

April 14, 2016

Board of Trustees
Greater Augusta Utility District

We have audited the financial statements of the Greater Augusta Utility District for the year ended December 31, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated January 7, 2016 and in our email conversation with the Chair of the Board of Trustees on February 18, 2016. Professional standards also require that we communicate to you the following information related to our audit.

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

As stated in our engagement letter dated January 7, 2016, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

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

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

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Greater Augusta Utility District are described in the notes to the financial statements. As described in the notes to the financial statements, the Greater Augusta Utility District changed accounting policies related to the reporting of pension liabilities by adopting Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* in 2015. Accordingly, the cumulative effect of the accounting changes as of the beginning of the year is reported in the Statement of Net Position. No other new accounting policies were adopted and the application of existing policies was not changed during 2015.

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

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached list of adjusting journal entries represents misstatements detected as a result of audit procedures, none of which were material. All misstatements have been corrected by management.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the attached management representation letter dated April 14, 2016.

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 governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to the management’s discussion and analysis, the schedule of funding progress for the retiree healthcare plan, the schedule of the District’s proportionate share of net pension liability, and the schedule of District contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion of provide any assurance on the RSI.

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

Restriction on Use

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

Very truly yours,



GAUD
12/31/15

	Acct #	Account Name	DR	CR
1	2050030-606044	OPEB Expense		54.53
	2050032-626758	Other Miscellaneous Expense	54.53	
	3050030-606044	OPEB Expense		7,697.79
	3050032-626758	Other Miscellaneous Expense	371.31	
	3000-101010	Due to Due From	7,326.45	
	4000-101010	Due to Due From		7,326.45
	4050030-606044	OPEB Expense	7,326.45	
	<i>To allocate OPEB expenses across funds and to adjust to actual.</i>			
2	2010130-606011	Salaries and Regular Wages		333.63
	2010230-606011	Salaries and Regular Wages		469.99
	2020130-606011	Salaries and Regular Wages		3,052.24
	2020230-606011	Salaries and Regular Wages		380.36
	2030130-606011	Salaries and Regular Wages		2,765.28
	2030230-606011	Salaries and Regular Wages		13,196.27
	2040030-606011	Salaries and Regular Wages		6,193.26
	2050030-606011	Salaries and Regular Wages		5,533.58
	2000-202410	Misc Current & Acrr Liab	31,924.61	
	3020030-606011	Salaries and Regular Wages		15,017.20
	3030330-606011	Salaries and Regular Wages		4,848.02
	3030430-606011	Salaries and Regular Wages		10,460.53
	3030530-606011	Salaries and Regular Wages		759.36
	3030630-606011	Salaries and Regular Wages		1,012.97
	3030730-606011	Salaries and Regular Wages		479.19
	3040030-606011	Salaries and Regular Wages		3,194.12
	3050030-606011	Salaries and Regular Wages		6,521.23
	3060030-606011	Salaries and Regular Wages		2,059.45
	3000-202410	Misc Current & Acrr Liab	44,352.07	
	2010130-606011	Salaries and Regular Wages	166.82	
	2010230-606011	Salaries and Regular Wages	235.00	
	2020130-606011	Salaries and Regular Wages	1,526.12	
	2020230-606011	Salaries and Regular Wages	190.18	
	2030130-606011	Salaries and Regular Wages	1,382.64	
	2030230-606011	Salaries and Regular Wages	6,598.14	
	2040030-606011	Salaries and Regular Wages	3,096.63	
	2050030-606011	Salaries and Regular Wages	2,766.79	
	2000-202410	Misc Current & Acrr Liab		15,962.32
	3020030-606011	Salaries and Regular Wages	7,508.60	
	3030330-606011	Salaries and Regular Wages	2,424.01	
	3030430-606011	Salaries and Regular Wages	5,230.26	
	3030530-606011	Salaries and Regular Wages	379.68	
	3030630-606011	Salaries and Regular Wages	506.49	
	3030730-606011	Salaries and Regular Wages	239.60	
	3040030-606011	Salaries and Regular Wages	1,597.06	
	3050030-606011	Salaries and Regular Wages	3,260.62	
	3060030-606011	Salaries and Regular Wages	1,029.73	
	3000-202410	Misc Current & Acrr Liab		22,176.05
	<i>To reverse client sick accrual (entry #341) and to record actual sick accrual.</i>			

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April 14, 2016

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

This representation letter is provided in connection with your audit of the financial statements of Greater Augusta Utility District, as of December 31, 2015, the changes in financial position and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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

We confirm, to the best of our knowledge and belief, as of April 14, 2016, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 7, 2016, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.

- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 9) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

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

Government—specific

- 18) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 19) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 20) The District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 21) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 22) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial

statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

- 23) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 24) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 25) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 26) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 27) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 28) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 29) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 30) The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34.
- 31) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 32) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 33) Investments, land, and other real estate held are properly valued.
- 34) Expenses have been appropriately classified in or allocated on a reasonable basis.
- 35) Revenues are appropriately classified.
- 36) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 37) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 38) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 39) We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 40) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from

those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

41) With respect to the comparative exhibits:

- a) We acknowledge our responsibility for presenting the comparative exhibits in accordance with accounting principles generally accepted in the United States of America, and we believe the comparative exhibits, including their form and content, are fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the comparative exhibits have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
- b) If the comparative exhibits are not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

Signature: _____

Brian Tarbuck
General Manager

Signature: _____

Sherry Kenney
Finance Director

GREATER AUGUSTA UTILITY DISTRICT

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

For the Year Ended December 31, 2015

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

Board of Trustees
Greater Augusta Utility District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Greater Augusta Utility District, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Greater Augusta Utility District's basic financial statements, and have issued our report thereon dated April 14, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Greater Augusta Utility District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing 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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Compliance and Other Matters

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

Purpose of the Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.



April 14, 2016
South Portland, Maine

GREATER AUGUSTA UTILITY DISTRICT

Financial Statements

**For the Year Ended
December 31, 2015**

GREATER AUGUSTA UTILITY DISTRICT
Financial Statements
For the Year Ended December 31, 2015

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Independent Auditor's Report

Board of Trustees
Greater Augusta Utility District

Report on Financial Statements

We have audited the accompanying financial statements of the Greater Augusta Utility District as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Greater Augusta Utility District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Greater Augusta Utility District as of December 31, 2015, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

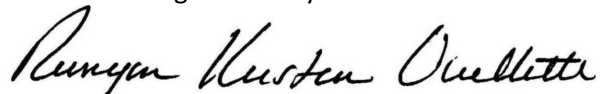
Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated April 14, 2016 on our consideration of the Greater Augusta Utility District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Greater Augusta Utility District's internal control over financial reporting and compliance.



April 14, 2016
South Portland, Maine

GREATER AUGUSTA UTILITY DISTRICT
Management's Discussion and Analysis
December 31, 2015

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the basic financial statements and supplementary information. The MD&A represents management's examination and analysis of the Greater Augusta Utility District's (District) financial condition and performance for the year ended December 31, 2015. The Water Division is the drinking water and fire protection division of the District. For discussion and analysis purposes, the Sewer and Storm Water Divisions of the District are combined and referred to as the Sanitary Division.

