$ 2,384,641	2028	2.1% to 5.6%	\$ 953,856		
Feb-09	\$ 974,925	2029	1.0%	\$ 341,224		
Nov-10	\$ 113,220	2030	1.0%	\$ 50,949		
Dec-15	\$ 1,000,000	2035	1.0%	\$ 700,000		
Mar-18	\$ 666,000	2038	1.00%	\$ 566,100		
Sep-18	\$ 2,200,000	2038	1.00%	\$ 1,980,000		
Nov-21	\$ 116,550	2041	2.27%	\$ 116,550		
				<u>\$ 5,075,740</u>	<u>\$ 474,279</u>	<u>\$ 4,601,461</u>

**Windham Wastewater Fund:**

<u>Issue Date</u>	<u>Original Amount</u>	<u>Maturities Through</u>	<u>Interest Rate Range</u>	<u>Amount</u>	<u>Current</u>	<u>Non-Current</u>
Apr-03	\$ 9,672	2023	1.8%	\$ 455		
Nov-03	\$ 9,061	2023	2.1%	\$ 890		
Dec-05	\$ 31,200	2025	1.6%	\$ 6,240		
May-08	\$ 6,240	2028	2.0% to 5.5%	\$ 2,184		
Oct-08	\$ 40,687	2028	2.1% to 5.6%	\$ 16,275		
Jan-09	\$ 1,681,792	2029	1.4%	\$ 594,573		
Feb-09	\$ 21,600	2029	1.0%	\$ 7,560		
May-09	\$ 196,046	2029	2.1% to 5.6%	\$ 78,418		
Nov-10	\$ 4,420	2030	1.0%	\$ 1,989		
Mar-18	\$ 26,000	2038	1.00%	\$ 22,100		
Nov-21	\$ 615,000	2041	2.27%	\$ 615,000		
Nov-21	\$ 4,550	2041	2.27%	\$ 4,550		
				<u>\$ 1,350,234</u>	<u>\$ 133,128</u>	<u>\$ 1,217,106</u>

**Total Long-Term Debt**

<u><u>\$ 94,851,951</u></u>	<u><u>\$ 8,999,598</u></u>	<u><u>\$ 85,852,353</u></u>
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## NOTES TO FINANCIAL STATEMENTS

**December 31, 2021**

### NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

#### Long-Term Debt -Bonds - Continued

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

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

#### Green Bonds

On July 29, 2021, the District issued bonds in the amount of \$6.375 million for the purpose of improvements to water mains and other related infrastructure. Water main projects are environmentally beneficial because they are designed to ensure safe drinking water for the public in accordance with State, Federal and local standards. The same is true in regards to sewer infrastructure upgrades in that efforts are designed to address water quality standards related to the sewer system and its surroundings. The District's Board of Trustees designated all of these bonds as "Green Bonds." By taking this action, purchasers of the Bonds can invest directly in environmentally beneficial projects. The holders of the bonds do not assume any specific project risk or economic benefit related to any of the funded projects as the result of the Green Bonds designation.

As of December 31, 2021, the District still had spent \$5.13 million of the original bond principal on qualifying projects leaving \$1.25 million in unspent bond proceeds from the 2021 Green Bond issuance.

Additionally, there were \$16,940 remaining from a 2020 Green Bond issued in the amount of \$1.35 million in the Portland Wastewater fund. Those funds will be used on final project costs in early 2022.

#### Deferred Outflow - Bond Refunding

During 2016, the District refunded \$5,160,000 in bonds in the Water Fund and incurred a \$247,093 loss. The loss was recorded as Deferred Outflow and as of December 31, 2021 had a balance of \$51,100. The remaining balance will be amortized for the remaining life of the original bonds:

<b>Years Ending, December 31,</b>	<b>Beginning Balance</b>	<b>Reduction</b>	<b>Ending Balance</b>
2022	51,100	(20,000)	31,100
2023	31,100	(15,100)	16,000
2024	16,000	(10,100)	5,900
2025	5,900	(5,400)	500
2026	500	(500)	-
		<u>\$ (51,100)</u>	

# NOTES TO FINANCIAL STATEMENTS

December 31, 2021

## NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

### Long-Term Debt

Principal Payments Due: -----WASTEWATER SYSTEMS-----									
	Cape								
	Water	Elizabeth	Cumberland	Falmouth	Gorham	Portland	Westbrook	Windham	Total
2022	\$ 5,587,257	\$ 277,750	\$ 6,250	\$ 238,000	\$ 306,284	\$ 1,976,650	\$ 474,279	\$ 133,128	\$ 8,999,598
2023	5,583,112	277,750	6,250	238,000	302,578	1,730,641	460,796	132,669	8,731,796
2024	5,598,980	277,750	6,250	238,000	298,999	1,572,691	447,775	132,226	8,572,671
2025	5,374,852	277,750	6,250	238,000	298,999	1,466,941	447,775	132,226	8,242,793
2026	5,140,738	277,750	6,250	238,000	286,399	1,371,941	381,935	130,666	7,833,679
2027-2031	18,177,826	1,374,500	0	1,190,000	667,750	5,974,113	1,491,808	370,444	29,246,441
2032-2036	9,812,954	713,500	0	1,190,000	90,475	4,591,685	945,640	161,390	17,505,644
2037-2041	3,528,736	479,600	0	38,000	44,276	1,045,500	425,732	157,485	5,719,329
	\$ 58,804,455	\$ 3,956,350	\$ 31,250	\$ 3,608,000	\$ 2,295,760	\$ 19,730,162	\$ 5,075,740	\$ 1,350,234	\$ 94,851,951

Interest Due: -----WASTEWATER SYSTEMS-----									
	Cape								
	Water	Elizabeth	Cumberland	Falmouth	Gorham	Portland	Westbrook	Windham	Total
2022	\$ 1,840,509	\$ 51,615	\$ 444	\$ 35,890	\$ 40,903	\$ 287,948	\$ 93,606	\$ 24,234	\$ 2,375,149
2023	1,601,113	53,856	355	33,510	35,510	261,479	82,609	22,525	2,090,957
2024	1,416,806	46,299	266	31,130	29,671	236,728	71,476	20,355	1,852,731
2025	1,229,833	42,705	178	28,750	24,153	213,225	60,823	18,334	1,618,001
2026	1,055,119	39,066	89	26,370	18,407	191,107	50,085	16,100	1,396,343
2027-2031	3,113,086	139,750	0	96,150	26,778	649,619	128,313	52,660	4,206,356
2032-2036	997,555	59,740	0	36,650	6,717	237,936	52,525	33,281	1,424,404
2037-2041	162,628	12,612	0	190	1,625	33,959	9,379	13,397	233,790
	\$ 11,416,649	\$ 445,643	\$ 1,332	\$ 288,640	\$ 183,764	\$ 2,112,001	\$ 548,816	\$ 200,886	\$ 15,197,731

Total Debt Service Due: -----WASTEWATER SYSTEMS-----									
	Cape								
	Water	Elizabeth	Cumberland	Falmouth	Gorham	Portland	Westbrook	Windham	Total
2022	\$ 7,427,766	\$ 329,365	\$ 6,694	\$ 273,890	\$ 347,187	\$ 2,264,598	\$ 567,885	\$ 157,362	\$ 11,374,747
2023	7,184,225	331,606	6,605	271,510	338,088	1,992,120	543,405	155,194	10,822,753
2024	7,015,786	324,049	6,516	269,130	328,670	1,809,419	519,251	152,581	10,425,402
2025	6,604,685	320,455	6,428	266,750	323,152	1,680,166	508,598	150,560	9,860,794
2026	6,195,857	316,816	6,339	264,370	304,806	1,563,048	432,020	146,766	9,230,022
2027-2031	21,290,912	1,514,250	-	1,286,150	694,528	6,623,732	1,620,121	423,104	33,452,797
2032-2036	10,810,509	773,240	-	1,226,650	97,192	4,829,621	998,165	194,671	18,930,048
2037-2041	3,691,364	492,212	-	38,190	45,901	1,079,459	435,111	170,882	5,953,119
	\$ 70,221,104	\$ 4,401,993	\$ 32,582	\$ 3,896,640	\$ 2,479,524	\$ 21,842,163	\$ 5,624,556	\$ 1,551,120	\$ 110,049,682

**NOTES TO FINANCIAL STATEMENTS****December 31, 2021****NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED****Notes Payable**

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

	<u>Dec 31, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2021</u>	<u>Current</u>	<u>Non-Current</u>
<b>Windham Wastewater Fund:</b>						
2008 Note	<u>\$ 105,920</u>	<u>\$ -</u>	<u>\$ (13,240)</u>	<u>\$ 92,680</u>	<u>\$ 13,240</u>	<u>\$ 79,440</u>

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

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	13,240	4,073	17,313
2023	13,240	3,491	16,731
2024	13,240	2,909	16,149
2025	13,240	2,328	15,568
2026	13,240	1,746	14,986
2027-2028	26,480	1,745	28,225
	<u>\$ 92,680</u>	<u>\$16,292</u>	<u>\$108,972</u>

**Compensated Absences**

Sick Time: District employees can be paid out up to 400 hours of sick time upon retirement. The actuary hired by the District determined the value of that liability. The current portion of that liability is equal to the liability of the employees who would be eligible to retire through the end of the next year.

