

AGENDA
PORTLAND WATER DISTRICT

225 Douglass Street, Portland, Maine

Jeff P. Nixon Training Center

6:00 p.m. on Tuesday, May 27, 2025

<https://us06web.zoom.us/j/82084537366?pwd=lqCzu9LaATbrFQztvjikG9PbxaMNC6.1>

1. Convene Meeting with Pledge of Allegiance and moment of silence. President Lunt
2. Roll Call Clerk
- 3a. Acceptance of Minutes of the Regular Meeting of April 28, 2025 President Lunt
- 3b. Acceptance of Minutes of the Workshop Meeting of May 13, 2025 President Lunt
- 3c. Acceptance of Minutes of the Special Meeting of April 29, 2025 President Lunt
4. Invitation for Public Comment President Lunt
5. Reports:
 - Operations Committee Reports Trustee Crockett
 - Planning Committee Reports Trustee Shaughnessy
 - Administration & Finance Committee Reports Trustee Levinsky
 - General Manager's Report Interim General Manager
6. New Business
 - A. Resolution 25-006 awarding the DiPietro Scholarship for 2025. Scholarship Committee
 - B. Resolution 25-007 accepting the Audit Report for 2024. Administration and Finance Committee
 - C. Order 25-010 authorizing the General Manager to execute a Purchase and Sale Agreement with the Town of Windham for the sale of surplus District property on Gambo Rd in Windham. Planning Committee
 - D. Order 25-011 authorizing an amendment of the Remote Participation Policy. Planning Committee
 - E. Order 25-012 authorizing appointment of a new General Manager. Vice President McCann
7. Other Business An item may be added to this agenda provided seven trustees vote to waive the rule regarding agendas. President Lunt
8. Second Invitation for Public Comment President Lunt
9. Trustee Comments President Lunt
10. Executive Session A motion may be made to go into Executive Session at any time during the meeting to discuss, pursuant to 1 M.R.S. §405(6)(A) personnel, 1 M.R.S. §405(6)(C) real estate, 1 M.R.S. §405 (6)(D) labor negotiations, or 1 M.R.S. §405(6)(E) legal matters. President Lunt
11. Adjournment President Lunt

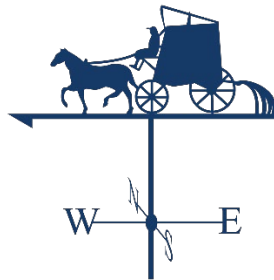
Donna M. Katsiaficas
Clerk

Portland Water District
Board of Trustees Regular Meeting
May 27, 2025

New Business

Agenda Item 6A-6E

RESOLUTION
PORTLAND WATER DISTRICT
BOARD OF TRUSTEES



WHEREAS the Board of Trustees has established the Joseph A. DiPietro Scholarship in memory of Mr. DiPietro's fifteen years of dedicated service representing the city of Portland as a Trustee of the District, and

WHEREAS Elisabeth Nkanga, a resident of Westbrook, is pursuing a degree in Engineering at the University of Southern Maine, and

WHEREAS Ms. Nkanga has demonstrated need for the scholarship, and

WHEREAS the Board of Trustees' Scholarship Committee unanimously recommends Ms. Nkanga to be the recipient of the 2025 Joseph A. DiPietro Scholarship, and

WHEREAS Ms. Nkanga is the first in her family to attend college,

NOW THEREFORE BE IT RESOLVED that the Board of Trustees recognizes the accomplishments and needs of Ms. Nkanga and supports her academic endeavors by awarding her the \$1,500 scholarship for 2025 established in tribute to Joseph A. DiPietro.

Adopted this 27th day of May 2025.

Attest:
Donna M. Katsiaficas
Clerk

William. M. Lunt, III
President
Board of Trustees

BOARD OF TRUSTEES/AGENDA ITEM SUMMARY

Agenda Item: 6B Resolution 25-007
Date of Meeting: May 27, 2025
Subject: 2024 Financial Audit
Presented By: Thomas Quirk, Finance Director

RECOMMENDATION

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

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

WHEREAS, the Board of Trustees previously appointed the accounting firm of BerryDunn to conduct the audit of 2024 financial affairs, and

WHEREAS, BerryDunn has conducted the audit of 2024 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 2024 and authorizes its distribution as required by Section 21 of the Charter of Portland Water District.

BACKGROUND ANALYSIS

On May 12, 2025, BerryDunn presented the results of the 2024 audit to the Administration and Finance Committee. The items presented were:

- Auditor's Communication to the Board of Trustees;
- Financial Report for the year ending December 31, 2024
- Single Audit Report for the year ending December 31, 2024

Government Auditing Standards require independent auditors to report:

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

LEGAL REVIEW

Corporation Counsel has reviewed the proposed order as to form.

CONCLUSION(S)

The Administration and Finance Committee recommends the proposed motion be forwarded to the full Board for its consideration. The Committee recommended that the proposed motion accepting the audit reports be forwarded to the full Board for its consideration.

ATTACHMENT(S)

- A – Auditors’ Required Communication Letter
- B – Auditors’ Internal Control Over Financial Reporting
- C – Financial Report for the year ending December 31, 2024
- D – Single Audit Report for the year ending December 31, 2024



Portland Water District

FINANCIAL STATEMENTS

December 31, 2024

With Independent Auditor's Report



PORTLAND WATER DISTRICT

December 31, 2024

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BDMP Assurance, LLP

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Portland Water District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of each major fund of Portland Water District (the District) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Portland Water District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2024, and the respective changes in its net position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management Discussion and Analysis on pages 4 through 18, Schedules of Changes in the District's Net Pension Liability and Related Ratios - Bargaining Unit Pension Plan on pages 70 and 71, Schedules of Changes in the District's Net Pension Liability and Related Ratios - Non-Bargaining Unit Pension Plan on pages 72 and 73, Schedule of District's Contributions on page 74, Summary of Assumptions on page 75 and Schedule of Investment Returns (Losses) on page 75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Requirements by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

BSP Assurance, LLP

Portland, Maine
May 1, 2025

Introduction of the Financial Statements

Management Discussion and Analysis (Unaudited)

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 2024.

Change in Net Position before Contributions – This item was a gain of \$2.58 million in 2024.

Operating Revenues – Operating revenues were up \$5.09 million (9.4%). The majority of the increase was with Metered Water Sales which were \$3.31 million (13.2%) higher than 2023 due to increased rates (an average of 6.4%) and consumption (6.7%). Wastewater Assessments were up \$1.60 million or 6.3%.

Operating Expense – Operating expense increased \$5.22 million (10.1%). A large part of this increase was Depreciation (\$2.30 million). Other contributors were Purchased Power (\$742k), Salaries & Wages (\$673k) and Employee Benefits – Pension (\$534k).

Net Capital Assets (\$373.61 million) had an increase of 6.7% (\$23.50 million). Operating Property increased \$31.30 million, while Construction Work in Progress (CWIP) increased \$5.81 million. These were partially offset by the \$14.24 increase to the Allowance for Depreciation.

The District's bonded debt of \$117.93 million was up \$7.51 million as the District issued \$18.83 million in new debt, retired \$10.76 million and had principal forgiveness of \$0.56 million. The District's financial ratios overall were a Current Ratio of 1.28 and debt coverage ratio of 1.51.

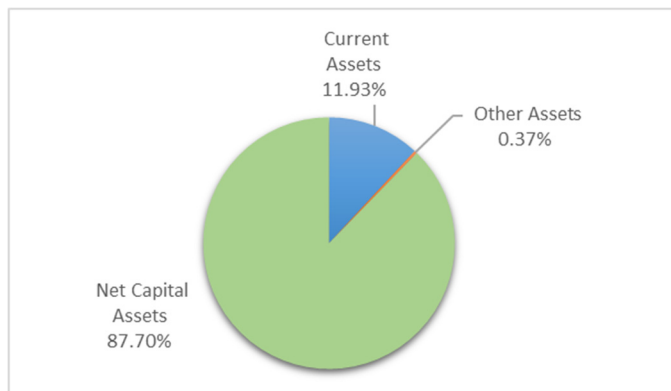
In 2021, the District was awarded a five (5) year, \$8.0 million watershed grant from the federal Natural Resources Conservation Service. During 2024, the District had non-operating revenue and expense from the grant of \$341k and related in-kind services revenue and expense of \$2.22 million related to that grant.

Comparison of Financial Statements for Current and Prior Year

Statements of Net Position (Condensed)

	2024	2023	Diff	Diff %
Current Assets	\$ 50,823,008	\$ 50,214,786	\$ 608,222	1.2%
Net Capital Assets	373,607,852	350,115,096	23,492,756	6.7%
Other Assets	1,569,436	1,439,604	129,832	9.0%
Non-Current Assets	375,177,288	351,554,700	23,622,588	6.7%
Total Assets	426,000,296	401,769,486	24,230,810	6.0%
Deferred Outflows	619,644	1,650,066	(1,030,422)	-62.4%
Total Assets and Deferred Outflows	\$ 426,619,940	\$ 403,419,552	\$ 23,200,388	5.8%
Current Liabilities	\$ 39,685,067	\$ 30,216,084	\$ 9,468,983	31.3%
Long-Term Debt/Payables	106,860,686	99,957,947	6,902,739	6.9%
Other Non-Current Liabilities	6,843,058	7,154,644	(311,586)	-4.4%
Non Current Liabilities	113,703,744	107,107,235	6,596,509	6.2%
Total Liabilities	153,388,811	137,328,675	16,060,136	11.7%
Deferred Inflows	1,784,837	1,323,202	461,635	34.9%
Net Position				
Net Invested in Capital Assets	241,389,402	231,418,986	9,970,416	4.3%
Unrestricted	30,056,890	33,348,689	(3,291,799)	-9.9%
Total Net Position	271,446,292	264,767,675	6,678,617	2.5%
Total Liabilities, Deferred Inflows and Net Position	\$ 426,619,940	\$ 403,419,552	\$ 23,200,388	5.8%

District Assets



Current Assets

Current Assets increased \$608k (1.2%) in 2024. Accounts Receivable increased due to a few large miscellaneous receivables such as the timing of payments due from the District's online payment processor (\$683k) and higher accrued revenue (\$465k) due to the timing of meter reading in December. Offsetting those totals was a reduction in inventory balances as the District has been able to reduce parts on hand as the supply chain issues from the pandemic have been mostly resolved.

Net Capital Assets

Net Capital Assets increased \$23.49 million (6.7%):

	<u>2024</u>	<u>2023</u>	<u>Net Change</u>
Operating Property	\$ 628,048,610	\$ 596,755,935	\$ 31,292,675
Construction Work in Progress	34,761,761	28,949,858	5,811,903
Right to use Lease/SBITA Assets (Net)	911,977	288,236	623,741
Allowance for Depreciation	(290,114,496)	(275,878,933)	(14,235,563)
	<u>\$ 373,607,852</u>	<u>\$ 350,115,096</u>	<u>\$ 23,492,756</u>

The major additions to Utility Property for 2024 included:

- \$12.51 million in wastewater treatment plant structures and equipment.
- \$11.37 million in water infrastructure (mains, services, hydrants & meters).
- \$3.08 million for a new water tank.
- \$2.18 million in wastewater pump station structures and equipment.

Construction Work in Progress increased by \$5.81 million in 2024. There were large increases for the new Wastewater Treatment Facility (WWTF) located in North Windham (\$8.01 million) as well as the existing East End WWTF (\$6.24). These were somewhat offset by the completion of work on the aeration project at the Westbrook Regional WWTF.

The Allowance for Depreciation grew 5.2% (\$14.24 million) in 2024. That change was higher than in past years as the District accelerated depreciation on water meters as a meter replacement program will kick off in 2025 with the goal of replacing the majority of current meters by the end of 2028.

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 increased 9.0% (\$130k) in 2024, involves Pension, Leases and Notes Receivable. The rise in the market value of the Pension Plan assets created a net Pension Asset in 2024 of \$211k (there had been a liability in 2023). Lease and Notes Receivables were lower due to the amortization and paydown of prior year balances.

For more detailed information, please refer to the Notes to the Financial Statements – Note 3 – Detailed Notes on All Funds – Pension, Leases and Notes Receivable.

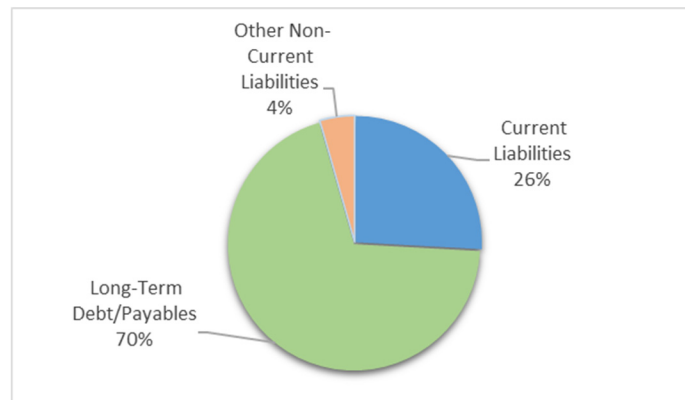
Deferred Outflows

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

In 2023, Deferred Outflows decreased \$1.03 million (62.4%). Almost all of the decline was from the portion of the Deferred Outflows relating to the pension. This was primarily due to a rise in the fair value of plan assets that eliminated the District's net pension liability.

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	2024	2023	Diff	Diff %
Accounts Payable & Accrued Payroll	\$ 9,997,157	\$ 9,220,846	\$ 776,311	8.4%
Accrued Interest	731,416	519,709	211,707	40.7%
Customer Deposits	547,252	461,844	85,408	18.5%
Construction Retainage	1,021,572	888,663	132,909	15.0%
Interfund Payable	5,423,410	5,371,427	51,983	1.0%
Notes Payable	9,464,903	2,010,380	7,454,523	370.8%
Current Portion - Long-Term Debt	11,113,499	10,515,721	597,778	5.7%
All Other Current Liabilities	1,385,858	1,227,494	158,364	12.9%
	<u>\$ 39,685,067</u>	<u>\$ 30,216,084</u>	<u>\$ 9,468,983</u>	31.3%

Current Liabilities increased 31.3%. The majority of the change (\$7.45 million) was related to the increase in the Bond Anticipation Note (BAN) for the North Windham WWTF construction project. Other increases such as the Current Portion – Long-Term Debt, Accrued Interest and Customer Retainage are all indicators of the increased volume of capital projects and the related financing costs.

Long-Term Debt/Bond Rating

In 2024, the District issued water bonds directly to the market for Water. Moody's assigned a rating of Aa3 while Standard & Poor's (S&P) rated the debt AA+. The assigned Moody's and S&P's rating for the outstanding Portland wastewater bond rating is Aaa and AAA, respectively. The Moody's rating was changed on September 9, 2024 from Aa1 to Aaa.

Long-Term Debt/Payables

Bonded Debt:	Beginning	Issued	Forgiven/ Adjustment	Retired	Ending
Water	\$ 64,854,086	\$ 7,762,950	\$ (561,750)	\$ (6,712,452)	\$ 65,342,834
Wastewater:					
Cape Elizabeth	3,947,100	389,000	-	(306,500)	4,029,600
Cumberland	18,750	-	-	(6,250)	12,500
Falmouth	3,132,000	-	-	(238,000)	2,894,000
Gorham	3,935,458	1,207,153	-	(484,177)	4,658,434
Portland	24,356,771	6,850,000	-	(2,027,491)	29,179,280
Westbrook	8,902,026	2,627,847	80,240	(843,787)	10,766,326
Windham	1,274,517	-	(80,240)	(142,786)	1,051,491
Total Bonded Debt	110,420,708	18,836,950	(561,750)	(10,761,443)	117,934,465
(Less: current portion)	(10,515,721)				(11,113,499)
Non-Current	<u>\$ 99,904,987</u>				<u>\$ 106,820,966</u>
Notes Payable:					
Wastewater:					
Portland	\$ -	\$ 765,367	\$ -	\$ -	\$ 765,367
Windham	2,063,340	6,689,156	-	(13,240)	8,739,256
Total Notes Payable	2,063,340	7,454,523	-	(13,240)	9,504,623
(Less: current portion)	(2,010,380)				(9,464,903)
Non-Current	<u>52,960</u>				<u>39,720</u>
Non-Current LT Debt	<u>\$ 99,957,947</u>				<u>\$ 106,860,686</u>

This category consists of general revenue bonds and notes payable. The "Adjustment" totals between Westbrook and Windham involved debt issued in 2022 for a joint use facility. 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

	2024	2023	Diff	Diff %
Customer Advances & Other Liabilities	\$ 5,401,587	\$ 5,395,441	\$ 6,146	0.1%
Compensated Absences - Non Current	736,236	604,817	131,419	21.7%
Lease Liability - Non-Current	235,107	160,119	74,988	46.8%
SBITA Liability - Non-Current	470,128	65,051	405,077	n/a
Net Pension Liability	-	929,216	(929,216)	-100.0%
	<u>\$ 6,843,058</u>	<u>\$ 7,154,644</u>	<u>\$ (311,586)</u>	-4.4%

Other Non-Current Liabilities were down \$312k (4.4%). The rise in the market value of the Pension Plan assets created a Net Pension Asset in 2024, eliminating the liability of \$929k in 2023. This was partially offset by the increase in the SBITA Liability due to new software as a service for SCADA and Human Resources.

For detailed information, please refer to the Notes to the Financial Statements – Note 3 – Detailed Notes on All Funds – Pension Plans.

Deferred Inflows

Deferred Inflows of resources represent an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. In 2024, the District had Deferred Inflows for Leases (\$1.23 million) and Pension (\$552k).

For more detailed information, please refer to the Notes to the Financial Statements – Note 3 – Detailed Notes on All Funds – Pension Plans and – Note 3 – Detailed Notes on All Funds – Leases – District as Lessor.

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

	2024	2023	Diff	Diff %
Operating Revenue	\$ 59,149,326	\$ 54,060,783	\$ 5,088,543	9.4%
Non-Operating Revenue	6,222,900	7,032,136	(809,236)	-11.5%
Total Revenues	65,372,226	61,092,919	4,279,307	7.0%
Operating Expense	56,689,044	51,468,322	5,220,722	10.1%
Non-Operating Expense	6,106,458	7,064,260	(957,802)	-13.6%
Total Expenses	62,795,502	58,532,582	4,262,920	7.3%
Change in Net Position before Capital Contribution	2,576,724	2,560,337	16,387	0.6%
Capital Contributions	4,101,893	1,489,015	2,612,878	175.5%
Change in Net Position	6,678,617	4,049,352	2,629,265	64.9%
Beginning Net Position	264,767,675	260,718,323	4,049,352	1.6%
Ending Net Position	\$ 271,446,292	\$ 264,767,675	\$ 6,678,617	2.5%

Operating Revenue

	2024	2023	Diff	Diff %
Metered Water Revenue	\$ 28,393,226	\$ 25,080,506	\$ 3,312,720	13.2%
Wastewater Assessments	27,006,984	25,403,484	1,603,500	6.3%
Public & Private Fire Protection	3,208,987	3,010,925	198,062	6.6%
Other Operating Revenue	540,129	565,868	(25,739)	-4.5%
Total Operating Revenue	\$ 59,149,326	\$ 54,060,783	\$ 5,088,543	9.4%

Metered Water Revenue (\$28.39 million) – The District's metered customers are billed monthly. The billing includes a minimum charge (based on the size of the meter) for the first hundred cubic feet (HCF) of water and a charge for each additional HCF of water used. Metered water rates were increased an average of 6.4% in January 2024. Consumption in 2024 was 8.60 million HCF, an increase of 6.7% from the previous year due to lower consumption in 2023 from a cool, wet summer in comparison.

Operating Revenue - Continued

Wastewater Assessments (\$27.00 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 (\$3.21 million) – This revenue includes charges to local municipalities for water capacity available for public firefighting needs, as well as for private sprinkler systems. The District's Board of Trustees sets these rates. A 5.7% rate increase was put in place in January 2024, this was primarily the reason for the 6.6% increase in 2024.

Other Operating Revenue (\$0.54 million) – Revenue in this category includes charges to septage haulers for dumping at wastewater treatment facilities (\$315k), fees in the Water Fund for new customers (\$74k) and activations for customers whose service had been turned off due to delinquent bills (\$80k).

Operating Revenue by Fund

	2024	2023	Diff	Diff %
Water	\$ 31,782,237	\$ 28,282,143	\$ 3,500,094	12.4%
Wastewater:				
Cape Elizabeth	2,390,220	2,300,004	90,216	3.9%
Cumberland	1,279,680	1,184,904	94,776	8.0%
Falmouth	314,112	314,112	-	0.0%
Gorham	1,675,344	1,566,816	108,528	6.9%
Portland	16,858,569	16,118,464	740,105	4.6%
Westbrook	4,040,676	3,778,532	262,144	6.9%
Windham	808,488	515,808	292,680	56.7%
	<u>\$ 59,149,326</u>	<u>\$ 54,060,783</u>	<u>\$ 5,088,543</u>	9.4%

For the Water Fund, Operating Revenue primarily consists of metered water and fire protection services. Metered Water sales grew \$3.31 mill (13.2%) due to higher rates and higher metered consumption due to a rainy 2023 year and fire protection revenue was up \$198,062 (6.6%).

In the Wastewater (WW) Funds, the largest component of Operating Revenue are the wastewater assessments. Assessment increases in 2024 were: Cape Elizabeth 3.9%, Cumberland 8.0%, Gorham 6.9%, Portland 4.7%, and Westbrook 7.3% and Windham 56.7%. Windham's Assessment rose due to increased costs for debt service related to the construction of the new North Windham WWTF. Portland also receives revenue from septage haulers. In 2024, septage revenue was \$315,393, down \$4,327 (1.4%) from the previous year.

Non-Operating Revenue

	2024	2023	Diff	Diff %
Interest Income	\$ 2,092,385	\$ 1,496,136	\$ 596,249	39.9%
Investments unrealized gain	221,749	722,516	(500,767)	-69.3%
Miscellaneous Income	1,349,950	1,059,191	290,759	27.5%
Pass-through grant revenue	2,558,816	3,754,293	(1,195,477)	-31.8%
	<u>\$ 6,222,900</u>	<u>\$ 7,032,136</u>	<u>\$ (809,236)</u>	-11.5%

Non-Operating Revenue - Continued

Interest Income increased \$596,249 (39.9%) in 2024. The increase in 2024 can be attributed to higher rates of return. The principal objective of the District's investment policy is safety while attaining an appropriate rate of return.