Financial Highlights - Water Division

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

- The Water Division's cash and cash equivalents decreased by \$1.8 million. Net cash provided by operating activities totaled \$2 million. Receipts from customers increased by \$51,000, payments to suppliers decreased by \$28,000 and payments to employees increased by \$68,000. Net cash used in capital and related financing activities totaled \$3.7 million. Principal and interest on long-term debt totaled \$859,900 up from 2014 by \$189,400. Investment in capital assets totaled \$2.9 million, a decrease of \$2 million.
- The accounts receivable balance was \$625,616 on December 31, 2015. This increase of \$27,206 (or 4.55%) from the December 31, 2014 balance can be attributed to the timing of customer payments and billings.
- The work in process (WIP) account decreased by \$3.9 million due to adding \$2.5 million in new construction, \$1.5 million for the new wells on Riverside Drive, and approximately \$1 million of water main replacement projects, offset by the completion of approximately \$6.4 million in projects from current and previous years. Operating property increased by \$6.4 million due to the completion of water mains on North and South Belfast Avenue, Western Avenue, Windsor Avenue, Hospital Street, School Street, and Pleasant street, the new Riverside Drive wells and the east side Malta Hill Tank, the purchase of two new pickup trucks and a new server.
- Accumulated depreciation increased by \$738,800 from 2014.
- The Water Division decreased its long-term financial indebtedness obligation by \$615,225 by making all the required scheduled debt payments. No new debt was issued in 2015.
- The Water Division's net position as of December 31, 2015 was \$24.5 million. Net position consists of net investments in capital assets of \$22.6 million and the remaining unrestricted net position of \$1.9 million. The change in net position for the year ended December 31, 2015 was a net increase of \$927,580. The increase is the result of operating revenues being higher than operating expenses and a small amount of non-operating revenues. Operating revenues totaled \$3.7 million, equivalent to the previous fiscal year. Sales to customers totaled \$2.4 million, a slight increase of 2.4%. Fire protection revenues totaled \$1.3 million, equivalent to the previous fiscal year. Operating expenses totaled \$2.9 million, slightly higher than the previous fiscal year. Non-operating revenue (expense) decreased \$29,000 primarily due to an increase in interest expense offset by an increase in non-utility income. All metered customers of the Water Division are charged a minimum fee depending on the size of the meter which includes a minimum water allowance of 300 cubic feet of water. For usage in excess of 300 cubic feet, the charge is \$2.40 per 100 cubic feet. The Maine Public Utilities Commission approved the Water Division's schedule of rates which became effective October 3, 2011.

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

Financial Highlights - Sanitary Division

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

- The Sanitary Division's cash and cash equivalents balance increased by \$278,026 due to net cash provided by operating activities greater than net cash used in capital and related financing activities.
- Net capital assets decreased by \$637,000. The work in process (WIP) account decreased by \$158,000. Operating property increased by \$1.5 million. The increase to operating property is due to the completion of sewer main work on Western Avenue, Hospital Street, School Street, Arsenal Street, Pleasant Street, Davenport Street, and Gannett Street also storm mains on Cony Road, West River Road, New England Road and Riverside Drive, projects at sewer pump stations and the water system at the Waste Water Treatment Facility and the purchase of two pickup trucks, a jet truck, a Kawasaki Mule and a new server.
- The accounts receivable balance at December 31, 2015 of \$1,594,061 is an increase of \$157,045 or 10.9% from 2014. This increase can be attributed to the timing of customer payments and billings.
- Construction retainage decreased by \$70,353 primarily due to the completion of sewer main work on Stone Street and Patterson Street.
- Accumulated depreciation increased by \$1.9 million from 2014. The increase is due to taking a half year of depreciation on the 2015 completed projects and one full of year depreciation on major projects closed in 2014.
- The Sanitary Division decreased its long-term financial indebtedness obligation by \$2.4 million. Required scheduled payments on all outstanding debts were paid on time and in full. No new debt was issued in 2015.
- The Sanitary Division's operating revenues totaled \$8.3 million and operating expenses totaled \$6.1 million. Net non-operating revenues (expenses) totaled (\$245,530), resulting in an increase in net position of \$2 million.
- The Sanitary Division's net position as of December 31, 2015 was \$40.9 million. Net position consists of net investment in capital assets of \$39.2 million and the remaining unrestricted net position totaled \$1.7 million.
- All customers of the Sanitary Division are charged \$4.34 per 100 cubic feet of metered sewage, \$25.49 for a quarterly service charge and \$22.64 per equivalent residential unit for storm water. Hallowell customers are not charged for storm water.

Overview of Annual Financial Reports

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

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

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

While the statement of net position provides information about the nature and amount of resources and obligations at year-end, the statement of revenues, expenses and changes in net position presents the results of the business activities over the course of the fiscal year and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement also provides certain information about the District's recovery of its costs. Rate setting policies use different methods of cost recovery not fully provided for by generally accepted accounting principles. The primary objectives of the rate model are to improve equity among customer classes and to ensure that capital costs are allocated on the basis of long-term capacity needs, ensuring that growth pays for growth.