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

	<u>Dec 31, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2021</u>	<u>Current</u>	<u>Non-Current</u>
Sick	<u>\$ 921,396</u>	<u>\$ 37,854</u>	<u>\$ (58,818)</u>	<u>\$ 900,432</u>	<u>\$ 269,997</u>	<u>\$ 630,435</u>
Vacation	<u>881,503</u>	<u>833,265</u>	<u>(799,335)</u>	<u>915,433</u>	<u>664,634</u>	<u>250,799</u>
	<u>\$ 1,802,899</u>	<u>\$ 871,119</u>	<u>\$ (858,153)</u>	<u>\$ 1,815,865</u>	<u>\$ 934,631</u>	<u>\$ 881,234</u>

**NOTE 4 - OTHER INFORMATION****Risk Management**

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

**NOTES TO FINANCIAL STATEMENTS****December 31, 2021****NOTE 4 - OTHER INFORMATION - CONTINUED****Commitments and Contingencies**

At December 31, 2021, the District was committed on signed, but incomplete, construction and other contracts with a remaining balance of \$14,127,252, which is broken down by funds, as follows:

Water Fund	\$2,425,145
Cape Elizabeth Wastewater	553,747
Gorham Wastewater	1,936,314
Portland Wastewater	4,059,878
Westbrook Wastewater	4,289,709
Windham Wastewater	862,459

**Bond Commitments:**

As of December 31, 2021, the District's Board of Trustees approved resolutions for the issuance of the following bonds that have yet to be issued as of the date of this report:

<u>Resolution</u>	<u>Fund</u>	<u>Project</u>	<u>Principal</u>	<u>Full Debt Service</u>
18-002	Water/Portland WW	Asset/Billing Computer System	\$3,600,000	\$3,819,854
18-007	Water Fund	Wards Hill Water Tank	3,000,000	3,691,536
19-009/21-001	Gorham WW	Aeration - Regional Treatment Plant	3,696,000	4,547,972
19-009/21-001	Westbrook WW	Aeration - Regional Treatment Plant	7,992,000	9,834,251
19-009/21-001	Windham WW	Aeration - Regional Treatment Plant	312,000	383,919
21-006	Water Fund	Watershed Protection	785,000	965,712
21-009	Cape Elizabeth WW	Maiden Cover Pump Station	650,000	799,634
21-012	Portland WW	HVAC System	575,000	707,368
21-013	Windham WW	North Windham Treatment	11,000,000	15,636,067
			<u>\$ 31,610,000</u>	<u>\$ 40,386,313</u>

**Cumberland Wastewater - Commitments and Contingencies:**

The Town of Falmouth provides wastewater treatment services to the Cumberland Wastewater fund. In 2007, the Town issued a 20-year bond to finance an upgrade at their treatment plant. The District agreed the Cumberland fund would pay 30% of the debt service payments. As of December 31, 2021, the total remaining debt payments to be paid by the Cumberland fund were \$682,170.

The Falmouth Wastewater fund has issued two bonds, \$4.0 million in 2016 and \$0.76 million in 2017, for the replacement/upgrade of the Mill Creek wastewater pump station and force main. The Cumberland Wastewater fund agreed to pay 43.7% of the debt service payments. As of December 31, 2021, the total remaining debt payments for the Cumberland fund through 2037 were \$1,787,973.

## NOTES TO FINANCIAL STATEMENTS

**December 31, 2021**

### NOTE 4 - OTHER INFORMATION - CONTINUED

#### **Commitments and Contingencies - Continued**

##### **Wastewater Funds - Commitments and Contingencies:**

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

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

The City of Westbrook and the District submitted an updated plan in December 2014 for the next 5 years. The City of Westbrook has completed its projects and is on schedule to meet the requirements of the current plan. The 5-year plan is currently being developed with the help of an engineering consultant and following updated flow monitoring, the draft Long Term Control Plan update will be submitted to DEP for their approval by the end of 2022.

The Town of Cape Elizabeth, the City of South Portland and the District submitted a draft plan for the Ottawa Road CSO in 2011. Because the combined sewer overflow is impacted by flow from the City of South Portland, the City of South Portland is also a party to the agreement. The 5-year plan was expected to cost \$2,362,000, with the bulk of that cost being the responsibility of the Town of Cape Elizabeth and City of South Portland. Both the Town and City have completed projects to remove extraneous flow from the system. The flow reductions from these projects will be quantified and the District has upgraded the station pumps to increase the capacity of the station. The flow from the area will be monitored to assess the benefits of this work.

In 2006, the District entered into a biosolids management agreement with New England Organics (now Casella Organics). Casella agreed to provide for the transportation and processing of wastewater treatment plant residual called biosolids. In December 2020 the parties signed an amendment for additional five year period through the end of 2025. It is estimated that payments of approximately \$2,333,500 will be made to Casella in 2022.

##### **All Funds - Commitments and Contingencies:**

The District purchases its electricity from Constellation Energy through an energy aggregation group – Maine Power Option. Energy contracts for small, medium and large accounts have been signed through the end of 2024. The estimated cost of electricity in 2022 is \$1,020,505.

On January 30, 2020, the District's Board of Trustees authorized entering into a 20-year contract to purchase net energy billing credits and renewable energy certificates (REC) generated from solar and hydro power electricity producers. The District signed a contract for obligating it to annually pay \$1,011,400 to electricity producers for 10,790,000 kilowatts. The payment is offset by energy billing credits on our electricity bills and sale of the REC. Given the current billing credit rates and REC value, the District would generate \$1,456,700, resulting in a net savings of \$445,300. The billing credit rates are established annually by the Maine Public Utilities. Most of the projects have not been completed as of the end of 2021 so the full cost and benefits have not been realized.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2021

## NOTE 4 - OTHER INFORMATION - CONTINUED

## Trustee Held Funds

The District participates in the State of Maine's revolving loan fund program. The program administrator retains the bond proceeds until the District expends the funds and requests reimbursement. During 2021, the District issued bonds through this program in the Water, Cape Elizabeth and Portland funds.

	<u>Dec. 31, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec. 31, 2021</u>
Water Fund	\$ 2,777	\$ 2,600,000	\$ (2,777)	\$ 2,600,000
Cape Elizabeth Wastewater	8,182	1,238,000	(1,238,311)	7,871
Portland Wastewater	160,297	422,000	(574,173)	8,124
Total	<u>\$ 171,256</u>	<u>\$ 4,260,000</u>	<u>\$ (1,815,261)</u>	<u>\$ 2,615,995</u>

## Net Position

Net position invested in capital assets in each fund is net of related debt plus unspent bond proceeds of \$1,529,299:

Water Fund	\$1,254,269
Gorham Wastewater	18,309
Portland Wastewater	16,940
Westbrook Wastewater	39,591
Windham Wastewater	200,190

## Pension Plans

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

	<u>As of January 1, 2021</u>		<u>As of January 1, 2022</u>	
	<u>Bargaining</u>	<u>Non-Bargaining</u>	<u>Bargaining</u>	<u>Non-Bargaining</u>
	<u>Unit</u>	<u>Unit</u>	<u>Unit</u>	<u>Unit</u>
Active employees included in plan	50	24	43	23
Retired employees and beneficiaries	94	44	105	43
Terminated employees with vested rights	<u>39</u>	<u>12</u>	<u>27</u>	<u>11</u>
	<u>183</u>	<u>80</u>	<u>175</u>	<u>77</u>

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

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

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

## NOTES TO FINANCIAL STATEMENTS

December 31, 2021

## NOTE 4 - OTHER INFORMATION - CONTINUED

## Pension Plans - Continued

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

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

Bargaining Unit Participants: Effective November 2, 2020, the monthly pension benefit is computed based on a \$38.25 (previously \$37.75) rate for pay grades A through E and a \$39.25 (previously \$38.75) rate for employees in pay grades F through L. Those dollars are multiplied by the number of creditable years of continuous service with Portland Water District, to a maximum of forty-five years. The maximum monthly benefit is \$1,721.25 (previously \$1,698.75) for employees in pay grades A through E and \$1,766.25 (previously \$1,743.75) for employees in pay grades F through L.

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

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

Administrative Expenses: All administrative expenses are paid by the District and allocated to the individual funds. Such expenses were \$194,575 for the year ended December 31, 2021.

Funding Policy: The District's policy is to contribute at least the actuarially determined contribution to the plans or \$1,000,000, whichever is higher. No employee contributions are required by the plans. The District's Board authorizes the specific contribution annually. For the year ended December 31, 2021, a total contribution of \$1,424,313 was made with a contribution of \$816,192 and \$608,121 to the bargaining and non-bargaining units, respectively. The contributions represented 32.5% and 25.0% of the respective plan's covered compensation.