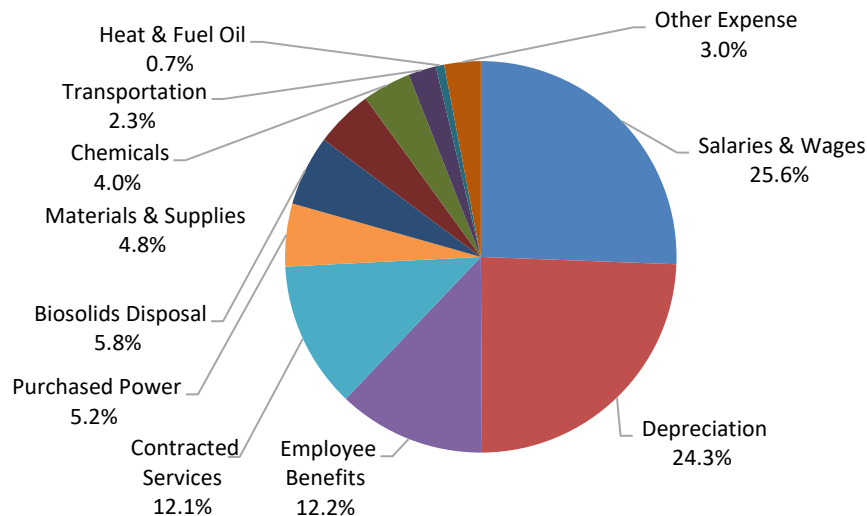
Due to the market, the fair value of investments held by PWD decreased resulting in an unrealized gain of \$221,749 in 2024 compared to an unrealized gain of \$722,516 in 2023. The District's intention is to hold these investments to maturity.

Miscellaneous Income includes non-operational items: grants (\$197,004), lease related income (\$120,300) and income related to net energy billing credits (\$896,695). The increase in 2024 was mostly related to the growth in energy billing credits and grants.

Pass-through grant revenue, which has an equal non-operating expense line below and has no effect on the bottom line, was down \$1.19 million from last year.

Operating Expense

	2024	2023	Diff	Diff %
Salaries & Wages	\$ 14,476,430	\$ 13,803,170	\$ 673,260	4.9%
Depreciation	13,785,236	11,487,834	2,297,402	20.0%
Employee Benefits (Pension)	2,031,652	1,497,431	534,221	35.7%
Employee Benefits	4,901,589	4,909,422	(7,833)	-0.2%
Contracted Services	6,858,751	6,552,602	306,149	4.7%
Purchased Power	2,965,041	2,222,802	742,239	33.4%
Biosolids Disposal	3,274,450	3,104,922	169,528	5.5%
Materials & Supplies	2,721,512	2,291,628	429,884	18.8%
Chemicals	2,240,019	2,556,126	(316,107)	-12.4%
Transportation	1,331,849	1,329,518	2,331	0.2%
Heat & Fuel Oil	380,239	440,682	(60,443)	-13.7%
Other Expense	1,722,276	1,272,185	450,091	35.4%
	<u>\$ 56,689,044</u>	<u>\$ 51,468,322</u>	<u>\$ 5,220,722</u>	10.1%



Operating Expense Category Explanations

Salaries & Wages - Salaries and Wages expense increased by \$673,260 or 4.9%. Wage rates were increased an average of 4.6% with employee hours similar to 2023.

Depreciation Expense - This expense increased \$2.30 million or 20.0%. Majority of that increase was due to the accelerated depreciation of the District's water meters that are expected to be retired as part of the meter replacement project that will begin in 2025.

Employee Benefits (Pension) - Pension expense is equal to the change in the net pension liability and the associated deferred outflows and inflows as calculated by the annual actuary study. The change between 2023 and 2024 was an increase of \$534,221.

Employee Benefits - This expense decreased \$7,833 or 0.2%. Health insurance costs went up \$57,370, FICA taxes were \$52,226 higher and matching 457 retirement plan contributions were up by \$50,415. They were mostly offset by \$81,010 less in workers comp and \$20,411 less in legal expenses.

Contracted Services - This category which is comprised of services provided to the District by outside vendors, has increased by \$306,149 or 4.7%. During 2024 there was significant consulting work from outside contractors, on areas like cybersecurity, safety, and website design.

Purchased Power - Power costs increased \$742,239 or 33.4% in 2024. All District accounts had increased transmission and distribution rates at mid-year of at least 20%. Renewable energy costs increased \$278,817 however, renewable energy revenue increased \$396,863 netting \$118,046.

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 \$169,528 or 5.5%. Most of this increase was related to operation issues at the Westbrook Region WWTF which led to higher disposal costs due to the subpar condition of the sludge.

Materials/Supplies - Materials and Supplies have increased by \$429,884 or 18.8%. Expenses in this group include parts and supplies purchased directly from outside vendors or items drawn out of the District's inventory stockroom. This expense is made up of thousands of individual purchases and stock issuances: the annual expense varies depending on the volume and types of repairs/maintenance being performed. The amount of District maintenance work was higher in and the cost of materials used were impacted inflationary pressures.

Transportation - Transportation costs were flat at 0.2% or \$2,331 higher than 2023. They are based on vehicle usage and a predefined hourly rate for each class of vehicle. The sum of these charges equals the cost of operating the vehicle fleet, as well as depreciation.

Heating & Fuel Oil - The expense in this area was down \$60,443 or 13.7%. The per unit cost of energy was down in 2024. Heating oil expenses were lower in 2024 by \$17,641 and pipeline delivered propane was down by \$39,535.

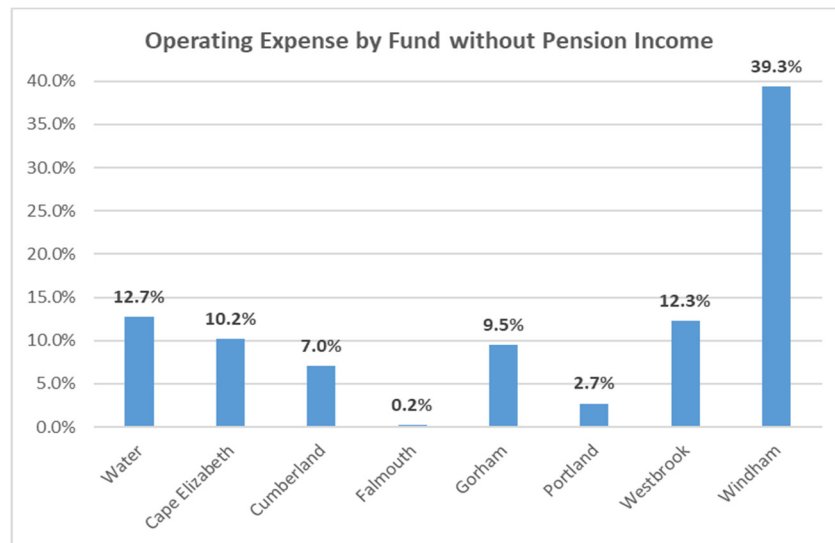
Chemicals - In total, chemicals have decreased by \$316,107 or 12.4%. Most contract prices decreased compared to 2023. Sodium hypochlorite, our highest costing chemical, had a price decrease of 31% to lower costs \$203,381.

Other Expense - This category has increased by \$450,100 or 35.4%. It is made up of insurance, utilities, taxes, and other miscellaneous costs. The District had increases in land conservation and equipment rental. Additionally, 2023 had a negative expense of \$150,000 for Bad Debt as we adjusted the Allowance for Doubtful accounts to remove the impact the pandemic impact to that amount.

Operating Expense by Fund

	2024	2023	Diff	Diff %
Water	\$ 30,348,090	\$ 26,727,434	\$ 3,620,656	13.5%
Wastewater:				
Cape Elizabeth	2,340,317	2,109,503	230,814	10.9%
Cumberland	1,493,984	1,388,533	105,451	7.6%
Falmouth	177,133	176,706	427	0.2%
Gorham	1,549,833	1,405,338	144,495	10.3%
Portland	16,257,653	15,730,723	526,930	3.3%
Westbrook	4,080,795	3,617,452	463,343	12.8%
Windham	441,239	312,633	128,606	41.1%
	<u>\$ 56,689,044</u>	<u>\$ 51,468,322</u>	<u>\$ 5,220,722</u>	10.1%

Pension expenses (which are included above) were \$534k higher in 2024 than the previous year. The Operating Expense by Fund without the pension increase was:



Water Fund (12.7% or \$3.28 million) – The majority of the increase (\$1.97 million) was depreciation expense. Majority of that increase was due to the accelerated depreciation of the District’s water meters that are expected to be retired as part of the meter replacement project that will begin in 2025.

Cape Elizabeth (10.2% or \$209k) – Cape Elizabeth had higher costs that included power (\$50k) for both energy and delivery, contracted treatment services from the City of South Portland (\$28k), and wages/benefits due to maintenance needs at the treatment plant and area pump stations (\$27k).

Cumberland (7.0% or \$96k) – Increased expenses in Cumberland included contracted services including manhole work (\$29k), higher wages/benefits related to maintenance and engineering efforts (\$24k) and higher debt service costs related to a wastewater pump station project (\$23k).

Falmouth (0.2% or \$427) – The increase was as related to higher labor rates 2024 which were offset by fewer work hours.

Gorham (9.5% or \$130k) – Depreciation was up \$91k in 2024, \$81k of that total was due to the completed upgrade of the aeration system at the Westbrook Region WWTF. Power was also up \$21k.

Operating Expense by Fund - Continued

Portland (2.7% or \$418k) – Higher costs of power, materials and labor/benefits were mostly offset by lower costs for chemicals and contracted maintenance services.

Westbrook (12.3% or \$433k) – Depreciation was up \$171k in 2024 most of which was related to the completed upgrade of the aeration system at the Westbrook Region WWTF. Westbrook's share of the expenses at the WWTF were up \$151k due to higher costs for biosolids disposal and power.

Windham (39.3% or \$118k) – Maintenance issues at wastewater pump stations led to higher costs with labor/benefits and well as contractor repairs and materials costs.

Non-Operating Expense

Interest/Amortization Expense increased 15.9% due to higher interest rates and an increase in bonds outstanding of \$7.51 million. The Loss on Sale/Retirement recognizes the retirement of long-term assets that had not yet been fully depreciated, in 2024 the expense was \$227,454 lower than 2023.

Pass-through grant expense has an equal grant revenue above with zero effect on the bottom line. This year decreased \$1.19 million from 2023.

Capital Contributions

Capital 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 2024 Gorham Wastewater contribution was for sewer interceptors and collectors.

	2024	2023	Diff	Diff %
Water Distribution Mains	\$ 1,455,314	\$ 963,464	\$ 491,850	51.1%
Water Services	193,891	218,717	(24,826)	-11.4%
Water Meters	148,140	218,834	(70,694)	-32.3%
Hydrants	107,464	68,000	39,464	58.0%
Other Water Assets	862,084	20,000	842,084	4210.4%
Wastewater - Gorham	1,335,000	-	1,335,000	n/a
	<u>\$ 4,101,893</u>	<u>\$ 1,489,015</u>	<u>\$ 2,612,878</u>	175.5%

Cash Flows

Cash and Cash Equivalents increased \$1.52 million during 2024. Cash flows from Operating activities were \$14.59 million while Investing activities generated \$3.98 million (including \$2.09 million of Interest Income received and \$1.90 million in net Investment Sales). Capital and Related Financing activities consumed \$17.05 million.

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>2024</u>	<u>2023</u>
Water	2.04	2.47
Wastewater:		
Cape Elizabeth	2.57	2.44
Cumberland	1.53	1.67
Falmouth	0.28	0.20
Gorham	2.48	0.38
Portland	2.23	2.26
Westbrook	3.76	1.98
Windham	0.00	0.00
All Funds Combined	1.28	1.66

Windham has a large CWIP balance relating to the North Windham WWTF. The Falmouth fund is almost entirely made up of the Mill Creek pump station and the related debt. The next year's bond principal payment is the majority of the current liability. The Town of Falmouth is legally obligated to fund the payment of the debt payments that they do through the next year's assessment.

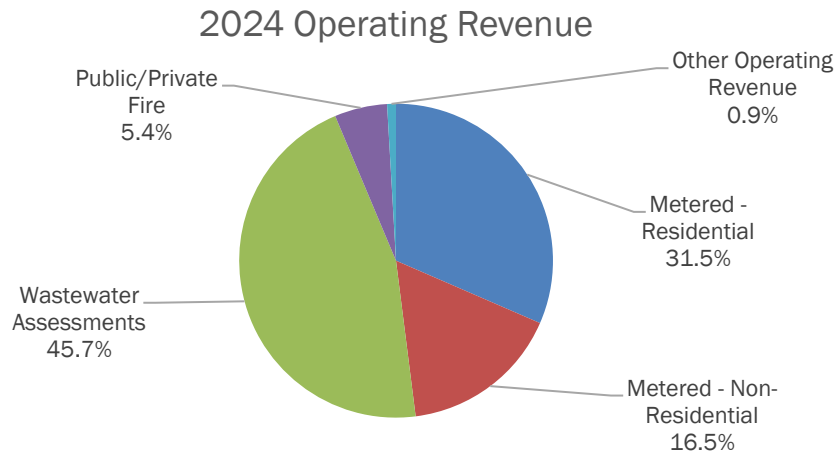
Debt Coverage Ratio by Fund

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

	<u>2024</u>	<u>2023</u>
Water	1.43	1.29
Wastewater:		
Cape Elizabeth	1.63	1.70
Cumberland	1.20	1.15
Falmouth	1.06	1.04
Gorham	1.28	1.30
Portland	2.00	1.84
Westbrook	1.14	1.12
Windham	1.67	1.10
All Funds Combined	1.51	1.39

Revenue Stability

Most of the District's Operating Revenue (99.1% in 2024), came from three sources: Metered Water Revenue, Wastewater Assessments, and Public/Private Fire Protection charges.



Metered Water Revenue (48%) – 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 55,227 metered customers at the end of 2024; and, historically the largest ten customers represent less than 10% of total water revenues.

Wastewater Assessments (45.7%) – 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 (5.4%) – Public Fire charges are paid by the eleven municipalities served by the District; Private Fire has 2,725 customers.

Significant Changes to Individual Funds

Pension Trust Funds

Statements of Fiduciary Net Position

	2024	2023	Diff	Diff %
Bargaining Unit:				
Cash and cash equivalents	\$ 353,613	\$ 382,196	\$ (28,583)	-7.5%
Investments				
Equities	10,662,847	9,483,288	1,179,559	12.4%
Fixed Income & Preferreds	4,779,810	4,222,875	556,935	13.2%
Alternatives	1,653,942	1,423,938	230,004	16.2%
	17,096,599	15,130,101	1,966,498	13.0%
Interest Receivable	143	187	(44)	-23.5%
Total Assets & Fiduciary Net Position	\$ 17,450,355	\$ 15,512,484	\$ 1,937,871	12.5%
Non-Bargaining Unit:				
Cash and cash equivalents	\$ 308,318	\$ 354,375	\$ (46,057)	-13.0%
Investments				
Equities	9,300,426	8,303,289	997,137	12.0%
Fixed Income & Preferreds	4,094,541	3,656,874	437,667	12.0%
Alternatives	1,415,295	1,252,004	163,291	13.0%
	14,810,262	13,212,167	1,598,095	12.1%
Interest Receivable	129	189	(60)	-31.7%
Total Assets & Fiduciary Net Position	\$ 15,118,709	\$ 13,566,731	\$ 1,551,978	11.4%

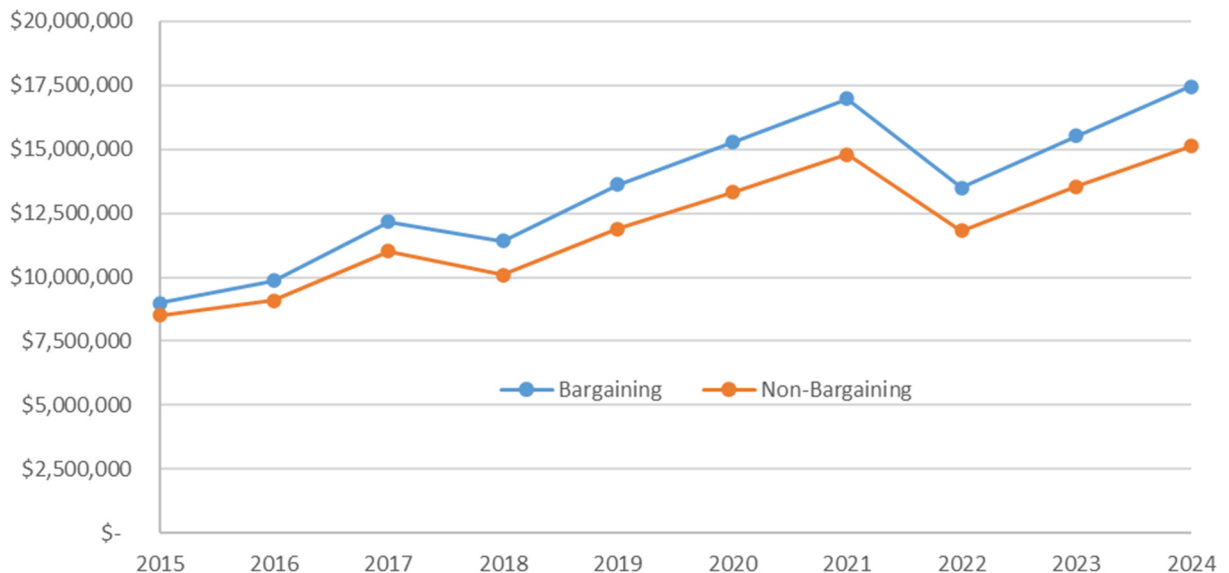
Statements of Changes in Fiduciary Net Position

	2024	2023	Diff	Diff %
Bargaining Unit:				
Employer Contributions	\$ 990,077	\$ 858,468	\$ 131,609	15.3%
Net Investment Income	2,241,598	2,300,444	(58,846)	-2.6%
Total Additions	3,231,675	3,158,912	72,763	2.3%
Benefit Payments & Fees	1,293,804	1,147,883	145,921	12.7%
Net Increase in Fiduciary Net Position	1,937,871	2,011,029	(73,158)	-3.6%
Beginning Year	15,512,484	13,501,455	2,011,029	14.9%
Ending Year	\$ 17,450,355	\$ 15,512,484	\$ 1,937,871	12.5%
Non-Bargaining Unit:				
Employer Contributions	\$ 609,923	\$ 666,341	\$ (56,418)	-8.5%
Net Investment Income	1,952,820	2,011,269	(58,449)	-2.9%
Total Additions	2,562,743	2,677,610	(114,867)	-4.3%
Benefit Payments & Fees	1,010,765	928,155	82,610	8.9%
Net Increase in Fiduciary Net Position	1,551,978	1,749,455	(197,477)	-11.3%
Beginning Year	13,566,731	11,817,276	1,749,455	14.8%
Ending Year	\$ 15,118,709	\$ 13,566,731	\$ 1,551,978	11.4%

Statements of Changes in Fiduciary Net Position

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>
2015	8,988,517	(28,526)	-0.3%	8,514,202	(308,894)	-3.5%
2016	9,869,559	881,042	9.8%	9,096,188	581,986	6.8%
2017	12,176,397	2,306,838	23.4%	11,018,376	1,922,188	21.1%
2018	11,404,562	(771,835)	-6.3%	10,099,126	(919,250)	-8.3%
2019	13,616,153	1,439,756	11.8%	11,890,461	872,085	7.9%
2020	15,274,494	1,658,341	12.2%	13,318,435	1,427,974	12.0%
2021	16,973,895	1,699,401	11.1%	14,804,417	1,485,982	11.2%
2022	13,501,455	(3,472,440)	-20.5%	11,817,276	(2,987,141)	-20.2%
2023	15,512,484	2,011,029	14.9%	13,566,731	1,749,455	14.8%
2024	17,450,355	1,937,871	12.5%	15,118,709	1,551,978	11.4%



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, 2024

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	<u>Water Systems</u>	<u>Cape Elizabeth</u>	<u>Cumberland</u>
Current Assets			
Cash and cash equivalents	\$ 4,291,765	\$ 571,812	\$ 180,192
Investments	10,909,373	1,453,947	458,172
Accounts receivable, net allowance for doubtful accounts of \$180,381 for water systems	5,205,087	33,713	11,608
Notes receivable, current	-	-	-
Interfund receivable	5,423,410	-	-
Lease receivable	67,978	-	-
Inventories	3,035,648	-	-
Prepaid expenses	505,411	10,242	-
Trustee held funds	-	-	-
Total Current Assets	29,438,672	2,069,714	649,972
Non-Current Assets			
Capital Assets:			
Operating property	405,645,832	19,512,418	9,500,036
Assets-Utility Property-Allowance for Depreciation	(157,639,118)	(13,862,931)	(6,323,767)
Net operating property	248,006,714	5,649,487	3,176,269
Right to Use Lease Asset	198,686	126,123	-
Accumulated Amortization - Lease Assets	(46,509)	(17,517)	-
	152,177	108,606	-
Right to Use SBITA Asset	836,538	-	-
Accumulated Amortization - SBITA Assets	(185,344)	-	-
	651,194	-	-
Construction in progress	7,478,989	43,128	92,390
Net Capital Assets	256,289,074	5,801,221	3,268,659
Charges and Other Assets:			
Net pension asset	133,594	8,442	3,377
Notes receivable	-	-	-
Lease receivable	1,318,666	-	-
Total Charges & Other Assets	1,452,260	8,442	3,377
Total Non-Current Assets	257,741,334	5,809,663	3,272,036
Total Assets	287,180,006	7,879,377	3,922,008
Deferred Outflows of Resources:			
Deferred outflows of pension resources	388,501	24,549	9,820
Deferred outflows on bond refunding	5,900	-	-
	394,401	24,549	9,820
Total Assets and Deferred Outflows of Resources	\$ 287,574,407	\$ 7,903,926	\$ 3,931,828

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

Wastewater Funds

<u>Falmouth</u>	<u>Gorham</u>	<u>Portland</u>	<u>Westbrook</u>	<u>Windham</u>	<u>TOTAL</u>
\$ 21,988	\$ 323,081	\$ 3,391,003	\$ 1,385,881	\$ -	\$ 10,165,722
55,909	821,500	8,622,303	3,227,378	-	25,548,582
-	8,187	36,319	6,693	960	5,302,567
-	-	-	13,240	-	13,240
-	-	-	-	-	5,423,410
-	-	-	-	-	67,978
-	-	-	-	-	3,035,648
-	5,578	131,453	33,465	797	686,946
-	182,227	-	396,688	-	578,915
77,897	1,340,573	12,181,078	5,063,345	1,757	50,823,008
5,743,834	23,930,174	127,974,847	31,507,813	4,233,656	628,048,610
(1,151,139)	(11,310,835)	(81,959,017)	(16,263,504)	(1,604,185)	(290,114,496)
4,592,695	12,619,339	46,015,830	15,244,309	2,629,471	337,934,114
-	-	-	-	-	324,809
-	-	-	-	-	(64,026)
-	-	-	-	-	260,783
-	-	-	-	-	836,538
-	-	-	-	-	(185,344)
-	-	-	-	-	651,194
-	50,685	10,034,428	243,249	16,818,892	34,761,761
4,592,695	12,670,024	56,050,258	15,487,558	19,448,363	373,607,852
-	4,960	46,347	11,671	2,659	211,050
-	-	-	39,720	-	39,720
-	-	-	-	-	1,318,666
-	4,960	46,347	51,391	2,659	1,569,436
4,592,695	12,674,984	56,096,605	15,538,949	19,451,022	375,177,288
4,670,592	14,015,557	68,277,683	20,602,294	19,452,779	426,000,296
-	14,423	134,778	33,940	7,733	613,744
-	-	-	-	-	5,900
-	14,423	134,778	33,940	7,733	619,644
\$ 4,670,592	\$ 14,029,980	\$ 68,412,461	\$ 20,636,234	\$ 19,460,512	\$ 426,619,940