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

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

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

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

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

Summary of Organization and Business

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

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

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

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

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

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

Financial Analysis - Water Division

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

CONDENSED STATEMENTS OF NET POSITION - WATER DIVISION

	December 31, 2015	December 31, 2014 (restated)
Assets		
Current assets	\$ 2,654,636	4,392,023
Capital and other assets (net)	29,182,647	27,432,557
Total Assets	\$ 31,837,283	31,824,580
Deferred Outflows of Resources		
Related to Pensions	137,377	108,694
Liabilities		
Current liabilities	\$ 776,378	1,168,161
Long-term liabilities	6,603,510	6,928,364
Total Liabilities	7,379,888	8,096,525
Deferred Inflows of Resources		
Deferred credits	\$ 29,901	41,864
Related to Pensions	82,328	239,922
Total Deferred Inflow of Resources	112,229	281,786
Net Position		
Net investment in capital assets	22,617,225	20,245,114
Unrestricted	1,865,318	3,309,849
Total Net Position	\$ 24,482,543	23,554,963

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

	December 31, 2015	December 31, 2014 (restated)
Operating Revenues		
Metered	\$ 2,389,853	2,342,114
Fire protection	1,319,143	1,307,944
Other water revenues	9,782	8,459
Total Operating Revenues	3,718,778	3,658,517
Operating Expenses		
Operating expenses	2,104,959	1,943,607
Depreciation	754,021	700,743
Total Operating Expenses	2,858,980	2,644,350
Nonoperating Revenue	67,782	96,820
Change in Net Position	927,580	1,110,987
Net Position- Beginning of Year Restated	23,554,963	22,443,976
Net Position - End of Year	\$ 24,482,543	23,554,963

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

Financial Analysis - Sanitary Division

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

CONDENSED STATEMENTS OF NET POSITION - SANITARY DIVISION

	December 31, 2015	December 31, 2014 (restated)
Assets		
Current assets	\$ 4,473,418	4,034,503
Capital and other assets (net)	64,537,344	65,499,287
Total Assets	\$ 69,010,762	69,533,790
Deferred Outflows of Resources		
Related to Pensions	189,712	150,100
Liabilities		
Current liabilities	\$ 2,750,388	2,962,204
Long-term liabilities	24,682,180	26,652,142
Total Liabilities	27,432,568	29,614,346
Deferred Inflows of Resources		
Deferred credits	\$ 731,928	805,414
Related to Pensions	113,691	331,321
Total Deferred Inflow of Resources	845,619	1,136,735
Net Position		
Net investment in capital assets	39,156,296	37,670,612
Unrestricted	1,765,991	1,262,197
Total Net Position	\$ 40,922,287	38,932,809

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

	December 31, 2015	December 31, 2014 (restated)
Operating Revenues		
Sewer	\$ 3,490,904	3,601,080
Storm Water	3,412,510	3,255,903
Trunkline	856,706	490,263
Other	567,805	428,045
Total Operating Revenues	8,327,925	7,775,291
Operating Expenses		
Operating expenses	4,016,391	3,994,382
Depreciation	2,076,526	2,008,331
Total Operating Expenses	6,092,917	6,002,713
Nonoperating Expense	(245,530)	(417,313)
Change in Net Position	1,989,478	1,355,265
Net Position- Beginning of Year Restated	38,932,809	37,577,544
Net Position - End of Year	\$ 40,922,287	38,932,809

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

Capital Asset Activity

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

Several major Water division projects were completed this year. The largest projects included construction of two new wells and a water treatment building on Riverside Drive (\$3 million) and a new 2.6 million gallon water storage tank on Malta Hill (\$2.2 million). The District invested roughly \$1.1 million to replace/repair water mains on Western Avenue, Windsor Avenue, Hospital Street, Stone Street, School Street and Pleasant Street. The water division also split the cost of two new trucks and a new server with the sanitary division. Several water main replacement projects are in process on Alderwood Road, Ridgewood Drive, Mount Vernon Avenue and the Meadowlands sub-division.