Net Pension Liability: The liability as of December 31, 2021 is based an actuarial valuation as of January 1, 2022 that was adjusted back to December 31, 2021. Balances as of December 31, 2021 are, as follows:

	<u>Bargaining Unit</u>	<u>Non-Bargaining Unit</u>	<u>Total</u>
Pension Liabilities	\$ 17,178,169	\$ 14,699,115	\$ 31,877,284
Net Fiduciary Position (Pension Assets)	16,973,895	14,804,417	31,778,312
Net Pension Liability	204,274	(105,302)	98,972
Deferred Outflows of resources related to Pension	(572,882)	(267,043)	(839,925)
Deferred Inflows of resources related to Pension	1,517,151	1,350,963	2,868,114
Net Carrying Amount on Statement of Net Position	<u>\$ 1,148,543</u>	<u>\$ 978,618</u>	<u>\$ 2,127,161</u>
Pension Expense	<u>\$ (521,224)</u>	<u>\$ 127,641</u>	<u>\$ (393,583)</u>

## NOTES TO FINANCIAL STATEMENTS

December 31, 2021

## NOTE 4 - OTHER INFORMATION - CONTINUED

## Pension Plans - Continued

Changes in the Net Pension Liability: The changes in each of the pension plans for the year ending December 31, 2021 are listed below:

Bargaining Unit	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
<b>Balance at 12/31/2020</b>	<u>\$ 15,547,237</u>	<u>\$ 15,274,495</u>	<u>\$ 272,742</u>
Service cost	128,489		128,489
Interest	913,919		913,919
Difference between expected and actual experience	118,140		118,140
Change in assumptions	1,378,752		1,378,752
Benefit payments	(908,368)		(908,368)
Contribution - employer		816,192	(816,192)
Net investment income		1,885,683	(1,885,683)
Fees/Other Expenses		(94,107)	94,107
Benefit payments		(908,368)	908,368
Net Change	<u>1,630,932</u>	<u>1,699,400</u>	<u>(68,468)</u>
<b>Balance at 12/31/2021</b>	<u><b>\$ 17,178,169</b></u>	<u><b>\$ 16,973,895</b></u>	<u><b>\$ 204,274</b></u>

Plan fiduciary net position as a percentage of total pension liability

99%

Non-Bargaining Unit	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
<b>Balance at 12/31/2020</b>	<u>\$ 13,807,251</u>	<u>\$ 13,318,435</u>	<u>\$ 488,816</u>
Service cost	212,607		212,607
Interest	818,185		818,185
Difference between expected and actual experience	315,451		315,451
Change in assumptions	230,871		230,871
Benefit payments	(685,250)		(685,250)
Contribution - employer		608,121	(608,121)
Net investment income		1,645,481	(1,645,481)
Fees/Other Expenses		(82,370)	82,370
Benefit payments		(685,250)	685,250
Net Change	<u>891,864</u>	<u>1,485,982</u>	<u>(594,118)</u>
<b>Balance at 12/31/2021</b>	<u><b>\$ 14,699,115</b></u>	<u><b>\$ 14,804,417</b></u>	<u><b>\$ (105,302)</b></u>

Plan fiduciary net position as a percentage of total pension liability

101%

## NOTES TO FINANCIAL STATEMENTS

December 31, 2021

## NOTE 4 - OTHER INFORMATION - CONTINUED

## Pension Plans - Continued

Additional information from the January 1, 2022 actuarial valuation is listed below. The valuation was updated and rolled back to the December 31, 2021 measurement date.

	<b><u>Bargaining Unit</u></b>	<b><u>Non-Bargaining Unit</u></b>
Valuation date	January 1, 2022	January 1, 2022
Measurement date	December 31, 2021	December 31, 2021
Actuarial cost method	Entry Age	Entry Age
Amortization method- investment	5-Year Period	5-Year Period
Amortization method- liability	Expected Future Service	Expected Future Service
Amortization method-assumption	Expected Future Service	Expected Future Service
Amortization method-benefit change	3 Year Period	3 Year Period
Asset valuation method	5-Year Smoothed Market	5-Year Smoothed Market
Actuarial assumptions:		
Investment rate of return	6.0%	6.0%
Projected salary increases	3.0%	3.0%
Inflation rate	1.5%	1.5%
COLA (post-retirement)	1.5%	1.5%
Retirement age	Graded by age based on past experience	Graded by age based on past experience
Mortality	Pri-2012 Blue Collar Dataset Employee Amount – Weighted Mortality with Scale MP-2021	RP-2012 Total Dataset Employee Amount – Weighted Mortality with Scale MP-2021

Long-Term Expected Rate of Return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<b><u>Asset Class</u></b>	<b><u>Target Allocation</u></b>	<b><u>Annual Return Estimate 7- &amp; 20- Year Horizon</u></b>
U.S. Equities Large	25%	4.30%/7.80%
U.S. Equities Small	15%	6.40%/7.55%
International Developed Market Equities	15%	4.60%/6.60%
International Emerging Market Equities	10%	7.80%/8.40%
Core Bonds	20%	1.10%/3.20%
High Yield Bonds	5%	1.20%/5.00%
REIT's	5%	6.00%/6.10%
Natural Resources	5%	5.60%/5.40%

## NOTES TO FINANCIAL STATEMENTS

December 31, 2021

## NOTE 4 - OTHER INFORMATION - CONTINUED

## Pension Plans - Continued

Discount Rate: The discount rate used to measure the total pension liability was 6.0%. The projection of cash flows used to determine the discount rate assumed the District contributions will be made at the rate equal to the actuarially determined contribution or \$1,000,000, whichever is higher. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the District, calculated using the discount rate of 6.0%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.0%) or 1-percentage-point higher (7.0%) than the current rate:

	<b>1% Decrease (5.0%)</b>	<b>Current Discount Rate (6.0%)</b>	<b>1% Increase (7.0%)</b>
Bargaining Unit Net Pension Liability	\$2,026,201	\$ 204,274	\$(1,346,381)
Non-Bargaining Unit Net Pension Liability	\$1,457,762	\$(105,302)	\$(1,440,862)

Pension Expense and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions: For the year ended December 31, 2021, the District recognized pension expense for the bargaining and non-bargaining unit of \$(521,224) and \$127,641, respectively. At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>			<b><u>Deferred Inflows of Resources</u></b>		
	<b>Bargaining</b>	<b>Non-Bargaining</b>	<b>Total</b>	<b>Bargaining</b>	<b>Non-Bargaining</b>	<b>Total</b>
Difference between Expected and Actual Expense	\$ 45,211	\$ 147,942	\$ 193,153	\$ -	\$ 4,015	\$ 4,015
Difference between Projected and Actual Returns	-	-	-	1,517,151	1,346,948	2,864,099
Impact of Assumption Changes	527,671	119,101	646,772	-	-	-
	<u>\$ 572,882</u>	<u>\$ 267,043</u>	<u>\$ 839,925</u>	<u>\$ 1,517,151</u>	<u>\$ 1,350,963</u>	<u>\$ 2,868,114</u>

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

Year Ending December 31:	<b>Bargaining Unit</b>	<b>Non-Bargaining Unit</b>
2022	\$ 251,620	\$ (21,679)
2023	(662,652)	(591,869)
2024	(362,244)	(319,939)
2025	(170,993)	(150,433)
	<u>\$ (944,269)</u>	<u>\$ (1,083,920)</u>

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2021**

**NOTE 4 - OTHER INFORMATION - CONTINUED**

**Pension Plans - Continued**

**Combining Statement of Fiduciary Net Position - Pension Trust Funds**

**December 31, 2021**

	<u><b>Bargaining</b></u>	<u><b>Non-Bargaining</b></u>	<u><b>Total</b></u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 328,118	\$ 284,114	\$ 612,232
Investments			
Equity mutual funds	\$ 10,009,150	\$ 8,565,168	\$ 18,574,318
Common stock	5,960,993	5,392,762	11,353,755
Fixed income - mutual funds	678,794	565,347	1,244,141
	<u>16,648,937</u>	<u>14,523,277</u>	<u>31,172,214</u>
Interest receivable	<u>(3,160)</u>	<u>(2,974)</u>	<u>(6,134)</u>
<b>Total Assets</b>	<u>\$ 16,973,895</u>	<u>\$ 14,804,417</u>	<u>\$ 31,778,312</u>
Restricted for pension benefits	<u>\$ 16,973,895</u>	<u>\$ 14,804,417</u>	<u>\$ 31,778,312</u>
<b>Total Net Position</b>	<u>\$ 16,973,895</u>	<u>\$ 14,804,417</u>	<u>\$ 31,778,312</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 4 - OTHER INFORMATION - CONTINUED

Pension Plans – Continued

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

Year Ended December 31, 2021

	<u>Bargaining</u>	<u>Non-Bargaining</u>	<u>Total</u>
<b>Additions:</b>			
Employer Contributions	\$ 816,192	\$ 608,121	\$ 1,424,313
<b>Investment Income</b>			
Interest and dividends	366,361	317,809	684,170
Net gain on sale of assets	1,071,669	958,627	2,030,296
Net appreciation of investments	447,653	369,045	816,698
<b>Net Investment Income</b>	<u>1,885,683</u>	<u>1,645,481</u>	<u>3,531,164</u>
<b>Total Additions</b>	2,701,875	2,253,602	4,955,477
<b>Deductions:</b>			
Benefits	(908,368)	(685,250)	(1,593,618)
Fees/Other Expenses	<u>(94,107)</u>	<u>(82,370)</u>	<u>(176,477)</u>
<b>Total Deductions</b>	<u>(1,002,475)</u>	<u>(767,620)</u>	<u>(1,770,095)</u>
<b>Change in Position</b>	1,699,400	1,485,982	3,185,382
<b>Net Position - Beginning of Year</b>	<u>15,274,495</u>	<u>13,318,435</u>	<u>28,592,930</u>
<b>Net Position - End of Year</b>	<u>\$ 16,973,895</u>	<u>\$ 14,804,417</u>	<u>\$ 31,778,312</u>

## NOTES TO FINANCIAL STATEMENTS

December 31, 2021

### NOTE 4 - OTHER INFORMATION - CONTINUED

#### Pension Plans - Continued

##### Deferred Compensation Plan

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

For Bargaining Unit employees hired as of December 31, 2010, and Non-Bargaining Unit employees hired as of December 31, 2011, the plan and their level of contribution is optional. During 2013, the District matched employee contributions at the rate of a dollar for dollar match to a limit of \$1,225 per year for Bargaining Unit employees and Non-Bargaining Unit employees.

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

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

#### Subsequent Events

On January 24, 2022, the District's Board of Trustees approved Order 22-001 which put in place a 3.7% water rate adjustment. The increase, effective March 1, 2022, is projected to increase water revenue by \$962,906.