Statement of Net Position - Proprietary Funds - Continued

December 31, 2024

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

	<u>Water Systems</u>	<u>Cape Elizabeth</u>	<u>Cumberland</u>
Current Liabilities			
Accounts payable and accrued payroll	\$ 4,926,583	\$ 457,423	\$ 417,988
Accrued interest	412,154	12,948	15
Customer deposits	547,252	-	-
Construction retainage	360,518	7,755	-
Interfund Payable	-	-	-
Lease liability	36,603	1,396	-
SBITA liability	194,202	-	-
Compensated absences	1,153,657	-	-
Notes payable	-	-	-
Bonds	6,808,320	325,950	6,250
Total Current Liabilities	14,439,289	805,472	424,253
Non-Current Liabilities			
Customer advances and other liabilities	5,216,056	-	-
Compensated absences	736,236	-	-
Lease liability	118,751	116,356	-
SBITA liability	470,128	-	-
Total other non-current liabilities	6,541,171	116,356	-
Long-term debt - notes payable	-	-	-
Long-term debt - bonds	58,534,514	3,703,650	6,250
Total long-term debt - notes and bonds	58,534,514	3,703,650	6,250
Total Non-Current Liabilities	65,075,685	3,820,006	6,250
Total Liabilities	79,514,974	4,625,478	430,503
Deferred Inflows of Resources			
Deferred inflows of leases	1,233,241	-	-
Deferred inflows of pension resources	349,161	22,063	8,825
	1,582,402	22,063	8,825
Net Position			
Invested in capital assets	187,846,591	1,646,114	3,242,059
Unrestricted	18,630,440	1,610,271	250,441
Total Net Position	206,477,031	3,256,385	3,492,500
Total Liabilities, Deferred Inflows of Resources & Net Position	\$ 287,574,407	\$ 7,903,926	\$ 3,931,828

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

Wastewater Funds						
<u>Falmouth</u>	<u>Gorham</u>	<u>Portland</u>	<u>Westbrook</u>	<u>Windham</u>	<u>TOTAL</u>	
\$ 32,005	\$ 41,934	\$ 2,182,280	\$ 467,472	\$ 1,471,472	\$	9,997,157
4,823	13,375	97,043	29,174	161,884		731,416
-	-	-	-	-		547,252
-	-	141,531	-	511,768		1,021,572
-	-	-	-	5,423,410		5,423,410
-	-	-	-	-		37,999
-	-	-	-	-		194,202
-	-	-	-	-		1,153,657
-	-	765,367	-	8,699,536		9,464,903
238,000	484,281	2,264,241	848,396	138,061		11,113,499
274,828	539,590	5,450,462	1,345,042	16,406,131		39,685,067
-	-	59,118	126,413	-		5,401,587
-	-	-	-	-		736,236
-	-	-	-	-		235,107
-	-	-	-	-		470,128
-	-	59,118	126,413	-		6,843,058
-	-	-	-	39,720		39,720
2,656,000	4,174,153	26,915,039	9,917,930	913,430		106,820,966
2,656,000	4,174,153	26,915,039	9,917,930	953,150		106,860,686
2,656,000	4,174,153	26,974,157	10,044,343	953,150		113,703,744
2,930,828	4,713,743	32,424,619	11,389,385	17,359,281		153,388,811
-	-	-	-	-		1,233,241
-	12,962	121,131	30,504	6,950		551,596
-	12,962	121,131	30,504	6,950		1,784,837
1,698,695	8,188,167	26,788,546	5,104,037	6,875,193		241,389,402
41,069	1,115,108	9,078,165	4,112,308	(4,780,912)		30,056,890
1,739,764	9,303,275	35,866,711	9,216,345	2,094,281		271,446,292
\$ 4,670,592	\$ 14,029,980	\$ 68,412,461	\$ 20,636,234	\$ 19,460,512	\$	426,619,940

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

Year Ended December 31, 2024

	<u>Water Systems</u>	<u>Cape Elizabeth</u>	<u>Cumberland</u>
Operating Revenues			
Water revenues	\$ 31,602,213	\$ -	\$ -
Wastewater assessments	-	2,390,220	1,279,680
Other operating revenues	180,024	-	-
Total Operating Revenues	31,782,237	2,390,220	1,279,680
Operating Expenses			
Operations & Maintenance	17,029,473	1,351,117	1,058,457
Customer accounting and collections	1,228,129	38,134	19,371
Administrative and general	3,680,809	562,485	222,766
Taxes on operating property	55,499	-	-
Depreciation not allocated elsewhere	8,354,180	388,581	193,390
Total Operating Expenses	30,348,090	2,340,317	1,493,984
Operating Income (Loss)	1,434,147	49,903	(214,304)
Non-Operating Revenues (Expenses)			
Interest income	1,026,680	93,345	38,314
Investments unrealized gain (loss)	201,867	3,736	897
Miscellaneous	541,475	83,585	28,136
Pass-through grant revenue	2,558,816	-	-
Pass-through grant expense	(2,558,816)	-	-
Loss on sale/disposal of operating property	(142,801)	(1,301)	-
Interest and amortization expense	(1,955,014)	(102,032)	(5,296)
Net Non-Operating Revenues (Expenses)	(327,793)	77,333	62,051
Change in Net Position Before Capital Contributions	1,106,354	127,236	(152,253)
Capital Contributions	2,766,893	-	-
Change in Net Position	3,873,247	127,236	(152,253)
Net Position, Beginning of Year	202,603,784	3,129,149	3,644,753
Net Position, End of Year	\$ 206,477,031	\$ 3,256,385	\$ 3,492,500

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

Wastewater Funds

<u>Falmouth</u>	<u>Gorham</u>	<u>Portland</u>	<u>Westbrook</u>	<u>Windham</u>	<u>TOTAL</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,602,213
314,112	1,675,344	16,543,176	3,995,964	808,488	27,006,984
-	-	315,393	44,712	-	540,129
314,112	1,675,344	16,858,569	4,040,676	808,488	59,149,326
4,512	629,114	8,927,149	2,242,363	187,340	31,429,525
12,564	26,499	270,110	64,603	831	1,660,241
3,926	375,045	3,741,594	1,014,536	157,382	9,758,543
-	-	-	-	-	55,499
156,131	519,175	3,318,800	759,293	95,686	13,785,236
177,133	1,549,833	16,257,653	4,080,795	441,239	56,689,044
136,979	125,511	600,916	(40,119)	367,249	2,460,282
6,764	23,621	593,185	267,038	43,438	2,092,385
(377)	3,148	15,917	3,728	(7,167)	221,749
-	39,455	461,017	142,359	53,923	1,349,950
-	-	-	-	-	2,558,816
-	-	-	-	-	(2,558,816)
-	(3,542)	144	(7,660)	(299)	(155,459)
(44,190)	(99,085)	(642,882)	(220,869)	(322,815)	(3,392,183)
(37,803)	(36,403)	427,381	184,596	(232,920)	116,442
99,176	89,108	1,028,297	144,477	134,329	2,576,724
-	1,335,000	-	-	-	4,101,893
99,176	1,424,108	1,028,297	144,477	134,329	6,678,617
1,640,588	7,879,167	34,838,414	9,071,868	1,959,952	264,767,675
\$ 1,739,764	\$ 9,303,275	\$ 35,866,711	\$ 9,216,345	\$ 2,094,281	\$ 271,446,292

Statement of Cash Flows - Proprietary Funds

For the Year Ended December 31, 2024

	Water Systems	Cape Elizabeth	Cumberland
Cash flows from operating activities			
Receipts from customers	\$ 30,286,125	\$ 2,356,507	\$ 1,268,072
Payments to suppliers	(10,486,808)	(1,219,320)	(1,019,267)
Payments to employees	(9,399,378)	(594,863)	(245,642)
Net cash flows from operating activities	10,399,939	542,324	3,163
Cash flows from capital and related financing activities			
Proceeds from bonds	7,762,950	389,000	-
Redistribution of bond proceeds	-	-	-
Bond principal forgiven	(561,750)	-	-
Principal payments bonds	(6,712,452)	(306,500)	(6,250)
Proceeds from notes payable	-	-	-
Notes payable payments	-	-	-
Impact of Interfund Payable/Receivable	(51,983)	-	-
Transfer from trustee funds	1,332,950	-	-
New trustee funds	(1,332,950)	-	-
Interest paid	(1,921,456)	(100,701)	(5,303)
Acquisitions and construction of operating property	(16,876,981)	(390,785)	(74,490)
Amortization of Leased Assets	13,664	3,503	-
Amortization of SBITA Assets	121,940	-	-
Proceeds from sale of operating property	35,466	-	-
Net cash flows from capital and related financing activities	(18,190,602)	(405,483)	(86,043)
Cash flows from investing activities			
Investments - transfer to water	(10,637,703)	1,363,680	519,062
Investments - purchases	(29,455,466)	-	-
Investments - sales	31,350,476	-	-
Investments - market value change	(243,921)	-	-
Investments - transfer from water	14,639,209	(1,453,947)	(458,172)
Interest income received	1,026,680	93,345	38,314
Investments unrealized gain/loss	201,867	3,736	897
Payments on notes receivable	-	-	-
Net cash flows from investing activities	6,881,142	6,814	100,101
Net change in cash (above)	(909,521)	143,655	17,221
Cash & Cash Equivalents - Beg of Year	5,201,286	428,157	162,971
Cash & Cash Equivalents - End of Year	\$ 4,291,765	\$ 571,812	\$ 180,192
Reconciliation of operating income to net cash flows from operating activities			
Operating income (loss)	\$ 1,434,147	\$ 49,903	\$ (214,304)
Depreciation not allocated elsewhere	8,354,180	388,581	193,390
Depreciation allocated	1,145,000	-	-
Amortization	17,000	-	-
Miscellaneous income	541,475	83,585	28,136
Changes in assets and liabilities:			
Accounts receivable	(1,496,112)	(33,713)	(11,608)
Inventories	949,702	-	-
Prepaid expense	52,171	(2,310)	-
Lease receivable	64,176	-	-
Accounts payable and accrued payroll	(932,922)	40,026	573
Interfund payable	-	-	-
Compensated absences	131,015	-	-
Customer deposits	85,408	-	-
Net pension and deferred inflows/outflows	265,764	17,618	6,976
Bond refunding deferred outflow	10,100	-	-
Lease liability	(27,330)	(1,366)	-
SBITA liability	(110,437)	-	-
Lease deferred inflows	(89,961)	-	-
Customer advances and other liabilities	6,563	-	-
Net cash flows from operating activities	\$ 10,399,939	\$ 542,324	\$ 3,163
Noncash investing, capital and financing activities			
Capital contributions	\$ 2,766,893	\$ -	\$ -
Lease liabilities arising from obtaining right-to-use lease assets	\$ 131,641	\$ -	\$ -
SBITA liabilities arising from obtaining SBITA assets	\$ 646,325	\$ -	\$ -
Non-Cash AP - Capital Assets	\$ 536,087	\$ -	\$ 14,100

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

Statement of Fiduciary Net Position - Pension Trust Funds

December 31, 2024

	<u>Total</u>
ASSETS	
Cash and cash equivalents	\$ 661,931
Investments	
Equities	\$ 19,963,273
Fixed Income & Preferreds	8,874,351
Alternatives	3,069,237
	<u>31,906,861</u>
Interest receivable	<u>272</u>
Total Assets	<u>\$ 32,569,064</u>
Restricted for pension benefits	<u>\$ 32,569,064</u>
Total Fiduciary Net Position	<u>\$ 32,569,064</u>

Statement of Changes in Fiduciary Net Position - Pension Trust Funds

Year Ended December 31, 2024

	<u>Total</u>
Additions:	
Employer Contributions	\$ 1,600,000
Investment Income	
Interest and dividends	760,648
Net gain on sale of assets	634,936
Net appreciation of investments	2,798,834
Net Investment Income	<u>4,194,418</u>
Total Additions	5,794,418
Deductions:	
Benefits	2,188,070
Fees/Other Expenses	<u>116,499</u>
Total Deductions	<u>2,304,569</u>
Change in Fiduciary Net Position	3,489,849
Fiduciary Net Position - Beginning of Year	<u>29,079,215</u>
Fiduciary Net Position - End of Year	<u><u>\$ 32,569,064</u></u>

See independent auditor's report.

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

Measurement Focus, Basis of Accounting and Basis of Presentation

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

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

Credit Risk:

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

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

Concentration Credit Risk

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

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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.

Interest Rate Risk:

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

The investment policy 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: investments fair value with maturities less than one year are \$19,273,936 and maturities of 1-5 years are \$6,274,646.

Investments – Pension Trust Funds

Method Used to Value Investments:

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

Credit Risk/Concentration Credit Risk:

The pension plans' policy in regard to the allocation of invested assets is established and may be amended by the District's Board of Trustees (the Board). 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, 2024:

<u>Asset Class</u>	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>
U.S. Equities	30%	45%	50%
International Equities	5%	20%	30%
Bonds	20%	25%	40%
Alternatives	0%	10%	15%
Cash and Equivalents	0%	0%	30%

There were no significant changes to the allocation policy during 2024. As of December 31, 2024, the investment portfolio does not hold any investment in any one organization greater than 5% of either of the plan's fiduciary net positions.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Investments - Pension Trust Funds - Continued

Rate of Return:

For the year ended December 31, 2024, the annual money-weighted rate of return on pension plan investments, net of pension expense, was 13.60% and 13.62% 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.

Interest Rate Risk:

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

Fair Value Measurements

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

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

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fair Value Measurements - Continued

For the year ended December 31, 2024, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

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

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

Accounts Receivable

Trade accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and credit to trade accounts receivable. Allowance for doubtful accounts as of December 31, 2024 was \$180,381. The District has the ability to place a lien on property with past due balances.

Inventories

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

Capital Assets

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

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

Water Capital Assets:

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Capital Assets - Continued

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.

During the year ended December 31, 2024, the District revised the estimated useful lives of its water meters due to a planned meter replacement project scheduled to begin in 2026. As a result of this project, the remaining useful lives of the existing meters were shortened, and depreciation expense was adjusted accordingly.

This change in estimate was accounted for prospectively in accordance with GASB Statement No. 100. The effect of this change was an increase in depreciation not allocated elsewhere of approximately \$1,900,000 for the year ended December 31, 2024. Management believes this change more accurately reflects the expected pattern of economic benefit from the use of the meters over their remaining service lives.

Leases

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

Subscription Based Information Technology Arrangements (SBITA's)

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

Preliminary Surveys for Plant Expansion or Modification

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

Maintenance and Other Costs

Certain maintenance and other costs are capitalized and amortized on a straight-line basis over periods as approved by the Maine PUC which approximate methods and periods under GAAP. There were no amortization costs in 2024.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONCLUDED

Compensated Absences

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

Deferred Outflows of Resources and Deferred Inflows of Resources

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

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

Use of Estimates

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

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS

Cash & Investments

The carrying amount of the District's deposits with financial institutions was (\$887,623) at December 31, 2024 and the bank balance was \$243,255. The District held certificates of deposit carried at \$2,446,499. Total deposits were categorized, as follows:

	Bank Balances	Certificates of Deposit	Total Deposits
Amount Insured	\$ 243,255	\$ 2,446,499	\$ 2,689,754
Amount Uninsured	-	-	-
	<u>\$ 243,255</u>	<u>\$ 2,446,499</u>	<u>\$ 2,689,754</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	475
Carrying Value of Deposits	(887,623)
Money Market Mutual Funds	11,051,570
Total Cash and Cash equivalents	<u>\$ 10,165,722</u>
Certificates of Deposit	\$ 2,446,499
U.S. Treasury Securities	12,079,679
U.S. Agency Securities	11,022,404
Total Investments	<u>\$ 25,548,582</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Cash & Investments - Concluded

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, 2024 are, as follows:

Proprietary Funds

	Total	Level 1	Level 2	Level 3
Money Market Mutual Funds	\$ 11,051,570	\$ 11,051,570	\$ -	\$ -
Certificates of Deposit	2,446,499	2,446,499	-	-
U.S. Treasury Securities	12,079,679	-	12,079,679	-
U.S. Agency Securities	11,022,403	-	11,022,403	-
	<u>\$ 36,600,151</u>	<u>\$ 13,498,069</u>	<u>\$ 23,102,082</u>	<u>\$ -</u>

Pension Trust Funds

	Total	Level 1	Level 2	Level 3
Equity mutual funds	\$ 19,963,273	\$ 19,963,273	\$-	\$-
Fixed Income & Preferreds	8,874,351	8,874,351	-	-
Alternatives	3,069,237	3,069,237	-	-
	<u>\$ 31,906,861</u>	<u>\$ 31,906,861</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, 2023	Increases	Decreases	Dec 31, 2024	Current	Non-Current
Westbrook Wastewater Fund:						
Windham Wastewater Fund	\$ 66,200	\$ -	\$ (13,240)	\$ 52,960	\$ 13,240	\$ 39,720
Total of all Notes	<u>\$ 66,200</u>	<u>\$ -</u>	<u>\$ (13,240)</u>	<u>\$ 52,960</u>	<u>\$ 13,240</u>	<u>\$ 39,720</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets

	<u>Dec 31, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2024</u>
Water Fund:				
Operating Property, not being depreciated				
Land	\$ 4,554,848	\$ -	\$ -	\$ 4,554,848
Land Rights	3,053,080	148,000	-	3,201,080
Plant Acquisition Adjustment	36,189	-	(17,000)	19,189
Organization	173,472	-	-	173,472
Non-Utility Property	103,935	-	-	103,935
Franchises	26,161	-	-	26,161
Property Held for Future Use	7,425	-	-	7,425
	<u>7,955,110</u>	<u>148,000</u>	<u>(17,000)</u>	<u>8,086,110</u>
Operating Property, being depreciated				
Distribution Mains	221,267,405	9,331,461	(180,063)	230,418,803
Services	42,970,361	919,418	-	43,889,779
Structures & Improvements	31,609,158	20,825	-	31,629,983
Water Treatment Equipment	14,424,461	201,850	-	14,626,311
Transmission Mains	13,430,883	-	-	13,430,883
Meters & Meter Installations	13,836,570	722,513	(154,653)	14,404,430
Reservoirs & Standpipes	11,186,539	3,078,560	-	14,265,099
Hydrants	13,664,328	394,732	(32,553)	14,026,507
Vehicles	4,711,818	416,072	(190,516)	4,937,374
Lake, River & Other Intakes	2,363,460	-	-	2,363,460
Communication Equipment	1,485,020	-	-	1,485,020
Pumping Equipment	2,950,240	-	-	2,950,240
Wells & Springs	989,248	-	-	989,248
Computer Equipment	4,873,651	816,629	-	5,690,280
Power Equipment	544,975	36,968	(21,359)	560,584
Office Furniture & Equipment	811,922	68,003	-	879,925
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>382,131,835</u>	<u>16,007,031</u>	<u>(579,144)</u>	<u>397,559,722</u>
Total Operating Property	<u>\$ 390,086,945</u>	<u>\$ 16,155,031</u>	<u>\$ (596,144)</u>	<u>\$ 405,645,832</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets – Continued

	<u>Dec 31, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2024</u>
Water Fund (continued):				
Less, accumulated depreciation for:				
Distribution Mains	\$ 61,803,008	\$ 3,166,060	\$ (101,284)	\$ 64,867,784
Services	23,608,360	985,236	-	24,593,596
Structures & Improvements	17,835,697	675,547	-	18,511,244
Transmission Mains	7,936,845	132,308	-	8,069,153
Reservoirs & Standpipes	6,083,681	253,660	-	6,337,341
Water Treatment Equipment	6,645,899	373,573	-	7,019,472
Hydrants	5,095,140	267,621	(21,435)	5,341,326
Meters & Meter Installations	7,223,818	2,456,257	(102,283)	9,577,792
Vehicles	2,570,089	466,615	(172,871)	2,863,833
Intakes Suction Mains	1,973,917	15,222	-	1,989,139
Pumping Equipment	1,883,177	76,444	-	1,959,621
Communication Equipment	1,471,071	37,702	-	1,508,773
Power Equipment	484,136	6,043	(3,003)	487,176
Office Furniture & Equipment	956,283	41,542	-	997,825
Shop Equipment	337,029	-	-	337,029
Computer Equipment	1,658,606	506,090	-	2,164,696
Garage Equipment	265,957	3,538	-	269,495
Wells & Springs	304,089	19,643	-	323,732
Radio Equipment	244,599	13,369	-	257,968
Laboratory Equipment	111,702	1,715	-	113,417
Stores Equipment	47,711	995	-	48,706
	<u>148,540,814</u>	<u>9,499,180</u>	<u>(400,876)</u>	<u>157,639,118</u>
Net Operating Property	<u>241,546,131</u>	<u>6,655,851</u>	<u>(195,268)</u>	<u>248,006,714</u>
Right to Use Assets:				
Lease	82,163	116,523	-	198,686
SBITA	190,213	646,325	-	836,538
	<u>272,376</u>	<u>762,848</u>	<u>-</u>	<u>1,035,224</u>
Less, accululated amortization for right to use assets:				
Lease	32,845	13,664	-	46,509
SBITA	63,404	121,940	-	185,344
	<u>96,249</u>	<u>135,604</u>	<u>-</u>	<u>231,853</u>
Net Right to Use Assets	<u>176,127</u>	<u>627,244</u>	<u>-</u>	<u>803,371</u>
Construction Work in Progress	<u>3,348,877</u>	<u>6,874,411</u>	<u>(2,744,299)</u>	<u>7,478,989</u>
Net Capital Assets	<u>\$ 245,071,135</u>	<u>\$14,157,506</u>	<u>\$(2,939,567)</u>	<u>\$ 256,289,074</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets – Continued