Several major Sanitary division projects were completed this year. Sewer mains were upgraded on Western Avenue, Hospital Street, Stone Street, School Street, Arsenal Street, Pleasant Street, Davenport Street and Gannett Street for a combined cost of \$430,000. Storm mains were upgraded on New England Road, Cony Road and the West River Road for a combined cost of \$58,000. The domestic water system at the Waste Water Treatment Facility (WWTF) was upgraded for a cost of \$60,000. The sanitary division purchased a Jet Truck for \$203,000 and split the cost of two trucks and a new server with the water division. Several pump stations were upgraded this year at a combined cost of \$516,000. Significant ongoing projects at year end included sewer main replacements or repairs on Mount Vernon Avenue, Stone Street, Patterson Street and I-95. Storm main work is ongoing on Riverside Drive.

Debt Activity

The District made all required 2015 principal and interest payments on existing debt. No new debt was issued in 2015.

Request for Information

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

GREATER AUGUSTA UTILITY DISTRICT
Statement of Net Position
December 31, 2015

ASSETS	
Current assets:	
Cash and cash equivalents	\$ 4,665,023
Accounts receivable:	
Customer service	1,142,817
Unbilled	977,018
Intercommunity trunkline - operations	99,425
Other	417
Inventory	171,088
Prepaid expenses	72,266
Total current assets	7,128,054
Noncurrent assets:	
Other assets:	
Unamortized debt discount	20,995
Unspent bond proceeds	98,954
Total other assets	119,949
Capital assets:	
Work in process	1,223,229
Operating property	138,126,193
Less accumulated depreciation	(45,749,380)
Net capital assets	93,600,042
Total noncurrent assets	93,719,991
Total assets	100,848,045
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	327,089
Total deferred outflows of resources	327,089
LIABILITIES	
Current liabilities:	
Accounts payable:	
Trade	117,942
Construction/retainage	37,078
Accrued payroll	61,573
Accrued compensated absences	103,648
Accrued interest	145,553
Customer deposits	1,600
Current portion of bonds and notes payable	3,059,372
Total current liabilities	3,526,766
Noncurrent liabilities:	
OPEB liabilities	1,221,480
Net pension liability	1,198,107
Bonds and notes payable	28,866,103
Total noncurrent liabilities	31,285,690
Total liabilities	34,812,456
DEFERRED INFLOWS OF RESOURCES	
Deferred credits	761,829
Deferred inflows of resources related to pensions	196,019
Total deferred inflows of resources	957,848
NET POSITION	
Net investment in capital assets	61,773,521
Unrestricted	3,631,309
Total net position	\$ 65,404,830

See accompanying notes to basic financial statements.

GREATER AUGUSTA UTILITY DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2015

Operating revenues:		
Metered	\$	5,868,828
Flat rate		11,929
Storm water		1,382,935
Catch basins		2,029,575
Trunkline communities		856,706
Public fire protection		814,366
Private fire protection		504,777
Other revenues		577,587
Total operating revenues		12,046,703
Operating expenses:		
Source of supply		137,065
Treatment plant		1,585,775
Transportation and distribution		2,451,047
Customer accounts		488,180
Administrative and general		1,264,915
Trunkline expenses		194,368
Depreciation		2,830,547
Total operating expenses		8,951,897
Operating income		3,094,806
Nonoperating revenues (expenses):		
Interest revenue		1,288
Utility contract income		15,870
Non-utility income		267,284
Miscellaneous		156,883
Interest expense		(608,859)
Amortization expense		(6,796)
Loss on disposal of capital assets		(3,418)
Total nonoperating revenues (expenses)		(177,748)
Change in net position		2,917,058
Net position, beginning of year, as restated		62,487,772
Net position, end of year		\$ 65,404,830

See accompanying notes to basic financial statements.