On February 28, 2022 the District's Board of Trustees approved resolutions for the issuance of the following bonds that have yet to be issued:

<u>Resolution</u>	<u>Fund</u>	<u>Project</u>	<u>Full</u>	
			<u>Principal</u>	<u>Debt Service</u>
22-003	Water Fund	Water Mains & Related Infrastructure (20 Years)	\$ 5,800,000	\$ 7,135,186
22-003	Water Fund	Water Mains & Related Infrastructure (10 Years)	2,000,000	2,121,808
			<u>\$ 7,800,000</u>	<u>\$ 9,256,994</u>

**REQUIRED SUPPLEMENTARY INFORMATION****December 31, 2021****Schedules of Changes in the District's Net Pension Liability and Related Ratios - Bargaining Unit Pension Plan**

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Total Pension Liability</b>				
Service cost	\$ 160,841	\$ 153,079	\$ 143,565	\$ 128,489
Interest	966,881	984,696	976,184	913,919
Change in benefit terms	-	124,915	-	-
Difference between expected and actual experience	(138,333)	(273,426)	(954,383)	118,140
Changes in assumptions	-	275,750	290,329	1,378,752
Benefit payments	(699,644)	(745,100)	(818,174)	(908,368)
Net change in total pension liability	289,745	519,914	(362,479)	1,630,932
Net pension liability - beginning	15,100,057	15,389,802	15,909,716	15,547,237
Total pension liability - ending (a)	<u>\$ 15,389,802</u>	<u>\$ 15,909,716</u>	<u>\$ 15,547,237</u>	<u>\$ 17,178,169</u>
<b>Plan fiduciary net position</b>				
Contribution - employer	\$ 817,528	\$ 657,022	\$ 632,344	\$ 816,192
Net investment income	(889,719)	2,299,668	1,844,172	1,791,576
Benefit payments	(699,644)	(745,100)	(818,174)	(908,368)
Net change in plan fiduciary net position	(771,835)	2,211,590	1,658,342	1,699,400
Plan fiduciary of net position - beginning	12,176,397	11,404,562	13,616,152	15,274,495
Plan fiduciary of net position - ending (b)	<u>\$ 11,404,562</u>	<u>\$ 13,616,152</u>	<u>\$ 15,274,494</u>	<u>\$ 16,973,895</u>
Net pension liability - ending (a)-(b)	<u>\$ 3,985,240</u>	<u>\$ 2,293,564</u>	<u>\$ 272,743</u>	<u>\$ 204,274</u>
Plan fiduciary net position as a percentage of total pension liability	74%	86%	98%	99%
Covered payroll	\$ 3,367,434	\$ 3,365,672	\$ 2,968,576	\$ 2,514,595
District's net pension liability as a percentage of covered payroll	118%	68%	9%	8%
<b>Schedule of Investment Returns</b>				
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Annual money-weighted rate of return, net of investment return	(7.16%)	19.98%	12.81%	12.42%

## REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED

December 31, 2021

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

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

### Schedule of Investment Returns

	2014	2015	2016	2017
Annual money-weighted rate of return, net of investment return	4.27%	(0.97%)	8.38%	19.98%

Information is only available starting with the adoption of GASB 67 in 2014; additional year's information will be displayed as it becomes available.

## REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED

December 31, 2021

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

	2018	2019	2020	2021
<b>Total Pension Liability</b>				
Service cost	\$ 192,284	\$ 190,869	\$ 198,332	\$ 212,607
Interest	803,360	824,557	821,796	818,185
Change in benefit terms	-	-	-	-
Difference between expected and actual experience	43,588	185,820	(76,959)	315,451
Changes in assumptions	-	-	207,627	230,871
Benefit payments	(710,413)	(713,961)	(685,000)	(685,250)
Net change in total pension liability	328,819	487,285	465,796	891,864
Net pension liability - beginning	12,525,345	12,854,166	13,341,455	13,807,251
Total pension liability - ending (a)	<u>\$ 12,854,164</u>	<u>\$ 13,341,451</u>	<u>\$ 13,807,251</u>	<u>\$14,699,115</u>
<b>Plan fiduciary net position</b>				
Contribution - employer	\$ 596,920	\$ 455,752	\$ 488,318	\$ 608,121
Net investment income	(805,757)	2,049,544	1,624,656	1,563,111
Benefit payments	(710,413)	(713,961)	(685,000)	(685,250)
Net change in plan fiduciary net position	(919,250)	1,791,335	1,427,974	1,485,982
Plan fiduciary of net position - beginning	11,018,376	10,099,126	11,890,461	13,318,435
Plan fiduciary of net position - ending (b)	<u>\$ 10,099,126</u>	<u>\$ 11,890,461</u>	<u>\$ 13,318,435</u>	<u>\$14,804,417</u>
Net pension liability - ending (a)-(b)	<u>\$ 2,755,038</u>	<u>\$ 1,450,990</u>	<u>\$ 488,816</u>	<u>\$ (105,302)</u>
Plan fiduciary net position as a percentage of total pension liability	79%	89%	96%	101%
Covered payroll	\$ 2,094,659	\$ 2,165,844	\$ 2,268,241	\$ 2,427,926
District's net pension liability as a percentage of covered payroll	132%	67%	22%	-4%
<b>Schedule of Investment Returns</b>				
	2018	2019	2020	2021
Annual money-weighted rate of return, net of investment return	(7.26%)	20.37%	13.64%	12.43%

## REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED

December 31, 2021

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

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

Information is only available starting with the adoption of GASB 67 in 2014; additional year's information will be displayed as it becomes available.

## REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED

December 31, 2021

### Schedule of District's Contributions

The required supplementary information is intended to show information for ten years, and that additional years' information will be displayed as it becomes available. The actuarial determined rate was determined using the January 1, 2022 actuarial valuation report.

Additional information from the January 1, 2022 actuarial valuation follows:

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

	<b><u>Bargaining Unit</u></b>	<b><u>Non-Bargaining Unit</u></b>
Valuation date	January 1, 2022	January 1, 2022
Measurement date	December 31, 2021	December 31, 2021
Actuarial cost method	Entry Age	Entry Age
Amortization method - investment	5-Year Period	5-Year Period
Amortization method - liability	Expected Future Service	Expected Future Service
Amortization method - assumption	Expected Future Service	Expected Future Service
Amortization method - benefit change	3-Year Period	3-Year Period
Asset valuation method	5-Year Smoothed Market	5-Year Smoothed Market
Actuarial assumptions:		
Investment rate of return	6.0%	6.0%
Projected salary increases	3.0%	3.0%
Inflation rate	1.5%	1.5%
COLA (post-retirement)	1.5%	1.5%
Retirement age	Graded by age based on past experience	Graded by age based on past experience
Mortality	Pri-2012 Blue Collar Dataset Employee Amount – Weighted Mortality with Scale MP-2021	RP-2012 Total Dataset Employee Amount – Weighted Mortality with Scale MP-2021

**REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED**

**December 31, 2021**

**Schedule of Investment Returns**

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

	<b>Bargaining Unit</b>	<b>Non-Bargaining Unit</b>
2021	12.42%	12.43%
2020	12.81%	13.64%
2019	19.98%	20.37%
2018	(7.16%)	(7.26%)
2017	19.98%	19.85%
2016	8.38%	7.92%
2015	(0.97%)	(0.95%)
2014	4.27%	4.29%



**Single Audit Report**

**Year Ended December 31, 2021**

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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*

To the Board of Trustees  
Portland Water District  
Portland, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States 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 each major fund of Portland Water District (the District), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon, dated April 27, 2022.

**Report on Internal Control over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 that are required to be reported under *Government Auditing Standards*.

To the Board of Trustees  
Portland Water District

**Purpose of this Report**

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

*Wipfli LLP*

South Portland, Maine  
April 27, 2022

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Trustees  
Portland Water District  
Portland, Maine

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Portland Water District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended December 31, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

***Basis for Opinion on Each Major Federal Program.***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

To the Board of Trustees  
Portland Water District

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Wipfli LLP*

South Portland, Maine  
April 27, 2022

## Schedule of Expenditures of Federal Awards

Year Ended December 31, 2021

Federal Grantor/Pass-Through Grantor/Program Title or Cluster Title	Federal AL Number	Pass-through/ Grantor Number	Total Federal Expenditures	Amount Provided to Subrecipients
<b><u>U.S. Environmental Protection Agency</u></b>				
Passed through Maine Department of Health and Human Services Passed through Maine Municipal Bond Bank				
Capitalization Grants for Drinking Water State Revolving Funds	66.468	N/A	\$10,862	\$ -
<b><u>U.S. Department of Agriculture</u></b>				
Regional Conservation Partnership Program	10.932	N/A	<u>1,860,700</u>	<u>-</u>
<b>Total Expenditures of Federal Awards</b>			<u><b>\$1,871,562</b></u>	<u><b>\$ -</b></u>

## **Notes to Schedule of Expenditures of Federal Awards**

**Year Ended December 31, 2021**

### **NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Portland Water District under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Portland Water District, it is not intended to, and does not present the financial position, changes in financial position, or cash flow of Portland Water District.

### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- 1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- 2) Pass-through entity identifying numbers are presented where available.

### **NOTE 3 – INDIRECT COST RATE**

The District has not elected to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

## Schedule of Findings and Questioned Costs

Year Ended December 31, 2021

### SECTION I Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued:		Unmodified
Internal control over financial reporting:		
Material weakness(es) identified?	<u>          </u> Yes	<u>      √      </u> No
Significant deficiency(ies) identified	<u>          </u> Yes	<u>      √      </u> None reported
Noncompliance material to financial statements noted?	<u>          </u> Yes	<u>      √      </u> No

#### Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	<u>          </u> Yes	<u>      √      </u> No
Significant deficiency(ies) identified	<u>          </u> Yes	<u>      √      </u> None reported
Type of auditor's report issued on compliance for major programs:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?	<u>          </u> Yes	<u>      √      </u> No

Identification of major programs:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.932	Regional Conservation Partnership Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	<u>          </u> Yes <u>      √      </u> No

### SECTION II Financial Statement Findings

No matters reportable for the year ended December 31, 2021.