	<u>Dec 31, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2024</u>
Cape Elizabeth Wastewater:				
Operating Property, not being depreciated				
Land	\$ 130,048	\$ -	\$ -	\$ 130,048
Land Rights	95,111	-	-	95,111
	<u>225,159</u>	<u>-</u>	<u>-</u>	<u>225,159</u>
Operating Property, being depreciated				
Interceptor Structures	6,315,961	-	-	6,315,961
Treatment Plant Equipment	3,372,855	-	-	3,372,855
Pumping Station Equipment	3,080,625	346,968	(69,456)	3,358,137
Treatment Plant Structures	3,599,968	-	-	3,599,968
Pumping Station Structures	2,280,230	83,980	-	2,364,210
General Equipment	197,933	-	-	197,933
Computer Equipment	75,247	-	-	75,247
Interceptor Equipment	2,948	-	-	2,948
	<u>18,925,767</u>	<u>430,948</u>	<u>(69,456)</u>	<u>19,287,259</u>
Total Operating Property	<u>19,150,926</u>	<u>430,948</u>	<u>(69,456)</u>	<u>19,512,418</u>
Less, accumulated depreciation for:				
Interceptor Structures	4,752,832	126,399	-	4,879,231
Treatment Plant Equipment	3,092,059	75,631	-	3,167,690
Pumping Station Equipment	2,333,637	94,270	(68,155)	2,359,752
Treatment Plant Structures	2,152,975	20,192	-	2,173,167
Pumping Station Structures	1,016,404	53,789	-	1,070,193
General Equipment	169,010	8,747	-	177,757
Computer Equipment	23,450	9,406	-	32,856
Interceptor Equipment	2,138	147	-	2,285
	<u>13,542,505</u>	<u>388,581</u>	<u>(68,155)</u>	<u>13,862,931</u>
Net Operating Property	<u>5,608,421</u>	<u>42,367</u>	<u>(1,301)</u>	<u>5,649,487</u>
Right to Use Lease Assets:				
Right to Use - Land	126,123	-	-	126,123
Less, accumulated amortization for right to use lease assets:				
Right to Use - Land	14,014	3,503	-	17,517
Net Right to Use Lease Assets	<u>112,109</u>	<u>(3,503)</u>	<u>-</u>	<u>108,606</u>
Construction Work in Progress	<u>75,536</u>	<u>568</u>	<u>(32,976)</u>	<u>43,128</u>
Net Capital Assets	<u>\$ 5,796,066</u>	<u>\$ 39,432</u>	<u>\$ (34,277)</u>	<u>\$ 5,801,221</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets - Continued

	<u>Dec 31, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2024</u>
Cumberland Wastewater:				
Operating Property, not being depreciated				
Land	\$ 89,005	\$ -	\$ -	\$ 89,005
Operating Property, being depreciated				
Interceptor Structures	7,108,317	20,000	-	7,128,317
Pumping Station Structures	1,041,213	-	-	1,041,213
Pumping Station Equipment	1,115,075	-	-	1,115,075
Treatment Plant Equipment	47,416	-	-	47,416
General Equipment	41,881	-	-	41,881
Computer Equipment	36,916	-	-	36,916
Interceptor Equipment	213	-	-	213
	<u>9,391,031</u>	<u>20,000</u>	<u>-</u>	<u>9,411,031</u>
Total Operating Property	<u>9,480,036</u>	<u>20,000</u>	<u>-</u>	<u>9,500,036</u>
Less, accumulated depreciation for:				
Interceptor Structures	4,294,736	142,366	-	4,437,102
Pumping Station Structures	835,610	13,483	-	849,093
Pumping Station Equipment	899,415	32,527	-	931,942
Treatment Plant Equipment	47,017	399	-	47,416
General Equipment	41,881	-	-	41,881
Computer Equipment	11,505	4,615	-	16,120
Interceptor Equipment	213	-	-	213
	<u>6,130,377</u>	<u>193,390</u>	<u>-</u>	<u>6,323,767</u>
Construction Work in Progress	<u>23,800</u>	<u>88,590</u>	<u>(20,000)</u>	<u>92,390</u>
Net Capital Assets	<u>\$ 3,373,459</u>	<u>\$ (84,800)</u>	<u>\$ (20,000)</u>	<u>\$ 3,268,659</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets - Continued

	<u>Dec 31, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2024</u>
Falmouth Wastewater:				
Operating Property, not being depreciated				
Land	\$ 10,527	\$ -	\$ -	\$ 10,527
Operating Property, being depreciated				
Pumping Station Structures	2,226,400	-	-	2,226,400
Pumping Station Equipment	1,242,600	-	-	1,242,600
Interceptor Structures	2,224,436	-	-	2,224,436
Computer Equipment	39,871	-	-	39,871
	<u>5,733,307</u>	<u>-</u>	<u>-</u>	<u>5,733,307</u>
Total Operating Property	<u>5,743,834</u>	<u>-</u>	<u>-</u>	<u>5,743,834</u>
Less, accumulated depreciation for:				
Pumping Station Structures	289,431	44,528	-	333,959
Pumping Station Equipment	403,845	62,130	-	465,975
Interceptor Structures	289,272	44,489	-	333,761
Computer Equipment	12,460	4,984	-	17,444
	<u>995,008</u>	<u>156,131</u>	<u>-</u>	<u>1,151,139</u>
Net Capital Assets	<u>\$ 4,748,826</u>	<u>\$ (156,131)</u>	<u>\$ -</u>	<u>\$ 4,592,695</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets – Continued

	<u>Dec 31, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2024</u>
Gorham Wastewater:				
Operating Property, not being depreciated				
Land	\$ 185,466	\$ -	\$ -	\$ 185,466
Land Rights	157,770	-	-	157,770
	<u>343,236</u>	<u>-</u>	<u>-</u>	<u>343,236</u>
Operating Property, being depreciated				
Interceptor Structures	12,142,041	1,335,000	-	13,477,041
Pumping Station Structures	1,948,816	-	-	1,948,816
Pumping Station Equipment	1,971,194	25,272	-	1,996,466
Treatment Plant Structures	1,073,993	822,737	-	1,896,730
Treatment Plant Equipment	1,265,109	2,904,151	(26,860)	4,142,400
Computer Equipment	66,996	-	-	66,996
General Equipment	52,972	-	-	52,972
Solids Handling Equipment	5,517	-	-	5,517
	<u>18,526,638</u>	<u>5,087,160</u>	<u>(26,860)</u>	<u>23,586,938</u>
Total Operating Property	<u>18,869,874</u>	<u>5,087,160</u>	<u>(26,860)</u>	<u>23,930,174</u>
Less, accumulated depreciation for:				
Interceptor Structures	6,518,031	256,190	-	6,774,221
Pumping Station Equipment	1,550,437	67,284	-	1,617,721
Treatment Plant Structures	866,405	28,421	-	894,826
Pumping Station Structures	1,025,911	43,203	-	1,069,114
Treatment Plant Equipment	783,465	113,660	(23,318)	873,807
General Equipment	44,348	2,042	-	46,390
Computer Equipment	20,865	8,375	-	29,240
Solids Handling Equipment	5,516	-	-	5,516
	<u>10,814,978</u>	<u>519,175</u>	<u>(23,318)</u>	<u>11,310,835</u>
Construction Work in Progress	<u>3,698,505</u>	<u>4,214</u>	<u>(3,652,034)</u>	<u>50,685</u>
Net Capital Assets	<u>\$ 11,753,401</u>	<u>\$4,572,199</u>	<u>\$(3,655,576)</u>	<u>\$12,670,024</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets - Continued

	<u>Dec 31, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2024</u>
Portland Wastewater:				
Operating Property, not being depreciated				
Land	\$ 199,555	\$ -	\$ -	\$ 199,555
Land Rights	233,013	-	-	233,013
	<u>432,568</u>	<u>-</u>	<u>-</u>	<u>432,568</u>
Operating Property, being depreciated				
Treatment Plant Structures	37,847,914	1,853	-	37,849,767
Interceptor Structures	28,732,959	-	-	28,732,959
Treatment Plant Equipment	31,143,000	408,825	(90,533)	31,461,292
Pumping Station Structures	14,646,369	335,538	-	14,981,907
Pumping Station Equipment	10,561,618	1,250,189	(59,403)	11,752,404
Communications Equip.- Collectors	753,873	-	-	753,873
Computer Equipment	526,446	-	-	526,446
Storm Drains	617,610	-	-	617,610
Solids Handling Equipment	422,284	-	-	422,284
General Equipment	380,657	-	-	380,657
Interceptor Equipment	63,080	-	-	63,080
	<u>125,695,810</u>	<u>1,996,405</u>	<u>(149,936)</u>	<u>127,542,279</u>
Total Operating Property	<u>126,128,378</u>	<u>1,996,405</u>	<u>(149,936)</u>	<u>127,974,847</u>
Less, accumulated depreciation for:				
Treatment Plant Structures	25,684,857	790,260	-	26,475,117
Interceptor Structures	21,297,322	563,715	-	21,861,037
Treatment Plant Equipment	16,327,318	1,091,883	(90,533)	17,328,668
Pumping Station Structures	6,928,894	364,357	-	7,293,251
Pumping Station Equipment	6,628,312	383,073	(59,403)	6,951,982
Communications Equip.- Collectors	696,998	16,828	-	713,826
Solids Handling Equipment	319,076	9,798	-	328,874
General Equipment	348,608	20,728	-	369,336
Storm Drains	336,663	12,352	-	349,015
Interceptor Equipment	58,002	-	-	58,002
Computer Equipment	164,103	65,806	-	229,909
	<u>78,790,153</u>	<u>3,318,800</u>	<u>(149,936)</u>	<u>81,959,017</u>
Construction Work in Progress	<u>4,400,160</u>	<u>6,740,076</u>	<u>(1,105,808)</u>	<u>10,034,428</u>
Net Capital Assets	<u>\$ 51,738,385</u>	<u>\$ 5,417,681</u>	<u>\$(1,105,808)</u>	<u>\$ 56,050,258</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets – Continued

	<u>Dec 31, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2024</u>
Westbrook Wastewater:				
Operating Property, not being depreciated				
Land	\$ 162,263	\$ -	\$ -	\$ 162,263
Land Rights	139,144	-	-	139,144
	<u>301,407</u>	<u>-</u>	<u>-</u>	<u>301,407</u>
Operating Property, being depreciated				
Treatment Plant Equipment	4,175,779	6,279,753	(58,081)	10,397,451
Pumping Station Structures	5,472,371	132,481	-	5,604,852
Treatment Plant Structures	4,374,984	1,779,035	-	6,154,019
Interceptor Structures	3,809,153	-	-	3,809,153
Pumping Station Equipment	3,806,407	-	-	3,806,407
General Equipment	1,180,597	-	-	1,180,597
Computer Equipment	129,878	-	-	129,878
Communications Equip. - Collectors	103,231	-	-	103,231
Storm Drains	748	-	-	748
Solids Handling Equipment	20,070	-	-	20,070
	<u>23,073,218</u>	<u>8,191,269</u>	<u>(58,081)</u>	<u>31,206,406</u>
Total Operating Property	<u>23,374,625</u>	<u>8,191,269</u>	<u>(58,081)</u>	<u>31,507,813</u>
Less, accumulated depreciation for:				
Treatment Plant Equipment	3,018,353	256,403	(50,419)	3,224,337
Treatment Plant Structures	3,627,030	94,671	-	3,721,701
Interceptor Structures	3,227,873	75,738	-	3,303,611
Pumping Station Structures	2,800,129	141,355	-	2,941,484
Pumping Station Equipment	2,398,245	149,204	-	2,547,449
General Equipment	322,776	24,637	-	347,413
Computer Equipment	40,500	16,235	-	56,735
Storm Drains	64	10	-	74
Solids Handling Equipment	20,070	-	-	20,070
Communications Equip. - Collectors	99,590	1,040	-	100,630
	<u>15,554,630</u>	<u>759,293</u>	<u>(50,419)</u>	<u>16,263,504</u>
Construction Work in Progress	<u>8,266,573</u>	<u>47,826</u>	<u>(8,071,150)</u>	<u>243,249</u>
Net Capital Assets	<u>\$16,086,568</u>	<u>\$7,479,802</u>	<u>\$(8,078,812)</u>	<u>\$15,487,558</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets - Continued

	<u>Dec 31, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2024</u>
Windham Wastewater:				
Operating Property, not being depreciated				
Land	\$ 142,556	\$ -	\$ -	\$ 142,556
Land Rights	13,296	-	-	13,296
	<u>155,852</u>	<u>-</u>	<u>-</u>	<u>155,852</u>
Operating Property, being depreciated				
Interceptor Structures	2,024,309	-	-	2,024,309
Pumping Station Structures	778,240	-	-	778,240
Pumping Station Equipment	606,670	-	-	606,670
Treatment Plant Equipment	143,176	245,156	(2,267)	386,065
Treatment Plant Structures	145,456	69,452	-	214,908
Storm Drains	46,423	-	-	46,423
General Equipment	14,153	-	-	14,153
Computer Equipment	6,353	-	-	6,353
Solids Handling Equipment	683	-	-	683
	<u>3,765,463</u>	<u>314,608</u>	<u>(2,267)</u>	<u>4,077,804</u>
Total Operating Property	<u>3,921,315</u>	<u>314,608</u>	<u>(2,267)</u>	<u>4,233,656</u>
Less, accumulated depreciation for:				
Interceptor Structures	669,141	40,486	-	709,627
Pumping Station Equipment	378,724	19,851	-	398,575
Pumping Station Structures	227,156	20,095	-	247,251
Treatment Plant Equipment	100,161	9,752	(1,969)	107,944
Treatment Plant Structures	119,947	3,286	-	123,233
General Equipment	10,369	494	-	10,863
Computer Equipment	1,973	794	-	2,767
Storm Drains	2,314	928	-	3,242
Solids Handling Equipment	683	-	-	683
	<u>1,510,468</u>	<u>95,686</u>	<u>(1,969)</u>	<u>1,604,185</u>
Construction Work in Progress	<u>9,136,407</u>	<u>8,007,636</u>	<u>(325,151)</u>	<u>16,818,892</u>
Net Capital Assets	<u>\$11,547,254</u>	<u>\$8,226,558</u>	<u>\$(325,449)</u>	<u>\$19,448,363</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets – Continued

All Funds Combined:	Dec 31, 2023	Increases	Decreases	Dec 31, 2024
Operating Property, not being depreciated				
Land (Water)	\$ 4,554,848	\$ -	\$ -	\$ 4,554,848
Land Rights (Water)	3,053,080	148,000	-	3,201,080
Land (Wastewater)	919,420	-	-	919,420
Land Rights (Wastewater)	638,334	-	-	638,334
Plant Acquisition Adjustment	36,189	-	(17,000)	19,189
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>9,512,864</u>	<u>148,000</u>	<u>(17,000)</u>	<u>9,643,864</u>
Operating Property, being depreciated				
Distribution Mains	221,267,405	9,331,461	(180,063)	230,418,803
Interceptor Structures	62,357,176	1,355,000	-	63,712,176
Treatment Plant Structures	46,917,315	2,673,077	-	49,590,392
Services	42,970,361	919,418	-	43,889,779
Structures & Improvements	31,609,158	20,825	-	31,629,983
Treatment Plant Equipment	40,147,335	9,837,885	(177,741)	49,807,479
Pumping Station Structures	28,518,639	551,999	-	29,070,638
Pumping Station Equipment	22,384,189	1,622,429	(128,859)	23,877,759
Water Treatment Equipment	14,424,461	201,850	-	14,626,311
Transmission Mains	13,430,883	-	-	13,430,883
Meters & Meter Installations	13,836,570	722,513	(154,653)	14,404,430
Reservoirs & Standpipes	11,186,539	3,078,560	-	14,265,099
Hydrants	13,664,328	394,732	(32,553)	14,026,507
Vehicles	4,711,817	416,072	(190,516)	4,937,373
Lake, River & Other Intakes	2,363,460	-	-	2,363,460
Communication Equipment	1,485,020	-	-	1,485,020
Pumping Equipment	2,950,240	-	-	2,950,240
General Equipment	1,868,193	-	-	1,868,193
Wells & Springs	989,248	-	-	989,248
Computer Equipment	5,755,358	816,629	-	6,571,987
Power Equipment	544,975	36,968	(21,358)	560,585
Communications Equipment - Collectors	857,104	-	-	857,104
Office Furniture & Equipment	811,922	68,003	-	879,925
Storm Drains	664,781	-	-	664,781
Shop Equipment	288,562	-	-	288,562
Solids Handling Equipment	448,554	-	-	448,554
Garage Equipment	232,652	-	-	232,652
Radio Equipment	318,006	-	-	318,006
Laboratory Equipment	113,415	-	-	113,415
Interceptor Equipment	66,241	-	-	66,241
Stores Equipment	59,161	-	-	59,161
	<u>587,243,068</u>	<u>32,047,421</u>	<u>(885,743)</u>	<u>618,404,746</u>
Total Operating Property	<u>\$ 596,755,932</u>	<u>\$ 32,195,421</u>	<u>\$ (902,743)</u>	<u>\$ 628,048,610</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets – Continued

	<u>Dec 31, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2024</u>
All Funds Combined (continued):				
Less, accumulated depreciation for:				
Distribution Mains	\$ 61,803,007	\$ 3,166,060	\$ (101,284)	\$ 64,867,783
Interceptor Structures	41,049,206	1,249,383	-	42,298,589
Treatment Plant Structures	32,396,552	936,830	-	33,333,382
Treatment Plant Equipment	23,423,357	1,547,728	(166,239)	24,804,846
Services	23,608,358	985,236	-	24,593,594
Structures & Improvements	17,835,699	675,547	-	18,511,246
Pumping Station Equipment	14,592,295	808,339	(127,558)	15,273,076
Pumping Station Structures	13,123,537	680,810	-	13,804,347
Transmission Mains	7,936,845	132,308	-	8,069,153
Reservoirs & Standpipes	6,083,681	253,660	-	6,337,341
Water Treatment Equipment	6,645,898	373,573	-	7,019,471
Hydrants	5,095,140	267,621	(21,435)	5,341,326
Meters & Meter Installations	7,223,817	2,456,257	(102,283)	9,577,791
Vehicles	2,570,089	466,615	(172,871)	2,863,833
Lake, River & Other Intakes	1,973,917	15,222	-	1,989,139
Pumping Equipment	1,883,177	76,444	-	1,959,621
Communication Equipment	1,471,071	37,702	-	1,508,773
Power Equipment	484,136	6,043	(3,003)	487,176
Office Furniture & Equipment	956,283	41,542	-	997,825
General Equipment	936,992	56,648	-	993,640
Communications Equip.- Collectors	796,588	17,868	-	814,456
Solids Handling Equipment	345,345	9,798	-	355,143
Shop Equipment	337,029	-	-	337,029
Computer Equipment	1,933,462	616,305	-	2,549,767
Garage Equipment	265,957	3,538	-	269,495
Wells & Springs	304,089	19,643	-	323,732
Radio Equipment	244,599	13,369	-	257,968
Laboratory Equipment	111,702	1,715	-	113,417
Storm Drains	339,042	13,290	-	352,332
Stores Equipment	47,711	995	-	48,706
Interceptor Equipment	60,352	147	-	60,499
	<u>275,878,933</u>	<u>14,930,236</u>	<u>(694,673)</u>	<u>290,114,496</u>
Net Operating Property	<u>320,876,999</u>	<u>17,265,185</u>	<u>(208,070)</u>	<u>337,934,114</u>
Right to Use Lease Assets:				
Lease	208,286	116,523	-	324,809
SBITA	190,213	646,325	-	836,538
	<u>398,499</u>	<u>762,848</u>	<u>-</u>	<u>1,161,347</u>
Less, accumulated amortization for right to use assets:				
Lease	46,859	17,167	-	64,026
SBITA	63,404	121,940	-	185,344
	<u>110,263</u>	<u>139,107</u>	<u>-</u>	<u>249,370</u>
Net Right to Use Assets	<u>288,236</u>	<u>623,741</u>	<u>-</u>	<u>911,977</u>
Construction Work in Progress	<u>28,949,858</u>	<u>21,751,105</u>	<u>(15,939,202)</u>	<u>34,761,761</u>
Net Capital Assets	<u>\$ 350,115,093</u>	<u>\$ 39,640,031</u>	<u>\$ (16,147,272)</u>	<u>\$ 373,607,852</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets - Concluded

Depreciation expense for each of the funds is noted below. Please note that \$1,145,000 in the Water Fund was allocated as part of operating expense. Depreciation related to vehicles (\$400,000) and the main office (\$420,000) was allocated to operating expenses based on vehicles' hours and office space occupied. Depreciation related to technology (\$325,000) was allocated to the funds based on their percentage of total expenditures.

	Gross Depreciation	Allocated	Depreciation not allocated elsewhere
Water	\$ 9,499,180	\$ (1,145,000)	\$ 8,354,180
Wastewater Funds:			
Cape Elizabeth	388,581	-	388,581
Cumberland	193,390	-	193,390
Falmouth	156,131	-	156,131
Gorham	519,175	-	519,175
Portland	3,318,800	-	3,318,800
Westbrook	759,293	-	759,293
Windham	95,686	-	95,686
Total	\$ 14,930,236	\$ (1,145,000)	\$ 13,785,236

Leases – District as Lessee

As of December 31, 2024, the District was leasing assets for the Water Fund (3) and Cape Elizabeth WW (1):

Peaks Island Storage: The District leases warehouse space on Peaks Island (Portland) from Central Maine Power to support the Water Operations group. The lease began in November 2011 for two (2) five (5) year terms. The lease was amended in 2021 adding two (2) additional five (5) year terms through October of 2031. The cost for 2024 was \$6,776. The cost is \$6,776/year for the initial term and \$7,454/year for the second with payment due the first day of each year's lease term.

Gas Detectors Safety Equipment: In May 2024, the District entered into a lease agreement with Industrial Scientific for gas detectors at our facilities. The term is four (4) years with a monthly payment of \$2,168 with the likelihood of renewal up for discussion with users and managers.

Finance Department Mail Machine: A new lease term added a folder/insertor with Pitney Bowes started in May 2024 which and has a five (5) year term through the end of April 2029 and calls for quarterly payments of \$1,825.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS – CONTINUED

Leases – District as Lessee - Concluded

Water Fund	Intangible Asset	Accumulated Amortization	Net Lease Asset	Lease Liability
Peaks Island Storage	\$67,045	(\$26,819)	\$40,226	\$42,367
Finance Mail Machine	\$33,744	(\$3,374)	\$30,370	\$30,594
Gas Detectors	97,897	(16,316)	81,581	82,393
	<u>\$198,686</u>	<u>(\$46,509)</u>	<u>\$152,177</u>	<u>\$155,354</u>

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

Years Ending, December 31,	Principal	Interest	Total
2025	\$36,603	\$3,493	\$40,096
2026	38,282	2,492	40,774
2027	39,320	1,455	40,774
2028	22,887	541	23,428
2029	10,892	212	11,104
2030	7,371	83	7,454
	<u>\$155,354</u>	<u>\$8,276</u>	<u>\$163,630</u>

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.