GREATER AUGUSTA UTILITY DISTRICT
Statement of Cash Flows
For the Year Ended December 31, 2015

Cash flows from operating activities:		
Receipts from customers and users	\$	12,304,089
Payments to suppliers		(2,907,668)
Payments to employees		(3,040,689)
Net cash provided by operating activities		6,355,732
Cash flows from capital and related financing activities:		
Purchase of capital assets		(4,402,861)
Proceeds from long-term debt		325,103
Principal payments on long-term debt		(3,062,852)
Interest payments on long-term debt		(710,957)
Net cash used in capital and related financing activities		(7,851,567)
Cash flows from investing activities:		
Interest income		1,288
Net cash provided by investing activities		1,288
Net decrease in cash		(1,494,547)
Cash at beginning of year		6,159,570
Cash at end of year		\$ 4,665,023
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$	3,094,806
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		2,830,547
Utility, non-utility, jobbing and miscellaneous revenues		440,037
Change in operating assets and liabilities:		
(Increase) decrease in accounts receivable - customer service		143,849
(Increase) decrease in accounts receivable - unbilled		(303,065)
(Increase) decrease in accounts receivable - intercommunity trunkline		(32,282)
(Increase) decrease in accounts receivable - other		7,247
(Increase) decrease in inventory		1,597
(Increase) decrease in prepaid expenses		(13,421)
(Decrease) increase in accounts payable - trade		(104,627)
(Decrease) increase in accrued payroll		(32,172)
(Decrease) increase in accrued compensated absences		580
(Decrease) increase in OPEB liabilities		104,310
(Decrease) increase in net pension liability and related deferred outflows and inflows of resources		216,726
(Decrease) increase in customer deposits		1,600
Net cash provided by operating activities		6,355,732
Noncash capital and related financing activities:		
Amortized debt discount		(6,796)
Amortized deferred credits from bond refinancing proceeds		85,449

See accompanying notes to basic financial statements.

GREATER AUGUSTA UTILITY DISTRICT
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

Accounts Receivable - The District provides credit to customers in the District. The District uses the allowance method to account for uncollectible accounts receivable. The allowance for doubtful accounts is based on prior years' experience and management's analysis of possible bad debts. At December 31, 2015, there was no allowance for uncollectible accounts receivable recorded as the District estimated 100% of receivables were collectible. The District also accrues revenue for estimated water, sanitary, and storm water services which were not yet billed as of the balance sheet dates.

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

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

GREATER AUGUSTA UTILITY DISTRICT
Notes to Basic Financial Statements, continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

Deferred Inflows and Outflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. The deferred outflows relate to the net pension liability and includes the District's contributions subsequent to the measurement date, which is recognized as a reduction of the net pension liability in the subsequent year. Deferred outflows of resources related to pensions also includes the changes in assumptions and changes in proportion and differences between employer contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of the active and inactive members of the plan.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The District has two types deferred inflows; those related to pensions, and deferred credits, that qualify for reporting in this category. Deferred inflows related to pensions includes differences between expected and actual experience, which is deferred and amortized over the average expected remaining service lives of the active and inactive members of the plan. Additionally, the net difference between projected and actual investment earnings on pension plan investments are deferred over a five year period. Deferred credits reflect the difference between the value of new bond proceeds received from the Maine Municipal Bond Bank and the carrying value of the refunded bonds. Deferred credits are being amortized and recognized as inflows of resources over the remaining terms of the refinanced bonds using the straight-line method.

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

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

GREATER AUGUSTA UTILITY DISTRICT
Notes to Basic Financial Statements, continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

DEPOSITS

Custodial credit risk- deposits - In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of December 31, 2015, \$250,000 of the District's bank balance of \$4,896,774 was insured by the FDIC and \$4,646,774 was collateralized by a \$5,500,000 irrevocable standby letter of credit issued by the Federal Home Loan Bank of Pittsburgh. In accordance with its investment policy, the District's funds must be made in financial institutions that are insured by FDIC or FSLIC. Any funds deposited or invested above those insurance limits must be collateralized by the financial institution, or any excess funds over that limit must be placed with other insured (FDIC or FSLIC) financial institutions.