### SECTION III Federal Awards Findings

No matters reportable for the year ended December 31, 2021.



## **ADMINISTRATION AND FINANCE COMMITTEE/ AGENDA ITEM SUMMARY**

Agenda Item: 2  
Date of Meeting: May 9, 2022  
Subject: Portland Sewer Bond - \$5,490,000  
Presented By: David Kane, Director of Administration

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### **RECOMMENDATION**

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

RESOLVED, the issuance of up to \$5,490,000 of Portland Sewer Bonds is hereby authorized to finance upgrades to the electrical system at the East End Treatment Plant and Northeast Pump Station in Portland and other related infrastructure upgrades and improvements. The full form of the Resolution is attached hereto and incorporated as part of the minutes of this meeting.

### **BACKGROUND ANALYSIS**

At the February 22, 2021 Board meeting, a motion was approved authorizing a \$4.79M project budget to the electrical system at Portland's East End Wastewater treatment plant and Northeast Pump Station. The proposed upgrades will provide a new power distribution system with enhanced resiliency and monitoring through the District's SCADA system.

Two related projects – bisulfite building power feed and standby generator – were included in the SRF financing request and were approved by the DEP. The \$100,000 power feed project was approved as part of the 2022 CIP (project 21/3237). The \$600,000 standby generator was approved as part of the 2021 CIP (project 21/3236). Both projects were budgeted to be funded from the Renewal and Replacement fund. Since the projects have already been approved for SRF funding, the current interest rate is only 1% and the Renewal and Replacement fund has a planned 2022 deficit, it is recommended to approve the motion to issue a bond for up to \$5.49 million.

### **FISCAL REVIEW / FUNDING**

The first full year's debt service payment is estimated to be \$346,000. The estimated payment is \$44,000 higher than the amount that was incorporated into the Portland Wastewater fund's assessment forecast provided to the City.

### **LEGAL REVIEW**

Corporate Counsel has reviewed the proposed Resolution as to form.

### **CONCLUSION(S)**

Staff recommended the motion be approved.

**ATTACHMENT(S)**

- A. Full Form of Motion
- B. Amortization Schedule

**PORTLAND WATER DISTRICT  
RESOLUTION OF BOARD OF TRUSTEES  
AUTHORIZING SEWER BONDS IN THE AGGREGATE  
PRINCIPAL AMOUNT NOT TO EXCEED \$5,490,000**

**WHEREAS**, the Portland Water District (the “District”) intends to finance the Costs (as defined herein) upgrades to the electrical system at the East End Treatment Plant and Northeast Pump Station in Portland and other related infrastructure upgrades and improvements (the “Project”);

**WHEREAS**, the District desires to finance the Costs of such Project by issuing its sewer bonds in the maximum aggregate amount of \$5,490,000 and to borrow such money through the Maine Municipal Bond Bank’s Clean Water State Revolving Loan Fund program or its general resolution borrowing program or other qualified purchaser of the bonds or a combination thereof;

**NOW THEREFORE, BE IT HEREBY RESOLVED** by the Board of Trustees of the Portland Water District (the “Board”) Assembled, following a public hearing duly called, noticed and held under District Policy No. 6.50-15:

**THAT:** Pursuant to the District’s Charter, Chapter 84 of the Private and Special Laws of 1975 and all amendments thereof and acts additional thereto, and all other authority thereto enabling, there is hereby authorized and approved the issuance of the District’s sewer bonds (the “Bonds”), and notes in anticipation thereof, in the aggregate principal amount not to exceed \$5,490,000, the proceeds of which are appropriated for and shall be used to finance the Costs of the Project.

**THAT:** The Treasurer be and hereby is authorized and empowered, in the name of and on behalf of the District, to issue the Bonds and notes authorized hereby through a public offering (on a competitive or negotiated basis or a combination thereof) or through the Maine Municipal Bond Bank’s Clean Water State Revolving Loan Fund programs or its general resolution borrowing program or to another qualified purchaser of the Bonds or a combination thereof, all as the Treasurer shall determine to be appropriate in his sole discretion.

**THAT:** Each Bond or note authorized hereby shall be signed in the name of and on behalf of the District, by the Treasurer and the President of the District, and shall be sealed with the seal of the District, attested to by its Clerk.

**THAT:** The Treasurer be and hereby is authorized and empowered, in the name of and on behalf of the District, to establish, determine and approve the form, date(s), maturity(ies) (not to exceed 40 years from the date(s) of issuance), denomination(s), interest rate(s), place(s) of payment, and other details of the Bonds and notes authorized hereby, including the timing and provision for their sale and award, and to provide that any of such Bonds and notes may be made subject to call for redemption, with or without a premium, before the stated maturity date(s) of such Bonds or notes, such establishment, determination and approval to be conclusively evidenced by his execution thereof.

**THAT:** The Treasurer be and hereby is authorized and empowered, in the name of and on behalf of the District, to do or cause to be done all such acts and things, and to execute, deliver,

file, approve, and record all such financing documents, contracts, agreements, deeds, assignments, certificates, memoranda, abstracts, and other documents (collectively with any other agreements authorized herein, referred to as the “Bond Documents”) as may be necessary or advisable, with the advice of counsel for the District, to carry out the provisions of these resolutions in connection with the Project, the issuance, sale, and delivery by the District of the Bonds and the execution and delivery of the documents, including the entering into of loan agreements or interim loan agreements with the Bond Bank, should the Bonds and notes (or any portion thereof) be purchased by the Bond Bank, the entering into of investment agreements regarding the proceeds of the Bond and notes hereinabove authorized, and the waiving of the District’s sovereign or governmental immunity with respect to the enforceability of any of the forgoing.

**THAT:** If the Bonds or notes (or a portion thereof) are issued in a public offering, the Treasurer be and hereby is authorized and empowered, in the name of and on behalf of the District, to select the underwriter for such Bonds and notes and the Treasurer be and hereby is authorized and empowered to execute and deliver such contracts or agreements as may be necessary or appropriate in connection therewith.

**THAT:** If the Bonds or notes (or a portion thereof) are issued in a public offering, the Treasurer be and hereby is authorized and empowered, in the name of and on behalf of the District, to prepare, or cause to be prepared, a Preliminary Official Statement and an Official Statement for use in the offering and sale of such Bonds and notes, such Preliminary Official Statement and Official Statement to be in such form and contain such information as may be approved by the Treasurer, and that the use and distribution of the Preliminary Official Statement and the Official Statement in the name of and on behalf of the District in connection with offering such Bonds and notes for sale be and hereby is approved.

**THAT:** If the Bonds or notes (or any portion thereof) are issued to the Maine Municipal Bond Bank (the “Bond Bank”) pursuant to the State’s Clean Water Revolving Loan Fund program established under Title 30-A, §§5953-A and 6006-A, or its general borrowing program established under Title 30-A, §5953, the Treasurer and the President of the District be and hereby are authorized and empowered, in the name and on behalf of the District, to execute and deliver, under the seal of the District attested by its Clerk, one or more loan agreements between the District and the Bond Bank providing for loans from the Bond Bank to the District in an amount not to exceed such amount, said loan agreements to be in the usual and ordinary form utilized by the Bond Bank in connection with the Clean Water Revolving Loan Fund program or its general borrowing program, which is hereby approved, and to contain such other terms and provisions, not contrary to the general tenor hereof, as the Treasurer and the President of the District may approve, their approval to be conclusively evidenced by the execution thereof.

**THAT:** The Treasurer be and hereby is authorized and empowered, in the name of and on behalf of the District, to select the registrar, paying agent and transfer agent (the “Transfer Agent”) for the Bonds and notes hereinbefore authorized and to execute and deliver such contracts and agreements as may be necessary or appropriate to secure their services.

**THAT:** If the Bonds and notes (or any portion thereof) hereinbefore authorized are issued on a tax-exempt basis, the Treasurer be and hereby is authorized to covenant and certify in the name of and on behalf of the District that no part of the proceeds of the issue and sale of such Bonds and notes shall be used directly or indirectly (a) to acquire any securities or obligations, the acquisition of which would cause such Bonds or notes to be “arbitrage

bonds” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the “Code”), or (b) to cause such notes or Bonds to be “private activity bonds” within the meaning of Section 141 of the Code.

**THAT:** If the Bonds and notes (or any portion thereof) hereinbefore authorized are issued on a tax-exempt basis, the Treasurer be and hereby is authorized and empowered, in the name of and on behalf of the District, to designate such Bonds and notes as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Code, to the extent such designation is available and permissible under said Section 265(b)(3).

**THAT:** If the Bonds and notes (or any portion thereof) hereinbefore authorized are issued on a tax-exempt basis, the Treasurer be and hereby is authorized and empowered, in the name of and on behalf of the District, to covenant and agree, for the benefit of the holders of such Bonds or notes, that the District will file any required reports and take any other action that may be necessary to ensure that interest on the Bonds or notes will remain exempt from federal income taxation, and that the District will refrain from any action that would cause interest on such Bonds or notes to be subject to federal income taxation.

**THAT:** The term “Cost” or “Costs” as used herein and applied to the Project, or any portion thereof, includes, but is not limited to (1) the purchase price or acquisition cost of all or any portion of the Project; (2) the cost to design, construct, renovate, improve, furnish and equip the Project; (3) the cost of land, easements and other real property interests, landscaping and site preparation, all appurtenances and other fixtures, facilities, buildings and structures either on, above, or under the ground which are used or usable in connection with the Project; (4) the cost of feasibility studies, surveys, environmental studies and assessments, engineering, plans and specifications, legal and other professional services associated with the Projects; and (5) issuance costs, including premiums for insurance, capitalized interest and other fees and expenses relating to the financing transaction.