Cape Elizabeth Wastewater	Intangible Asset	Accumulated Amortization	Net Lease Asset	Lease Liability
Cape Elizabeth WWTF Land	\$126,123	(\$17,517)	\$108,606	\$117,752

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

Years Ending, December 31,	Principal	Interest	Total
2025	\$1,396	\$ 2,604	\$4,000
2026	1,508	2,572	4,080
2027	1,623	2,539	4,162
2028	1,742	2,503	4,245
2029	1,865	2,465	4,330
2030-2034	11,337	11,648	22,985
2035-2039	15,153	10,232	25,385
2040-2044	19,672	8,363	28,035
2045-2049	24,992	5,961	30,953
2050-2054	31,244	2,930	34,174
2055	7,221	29	7,250
	<u>\$ 117,752</u>	<u>\$ 51,847</u>	<u>\$ 169,599</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS – CONTINUED

Leases – District as Lessor

As of December 31, 2024, 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 2024 were \$3,360/month. The contract includes an automatic increase of 3.0% each year in November.

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

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

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

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

<u>Water Fund</u>	<u>Lease Revenue</u>	<u>Interest Income</u>	<u>Total Income</u>	<u>Lease Receivable</u>	<u>Deferred Inflow</u>
Shore Acres Tank - AT&T	\$ 37,690	\$ 13,421	\$ 51,111	\$ 634,181	\$ 560,636
Shore Acres Tank - Verizon	37,690	13,421	51,111	634,181	560,636
Broadway So Portland - AIM	2,198	646	2,844	30,529	27,663
Broadway So Portland - Pape	10,005	2,602	12,607	72,780	70,034
Main St. Gorham - Madison VWB	2,379	248	2,627	14,973	14,272
	<u>\$ 89,962</u>	<u>\$ 30,338</u>	<u>\$ 120,300</u>	<u>\$ 1,386,644</u>	<u>\$ 1,233,241</u>

Subscription-Based Informational Technology Arrangement (SBITA's)

The District has SBITA's related to Supervisory Control and Data Acquisition, Human Resources and with Information services group for cyber security, GIS mapping and team meeting and collaboration. These are monthly or annual arrangements, some have specific end dates, some are open-ended. For the open-ended items, the District assumes the most likely use of the software with or three (3) year terms, whichever is longer. During the year ended December 31, 2024, the District incurred \$185,344 in SBITA amortization expense.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS – CONTINUED

Subscription-Based Informational Technology Arrangement (SBITA's) - Concluded

<u>Water Fund</u>	<u>Intangible Asset</u>	<u>Accumulated Amortization</u>	<u>Net SBITA Asset</u>	<u>SBITA Liability</u>
SBITA's	\$836,538	(\$185,344)	\$651,194	\$664,330

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

<u>Years Ending, December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$194,202	\$16,265	\$210,467
2026	205,832	9,875	215,707
2027	115,639	5,135	120,774
2028	129,023	1,416	130,439
2029	19,634	215	19,849
	<u>\$664,330</u>	<u>\$32,906</u>	<u>\$697,236</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, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2024</u>	<u>Current</u>	<u>Non-Current</u>
\$ 110,420,708	\$ 18,836,950	\$ (11,323,193)	\$ 117,934,465	\$ 11,113,499	\$ 106,820,966

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS – CONTINUED

Long-Term Debt – Bonds

Long-term debt outstanding as of December 31, 2024, consisted of the following general revenue bonds:

<u>Issue Date</u>	<u>PWD Code</u>	<u>Original Amount</u>	<u>Maturities Through</u>	<u>Interest Rate Range</u>	<u>Amount</u>	<u>Current</u>	<u>Non-Current</u>
<u>Water Fund:</u>							
10/27/05	WTR05-02	\$ 900,000	2025	3.0% to 5.0%	\$ 45,000		
10/26/06	WTR06-01	\$ 1,500,000	2026	3.0% to 5.0%	\$ 150,000		
10/30/08	WTR08-01	\$ 1,500,000	2028	2.1% to 5.6%	\$ 300,000		
04/01/09	WTR09-01	\$ 1,598,500	2028	1.050%	\$ 319,700		
05/28/09	WTR09-02	\$ 4,519,800	2029	2.1% to 5.6%	\$ 1,129,950		
05/28/09	WTR09-03	\$ 180,200	2029	2.1% to 5.6%	\$ 45,050		
08/28/09	WTR09-04	\$ 2,991,066	2029	0.0%	\$ 747,767		
08/28/09	WTR09-05	\$ 163,953	2029	0.0%	\$ 40,988		
05/27/10	WTR10-02	\$ 400,000	2030	3.36% to 5.75%	\$ 150,000		
11/01/10	WTR10-03	\$ 902,500	2030	1.0%	\$ 270,750		
10/27/11	WTR11-01	\$ 2,300,000	2031	0.5% to 5.5%	\$ 805,000		
05/01/12	WTR12-03	\$ 1,130,000	2032	1.0%	\$ 452,000		
10/25/12	WTR12-01	\$ 2,000,000	2032	1.5% to 3.7%	\$ 800,000		
05/01/13	WTR13-01	\$ 2,850,000	2033	1.0%	\$ 1,200,000		
05/23/13	WTR13-04	\$ 1,428,000	2033	0.6% to 3.7%	\$ 642,600		
11/15/13	WTR13-05	\$ 1,072,000	2033	1.1%	\$ 482,400		
06/30/14	WTR14-01	\$ 2,541,000	2034	2.7%	\$ 1,250,000		
05/14/15	WTR15-01	\$ 459,000	2034	0.2%	\$ 231,220		
06/25/15	WTR15-03	\$ 2,000,000	2025	3.0%	\$ 200,000		
06/25/15	WTR15-04	\$ 3,230,000	2035	3.0% to 3.25%	\$ 1,760,000		
06/25/15	WTR15-05	\$ 500,000	2035	3.0% to 3.25%	\$ 275,000		
12/04/15	WTR15-06	\$ 270,000	2035	1.0%	\$ 148,500		
06/20/16	WT16-04	\$ 385,000	2036	3.0% to 4.0%	\$ 225,000		
06/20/16	WT16-05	\$ 1,830,000	2026	3.0% to 4.0%	\$ 360,000		
06/20/16	WT16-06	\$ 1,830,000	2036	3.0% to 4.0%	\$ 1,080,000		
06/20/16	WTR16-07	\$ 1,734,250	2036	3.0% to 4.0%	\$ 390,250		
06/20/16	WTR16-08	\$ 185,813	2036	3.0% to 4.0%	\$ 41,813		
06/20/16	WTR16-09	\$ 3,034,938	2036	3.0% to 4.0%	\$ 682,938		
09/28/16	WTR16-10	\$ 1,158,979	2036	1.0%	\$ 722,859		
09/28/16	WTR16-11	\$ 566,362	2036	1.0%	\$ 353,242		
07/18/17	WTR17-05	\$ 3,725,000	2037	3.0% to 5.0%	\$ 2,412,500		
07/18/17	WTR17-06	\$ 1,875,000	2027	3.0% to 5.0%	\$ 562,500		

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Long-Term Debt - Bonds – Continued

<u>Issue Date</u>	<u>PWD Code</u>	<u>Original Amount</u>	<u>Maturities Through</u>	<u>Interest Rate Range</u>	<u>Amount</u>	<u>Current</u>	<u>Non-Current</u>
<u>Water Fund - Continued:</u>							
03/02/18	WTR18-01	\$ 1,900,000	2037	1.0%	\$ 1,296,581		
08/01/18	WTR18-04	\$ 1,000,000	2038	5.00%	\$ 400,000		
08/01/18	WTR18-05	\$ 900,000	2038	3.0% to 5.0%	\$ 630,000		
08/01/18	WTR18-06	\$ 2,000,000	2028	5.00%	\$ 800,000		
11/30/18	WTR18-08	\$ 3,000,000	2038	1.0%	\$ 2,100,000		
08/01/19	WTR19-02	\$ 4,500,000	2039	3.0% to 5.0%	\$ 3,375,000		
08/01/19	WTR19-03	\$ 2,000,000	2029	2.0% to 5.0%	\$ 1,000,000		
01/31/20	WTR20-01	\$ 295,000	2029	1.0%	\$ 147,500		
07/30/20	WTR20-03	\$ 1,745,000	2040	2.0% to 5.0%	\$ 1,397,000		
07/30/20	WTR20-04	\$ 1,830,000	2030	5.00%	\$ 1,098,000		
11/01/20	WTR20-07	\$ 220,000	2040	1.0%	\$ 176,000		
07/29/21	WTR21-04	\$ 3,479,157	2041	2.0% to 5.0%	\$ 2,955,753		
07/29/21	WTR21-05	\$ 1,743,308	2031	5.00%	\$ 1,219,904		
07/29/21	WTR21-06	\$ 1,152,535	2041	2.0% to 5.0%	\$ 969,343		
12/22/21	WTR21-09	\$ 2,100,000	2041	1.0%	\$ 1,785,000		
12/22/21	WTR21-10	\$ 480,000	2041	1.0%	\$ 408,000		
08/01/22	WTR22-04	\$ 3,500,000	2042	4.0% to 5.0%	\$ 3,150,000		
08/01/22	WTR22-05	\$ 2,000,000	2032	5.00%	\$ 1,600,000		
08/15/23	WTR23-01	\$ 3,665,000	2043	4.0% to 5.0%	\$ 3,480,000		
08/15/23	WTR23-02	\$ 1,840,000	2033	5.00%	\$ 1,655,000		
08/15/23	WTR23-03	\$ 4,055,000	2034	5.00%	\$ 3,655,000		
08/15/23	WTR23-04	\$ 4,675,000	2043	5.00%	\$ 4,440,000		
08/15/23	WTR23-05	\$ 2,110,000	2043	4.0% to 5.0%	\$ 2,000,000		
12/20/23	WTR23-07	\$ 190,000	2043	1.00%	\$ 180,500		
02/01/24	WTR24-01	\$ 169,000	2043	1.00%	\$ 160,550		
03/01/24	WTR24-04	\$ 293,950	2043	1.00%	\$ 279,253		
03/21/24	WTR24-03	\$ 308,250	2034	0.00%	\$ 277,425		
08/01/24	WTR24-06	\$ 886,897	2044	4.0% to 5.0%	\$ 886,897		
08/01/24	WTR24-07	\$ 5,543,103	2044	3.0% to 5.0%	\$ 5,543,103		
					<u>\$ 65,342,834</u>	<u>\$ 6,808,320</u>	<u>\$ 58,534,514</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Long-Term Debt - Bonds – Continued

<u>Issue Date</u>	<u>PWD Code</u>	<u>Original Amount</u>	<u>Maturities Through</u>	<u>Interest Rate Range</u>	<u>Amount</u>	<u>Current</u>	<u>Non-Current</u>
<u>Cape Elizabeth Wastewater Fund:</u>							
10/30/08	WW08-03	\$ 95,000	2028	2.1% to 5.6%	\$ 19,000		
12/16/11	WW11-01	\$ 2,430,000	2031	1.0%	\$ 850,500		
10/25/12	WW12-03	\$ 160,000	2032	1.48% to 3.7%	\$ 64,000		
05/28/15	WW15-02	\$ 240,000	2035	0.4% to 3.9%	\$ 132,000		
05/25/17	WW17-03	\$ 315,000	2037	1.3% to 3.9%	\$ 204,750		
11/02/17	WW17-07	\$ 72,000	2037	1.4% to 4.1%	\$ 46,800		
06/03/19	WW19-01	\$ 875,000	2039	1.0%	\$ 656,250		
05/08/20	WW20-02	\$ 130,000	2039	1.0%	\$ 97,500		
02/18/21	WW21-01	\$ 850,000	2041	1.0%	\$ 722,500		
07/01/21	WW21-02	\$ 388,000	2041	1.0%	\$ 329,800		
11/03/22	WW22-08	\$ 575,000	2042	3.5% to 4.9%	\$ 517,500		
11/07/24	WW24-08	\$ 389,000	2044	2.63% to 4.338%	\$ 389,000		
					<u>\$ 4,029,600</u>	<u>\$ 325,950</u>	<u>\$ 3,703,650</u>
<u>Cumberland Wastewater Fund:</u>							
12/22/06	WW06-01	\$ 125,000	2026	1.4%	\$ 12,500	<u>\$ 6,250</u>	<u>\$ 6,250</u>
<u>Falmouth Wastewater Fund:</u>							
05/01/16	WW16-03	\$ 4,000,000	2036	1.0%	\$ 2,400,000		
03/21/17	WW17-02	\$ 760,000	2037	1.0%	\$ 494,000		
					<u>\$ 2,894,000</u>	<u>\$ 238,000</u>	<u>\$ 2,656,000</u>
<u>Gorham Wastewater Fund:</u>							
12/01/05	WW05-02	\$ 252,000	2025	1.6%	\$ 12,600		
05/15/08	WW08-01	\$ 50,400	2028	2.0% to 5.5%	\$ 10,080		
10/30/08	WW08-02	\$ 474,672	2029	2.1% to 5.6%	\$ 118,668		
01/15/09	WW09-01	\$ 4,258,208	2028	1.4%	\$ 860,244		
02/27/09	WW09-02	\$ 253,475	2028	1.0%	\$ 50,695		
05/28/09	WW09-04	\$ 233,954	2029	2.1% to 5.6%	\$ 58,489		
11/01/10	WW10-04	\$ 52,360	2030	1.0%	\$ 15,708		
03/02/18	WW18-02	\$ 308,000	2038	1.00%	\$ 215,600		
11/04/21	WW21-08	\$ 53,900	2041	0.61% to 2.95%	\$ 45,815		
05/19/22	WW22-03	\$ 2,498,400	2041	1.00%	\$ 2,123,640		
01/16/24	WW24-02	\$ 1,207,258	2043	1.59%	\$ 1,146,895		
					<u>\$ 4,658,434</u>	<u>\$ 484,281</u>	<u>\$ 4,174,153</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Long-Term Debt - Bonds - Continued

Issue Date	PWD Code	Original Amount	Maturities Through	Interest Rate Range	Amount	Current	Non-Current
<u>Portland Wastewater Fund:</u>							
12/01/05	WW05-01	\$ 1,900,000	2025	1.6%	\$ 95,000		
04/01/09	WW09-03	\$ 5,700,000	2028	1.5%	\$ 1,123,976		
11/01/10	WW10-03	\$ 752,200	2030	1.0%	\$ 225,660		
10/27/11	WW11-02	\$ 400,000	2031	0.5% to 5.5%	\$ 140,000		
11/04/13	WW13-02	\$ 3,000,000	2033	3.0% to 4.0%	\$ 1,350,000		
12/04/15	WW15-07	\$ 2,000,000	2035	1.0%	\$ 1,100,000		
07/08/16	WW16-01	\$ 7,000,000	2036	1.0%	\$ 4,200,000		
07/08/16	WW16-02	\$ 1,200,000	2036	1.0%	\$ 720,000		
05/01/17	WW17-01	\$ 1,900,000	2036	1.0%	\$ 1,196,844		
05/24/18	WW18-03	\$ 500,000	2038	1.92% to 4.042%	\$ 350,000		
07/30/20	WW20-05	\$ 940,000	2040	2.00%	\$ 744,000		
07/30/20	WW20-06	\$ 410,000	2040	2.00%	\$ 326,000		
12/10/20	WW20-08	\$ 3,150,000	2040	1.00%	\$ 2,520,000		
07/01/21	WW21-03	\$ 422,000	2041	1.00%	\$ 358,700		
03/09/22	WW22-01	\$ 476,000	2042	1.00%	\$ 404,600		
05/04/22	WW22-02	\$ 290,000	2031	1.00%	\$ 203,000		
09/23/22	WW22-06	\$ 2,130,000	2042	1.00%	\$ 1,917,000		
09/23/22	WW22-07	\$ 5,200,000	2042	1.00%	\$ 4,680,000		
11/02/23	WW23-06	\$ 710,000	2043	3.74% to 4.93%	\$ 674,500		
05/23/24	WW24-05	\$ 5,500,000	2044	3.45% to 4.757%	\$ 5,500,000		
11/07/24	WW24-09	\$ 1,350,000	2044	2.63% to 4.338%	\$ 1,350,000		
					<u>\$ 29,179,280</u>	<u>\$ 2,264,241</u>	<u>\$ 26,915,039</u>
<u>Westbrook Wastewater Fund:</u>							
12/01/05	WW05-02	\$ 1,316,800	2025	1.6%	\$ 65,840		
05/15/08	WW08-01	\$ 183,360	2028	2.0% to 5.5%	\$ 36,672		
10/30/08	WW08-02	\$ 2,384,641	2029	2.1% to 5.6%	\$ 596,160		
02/27/09	WW09-02	\$ 974,925	2028	1.0%	\$ 194,985		
11/01/10	WW10-04	\$ 113,220	2030	1.0%	\$ 33,966		
12/04/15	WW15-08	\$ 1,000,000	2035	1.0%	\$ 550,000		
03/02/18	WW18-02	\$ 666,000	2038	1.00%	\$ 466,200		
09/01/18	WW18-07	\$ 2,200,000	2039	1.00%	\$ 1,650,000		
11/04/21	WW21-08	\$ 116,550	2041	0.61% to 2.95%	\$ 99,068		
05/19/22	WW22-03	\$ 5,290,400	2041	1.00%	\$ 4,577,080		
01/16/24	WW24-02	\$ 2,627,742	2043	1.59%	\$ 2,496,355		
					<u>\$ 10,766,326</u>	<u>\$ 848,396</u>	<u>\$ 9,917,930</u>
<u>Windham Wastewater Fund:</u>							
12/01/05	WW05-02	\$ 31,200	2025	1.6%	\$ 1,560		
05/15/08	WW08-01	\$ 6,240	2028	2.0% to 5.5%	\$ 1,248		
10/30/08	WW08-02	\$ 40,687	2029	2.1% to 5.6%	\$ 10,172		
01/15/09	WW09-01	\$ 1,681,792	2029	1.4%	\$ 339,756		
02/27/09	WW09-02	\$ 21,600	2028	1.0%	\$ 4,320		
05/28/09	WW09-04	\$ 196,046	2029	2.1% to 5.6%	\$ 49,011		
11/01/10	WW10-04	\$ 4,420	2030	1.0%	\$ 1,326		
03/02/18	WW18-02	\$ 26,000	2038	1.00%	\$ 18,200		
11/04/21	WW21-07	\$ 615,000	2041	0.61% to 2.95%	\$ 522,750		
11/04/21	WW21-08	\$ 4,550	2041	0.61% to 2.95%	\$ 3,868		
05/19/22	WW22-03	\$ 211,200	2041	1.00%	\$ 99,280		
					<u>\$ 1,051,491</u>	<u>\$ 138,061</u>	<u>\$ 913,430</u>
Total Long-Term Debt					<u><u>\$ 117,934,465</u></u>	<u><u>\$ 11,113,499</u></u>	<u><u>\$ 106,820,966</u></u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

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

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

	Bond				
	Dec 31,2023	Proceeds	Interest	Drawdowns	Dec 31,2024
2023 Green Bonds	\$ 8,946,641	\$ -	\$ 372,007	\$ (7,436,314)	\$ 1,882,334
2024 Green Bonds	-	6,962,992	97,877	(6,200,113)	860,756
	<u>\$ 8,946,641</u>	<u>\$ 6,962,992</u>	<u>\$ 469,884</u>	<u>\$ (13,636,427)</u>	<u>\$ 2,743,090</u>

Notes Payable (Bond Anticipation Note) – North Windham Wastewater

In January 2023 the District received a Sewer Bond Anticipation Note of \$11.0 million from the Maine State Revolving Fund (SRF) for work related to the new North Windham WWTF. The Note had a term of one (1) year and an annual interest rate of 1.85%. The note was renewed for another year in January 2024 and subsequently renewed for another year in January 2025. At the beginning of 2024, the Note had a balance of \$1,997,140. During 2024 the District had two (2) drawdowns bringing the Note total to \$8,686,296. The accrued interest at December 31, 2024 was \$156,491.

In addition, in September 2023, the District received an additional Sewer Bond Anticipation Note for the same project of \$10.0 million from the Maine SRF. The Note has a term of one (1) year and annual interest rate of 2.18%, no drawdowns were taken during 2023 or 2024. The note was renewed for another year in September 2024.

Notes Payable (Bond Anticipation Note) – Portland Wastewater

In January 2024, the District received a Sewer Bond Anticipation Notes of \$3.0 million and \$950,000 from the Maine State Revolving Fund (SRF) for work at Portland's East End WWTF. Each Note had a term of one (1) year and an annual interest rate of 1.77%. At the end of 2024 the totals drawdowns on the Notes were \$765,367. The accrued interest at December 31, 2024 was \$334. The note was renewed for another year in January 2025.