**THAT:** The investment earnings on the proceeds of the Bonds and notes hereinbefore authorized, if any, and the excess proceeds of such Bonds and notes (including premium), if any, be and hereby are appropriated for the following purposes, such proceeds to be held and applied in the order of priority determined by the Treasurer, for the following purposes:

1. To any Costs of the Project in excess of the principal amount of the Bonds or notes;
2. If issued on a tax-exempt basis, in accordance with applicable terms and provisions of the Arbitrage and the Use of Proceeds Certificate delivered in connection with the sale of the Bonds or notes;
3. To pay debt service on the Bonds; and
4. To the District’s general fund.

**THAT:** The District covenants to establish, maintain, apportion and collect fees, charges and assessments for sewer and wastewater services furnished by the District, to pay when due current expenses of operating and maintaining the sewer system and to pay when due principal, interest and premium, if any, of all outstanding sewer indebtedness, including any Bonds hereinabove authorized, created or assumed by the District to provide a waste water and sewage system or otherwise for sewer purposes.

**THAT:** If the Treasurer, President of the District or Clerk are for any reason unavailable to approve and execute the Bonds and notes hereinbefore authorized, or any of the Bond Documents to be delivered with respect thereto, the person or persons then acting in any such capacity, whether as an assistant or a deputy, on an acting or interim basis or otherwise, is authorized to act for such official with the same force and effect as if such person had himself or herself performed such act.

**THAT:** If any authorized representative of the District who has signed or sealed the Bonds and notes hereinbefore authorized shall cease to be such officer or official before the Bonds or notes so signed and sealed shall have been actually delivered by the District and / or authenticated, such Bonds or notes nevertheless may be issued, delivered and authenticated with the same force and effect as though the person or persons who signed or sealed such Bonds notes had not ceased to be such officer or official. also any such Bonds or notes may be signed and sealed in the name of and on behalf of the District by those persons who, at the actual date of the execution of such Bonds or notes, shall be the proper officers and officials of the District, although at the nominal date of such Bonds or notes any such person shall not have been such officer or official.

**THAT:** If the Bonds or notes authorized hereunder, or any portion of them, are issued through the Clean Water Revolving Loan Fund Program, the following resolutions required by Section C(4)(e) of the State of Maine Revolving Loan Fund Rules, Chapter 595, Department of Environmental Protection and the Bond Bank (the “SRF Regulations”), and governing any loan to be made to the District under the State Revolving Loan Fund Program be and hereby are adopted with respect to the said Bonds or notes issued through the Clean Water Revolving Loan Fund Program:

(1) that a Project Account shall be created for the Project which shall be separate from all other accounts of the District. If operating revenues are to be used to retire the debt, a sub-account will be established.

(2) that the Project Account shall be maintained in accordance with standards set forth by the Maine Municipal Bond Bank and in accordance with generally accepted government account standards.

(3) that a final accounting shall be made to the Bond Bank of the total cost of the Project upon completion of the Project performance certification as set out in Section G(3) of the SRF Regulations and the District acknowledges that the Bond Bank reserves the right at its sole discretion to be provided with a cost certification of the Project as built.

(4) that an annual audit of the District, prepared by a certified public accountant or licensed public accountant be provided to the Bond Bank for the term of the loan.

(5) that the District shall maintain insurance coverage on the Project in an amount adequate to protect the Bond Bank’s interest for the term of the loan with the Bond Bank named as loss payee.

(6) that the District will comply with any special conditions specified by the Department of Environmental Protection’s environmental determination until all financial obligations to the State have been discharged.

(7) that the District certify to the Bond Bank that it has secured all permits, licenses and approvals necessary and that it has a dedicated source of revenue for repayment.

(8) that the District establish a rate, charge or assessment schedule in order to pay principal and interest. Such rate change or schedule shall provide total operations and debt service coverage at a level at which the coverage for the Bond Bank is sufficient.

(9) that the District must demonstrate the ability to pay reasonably anticipated costs of operating and maintaining the financed Project.

(10) that the District abide by the SRF Regulations, as revised and amended and relevant State statutes of the State of Maine.

**THAT:** During the term any of the Bonds are outstanding, in order to obtain additional debt service savings, the Treasurer be and hereby is authorized and empowered, in the name of and on behalf of the District, to issue and deliver refunding bonds, on either a current or advance refunding basis, to refund some or all of the Bonds then outstanding, and to establish, determine and approve the form, date(s), maturity(ies) (not to exceed 40 years from the date of issuance of the original Bonds), denomination(s), interest rate(s), place(s) of payment, and other details of the Bonds and notes authorized hereby, including the timing and provision for their sale and award, and to provide that any of such refunding bonds may be made subject to call for redemption, with or without a premium, before the stated maturity date(s) of such refunding bonds, and all other details of such refunding bonds, including the form and manner of their sale and award, and to execute and deliver, all in the name of and on behalf of the District, such establishment, determination and approval to be conclusively evidenced by his execution thereof, and each refunding bond issued hereunder shall be signed by the Treasurer and the President of the District, and shall be sealed with the seal of the District, attested to by its Clerk.

# Appendix B

## ESTIMATE OF DEBT SERVICE

### Portland Sewer Electrical System Upgrade

PREPARED ON 05/02/2022

	DATE	PRINCIPAL	PRINCIPAL FORGIVENESS	RATE	INTEREST	MMBB FEE	DEP ADMIN FEE	TOTAL	ANNUAL DEBT SERVICE
TOTALS		5,490,000.00	-		576,450.00	90,996.80	212,325.80	6,369,772.60	6,369,772.60
1	05/01/2023				27,450.00	411.75	960.75	28,822.50	
2	11/01/2023	274,500.00		1.000%	27,450.00	4,529.25	10,568.25	317,047.50	345,870.00
3	05/01/2024				26,077.50	391.16	912.71	27,381.37	
4	11/01/2024	274,500.00		1.000%	26,077.50	4,508.66	10,520.21	315,606.37	342,987.74
5	05/01/2025				24,705.00	370.58	864.68	25,940.26	
6	11/01/2025	274,500.00		1.000%	24,705.00	4,488.08	10,472.18	314,165.26	340,105.52
7	05/01/2026				23,332.50	349.99	816.64	24,499.13	
8	11/01/2026	274,500.00		1.000%	23,332.50	4,467.49	10,424.14	312,724.13	337,223.26
9	05/01/2027				21,960.00	329.40	768.60	23,058.00	
10	11/01/2027	274,500.00		1.000%	21,960.00	4,446.90	10,376.10	311,283.00	334,341.00
11	05/01/2028				20,587.50	308.81	720.56	21,616.87	
12	11/01/2028	274,500.00		1.000%	20,587.50	4,426.31	10,328.06	309,841.87	331,458.74
13	05/01/2029				19,215.00	288.23	672.53	20,175.76	
14	11/01/2029	274,500.00		1.000%	19,215.00	4,405.73	10,280.03	308,400.76	328,576.52
15	05/01/2030				17,842.50	267.64	624.49	18,734.63	
16	11/01/2030	274,500.00		1.000%	17,842.50	4,385.14	10,231.99	306,959.63	325,694.26
17	05/01/2031				16,470.00	247.05	576.45	17,293.50	
18	11/01/2031	274,500.00		1.000%	16,470.00	4,364.55	10,183.95	305,518.50	322,812.00
19	05/01/2032				15,097.50	226.46	528.41	15,852.37	
20	11/01/2032	274,500.00		1.000%	15,097.50	4,343.96	10,135.91	304,077.37	319,929.74
21	05/01/2033				13,725.00	205.88	480.38	14,411.26	
22	11/01/2033	274,500.00		1.000%	13,725.00	4,323.38	10,087.88	302,636.26	317,047.52
23	05/01/2034				12,352.50	185.29	432.34	12,970.13	
24	11/01/2034	274,500.00		1.000%	12,352.50	4,302.79	10,039.84	301,195.13	314,165.26
25	05/01/2035				10,980.00	164.70	384.30	11,529.00	
26	11/01/2035	274,500.00		1.000%	10,980.00	4,282.20	9,991.80	299,754.00	311,283.00
27	05/01/2036				9,607.50	144.11	336.26	10,087.87	
28	11/01/2036	274,500.00		1.000%	9,607.50	4,261.61	9,943.76	298,312.87	308,400.74
29	05/01/2037				8,235.00	123.53	288.23	8,646.76	
30	11/01/2037	274,500.00		1.000%	8,235.00	4,241.03	9,895.73	296,871.76	305,518.52
31	05/01/2038				6,862.50	102.94	240.19	7,205.63	
32	11/01/2038	274,500.00		1.000%	6,862.50	4,220.44	9,847.69	295,430.63	302,636.26
33	05/01/2039				5,490.00	82.35	192.15	5,764.50	
34	11/01/2039	274,500.00		1.000%	5,490.00	4,199.85	9,799.65	293,989.50	299,754.00
35	05/01/2040				4,117.50	61.76	144.11	4,323.37	
36	11/01/2040	274,500.00		1.000%	4,117.50	4,179.26	9,751.61	292,548.37	296,871.74
37	05/01/2041				2,745.00	41.18	96.08	2,882.26	
38	11/01/2041	274,500.00		1.000%	2,745.00	4,158.68	9,703.58	291,107.26	293,989.52
39	05/01/2042				1,372.50	20.59	48.04	1,441.13	
40	11/01/2042	274,500.00		1.000%	1,372.50	4,138.09	9,655.54	289,666.13	291,107.26



## **ADMINISTRATION AND FINANCE COMMITTEE / AGENDA ITEM SUMMARY**

Agenda Item: 3  
Date of Meeting: May 9, 2022  
Subject: North Windham Wastewater Treatment Facility Project – State Revolving Loan Fund  
Presented By: David Kane, Treasurer

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### **RECOMMENDATION**

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

WHEREAS, an evaluation has been completed for a North Windham wastewater treatment facility; and

WHEREAS, the Town intends to proceed with construction; and

WHEREAS, the DEP has offered to finance up to \$38.9 with the requirement that the application be submitted by May 6;

NOW THEREFORE BE IT RESOLVED, that the Board of Trustees ratifies and approves the actions of the General Manager's signing of the Applicant Agreement to Comply with 2022 Clean Water State Revolving Fund Requirements indicating the District's intent to borrow up to \$38.9 million.

### **BACKGROUND ANALYSIS**

The District has been working with the Town to evaluate wastewater treatment facilities to serve the North Windham area per the Memorandum of Understanding (MOU) approved May 26<sup>th</sup>, 2020 (Order 20-020). The evaluation had created a preliminary design resulting in a project with an estimated cost of more than \$40 million. An overview of the project was provided at the Board's April 11, 2022 workshop meeting.

The project was submitted to the Maine Department of Environment Protect (DEP) to financing through the state revolving loan fund (SRF). After reviewing all the submittals, DEP chose this project for SRF funding that includes a low interest loan and grants. The Town and PWD Staff recommend accepting the financing package and PWD's General Manager has signed the 'Applicant Intent to Apply', which had to be accepted by May 6, 2022.

**FISCAL REVIEW/ FUNDING**

It is expected that the project will be bond financed along with anticipated federal grant assistance. The estimated bond is expected to be approximately \$25M to \$35M, with annual debt service payments between \$1.3 and \$1.8 million. Per the District's charter, the amount will be assessed and paid by the town of Windham, who are aware of their obligation.

**LEGAL REVIEW**

Corporate Counsel has reviewed and approved the form of motion.

**CONCLUSION(S)**

Staff recommends authorizing the proposed motion.

**ATTACHMENT(S)**

None



## MEMORANDUM PORTLAND WATER DISTRICT

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TO: Operations Committee / Board of Trustees

FROM: Scott Firmin, Director of Wastewater Services  
James Wallace, Director of Water Services

DATE: April 29, 2022

RE: **Operations Committee Meeting – May 9, 2022**

A meeting of the Operations Committee of the Portland Water District Board of Trustees will be held on Monday, May 9, 2022 beginning at 5:30 p.m., in the Douglass Street EOC, 225 Douglass Street, Portland, Maine.

### **AGENDA**

1. **Professional Services Contract – Discussion on Qualification Based Selection (QBS) for the SRF Program**

Staff will provide an overview for the Committee on the QBS process required by the SRF program.

2. **Professional Services Contracts – Engineering Method Approval – 2022 State Revolving Fund Design/Bid/Build Projects**

Staff will provide a recommendation to utilize the Comprehensive Method for the procurement of engineering services for the 2022 CIP projects proposed for State Revolving Fund financing to be delivered using the design/bid/build approach. These projects include the SLWTF Windham Pump Upgrades (122\3211), Cape Elizabeth WWTF Aeration and Clarification Upgrades (424\3188), and the East End WWTF Return Sludge Piping Replacement (21\3148). (See attached memo)

3. **Other Business**



Portland Water District  
*From Sebago Lake To Casco Bay*

## **OPERATIONS COMMITTEE / AGENDA ITEM SUMMARY**

Agenda Item: 2  
Date of Meeting: May 9, 2022  
Subject: Professional Services Contracts – Engineering Method Approval – 2022 State Revolving Fund Design/Bid/Build Projects  
Presented By: Paul Rodriguez, Sr. Project Engineer

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### **RECOMMENDATION**

The following proposed language is presented for Committee approval:

ORDERED, that the Comprehensive Method is authorized for the procurement of engineering services for the SLWTF Windham Pump Upgrades (122\3211), Cape Elizabeth WWTF Aeration and Clarification Upgrades (424\3188), and the East End WWTF Return Sludge Piping Replacement (21\3148) Projects, pursuant to the District's Purchasing Policy, and that the General Manager and the Treasurer, each acting singly, are authorized to take such other steps as may be necessary to accomplish the intent of this vote.

### **BACKGROUND ANALYSIS**

Pursuant to the District's purchasing policy, staff is seeking approval from the Board of Trustees to procure engineering services for the design, bidding and construction administration (Comprehensive Method) for the SLWTF Windham Pump Upgrades, Cape Elizabeth WWTF Aeration and Clarification Upgrades, and the East End WWTF Return Sludge Piping Replacement Projects. The Comprehensive Method for engineering would result in one engineering consulting firm that would provide all the engineering services for the project from design to startup of the upgrade.

The Windham Pump Upgrades are focused on addressing the resiliency of that pumping system leveraging available space in the pump gallery. The Cape Elizabeth WWTF upgrades will focus on replacement of equipment beyond its expected service life and associated electrical and instrumentation improvements. The East End RAS piping is nearing the end of its expected service life; the proposed project will proactively replace the piping and also provide improved means of flow split between the aeration trains.

Once the Method is approved, staff will issue a request for qualifications. It is expected that recommendations will be offered to the Board this coming fall and winter.

**FISCAL REVIEW/ FUNDING**

The Projects were included in the 2022 CIP and will be submitted for State Revolving Fund financing.

**LEGAL REVIEW**

Corporate Counsel has reviewed and approved the form of motion.

**CONCLUSION(S)**

Staff recommends that comprehensive engineering method be utilized to design and build the Projects.

**ATTACHMENTS**

None



## MEMORANDUM PORTLAND WATER DISTRICT

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TO: Planning Committee / Board of Trustees

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

DATE: April 29, 2022

RE: **Planning Committee Meeting – May 9, 2022**

A meeting of the Planning Committee of the Portland Water District Board of Trustees will be held on Monday, May 9, 2022 at 5:30 p.m. at the Nixon Training Center, Portland Water District, 225 Douglass Street, Portland, Maine.

### **AGENDA**

1. **Revision of Portland Water District Wastewater Disposal System Rules on the Shores of Sebago Lake**  
Staff will recommend amending the current rules. (See attached memo)
2. **Overview of SCADA and a Data Warehouse (PI) for Remote Monitoring, Control and Automation of District Infrastructure**  
The Committee will go into Executive Session pursuant to 1 M.R.S. §402 (3) (L), to discuss records related to the security of the District's operations.
3. **Other Business**



## **PLANNING COMMITTEE / AGENDA ITEM SUMMARY**

Agenda Item: 1  
Date of Meeting: May 9, 2022  
Subject: Revision of Portland Water District Wastewater Disposal System Rules on the Shores of Sebago Lake  
Presented By: Nate Whalen, Water Resources Specialist

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### **RECOMMENDATION**

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

ORDERED, that the Portland Water District Wastewater Disposal System Rules related to the shore of Sebago Lake are hereby amended and approved in substantial form as described the Rules attached hereto and incorporated herein by reference.

### **BACKGROUND**

The Portland Water District has legal authority to create and enforce rules for proper disposal of waste and drainage within 200' of Sebago Lake pursuant to provisions of 1913 Private & Special Law, Chapter 157, Section 3, the District's charter, and a court case Docket #1201 decided by Superior Court in Kennebec County. The rules are designed to protect public health and safety by preserving the quality of water in Sebago Lake, the source of supply for the Portland Water District's Greater Portland drinking water system. These rules establish the requirements and procedures for obtaining Portland Water District approval for the installation of new or replacement subsurface wastewater disposal systems and their components within 200 feet of Sebago Lake.

Amendments to the rules include clarification language for what is considered the lake and what is considered a river and/or stream as well as aligning the definition of a bedroom to match the State's subsurface wastewater disposal system code for leach field sizing.

### **ANALYSIS**

The amendments will help clarify the procedures for approval and compliance with the Portland Water District's waste-water disposal system rules.

### **FISCAL REVIEW / FUNDING**

No fiscal impact.

### **LEGAL REVIEW**

Corporate Counsel has reviewed the amendments and has approved of the proposed order.

**CONCLUSION(S)**

Such amendments are consistent with the goals of the Portland Water District and staff recommends the proposed changes.

**ATTACHMENT(S)**

See document “Septic System Permit Regulations March 2022”.

## **Portland Water District Wastewater Disposal System Permit Rules**

### **PURPOSE and APPLICABILITY :**

These Rules are designed to protect public health and safety by preserving the quality of water in Sebago Lake, the source of supply for the Portland Water District's Greater Portland drinking water system. These Rules establish the requirements and procedures for obtaining Portland Water District approval for the installation of new or replacement subsurface wastewater disposal systems and their components within 200 feet of Sebago Lake. These Rules further define the requirement that all construction activities must be planned and undertaken in a manner that there is no adverse impact on the quality of water in Sebago Lake and its tributaries. These Rules are designed to protect public health and safety by ensuring that adequate provision has been made for the proper disposal of drainage and waste. These Rules shall apply to all property within two hundred (200) feet of the normal high water line of Sebago Lake. This includes the following river segments: Crooked River to the State Park Road bridge; Northwest River to the dam; Jordan River to Route 302; Sebago Cove to Lakehouse Road; Songo River Bayou, Songo River to the Locks; Sticky River to Rt. 114 and all minor tributaries leading to the abovementioned water bodies or Sebago Lake directly where there is no change of elevation based on the normal high water line.