Notes Payable (Bond Anticipation Note) – Water Fund

In December 2024, the District received a Bond Anticipation Notes of \$2.5 million from the Maine State Revolving Fund (SRF) for work on the District's GPS Service Point project. The Note had a term of one (1) year and an annual interest rate of 0.0%. There were not drawdowns on the Note as of December 31, 2024.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Deferred Outflows of Resources - Bond Refunding

During 2016, the District refunded \$5,160,000 in bonds in the Water Fund and incurred a \$247,093 loss. The loss was recorded as deferred outflows of resources and as of December 31, 2024 had a balance of \$5,900. The remaining balance will be amortized for the remaining life of the original bonds:

Years Ending, December :	Beginning Balance	Reduction	Ending Balance
2025	5,900	(5,400)	500
2026	500	(500)	-
		<u>\$ (5,900)</u>	

Long-Term Debt

Principal Payments Due: -----WASTEWATER SYSTEMS-----									
	Cape								
	Water	Elizabeth	Cumberland	Falmouth	Gorham	Portland	Westbrook	Windham	Total
2025	\$ 6,808,320	\$ 325,950	\$ 6,250	\$ 238,000	\$ 484,281	\$ 2,264,241	\$ 848,396	\$ 138,061	\$ 11,113,499
2026	6,569,210	325,950	6,250	238,000	471,682	2,169,241	782,562	136,506	10,699,401
2027	5,835,100	325,950	0	238,000	471,682	2,169,241	782,562	136,506	9,959,041
2028	5,591,000	325,950	0	238,000	471,682	2,169,241	782,562	136,506	9,714,941
2029	5,141,984	321,200	0	238,000	241,427	1,888,247	724,648	50,175	8,605,681
2030-2034	19,358,288	1,225,500	0	1,190,000	1,019,508	8,973,795	3,004,436	190,811	34,962,338
2035-2039	10,884,341	871,800	0	514,000	1,001,490	6,278,974	2,765,475	189,290	22,505,370
2040-2044	5,154,591	307,300	0	0	496,682	3,266,300	1,075,685	73,636	10,374,194
	<u>\$ 65,342,834</u>	<u>\$ 4,029,600</u>	<u>\$ 12,500</u>	<u>\$ 2,894,000</u>	<u>\$ 4,658,434</u>	<u>\$ 29,179,280</u>	<u>\$ 10,766,326</u>	<u>\$ 1,051,491</u>	<u>\$ 117,934,465</u>

Interest Due: -----WASTEWATER SYSTEMS-----									
	Cape								
	Water	Elizabeth	Cumberland	Falmouth	Gorham	Portland	Westbrook	Windham	Total
2025	\$ 2,380,036	\$ 77,687	\$ 178	\$ 28,750	\$ 63,625	\$ 575,266	\$ 146,286	\$ 19,327	\$ 3,291,155
2026	2,059,395	72,653	89	26,370	55,670	535,844	130,766	17,035	2,897,822
2027	1,810,303	67,372	0	23,990	47,766	497,684	116,540	14,541	2,578,196
2028	1,586,093	62,011	0	21,610	40,302	459,244	102,459	12,326	2,284,045
2029	1,396,711	56,769	0	19,230	33,073	420,699	87,245	10,439	2,024,166
2030-2034	4,611,768	206,860	0	60,450	128,897	1,594,950	333,103	42,865	6,978,893
2035-2039	1,963,353	100,418	0	7,710	68,247	861,051	164,101	23,268	3,188,148
2040-2044	470,839	22,166	0	0	13,583	277,923	29,482	2,905	816,898
	<u>\$ 16,278,498</u>	<u>\$ 665,936</u>	<u>\$ 267</u>	<u>\$ 188,110</u>	<u>\$ 451,163</u>	<u>\$ 5,222,661</u>	<u>\$ 1,109,982</u>	<u>\$ 142,706</u>	<u>\$ 24,059,323</u>

Total Debt Service Due: -----WASTEWATER SYSTEMS-----									
	Cape								
	Water	Elizabeth	Cumberland	Falmouth	Gorham	Portland	Westbrook	Windham	Total
2025	\$ 9,188,356	\$ 403,637	\$ 6,428	\$ 266,750	\$ 547,906	\$ 2,839,507	\$ 994,682	\$ 157,388	\$ 14,404,654
2026	8,628,605	398,603	6,339	264,370	527,352	2,705,085	913,328	153,541	13,597,223
2027	7,645,403	393,322	-	261,990	519,448	2,666,925	899,102	151,047	12,537,237
2028	7,177,093	387,961	-	259,610	511,984	2,628,485	885,021	148,832	11,998,986
2029	6,538,695	377,969	-	257,230	274,500	2,308,946	811,893	60,614	10,629,847
2030-2034	23,970,056	1,432,360	-	1,250,450	1,148,405	10,568,745	3,337,539	233,676	41,941,231
2035-2039	12,847,694	972,218	-	521,710	1,069,737	7,140,025	2,929,576	212,558	25,693,518
2040-2044	5,625,430	329,466	-	-	510,265	3,544,223	1,105,167	76,541	11,191,092
	<u>\$ 81,621,332</u>	<u>\$ 4,695,536</u>	<u>\$ 12,767</u>	<u>\$ 3,082,110</u>	<u>\$ 5,109,597</u>	<u>\$ 34,401,941</u>	<u>\$ 11,876,308</u>	<u>\$ 1,194,197</u>	<u>\$ 141,993,788</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONCLUDED

Notes Payable

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

	<u>Dec 31, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2024</u>	<u>Current</u>	<u>Non-Current</u>
Windham Wastewater Fund:						
2008 Note	\$ 66,200	\$ -	\$ (13,240)	\$ 52,960	\$ 13,240	\$ 39,720

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>
2025	\$13,240	\$2,328	\$15,568
2026	13,240	1,746	14,986
2027	13,240	1,164	14,404
2028	13,240	582	13,822
	<u>\$ 52,960</u>	<u>\$ 5,820</u>	<u>\$ 58,780</u>

Compensated Absences

Sick Time: District employees can be paid out up to 400 hours of sick time upon retirement. The District calculated the value of those potential payments using current pay rates and, using historic data, considered the likelihood of each employee retiring from the District. In addition, we looked at historic use of sick time and calculated the average hours taken in excess of the 96 hours of annual sick time given to each employee and multiplied that by the average employee pay rate for the current year.

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, 2023</u>	<u>Net Change</u>	<u>Dec 31, 2024</u>	<u>Current</u>	<u>Non-Current</u>
Sick	\$ 908,008	\$ 32,430	\$ 940,438	\$ 421,893	\$ 518,545
Vacation	850,870	98,585	949,455	731,764	217,691
	<u>\$ 1,758,878</u>	<u>\$ 131,015</u>	<u>\$ 1,889,893</u>	<u>\$ 1,153,657</u>	<u>\$ 736,236</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, 2024

NOTE 4 - OTHER INFORMATION - CONTINUED

Commitments and Contingencies

At December 31, 2024, the District was committed on signed, but incomplete, construction and other contracts with a remaining balance of \$27,915,232, which is broken down by funds, as follows:

Water Fund	\$2,558,559
Cape Elizabeth Wastewater	37,809
Gorham Wastewater	456
Portland Wastewater	3,550,809
Westbrook Wastewater	143,069
Windham Wastewater	21,624,530

Bond Commitments:

As of December 31, 2024, 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>
21-006	Water Fund	Watershed Protection Easement	\$376,050	\$458,102
21-013/23-009	Windham WW	North Windham Treatment	38,900,000	53,937,997
23-007	Portland WW	East End WWTF	10,500,000	15,221,140
24-002	Water Fund	Windham Water Pump Station	850,000	1,232,188
24-002	Water Fund	Galvanized Water Lines	5,700,000	2,565,000
24-002	Water Fund	GPS of Service Lines	2,500,000	1,125,000
			<u>\$ 58,826,050</u>	<u>\$ 74,539,427</u>

Bond Commitments – Subsequent Events:

No bonds have been issued since December 31, 2024 and through the date of this report. However, the District's Board of Trustees did approve the issuance of \$49.3 million in bonds in the Water Fund with a full debt service cost of \$71.5 million. In addition, during March 2025 two (2) bond anticipation notes of \$5.0 million each (12 months, with 1.0% and 2.0% annual interest rates) were issued for the Windham WWTF project, there have been no drawdowns as of the date of this report.

Cumberland Wastewater - Commitments and Contingencies:

The Town of Falmouth provides wastewater treatment services to the Cumberland Wastewater fund. In 2007, the Town issued a 20-year bond to finance an upgrade at their treatment plant. The District agreed the Cumberland fund would pay 30% of the debt service payments. As of December 31, 2024, the total remaining debt payments to be paid by the Cumberland fund were \$265,584.

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, 2024, the total remaining debt payments for the Cumberland fund through 2037 were \$1,414,226.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 4 - OTHER INFORMATION - CONTINUED

Commitments and Contingencies - Concluded

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.

In 2024, the District and the City of Westbrook submitted and updated Long-Term Control Plan. The plan was approved by DEP and includes a number of projects, including the construction of a storage tank in 2028. The District has engaged an engineering firm to review the required volume, possible location, and estimated costs of the storage tank.

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

In 2006, the District entered into a biosolids management agreement with New England Organics (now Casella Organics). Casella agreed to provide for the transportation and processing of wastewater treatment plant residual called biosolids. All biosolids are landfilled by Casella. In December 2020 the parties signed an amendment for additional five-year period through the end of 2025. It is estimated that payments of approximately \$3,303,887 will be made to Casella in 2025.

All Funds - Commitments and Contingencies:

Large energy contracts with fixed rates are partially or fully locked in through the end of 2025 and the small/medium accounts are locked in through 2026. The estimated cost of electricity in 2025 is \$1,672,315.

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

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.

	<u>Dec. 31, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec. 31, 2024</u>
Water Fund	\$ -	\$ 1,332,950	\$ (1,332,950)	\$ -
Gorham Wastewater	-	1,207,153	(1,024,926)	182,227
Portland Wastewater	429,829	-	(429,829)	-
Westbrook Wastewater	-	2,627,847	(2,231,159)	396,688
Total	<u>\$ 429,829</u>	<u>\$ 5,167,950</u>	<u>\$ (5,018,864)</u>	<u>\$ 578,915</u>

Net Position

Net position invested in capital assets in each fund is net of related debt plus unspent bond proceeds of \$4,690,263. Of these, \$2,743,090 were related to the Water Fund and \$1,947,173 for the Portland Wastewater Fund.

Pension Plans

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

	<u>As of January 1, 2024</u>		<u>As of January 1, 2025</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	31	18	27	14
Retired employees and beneficiaries	114	48	117	52
Terminated employees with vested rights	<u>25</u>	<u>9</u>	<u>20</u>	<u>9</u>
	<u>170</u>	<u>75</u>	<u>164</u>	<u>75</u>

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

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

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 4 - OTHER INFORMATION - CONTINUED

Pension Plans - Continued

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

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

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

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

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

Administrative Expenses: All administrative expenses are paid by the District and allocated to the individual funds. Such expenses were \$134,400 for the year ended December 31, 2024.

Funding Policy: The District's policy is to contribute at least the actuarially determined contribution (ADC) 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, 2024, a total contribution of \$1,600,000 was made with a contribution of \$990,077 and \$609,923 to the bargaining and non-bargaining units, respectively. The contributions represented 53.7% and 34.2% of the respective plan's covered compensation. These contributions were less than the combined ADC of \$2,163,062.

Net Pension (Asset) Liability: The liability as of December 31, 2024 is based an actuarial valuation as of January 1, 2025 that was adjusted back to December 31, 2024. Balances as of December 31, 2024 are, as follows:

	Bargaining Unit	Non-Bargaining Unit	Total
Pension Liabilities	\$ 16,825,079	\$ 15,595,083	\$ 32,420,162
Net Fiduciary Position (Pension Assets)	17,450,355	15,118,709	32,569,064
Net Pension (Asset) Liability	(625,276)	476,374	(148,902)
Deferred Outflows of resources related to Pension	(238,333)	(375,411)	(613,744)
Deferred Inflows of resources related to Pension	267,109	284,487	551,596
Net Carrying Amount on Statement of Net Position	<u>\$ (596,500)</u>	<u>\$ 385,450</u>	<u>\$ (211,050)</u>
Pension Expense	<u>\$ 970,461</u>	<u>\$ 1,061,191</u>	<u>\$ 2,031,652</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 4 - OTHER INFORMATION - CONTINUED

Pension Plans - Continued

Changes in the Net Pension Liability (Asset): The changes in each of the pension plans for the year ended December 31, 2024 are listed below:

Bargaining Unit	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
Balance at December 31, 2023	<u>\$ 16,652,078</u>	<u>\$ 15,512,484</u>	<u>\$ 1,139,594</u>
Service cost	71,168		71,168
Interest	1,048,758		1,048,758
Difference between expected and actual experience	284,433		284,433
Change in assumptions	-		-
Benefit payments	(1,231,358)		(1,231,358)
Contribution - employer		990,077	(990,077)
Net investment income		2,241,598	(2,241,598)
Fees/Other Expenses		(62,446)	62,446
Benefit payments		(1,231,358)	1,231,358
Net Change	<u>173,001</u>	<u>1,937,871</u>	<u>(1,764,870)</u>
Balance at December 31, 2024	<u>\$ 16,825,079</u>	<u>\$ 17,450,355</u>	<u>\$ (625,276)</u>

Plan fiduciary net position as a percentage of total pension liability 104%

Non-Bargaining Unit	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2023	<u>\$ 14,990,419</u>	<u>\$ 13,566,731</u>	<u>\$ 1,423,688</u>
Service cost	133,217		133,217
Interest	950,455		950,455
Difference between expected and actual experience	477,704		477,704
Change in assumptions	-		-
Benefit payments	(956,712)		(956,712)
Contribution - employer		609,923	(609,923)
Net investment income		1,952,820	(1,952,820)
Fees/Other Expenses		(54,053)	54,053
Benefit payments		(956,712)	956,712
Net Change	<u>604,664</u>	<u>1,551,978</u>	<u>(947,314)</u>
Balance at December 31, 2024	<u>\$ 15,595,083</u>	<u>\$ 15,118,709</u>	<u>\$ 476,374</u>

Plan fiduciary net position as a percentage of total pension liability 97%

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 4 - OTHER INFORMATION - CONTINUED

Pension Plans - Continued

Additional information from the January 1, 2025 actuarial valuation is listed below. The valuation was updated and rolled back to the December 31, 2024 measurement date.

	<u>Bargaining Unit</u>	<u>Non-Bargaining Unit</u>
Valuation date	January 1, 2025	January 1, 2025
Measurement date	December 31, 2024	December 31, 2024
Actuarial cost method	Entry Age	Entry Age
Amortization method- investment	5-Year Period	5-Year Period
Amortization method- liability	Expected Future Service	Expected Future Service
Amortization method-assumption	Expected Future Service	Expected Future Service
Amortization method-benefit change	3 Year Period	3 Year Period
Asset valuation method	5-Year Smoothed Market	5-Year Smoothed Market
Actuarial assumptions:		
Investment rate of return	6.5%	6.5%
Projected salary increases	3.0%	3.0%
Inflation rate	3.0%	3.0%
COLA (post-retirement)	1.5%	1.5%
Retirement age	Graded by age based on past experience	Graded by age based on past experience
Mortality	Pri-2012 Blue Collar Dataset Employee Amount – Weighted Mortality with Scale MP-2021	Pri-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, 2024 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Return Estimate 7- & 20-Year Horizon</u>
U.S. Equities Large	25%	7.00%/8.45%
U.S. Equities Small	20%	7.15%/7.75%
International Developed Market Equities	15%	7.30%/7.40%
International Emerging Market Equities	5%	8.90%/8.40%
Core Bonds	20%	4.80%/3.80%
High Yield Bonds	5%	5.60%/5.50%
REIT's	5%	5.70%/6.00%
Real Assets/Private Equity	5%	8.28%/8.95%

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 4 - OTHER INFORMATION - CONTINUED

Pension Plans - Continued

Discount Rate: The discount rate used to measure the total pension liability was 6.5%. The projection of cash flows used to determine the discount rate assumed the District contributions will be made at the rate equal to the actuarially determined contribution or \$1,000,000, whichever is higher. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
Bargaining Unit Net Pension Liability (Asset)	\$1,008,422	(\$625,276)	\$2,206,056
Non-Bargaining Unit Net Pension Liability (Asset)	\$1,987,396	\$476,374	(\$821,350)

Pension Expense and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions: For the year ended December 31, 2024, the District recognized pension expense for the bargaining and non-bargaining unit of \$970,461 and \$1,061,191, respectively. At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>			<u>Deferred Inflows of Resources</u>		
	Bargaining	Non-Bargaining	Total	Bargaining	Non-Bargaining	Total
Difference between Expected and Actual Expense	\$ 238,333	\$ 375,411	\$ 613,744	\$ -	\$ -	\$ -
Difference between Projected and Actual Returns	-	-	-	267,109	284,487	551,596
	<u>\$ 238,333</u>	<u>\$ 375,411</u>	<u>\$ 613,744</u>	<u>\$ 267,109</u>	<u>\$ 284,487</u>	<u>\$ 551,596</u>

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

	Bargaining Unit	Non-Bargaining Unit
Year Ending December 31:		
2025	\$ 173,160	\$ 196,674
2026	344,153	347,107
2027	(433,369)	(333,864)
2028	(166,657)	(118,993)
2029	46,099	-
2030	7,838	-
	<u>\$ (28,776)</u>	<u>\$ 90,924</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 4 - OTHER INFORMATION - CONTINUED

Pension Plans - Continued

Combining Statement of Fiduciary Net Position - Pension Trust Funds

December 31, 2024

	<u>Bargaining</u>	<u>Non-Bargaining</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 353,613	\$ 308,318	\$ 661,931
Investments			
Equities	\$ 10,662,847	\$ 9,300,426	\$ 19,963,273
Fixed Income & Preferreds	4,779,810	4,094,541	8,874,351
Alternatives	1,653,942	1,415,295	3,069,237
	<u>17,096,599</u>	<u>14,810,262</u>	<u>31,906,861</u>
Interest receivable	<u>143</u>	<u>129</u>	<u>272</u>
Total Assets	<u>\$ 17,450,355</u>	<u>\$ 15,118,709</u>	<u>\$ 32,569,064</u>
Restricted for pension benefits	<u>\$ 17,450,355</u>	<u>\$ 15,118,709</u>	<u>\$ 32,569,064</u>
Total Fiduciary Net Position	<u>\$ 17,450,355</u>	<u>\$ 15,118,709</u>	<u>\$ 32,569,064</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 4 - OTHER INFORMATION - CONTINUED

Pension Plans – Continued

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

Year Ended December 31, 2024

	<u>Bargaining</u>	<u>Non-Bargaining</u>	<u>Total</u>
Additions:			
Employer Contributions	\$ 990,077	\$ 609,923	\$ 1,600,000
Investment Income			
Interest and dividends	408,320	352,328	760,648
Net gain on sale of assets	351,180	283,756	634,936
Net appreciation of investments	1,482,098	1,316,736	2,798,834
Net Investment Income	2,241,598	1,952,820	4,194,418
Total Additions	3,231,675	2,562,743	5,794,418
Deductions:			
Benefits	(1,231,358)	(956,712)	(2,188,070)
Fees/Other Expenses	(62,446)	(54,053)	(116,499)
Total Deductions	(1,293,804)	(1,010,765)	(2,304,569)
Change in Fiduciary Net Position	1,937,871	1,551,978	3,489,849
Fiduciary Net Position - Beginning of Year	15,512,484	13,566,731	29,079,215
Fiduciary Net Position - End of Year	\$ 17,450,355	\$ 15,118,709	\$ 32,569,064

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 4 - OTHER INFORMATION - CONCLUDED

Pension Plans - Concluded

Deferred Compensation Plan

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

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

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

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

Subsequent Events

On January 1, 2025, the District implemented at average 5.9% water rate adjustment. The increase is projected to increase water revenue by an additional \$1.82 million.

On February 24, 2025, the District's Board approved Resolution 25-003 which authorized the issuance of up to \$49.3 million in bonds for the Water Fund to be used for various capital projects including: water mains, treatment chemical storage, watershed protection and water meter replacement. The estimated full debt service cost is estimated as \$71.5 million.

In March 2025 two (2) bond anticipation notes of \$5.0 million each (12 months, with 1.0% and 2.0% annual interest rates) were issued for the Windham WWTF project, there have been no drawdowns as of the date of this report.

REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2024

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

	2020	2021	2022	2023	2024
Total Pension Liability					
Service cost	\$ 143,565	\$ 128,489	\$ 107,762	\$ 82,933	\$ 71,168
Interest	976,184	913,919	1,005,684	1,026,865	1,048,758
Change in benefit terms	-	-	-	-	-
Difference between expected and actual experience	(954,383)	118,140	(279,695)	376,584	284,433
Changes in assumptions	290,329	1,378,752	(793,502)	-	-
Benefit payments	(818,174)	(908,368)	(960,370)	(1,092,357)	(1,231,358)
Net change in total pension liability	(362,479)	1,630,932	(920,121)	394,025	173,001
Total pension liability - beginning	15,909,716	15,547,237	17,178,174	16,258,053	16,652,078
Total pension liability - ending (a)	\$ 15,547,237	\$ 17,178,172	\$ 16,258,053	\$ 16,652,078	\$ 16,825,079
Plan Fiduciary Net Position					
Contribution - employer	\$ 632,344	\$ 816,192	\$ 368,518	\$ 858,468	\$ 990,077
Net investment income (loss)	1,844,172	1,791,576	(2,880,591)	2,244,918	2,179,152
Benefit payments	(818,174)	(908,368)	(960,370)	(1,092,357)	(1,231,358)
Net change in plan fiduciary net position	1,658,342	1,699,400	(3,472,443)	2,011,029	1,937,871
Plan fiduciary net position - beginning	13,616,152	15,274,498	16,973,898	13,501,455	15,512,484
Plan fiduciary net position - ending (b)	\$ 15,274,494	\$ 16,973,898	\$ 13,501,455	\$ 15,512,484	\$ 17,450,355
Net pension liability (asset) - ending (a)-(b)	\$ 272,743	\$ 204,274	\$ 2,756,598	\$ 1,139,594	\$ (625,276)
Plan fiduciary net position as a percentage of total pension liability	98%	99%	83%	93%	104%
Covered payroll	\$ 2,968,576	\$ 2,514,595	\$ 2,375,672	\$ 2,133,555	\$ 1,842,298
District's net pension liability as a percentage of covered payroll	9%	8%	116%	53%	-34%

REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED

December 31, 2024

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

	2015	2016	2017	2018	2019
Total Pension Liability					
Service cost	\$ 195,241	\$ 169,601	\$ 168,310	\$ 160,841	\$ 153,079
Interest	918,080	958,787	955,116	966,881	984,696
Change in benefit terms	-	94,108	13,576	-	124,915
Difference between expected and actual experience	(115,154)	(154,202)	136,114	(138,333)	(273,426)
Changes in assumptions	-	(504,440)	644,838	-	275,750
Benefit payments	(564,678)	(584,988)	(631,191)	(699,644)	(745,100)
Net change in total pension liability	433,489	(21,134)	1,286,763	289,745	519,914
Total pension liability - beginning	13,400,939	13,834,428	13,813,294	15,100,057	15,389,802
Total pension liability - ending (a)	<u>\$ 13,834,428</u>	<u>\$ 13,813,294</u>	<u>\$ 15,100,057</u>	<u>\$ 15,389,802</u>	<u>\$ 15,909,716</u>
Plan Fiduciary Net Position					
Contribution - employer	\$ 609,851	\$ 684,363	\$ 870,877	\$ 817,528	\$ 657,022
Net investment income (loss)	(73,698)	781,667	2,067,152	(889,719)	2,299,668
Benefit payments	(564,679)	(584,988)	(631,191)	(699,644)	(745,100)
Net change in plan fiduciary net position	(28,526)	881,042	2,306,838	(771,835)	2,211,590
Plan fiduciary net position - beginning	9,017,043	8,988,517	9,869,559	12,176,397	11,404,562
Plan fiduciary net position - ending (b)	<u>\$ 8,988,517</u>	<u>\$ 9,869,559</u>	<u>\$ 12,176,397</u>	<u>\$ 11,404,562</u>	<u>\$ 13,616,152</u>
Net pension liability (asset) - ending (a)-(b)	<u>\$ 4,845,911</u>	<u>\$ 3,943,735</u>	<u>\$ 2,923,660</u>	<u>\$ 3,985,240</u>	<u>\$ 2,293,564</u>
Plan fiduciary net position as a percentage of total pension liability	65%	71%	81%	74%	86%
Covered payroll	\$ 4,048,574	\$ 4,026,235	\$ 3,825,166	\$ 3,367,434	\$ 3,365,672
District's net pension liability as a percentage of covered payroll	120%	98%	76%	118%	68%

REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED

December 31, 2024

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

	2020	2021	2022	2023	2024
Total Pension Liability					
Service cost	\$ 198,332	\$ 212,607	\$ 214,702	\$ 159,373	\$ 133,217
Interest	821,796	818,185	870,282	913,717	950,455
Change in benefit terms	-	-	-	-	-
Difference between expected and actual experience	(76,959)	315,451	93,885	436,332	477,704
Changes in assumptions	207,627	230,871	(728,506)	-	-
Benefit payments	(685,000)	(685,250)	(788,536)	(879,947)	(956,712)
Net change in total pension liability	465,796	891,864	(338,173)	629,475	604,664
Total pension liability - beginning	13,341,455	13,807,255	14,699,117	14,360,944	14,990,419
Total pension liability - ending (a)	<u>\$ 13,807,251</u>	<u>\$ 14,699,117</u>	<u>\$ 14,360,944</u>	<u>\$ 14,990,419</u>	<u>\$ 15,595,083</u>
Plan Fiduciary Net Position					
Contribution - employer	\$ 488,318	\$ 608,121	\$ 330,113	\$ 666,341	\$ 609,923
Net investment income (loss)	1,624,656	1,563,111	(2,528,716)	1,963,061	1,898,767
Benefit payments	(685,000)	(685,250)	(788,536)	(879,947)	(956,712)
Net change in plan fiduciary net position	1,427,974	1,485,982	(2,987,139)	1,749,455	1,551,978
Plan fiduciary net position - beginning	11,890,461	13,318,435	14,804,415	11,817,276	13,566,731
Plan fiduciary net position - ending (b)	<u>\$ 13,318,435</u>	<u>\$ 14,804,415</u>	<u>\$ 11,817,276</u>	<u>\$ 13,566,731</u>	<u>\$ 15,118,709</u>
Net pension liability (asset) - ending (a)-(b)	<u>\$ 488,816</u>	<u>\$ (105,298)</u>	<u>\$ 2,543,668</u>	<u>\$ 1,423,688</u>	<u>\$ 476,374</u>
Plan fiduciary net position as a percentage of total pension liability	96%	101%	82%	91%	97%
Covered payroll	\$ 2,268,241	\$ 2,427,926	\$ 2,213,682	\$ 2,116,317	\$ 1,782,456
District's net pension liability as a percentage of covered payroll	22%	-4%	115%	67%	27%

REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED**December 31, 2024****Schedules of Changes in the District's Net Pension Liability and Related Ratios – Non-Bargaining Unit Pension Plan - Concluded**

	2015	2016	2017	2018	2019
Total Pension Liability					
Service cost	\$ 229,085	\$ 214,157	\$ 196,096	\$ 192,284	\$ 190,869
Interest	802,879	849,544	852,297	803,360	824,557
Change in benefit terms	-	-	10,063	-	-
Difference between expected and actual experience	79,616	(29,531)	(746,340)	43,588	185,820
Changes in assumptions	-	(324,599)	533,290	-	-
Benefit payments	(651,317)	(621,009)	(657,627)	(710,413)	(713,961)
Net change in total pension liability	460,263	88,562	187,779	328,819	487,285
Total pension liability - beginning	11,788,741	12,249,004	12,337,566	12,525,345	12,854,166
Total pension liability - ending (a)	<u>\$ 12,249,004</u>	<u>\$ 12,337,566</u>	<u>\$ 12,525,345</u>	<u>\$ 12,854,164</u>	<u>\$ 13,341,451</u>
Plan Fiduciary Net Position					
Contribution - employer	\$ 390,149	\$ 515,637	\$ 712,137	\$ 596,920	\$ 455,752
Net investment income (loss)	(47,726)	687,358	1,867,678	(805,757)	2,049,544
Benefit payments	(651,317)	(621,009)	(657,627)	(710,413)	(713,961)
Net change in plan fiduciary net position	(308,894)	581,986	1,922,188	(919,250)	1,791,335
Plan fiduciary net position - beginning	8,823,096	8,514,202	9,096,188	11,018,376	10,099,126
Plan fiduciary net position - ending (b)	<u>\$ 8,514,202</u>	<u>\$ 9,096,188</u>	<u>\$ 11,018,376</u>	<u>\$ 10,099,126</u>	<u>\$ 11,890,461</u>
Net pension liability (asset) - ending (a)-(b)	<u>\$ 3,734,802</u>	<u>\$ 3,241,378</u>	<u>\$ 1,506,969</u>	<u>\$ 2,755,038</u>	<u>\$ 1,450,990</u>
Plan fiduciary net position as a percentage of total pension liability	70%	74%	88%	79%	89%
Covered payroll	\$ 2,753,837	\$ 2,584,837	\$ 2,238,080	\$ 2,094,659	\$ 2,165,844
District's net pension liability as a percentage of covered payroll	136%	125%	67%	132%	67%

REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED**December 31, 2024****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, 2025 actuarial valuation report.

Additional information from the January 1, 2025 actuarial valuation follows:

Fiscal year ended	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
Bargaining Unit					
2015	\$ 560,263	\$ 609,581	\$ (49,318)	\$ 4,048,574	15.1%
2016	\$ 672,450	\$ 684,363	\$ (11,913)	\$ 4,026,235	17.0%
2017	\$ 870,877	\$ 870,877	\$ -	\$ 3,825,166	22.8%
2018	\$ 817,528	\$ 817,528	\$ -	\$ 3,367,434	24.3%
2019	\$ 657,022	\$ 657,022	\$ -	\$ 3,365,672	19.5%
2020	\$ 632,344	\$ 632,344	\$ -	\$ 2,968,576	21.3%
2021	\$ 816,192	\$ 816,192	\$ -	\$ 2,514,595	32.5%
2022	\$ 368,518	\$ 368,518	\$ -	\$ 2,375,595	15.5%
2023	\$ 858,468	\$ 858,468	\$ -	\$ 2,133,555	40.2%
2024	\$ 1,334,186	\$ 990,077	\$ 344,109	\$ 1,842,298	53.7%
Non-Bargaining Unit					
2015	\$ 358,425	\$ 390,149	\$ (31,724)	\$ 2,753,837	14.2%
2016	\$ 503,724	\$ 515,637	\$ (11,913)	\$ 2,584,837	19.9%
2017	\$ 712,137	\$ 712,137	\$ -	\$ 2,238,080	31.8%
2018	\$ 596,920	\$ 596,920	\$ -	\$ 2,094,659	28.5%
2019	\$ 455,752	\$ 455,752	\$ -	\$ 2,165,844	21.0%
2020	\$ 488,318	\$ 488,318	\$ -	\$ 2,268,241	21.5%
2021	\$ 608,121	\$ 608,121	\$ -	\$ 2,427,926	25.0%
2022	\$ 330,113	\$ 330,113	\$ -	\$ 1,985,002	16.6%
2023	\$ 666,341	\$ 666,341	\$ -	\$ 2,116,317	31.5%
2024	\$ 828,876	\$ 609,923	\$ 218,953	\$ 1,782,456	34.2%

REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED

December 31, 2024

Summary of Assumptions

	<u>Bargaining Unit</u>	<u>Non-Bargaining Unit</u>
Valuation date	January 1, 2025	January 1, 2025
Measurement date	December 31, 2024	December 31, 2024
Actuarial cost method	Entry Age	Entry Age
Amortization method - investment	5-Year Period	5-Year Period
Amortization method - liability	Expected Future Service	Expected Future Service
Amortization method - assumption	Expected Future Service	Expected Future Service
Amortization method - benefit change	3-Year Period	3-Year Period
Asset valuation method	5-Year Smoothed Market	5-Year Smoothed Market
Actuarial assumptions:		
Investment rate of return	6.5%	6.5%
Projected salary increases	3.0%	3.0%
Inflation rate	3.0%	3.0%
COLA (post-retirement)	1.5%	1.5%
Retirement age	Graded by age based on past experience	Graded by age based on past experience
Mortality	Pri-2012 Blue Collar Dataset Employee Amount – Weighted Mortality with Scale MP-2021	Pri-2012 Total Dataset Employee Amount – Weighted Mortality with Scale MP-2021

Schedule of Investment Returns (Losses)

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

Year	Bargaining Unit	Non-Bargaining Unit
2015	-0.97%	-0.95%
2016	8.38%	7.92%
2017	19.98%	19.85%
2018	-7.16%	-7.26%
2019	19.98%	20.37%
2020	12.81%	13.64%
2021	12.42%	12.43%
2022	-16.84%	-16.91%
2023	15.86%	15.85%
2024	13.60%	13.62%



Portland Water District

REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS* AND IN ACCORDANCE
WITH UNIFORM GUIDANCE

December 31, 2024



PORTLAND WATER DISTRICT

December 31, 2024

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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**

Board of Trustees
Portland Water District

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund of Portland Water District (the District) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which comprise the District's basic financial statements and have issued our report thereon dated May 1, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

BMP Assurance, LLP

Portland, Maine
May 1, 2025

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR THE MAJOR FEDERAL PROGRAM; ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE; AND ON
THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Board of Trustees
Portland Water District

Report on Compliance for The Major Federal Program

Opinion on the 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 Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended December 31, 2024. The District's major federal program is 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 its major federal program for the year ended December 31, 2024.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards (U.S. GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 the 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 U.S. GAAS, *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 its major federal program as a whole.

In performing an audit in accordance with U.S. GAAS, *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 major 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 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 major 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 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 and significant deficiencies in internal control over compliance may exist that were not identified.

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.

Report on the Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the District as of and for the year ended December 31, 2024, and the related notes to the financial statements and have issued our report thereon dated May 1, 2025, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

BMP Assurance, LLP

Portland, Maine
May 1, 2025

PORTLAND WATER DISTRICT

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2024

Federal Grant/Pass-Through Grantor/Program Title	Federal AL Number	Contract/ Pass-Through Identifying Number	Total Federal Expenditures
<u>Environmental Protection Agency:</u>			
Passed through Maine Department of Health and Human Services in partnership with the Maine Municipal Bond Bank for Drinking Water State Revolving Fund	66.468	N/A	\$ 1,058,164
Passed through Maine Department of Environmental Protection in partnership with the Maine Municipal Bond Bank for Clean Water State Revolving Fund	66.458	N/A	<u>246,745</u>
Total Environmental Protection Agency			<u>1,304,909</u>
<u>United States Department of Agriculture:</u>			
Regional Conservation Partnership Program	10.932	N/A	<u>366,484</u>
Total Expenditures of Federal Awards			<u>\$ 1,671,393</u>

The accompanying notes are an integral part of this schedule.

PORTLAND WATER DISTRICT

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2024

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Portland Water District (the District) for the year ended December 31, 2024. The information in this Schedule is presented in accordance with 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 portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets or cash flows of the District.

2. Summary of Significant Accounting Policies

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. Pass-through entity identifying numbers are presented where available.

The District has not elected to use the 10% de minimis indirect cost rate.

PORTLAND WATER DISTRICT

Schedule of Findings and Questioned Costs

Year Ended December 31, 2024

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?

___ yes X no

Significant deficiency(ies) identified not considered
to be material weaknesses?

___ yes X none reported

Noncompliance material to financial statements noted?

___ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

___ yes X no

Significant deficiency(ies) identified not considered
to be material weaknesses?

___ yes X 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 the Uniform Guidance?

___ yes X no

Identification of major programs:

AL Number

Name of Federal Program or Cluster

66.468

Capitalization Grants for Drinking Water State
Revolving Fund

Dollar threshold used to distinguish between
Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

___ yes X no

PORTLAND WATER DISTRICT

Schedule of Findings and Questioned Costs (Concluded)

Year Ended December 31, 2024

Section II. Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with Government Auditing Standards

None noted.

Section III. Findings and Questioned Costs for the Major Federal Programs

None noted.

Board of Trustees
Portland Water District

We have audited the financial statements of Portland Water District (the District) as of and for the year ended December 31, 2024, and have issued our report thereon dated May 1, 2025. Professional standards require that we communicate to you the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards (U.S. GAAS), Government Auditing Standards, and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)

As stated in our engagement letter dated November 25, 2024, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles (U.S. GAAP). Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered the District's internal control over compliance with requirements that could have a direct and material effect on the major federal programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

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 grants, and tests of its noncompliance, 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. Also, in accordance with the Uniform Guidance, we examined, on a test basis, evidence about compliance with the types of compliance requirements described in the Office of Management and Budget *Compliance Supplement* applicable to the major federal program for the purpose of expressing an opinion on the District's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the District's compliance with those requirements.

U.S. GAAP provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the Management Discussion and Analysis, Schedule of Changes in the District's Net Pension Liability and Related Ratios – Bargaining Unit Pension Plan, Schedule of Changes in the District's Net Pension Liability and Related Ratios – Non-Bargaining Unit Pension Plan, Schedule of District's Contributions, Summary of Assumptions and Schedule of Investment Returns (Losses), which supplement the basic financial statements, is to apply certain limited procedures in accordance with U.S. GAAS. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

Significant Risks

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

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2024, except as noted below related to a change in estimated useful lives of certain assets. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Depreciation

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

During the year ended December 31, 2024, management revised its estimate for the useful lives of its water meters due to a planned meter replacement project scheduled to begin in 2025. As a result of the project, the remaining useful lives of the existing meters that are going to be replaced were shortened, and depreciation expense was adjusted accordingly. We evaluated the basis for this change in estimate and determined the change to be reasonable. The change in estimate is accounted for prospectively in accordance with Governmental Accounting Standards Board (GASB) Statement No. 100.

Pension Benefits

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

Accrued Compensated Absences

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

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

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 1, 2025.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

* * * * *

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

BMP Assurance, LLP

Portland, Maine
May 1, 2025

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

Board of Trustees
Portland Water District

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Portland Water District (the District), which comprise the statement of net position as of December 31, 2024, and the related statements of revenues, expenses, and changes in net position and, where applicable, statement of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 1, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

BMP Assurance, LLP

Portland, Maine
May 1, 2025



BOARD OF TRUSTEES/AGENDA ITEM SUMMARY

Agenda Item: 6C Order 25-010
Date of Meeting: May 27, 2025
Subject: Sale of Gambo Road Surplus Land
Presented By: Laurel Jackson, Right of Way Agent

RECOMMENDATION

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

ORDER, The General Manager is authorized to execute a Purchase and Sale Agreement in substantial form as that attached hereto, with the Town of Windham for the sale of surplus District property on Gambo Rd in Windham; and

BE IT FURTHER ORDERED, 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

The District owns approximately 95 acres of land off Gambo Road in Windham. In June 2024, the Board declared an approximately 50-acre portion of the property surplus land. Since then, a survey and an appraisal have been obtained. By independent appraisal, the fair market value of the property was determined to be \$380,000. In accordance with the District's Policy for the Disposition of Land, the Town of Windham was offered the opportunity to purchase the property, and they have indicated that they desire to do so.

The District will retain easement rights for a future water main and access rights for our adjacent property. Additionally, a covenant will be placed on the property requiring it only to be used for recreation and remain as open space in perpetuity.

FISCAL REVIEW / FUNDING

The sale price will be \$380,000 as determined by the appraisal.

LEGAL REVIEW

Corporation Counsel will review the proposed deed prior to execution.

CONCLUSION(S)

The Planning Committee recommends that the District enter into a Purchase and Sale Agreement with the Town of Windham. The Committee voted to send the Purchase and Sale Agreement to the full Board for consideration and approval.

ATTACHMENT(S)

Purchase and Sale Agreement.

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT IS made this day of _____, 2025 (the "Effective Date") by and between the Portland Water District, a quasi-municipal corporation created by Private and Special Law in Maine, with a business office located at 255 Douglass Street, Cumberland County, Maine, (hereinafter referred to as "Seller" or "PWD"), and the Town of Windham, a municipal corporation with a place of business at 8 School Rd, Windham, Maine (hereinafter referred to as "BUYER") (Buyer and Seller are referred to in this agreement as the "parties").

RECITALS

WHEREAS, the PWD is the owner of land, located at or about Soccer Drive, Windham Maine, which property is also known a portion of Windham Tax Map 5, Block 8 and as more fully shown on a plan attached to this Agreement as **Exhibit A**, which is incorporated into this Agreement by reference (the "Premises"); and

WHEREAS, BUYER seeks to acquire the Premises from PWD, and PWD desires to sell the same to BUYER on such terms as are set out herein;

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

1. SALE.

PWD agrees to sell the Premises to BUYER, and BUYER agrees to purchase the Premises in accordance with the terms and conditions set forth in this Agreement. To the extent that there is any disagreement between the provisions of this Agreement and its attachments, the provisions of this Agreement shall govern.

2. USE.

The Premises shall be used for recreation and open space only. This requirement shall be a covenant that will run with the land and will be contained in the deed from PWD to BUYER.

3. CONSIDERATION.

The purchase price for the Premises shall be Three Hundred Eighty Thousand dollars (\$380,000) (the "Purchase Price"), which amount shall be paid at the closing described in Paragraph 11 hereof.

4. TITLE.

Title to the Premises shall be conveyed by quitclaim deed without covenant. Title to the

Premises shall be subject to (i) easements described herein; (ii) easements for utilities servicing or otherwise affecting the property and (ii) Town of Windham ordinances.

a. PWD shall reserve an easement for a future water pipeline, as shown on Exhibit 1, attached hereto and incorporated herein.

5. DUE DILIGENCE PERIOD; CONDITION OF PREMISES; PERSONAL PROPERTY.

BUYER has had and shall continue to have an opportunity to inspect the Premises and to hire professionals to do so during the period of 60 days after the Effective Date (the "Due Diligence Period"), provided that any person entering the Premises must sign a Release, Assumption Of Risk And Indemnity Agreement form provided PWD. BUYER shall provide the PWD with copies of any data, reports, or other documents provided to BUYER as a result of such inspections if requested by PWD. BUYER acknowledges and agrees that the Premises will be conveyed "as is, where is" and "with all faults."

If during the Due Diligence Period the BUYER determines that the title to the Premises is unsatisfactory, or the environmental condition of the Premises is such that BUYER will not be able to utilize the Premises in the manner that is intended by BUYER, BUYER may terminate this agreement and neither party shall owe the other any further obligation hereunder.

PWD and its agents make no representations or warranties with respect to the accuracy of any statement as to boundaries or acreage, or as to any other matters contained in any description of the Premises, or as to the fitness of the Premises for a particular purpose, or as to development rights, merchantability, habitability, or as to any other matter, including without limitation, land use, zoning and subdivision issues or the environmental, mechanical, or structural condition of the Premises.

Furthermore, PWD and its agents make no representations or warranties regarding the condition of any appurtenances or fixtures associated with the concrete reservoir.

Acceptance by BUYER of the Deed and at closing and payment of the purchase price shall be deemed to be full performance and discharge by PWD of every agreement and obligation contained herein.

6. ENTRY TO PROPERTY; RELEASE AND INDEMNIFICATION.

BUYER, which term includes its agents, acknowledges that there may be dangerous conditions on the Premises that may expose persons entering the Premises in the course of Due Diligence investigations to bodily injury, death, or property damage, and BUYER agrees its entry to the Premises is at its own risk. BUYER hereby releases PWD and its officers, agents and personnel (collectively, the "Releasees") from any and all claims, liabilities, damages, losses, costs, judgments, fees and expenses arising out of or resulting, directly or indirectly, from BUYER's entry of the Premises, including, without limitation, injuries, losses and damages for bodily injury (including disability or death) and property damage, regardless of cause, including any and all claims, damages and liabilities that arise

out of or result from any actions or omissions, including negligence, on the part of any of the Releasees. BUYER promises not to sue any of the Releasees with respect to any such claims or liabilities. This waiver and release is intended to be as broad as the law allows and shall survive termination of this agreement.

BUYER further agrees, to the fullest extent permitted by law, that BUYER shall defend, indemnify and hold PWD's officers, agents and employees, harmless at all times from any claims, liability, losses, costs, expenses (including, without limitation, reasonable attorney's fees) fines, damages or judgments (collectively, "Claims"), just or unjust, that arise out or are related to any entry of the Premises by BUYER, its agents, officers, directors, employees, contractors, subcontractors, invitees, or anyone else entering the Premises on behalf of BUYER, which Claims include, without being limited to, Claims for personal injury, death, or property damage and including Claims based upon violation of any environmental law or regulation governing hazardous substances.

BUYER's obligations under this paragraph shall survive the termination of this Agreement.

7. REAL ESTATE TAXES, PRORATIONS AND TRANSFER TAX.

The parties to this Agreement are exempt from the Maine real estate transfer tax pursuant to 36 M.R.S. §4641-C. Recording fees and costs associated with the closing shall be paid for by BUYER.

8. DEFAULT AND REMEDIES.

In the event that BUYER defaults hereunder for a reason other than the default of the PWD, PWD shall retain the deposit and shall have the right to pursue all legal or equitable remedies available to the PWD. In the event PWD defaults under this Agreement, and if BUYER is not then in default hereunder, BUYER shall have the right to pursue specific performance, but at all times may elect in substitution therefor, as its sole remedy, the right to a return of its deposit.

9. ENVIRONMENTAL INDEMNIFICATION.

BUYER covenants and agrees to indemnify, defend, and hold PWD harmless from and against any and all claims, damages, losses, liabilities, obligations, settlement payments, penalties, assessments, citations, directives, claims, litigation, demands, defenses, judgments, costs, or expenses of any kind, including, without limitation, reasonable attorneys', consultants', and experts' fees incurred in investigating, defending, settling, or prosecuting any claim, litigation or proceeding, that may at any time be imposed upon, incurred by or asserted or awarded against BUYER or PWD and relating directly or indirectly to the violation of or compliance with any federal, state, or local environmental laws, rules, or regulations governing the release, handling or storage of hazardous wastes or hazardous materials and affecting all or any portion of the Premises. This duty to indemnify, defend, and hold harmless shall be included in a covenant in the deed and shall run with the land conveyed and be binding upon BUYER's successors, assigns, and transferees.

10. CONDITIONS TO CLOSING.

PWD's and BUYER's obligation to close hereunder are conditioned upon the satisfaction of the conditions described herein.

(a) BUYER shall obtain necessary Town Council approval for the purchase of the property and an appropriation of funding to complete the purchase;

(b) PWD shall obtain necessary approval for the sale of the property from its Board of Trustees.

Failure to satisfy any of these conditions shall not constitute a default under this Agreement, provided that the party whose obligation it is to secure the described approvals has attempted to do so diligently and in good faith.

11. CLOSING.

The closing shall be held at PWD offices at a time and date mutually agreeable to the parties within sixty (90) days of the satisfaction or all conditions to closing described in Section 8 of this Agreement ("Closing Date"), unless extended as provided herein; but in no event shall the Closing Date be any later than the date that is twelve (12) months from the Effective Date hereof (i.e., the first anniversary of the Effective Date), unless the delay or extension is due to PWD's right to extend the closing date set forth elsewhere in this Agreement. All conditions to close hereunder shall be considered conditions of both parties.

At the closing, PWD and BUYER shall execute and deliver all customary documentation necessary to close this transaction and other documents specifically set forth below, the form and content of which shall be mutually satisfactory to each party, including without limit, execution and delivery to BUYER, a "Seller's Affidavit" regarding mechanics liens and persons in possession in the customary form and reasonable evidence of PWD's authority to convey the Property.

12. ENTIRE AGREEMENT.

This Agreement represents the entire and complete Agreement and understanding between the parties and supersedes any prior agreement or understanding, written or oral, between the parties with respect to the acquisition or exchange of the Premises hereunder. This Agreement cannot be amended except by written instrument executed by PWD and BUYER.

13. NON-WAIVER.

No waiver of any breach of any one or more of the conditions of this Agreement by either party shall be deemed to imply or constitute a waiver of any succeeding or other breach hereunder.

14. HEADINGS AND CAPTIONS.

The headings and captions appearing herein are for the convenience of reference only and shall not in any way affect the substantive provisions hereof.

15. BINDING EFFECT.

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, administrators, successors and assigns.

16. TIME.

PWD and BUYER each confirm and agree that each of the time periods set forth herein are essential provisions of the terms of this Agreement.

17. GOVERNING LAW.

This Agreement shall be construed in all respects in accordance with, and governed by, the laws of the State of Maine. All parties hereto hereby consent to the exclusive jurisdiction of the Superior Court for the County of Cumberland in the State of Maine, for all actions, proceedings and litigation arising from or relating directly or indirectly to this Agreement or any of the obligations hereunder, and any dispute not otherwise resolved as provided herein shall be litigated solely in said Court. If any provision of this Agreement is determined to be invalid or unenforceable, it shall not affect the validity or enforcement of the remaining provisions hereof.

18. NOTICE.

All notices, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given on the date of service if served personally on the party to whom notice is to be given, or on the first business day after mailing if mailed to the party to whom notice is to be given by first class mail, postage prepaid, certified, return receipt requested, addressed to the recipient at the addresses set forth below. Either party may change addresses for purposes of this paragraph by giving the other party notice of the new address in the manner described herein.

Portland Water District: General Manager
Portland Water District
P.O. Box 3553
Portland, Maine 04104
With a copy to the Corporate Counsel (same address)

Buyer: Town Manager

Town of Windham
8 School Road
Windham, ME 04062

19. SIGNATURES; MULTIPLE COUNTERPARTS.

This Agreement may be executed in any number of counterparts and by different parties in separate counterparts. Each counterpart when so executed shall be deemed to be an original and all of which together shall constitute one and the same agreement. A signature in a faxed, pdf or other reproduced or electronic document shall be considered the equivalent of an original signature.

20. BROKERS.

PWD and BUYER each represent and warrant that they have not dealt with a real estate broker in connection with this transaction.

21. RECITALS INCORPORATED BY REFERENCE.

The recitals set forth above are incorporated herein by reference and made a part of this Agreement.

22. ASSIGNMENT.

BUYER may not assign its rights and obligations under this Agreement without the PWD's prior written consent.

Signature page follows.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed by their duly authorized officers or representatives, as of the day and year first written above.

PORTLAND WATER DISTRICT

WITNESS

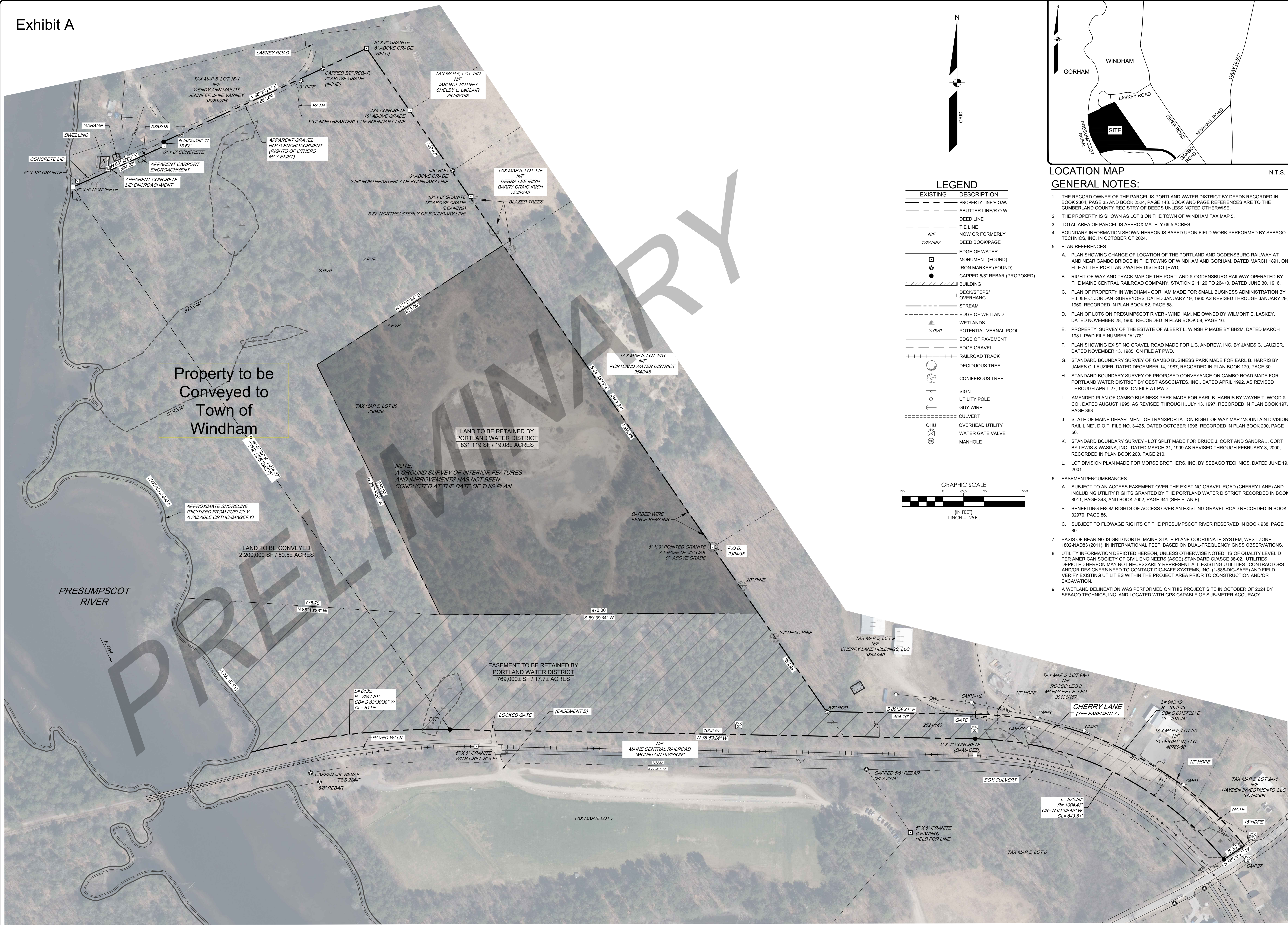
Christopher Crovo
Interim General Manager

TOWN OF WINDHAM

WITNESS

Barry A. Tibbetts
Town Manager

Exhibit A



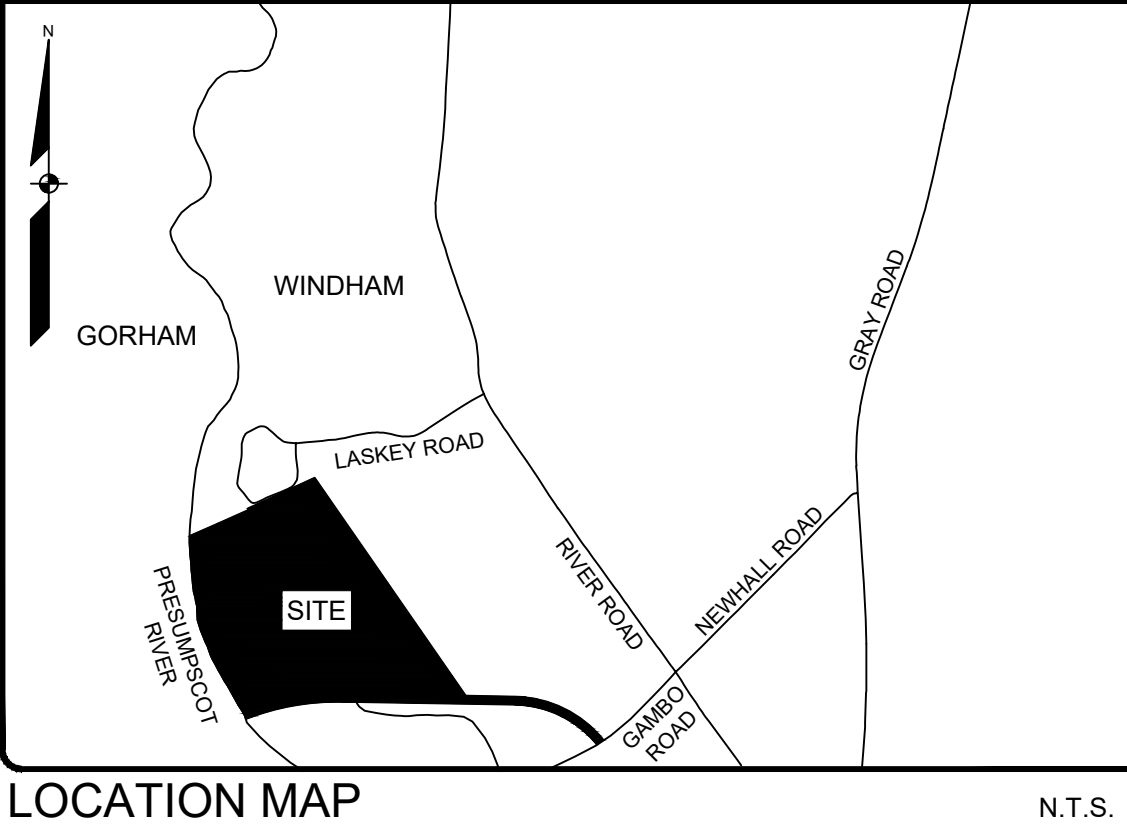
LEGEND

EXISTING	DESCRIPTION
---	PROPERTY LINE/R.O.W.
---	ABUTTER LINE/R.O.W.
---	DEED LINE
---	TIE LINE
---	NOW OR FORMERLY DEED BOOK/PAGE
---	EDGE OF WATER MONUMENT (FOUND)
---	IRON MARKER (FOUND)
---	CAPPED 5/8" REBAR (PROPOSED)
---	BUILDING
---	DECK/STEPS/ OVERHANG
---	STREAM
---	EDGE OF WETLAND
---	WETLANDS
---	POTENTIAL VERNAL POOL
---	EDGE OF PAVEMENT
---	EDGE GRAVEL
---	RAILROAD TRACK
---	DECIDUOUS TREE
---	CONIFEROUS TREE
---	SIGN
---	UTILITY POLE
---	GUY WIRE
---	CULVERT
---	OVERHEAD UTILITY
---	WATER GATE VALVE
---	MANHOLE

GRAPHIC SCALE

125 0 42.5 125 250

(IN FEET)
1 INCH = 125 FT.



GENERAL NOTES:

- THE RECORD OWNER OF THE PARCEL IS PORTLAND WATER DISTRICT BY DEEDS RECORDED IN BOOK 2304, PAGE 35 AND BOOK 2554, PAGE 143. BOOK AND PAGE REFERENCES ARE TO THE CUMBERLAND COUNTY REGISTRY OF DEEDS UNLESS NOTED OTHERWISE.
- THE PROPERTY IS SHOWN AS LOT 8 ON THE TOWN OF WINDHAM TAX MAP 5.
- TOTAL AREA OF PARCEL IS APPROXIMATELY 69.5 ACRES.
- BOUNDARY INFORMATION SHOWN HEREON IS BASED UPON FIELD WORK PERFORMED BY SEBAGO TECHINCS, INC. IN OCTOBER OF 2024.
- PLAN REFERENCES:
 - PLAN SHOWING CHANGE OF LOCATION OF THE PORTLAND AND OGDENSBURG RAILWAY AT AND NEAR GAMBO BRIDGE IN THE TOWNS OF WINDHAM AND GORHAM, DATED MARCH 1891, ON FILE AT THE PORTLAND WATER DISTRICT (P.W.D.).
 - RIGHT-OF-WAY AND TRACK MAP OF THE PORTLAND & OGDENSBURG RAILWAY OPERATED BY THE MAINE CENTRAL RAILROAD COMPANY, STATION 211+20 TO 264+0, DATED JUNE 30, 1916.
 - PLAN OF PROPERTY IN WINDHAM - GORHAM MADE FOR SMALL BUSINESS ADMINISTRATION BY H.I. & E.C. JORDAN - SURVEYORS, DATED JANUARY 19, 1960 AS REVISED THROUGH JANUARY 29, 1960, RECORDED IN PLAN BOOK 52, PAGE 58.
 - PLAN OF LOTS ON PRESUMPCOT RIVER - WINDHAM, ME OWNED BY WILMONT E. LASKEY, DATED NOVEMBER 28, 1960, RECORDED IN PLAN BOOK 58, PAGE 16.
 - PROPERTY SURVEY OF THE ESTATE OF ALBERT L. WINSHIP MADE BY BH2M, DATED MARCH 1981, PWD FILE NUMBER "A1178".
 - PLAN SHOWING EXISTING GRAVEL ROAD MADE FOR L.C. ANDREW, INC. BY JAMES C. LAUZIER, DATED NOVEMBER 13, 1985, ON FILE AT P.W.D.
 - STANDARD BOUNDARY SURVEY OF GAMBO BUSINESS PARK MADE FOR EARL B. HARRIS BY JAMES C. LAUZIER, DATED DECEMBER 14, 1987, RECORDED IN PLAN BOOK 170, PAGE 30.
 - STANDARD BOUNDARY SURVEY OF PROPOSED CONVEYANCE ON GAMBO ROAD MADE FOR PORTLAND WATER DISTRICT BY OEST ASSOCIATES, INC., DATED APRIL 1992, AS REVISED THROUGH APRIL 27, 1992, ON FILE AT P.W.D.
 - AMENDED PLAN OF GAMBO BUSINESS PARK MADE FOR EARL B. HARRIS BY WAYNE T. WOOD & CO., DATED AUGUST 1995, AS REVISED THROUGH JULY 13, 1997, RECORDED IN PLAN BOOK 197, PAGE 363.
 - STATE OF MAINE DEPARTMENT OF TRANSPORTATION RIGHT OF WAY MAP "MOUNTAIN DIVISION RAIL LINE", D.O.T. FILE NO. 3-425, DATED OCTOBER 1996, RECORDED IN PLAN BOOK 200, PAGE 56.
 - STANDARD BOUNDARY SURVEY - LOT SPLIT MADE FOR BRUCE J. CORT AND SANDRA J. CORT BY LEWIS & WASINA, INC., DATED MARCH 31, 1999 AS REVISED FEBRUARY 3, 2000, RECORDED IN PLAN BOOK 200, PAGE 210.
 - LOT DIVISION PLAN MADE FOR MORSE BROTHERS, INC. BY SEBAGO TECHINCS, DATED JUNE 19, 2001.
- EASEMENT/ENCUMBRANCES:
 - SUBJECT TO AN ACCESS EASEMENT OVER THE EXISTING GRAVEL ROAD (CHERRY LANE) AND INCLUDING UTILITY RIGHTS GRANTED BY THE PORTLAND WATER DISTRICT RECORDED IN BOOK 8911, PAGE 348, AND BOOK 7002, PAGE 341 (SEE PLAN F).
 - BENEFITING FROM RIGHTS OF ACCESS OVER AN EXISTING GRAVEL ROAD RECORDED IN BOOK 32970, PAGE 86.
 - SUBJECT TO FLOWAGE RIGHTS OF THE PRESUMPCOT RIVER RESERVED IN BOOK 938, PAGE 80.
- BASIS OF BEARING IS GRID NORTH, MAINE STATE PLANE COORDINATE SYSTEM, WEST ZONE 1802-NAD83 (2011), IN INTERNATIONAL FEET, BASED ON DUAL-FREQUENCY GNSS OBSERVATIONS.
- UTILITY INFORMATION DEPICTED HEREON, UNLESS OTHERWISE NOTED, IS OF QUALITY LEVEL D PER AMERICAN SOCIETY OF CIVIL ENGINEERS (ASCE) STANDARD C145-02. UTILITIES DEPICTED HEREON MAY NOT NECESSARILY REPRESENT ALL EXISTING UTILITIES. CONTRACTORS AND/OR DESIGNERS NEED TO CONTACT DIG-SAFE SYSTEMS, INC. (1-888-DIG-SAFE) AND FIELD VERIFY EXISTING UTILITIES WITHIN THE PROJECT AREA PRIOR TO CONSTRUCTION AND/OR EXCAVATION.
- A WETLAND DELINEATION WAS PERFORMED ON THIS PROJECT SITE IN OCTOBER OF 2024 BY SEBAGO TECHINCS, INC. AND LOCATED WITH GPS CAPABLE OF SUB-METER ACCURACY.

PRELIMINARY

DESIGNED -

DRAWN JMC

CHECKED JMS

DATE 11/07/2024

SCALE 1" = 125'

PROJECT 240452

SHEET 1 OF 1

SEBAGO TECHINCS

SEBAGOTECHINCS.COM

75 John Roberts Rd. Suite 4A

South Portland, ME 04106

207-200-2100

South Portland, Bridgton, Sanford and Bath

PRELIMINARY WORKSHEET

OF: CHERRY LANE PWD PROPERTY

CHERRY LANE

WINDHAM, MAINE 04062

FOR: WINDHAM DEPARTMENT OF PUBLIC WORKS

185 WINDHAM CENTER ROAD

WINDHAM, MAINE 04062

BOARD OF TRUSTEES/AGENDA ITEM SUMMARY

Agenda Item: 6D Order 25-011
Date of Meeting: May 27, 2025
Subject: Remote Meeting Policy
Presented By: Donna Katsiaficas, Corporation Counsel

RECOMMENDATION

The following proposed language is presented for Committee approval:

ORDER, that the Remote Participation Policy is hereby amended and approved in substantial form as that attached hereto.

BACKGROUND

In August of 2021, the Board's Remote Participation Policy went into effect. The Policy governs the procedure for conducting remote Board Meetings and complies with Maine law. The Policy was enacted during the COVID pandemic.

Over the course of the last year, some Trustees have requested to participate in an executive session using remote means. State law allows for the conduct of an executive session remotely, provided that the integrity of the executive session is preserved. The Board's Policy does not address the issue of executive session. The proposed change to the Policy will clearly allow executive sessions, provided that the confidentiality of the session is maintained as required by State law.

FISCAL REVIEW / FUNDING

No impact.

LEGAL REVIEW

Corporation Counsel drafted the proposed Policy change, reviewed the proposed motion, and approved it as to form.

CONCLUSION(S)

The Planning Committee recommends approval of the proposed change to the Policy. The Committee voted to send the policy amendment to the full Board for consideration and approval.

ATTACHMENT(S)

Remote Participation Policy.



POLICY NUMBER: 6.06-~~251~~

SUBJECT: Remote Participation Policy

EFFECTIVE DATE ~~August 23, 2021~~

SUPERSEDES: N/A

APPROVED BY: Board of Trustees

REMOTE PARTICIPATION POLICY OF THE
PORTLAND WATER DISTRICT BOARD OF TRUSTEES

Pursuant to 1 M.R.S. § 403-B, and after public notice and hearing, the Portland Water District adopts the following policy to govern the participation, via remote methods, of members of the board and the public in the public proceedings or meetings of the Portland Water District Board of Trustees (hereinafter, "board").

Members of the board are expected to be physically present for meetings except when not practicable, such as in the case of an emergency or urgent issue that requires the board to meet via remote methods, or an illness or temporary absence of a member that causes significant difficulty traveling to the meeting location. The President or Vice President of the Board, in consultation with other members if appropriate and possible, will make a determination that remote methods of participation are necessary in as timely a manner as possible under the circumstances. A member who is unable to attend a meeting in person will notify the President or Vice President of the board as far in advance as possible.

Remote methods of participation may include telephonic or video technology allowing simultaneous reception of information and may include other means necessary to accommodate disabled persons. Remote participation will not be by text-only means such as e-mail, text messages, or chat functions.

The public and Portland Water District staff will be provided a meaningful opportunity to attend via remote methods when any member of the body participates via remote methods or when remote methods are available at a given board meeting. If public input is allowed or required at the meeting, an effective means of communication between the board and the public will also be provided. The public will also be provided an opportunity to attend the meeting in person unless there is an emergency or urgent issue that requires the entire body to meet using remote methods.

Notice of all meetings will be provided in accordance with 1 M.R.S. § 406 and any applicable standing rule or bylaw. When the public may attend via remote methods, notice will include the means by which the public may access the meeting remotely and will provide a

method for disabled persons to request necessary accommodation to access the meeting. Notice will also identify a location where the public may attend the meeting in person, where applicable. The board will not restrict public attendance to remote methods except in the case of an emergency or urgent issue that requires the board to meet using remote methods of attendance.

The board will make all documents and materials to be considered by the board available, electronically or otherwise, to the public who attend remotely to the same extent customarily available to the public who attend in person, provided no additional costs are incurred by the board.

Executive Sessions may be conducted remotely in conformance with this Policy. To preserve the executive session privilege of any portion of a meeting closed to the public, the President or their designee should confirm with each attendee that no unauthorized person is present or has access to any executive session being conducted by remote means. There shall be no audio or visual recording of any executive session.

All votes taken during a meeting using remote methods will be by roll call vote that can be seen and heard if using video technology, or heard if using audio technology only, by other members of the board and the public. A member of the board who participates remotely will be considered present for purposes of a quorum and voting.

This policy will remain in force indefinitely unless amended or rescinded.



BOARD OF TRUSTEES/AGENDA ITEM SUMMARY

Agenda Item: 6E Order 25-012
Date of Meeting: May 27, 2025
Subject: Appointment of New General Manager
Presented By: Fred McCann, Chair of General Manager Search Committee

RECOMMENDATION

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

ORDERED, Scott Firmin, is hereby appointed as the new General Manager of the Portland Water District, with an effective date of hire as May 27, 2025.

BACKGROUND

Interim General Manager Christopher Crovo will be retiring from the District.

A General Manager Search Committee was established comprised of several members of the Board of Trustees. With the assistance of a professional search firm, the Committee interviewed candidates for the position of General Manager.

An offer of employment was made to the District's top choice, Scott Firmin. Scott Firmin has accepted the District's offer and a contract of employment has been negotiated.

It is therefore recommended that Scott Firmin be appointed as the District's new General Manager effective May 27, 2025 pursuant to the terms of the contract between the District and Scott Firmin dated May 27, 2025.