### **AUTHORITY:**

The Portland Water District (the "District") has authority to create and enforce these Rules pursuant to the provisions of 1913 Private & Special Law, Chapter 157, Section 3. In addition, authority arises from the District's Charter; Subchapter IV of Chapter 601, of Title 22 MRS and the Rules and Regulations of the Maine Department of Human Services, Maine Subsurface Wastewater Disposal Rules, IOCMR 241, adopted pursuant to section 42 of Title 22 MRS. These rules apply to Frye Island by virtue of a court decision in the Kennebec County Superior Court, Docket #1201, entitled State ex. rel. Attorney General and Portland Water District v. Leisure Living Communities, Inc., Et AL.

### **LIABILITY of the DISTRICT:**

The District, its employees or agents shall not be liable for any damage, injuries, or loss arising out of any act or omission by the District, its employees or applicant, in connection with the creation or administration of these Rules.

## **DEFINITIONS:**

The following definitions are utilized by the District in the administration of these Rules:

**A. Applicant** - Person who signs and submits an application for permit to construct, install or alter a subsurface wastewater disposal system.

**B. Backfill** - Soil material which is suitable for use in disposal fields, (See section 11205.0 Maine Subsurface Wastewater Disposal Rules).

**C. Bedroom** —. Any room within a dwelling unit, or any room in an accessory structure to a dwelling unit, that serves primarily as sleeping quarters.

**D. Best Management Practices (BMP's)** - Erosion and sedimentation control practices designed into project design, planning and construction. Projects include anything where soil is added or disturbed.

**E. Component** - One part of a subsurface wastewater disposal system.

**F. Department** - State of Maine Department of Human Services, Bureau of Health, Division of Health Engineering.

**G. Disposal Field** -An individual subsurface wastewater disposal system component, consisting of a closed excavation made within soil or fill material, in which distribution pipes or approved proprietary devices have been placed for the disposal of septic tank effluent.

**H. District** - The Portland Water District.

**I. Great Pond** - Any inland body of water that, in a natural state, has a surface area in excess of ten (10) acres and any inland body of water artificially formed or increased that has a surface area in excess of thirty (30) acres.

**J. Holding Tank** - A closed, water-tight structure designed and used to receive and store waste or septic tank effluent.

**K. HHE-200** - A form which is the result of a site evaluation and an abbreviation for a subsurface wastewater disposal system permit application required by the Department.

**L. Jurisdiction** - All structures, suitable for persons or animals, systems, or components thereof, within two hundred (200) feet of the normal high water line of Sebago Lake. This includes the following river segments: Crooked River to the State Park Road bridge; Northwest River to the dam; Jordan River to Route 302; Sebago Cove to Lakehouse Road; Songo River Bayou, Songo River to the Locks; Sticky River to Rt. 114 and all minor tributaries leading to the abovementioned water bodies or Sebago Lake directly where there is no change of elevation based on the normal high water line.

**M. Letter of No Objection** - The District's response to an Application seeking approval of plans pertaining to structures housing persons or animals, or areas used to house, maintain or confine animals of any kind, within the District's Jurisdiction.

**O. Natural Resources Protection Act** - An act which governs and protects natural resources, Article 5-A of Subchapter I of Chapter 3 of Title 38.

**P. Nonpoint Source Pollution** - Pollution that cannot be traced to a specific origin or starting point, but appears to flow from many different sources. Nonpoint source pollution is the bacteria, viruses, nutrients, metals, sediments, and toxics carried by stormwater from developed areas, farms, timber harvesting sites, marinas, boat yards, faulty septic systems, and other diffuse sources.

**Q. Normal High Water Line** - That line on the shore or bank that is apparent from visible markings, changes in the character of soil, rock, or vegetation resulting from submersion or the prolonged erosion action of the water; or an elevation of 266.5 feet above mean sea level.

**R. Owner** - The person(s) who owns a particular property which is the subject of a permit application.

**S. Permit** - A document which gives written permission to install a subsurface wastewater disposal system or component thereof.

**T. Permit by Rule (PBR)** - An approval for a type of activity described in Chapter 305 of the Natural Resources Protection Act for the State of Maine.

**U. Point Source Pollution** - Pollution discharged directly to water bodies from specific, identifiable pipes or points, such as an industrial facility or municipal sewage treatment plant.

**V. Seasonal Conversion** - Written Authorization (permit) allowing the conversion of a seasonal dwelling (occupied less than seven (7) months in a calendar year) to year-round use.

**W. Septic Tank** - A water-tight receptacle that receives the discharge of untreated wastewater. Designed and installed so as to permit settling of settleable solids from discharge of the liquid portion into a disposal field.

**X. Shoreland Zone Area** - All land area within 250 feet, horizontal distance, of the normal high water line of any great pond, river, or salt water body; or within 250 feet, horizontal distance, of the upland edge of a freshwater or coastal wetland: excluding any forested wetland: or within 75 feet, horizontal distance, of the normal high water line of a stream or as designated by a municipality,

**Y. Site Evaluation** - The practice of investigating, evaluating, and reporting the basic soil and site conditions that apply to wastewater treatment and disposal along with a system design in compliance with state code.

**Z. Soil Profile** - A vertical cross section of the undisturbed soil showing the characteristic soil horizontal layers or soil horizons that have formed as a result of the combined effects of parent material, topography, climate, biological activity and time.

**AA. Subsurface Wastewater Disposal System** - Any system designed to dispose of waste or wastewater on or beneath the surface of the earth; includes, but is not limited to: septic tanks; disposal fields; grandfathered cesspools; holding tanks; pre-treatment filter; piping, or any other fixture, mechanism or apparatus used for those purposes (from now on referred to as "System").

**BB. System** - See "Subsurface Wastewater Disposal System."

## **PERMIT REQUIRED**

Before construction of any kind of structure is undertaken on property that is within the jurisdiction defined in these Rules, the Owner shall apply to and must receive from the District a permit. Permits are required for any new wastewater disposal system or replacement system or system components designed to dispose of waste or wastewater on or beneath the surface of the earth; including, but is not limited to: septic tanks; disposal fields and holding tanks. Permits must be obtained prior to the disturbance of any soil on the property or the commencement of construction.

This permit is in addition to any permit required by any municipality for the proposed construction.

The Owner/Applicant shall follow the provisions of these rules and the Department of Human Services Subsurface Wastewater Disposal Rules.

If a system or component is installed without District notification and the receipt of a permit from the District, Owner/Applicant will be required to properly apply for such permit (after the fact), and uncover the system or component for inspection by the District.

## **APPLICATION/PERMIT REQUIREMENTS:**

A. The Owner/Applicant shall certify that they have reviewed these rules when submitting an application to the District. All requirements contained in these Rules must be met before a system or component construction permit will be issued by the District.

B. Application must be made in writing and shall include:

- 1) Signed District permit application
- 2) Signed HHE-200 form (soils information and system design)
- 3) Signed Variance Form (if required)

- 4) Building plans or sketch of floor plan
- 5) An Erosion and Sedimentation Control Plan. This must be submitted prior to any soil disturbance.

C. Standards for Issuance:

- 1) Systems shall meet the basic design requirements of the Maine Subsurface Wastewater Disposal Rules; and
- 2) A system design using 120 gallons per day per bedroom will be REQUIRED if the disposal field is LESS THAN two hundred (200) feet from the normal high water line. A 90 GPD per bedroom system design is acceptable for disposal fields GREATER than two hundred (200) feet from the normal high water line; and
- 4) An Erosion and Sedimentation Control Plan, which may be included on the HHE-200 septic design plan, shall be submitted to the District for review prior to any soil disturbance.

**LETTERS OF NO OBJECTION – AREAS OR STRUCTURES DESIGNED FOR ANIMALS**

The Owner/Applicant shall apply in writing to the District for a Letter of No Objection pertaining to structures or areas within the jurisdiction defined by these Rules used to house, maintain, or confine animals of any kind. A plan showing project location, maintenance/cleaning, and disposal of waste shall be included as part of the process. Review and response shall be completed within three (3) working days of receiving all paperwork from the Owner/Applicant.

**RESPONSIBILITIES:**

**Owner/Applicant Responsibilities During the Permit Process**

- A. The Owner/Applicant shall file a permit application as required by these Rules.
- B. The Owner/Applicant shall notify the District twenty-four (24) hours before inspection is to be made. The system or component must be uncovered and accessible for proper inspection by District personnel. The District reserves the right to accept town inspections.
- C. All construction activities shall be planned and undertaken in such a manner that there is no adverse impact on the quality of water in Sebago Lake and its tributaries.

### **District Responsibilities:**

A. An employee of the District, having properly identified themselves, shall have free access during the District's normal business hours, to all premises within District jurisdiction for which permits are applicable to facilitate the inspection process of the work for which a permit is required, unless otherwise arranged with the Owner/Applicant.

B. The District shall review a permit application and respond within three (3) working days. The response may consist of the issuance of a construction permit, or the denial of a permit. If corrections are necessary in order for the construction to go forward and a permit issued, the Owner/Applicant will be informed and the District will work with them to facilitate the required correction.

### **ACTIVITIES NOT REQUIRING DISTRICT PERMITS:**

A. A District permit is not required for construction activities not involving components of a subsurface wastewater disposal system and for which a building permit is required from the municipality. The District reserves the right to review plans and inspect properties before, during, and after municipally permitted construction activities are undertaken.

B. Other projects undertaken within the jurisdiction defined in these Rules have the potential to adversely impact the water quality of Sebago Lake. Examples include but are not limited to soil disturbance, placement or replacement of wells or intake pipes, movement of rocks or vegetation, outfall pipes, riprap projects, retaining wall restoration, docks, ramps or any other activity which may affect water quality. Although these activities do not require the issuance of a permit by the District, such activity shall be made in a safe and sanitary manner which is consistent with the State and municipal rules and ordinances. The District reserves the right to review plans and inspect properties before, during, and after activities permitted by other authorities are undertaken.

-NOTES-