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

CAPITAL ASSETS

The following is a summary of the changes in capital assets for the year ended December 31, 2015:

	<u>Balance</u> <u>12/31/14</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance</u> <u>12/31/15</u>
Capital assets not being depreciated:				
Land	\$ 2,465,060	-	-	2,465,060
Work in process	5,308,144	3,918,932	8,003,847	1,223,229
Total capital assets not being depreciated	7,773,204	3,918,932	8,003,847	3,688,289
Capital assets being depreciated:				
Building and structures	27,410,165	4,283,685	-	31,693,850
Equipment	4,981,389	580,255	-	5,561,644
Transportation	2,161,113	272,984	153,336	2,280,761
Infrastructure	93,222,876	2,902,002	-	96,124,878
Total capital assets being depreciated	127,775,543	8,038,926	153,336	135,661,133
Less accumulated depreciation for:				
Building and structures	6,783,641	444,949	-	7,228,590
Equipment	2,920,618	283,997	-	3,204,615
Transportation	1,839,937	104,838	149,918	1,794,857
Infrastructure	31,524,555	1,996,763	-	33,521,318
Total accumulated depreciation	43,068,751	2,830,547	149,918	45,749,380
Total capital assets being depreciated, net	84,706,792	5,208,379	3,418	89,911,753
Capital assets, net	\$ 92,479,996	9,127,311	8,007,265	93,600,042

GREATER AUGUSTA UTILITY DISTRICT
Notes to Basic Financial Statements, continued

CAPITAL ASSETS, CONTINUED

Depreciation expense was charged as follows:

Sewer division	\$ 1,265,567
Storm water division	810,959
Water division	754,021
Total depreciation expense	<u>\$ 2,830,547</u>

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

LONG-TERM DEBT

The following is a summary of long-term liability transactions of the District for the year ended December 31, 2015:

	Beginning balance (restated)	Additions	Deletions	Ending balance	Due within one year
Bonds and notes payable	\$ 34,988,327	-	3,062,852	31,925,475	3,059,372
Accrued compensated absences	103,068	580	-	103,648	-
Other post employment benefits	1,117,170	195,523	91,213	1,221,480	-
Net pension liability	537,862	660,245	-	1,198,107	-
Total long-term liabilities	<u>\$ 36,746,427</u>	<u>856,348</u>	<u>3,154,065</u>	<u>34,448,710</u>	<u>3,059,372</u>

GREATER AUGUSTA UTILITY DISTRICT
Notes to Basic Financial Statements, continued

LONG-TERM DEBT, CONTINUED

The following is a summary of the long-term debt payable at December 31, 2015 and 2014:

<u>Issue</u>	<u>Amount issued</u>	<u>Maturity date</u>	<u>Interest rate</u>	<u>Balance 12/31/14</u>	<u>Balance 12/31/15</u>
Bond 1990 MMBB	\$ 6,000,000	2020	7.10-7.20%	1,200,000	1,000,000
Bond 2009 MMBB SRF	190,000	2027	0.00%	64,652	59,427
Bond 2011 MMBB	700,000	2031	2.12-5.62%	595,000	560,000
Bond 2014 MMBB	2,400,000	2034	0.43-3.78%	2,400,000	2,280,000
Bond 2014 MMBB	1,100,000	2034	0.43-3.78%	1,100,000	1,045,000
Bond 1997 MMBB	9,200,000	2017	2.96%	1,380,000	920,000
Bond 2002 MMBB	10,750,000	2021	2.34%	3,920,000	3,360,000
Bond 2003 MMBB	249,694	2015	1.10%	19,140	-
Bond 2005 MMBB	1,500,000	2025	1.53%	825,000	750,000
Bond 2006 MMBB	1,250,000	2026	1.42%	750,000	687,500
Hallowell Bond	579,793	2018	5.00-7.85%	167,492	130,240
2008 Taxable Sewer Bond	2,000,000	2028	1.27%	1,452,055	1,356,629
2009 CWSRF	6,500,000	2029	1.00%	4,828,899	4,528,909
2010 CWSRF - SR	1,750,000	2030	1.17%	1,431,790	1,349,897
2010 CWSRF - FFR	1,610,000	2030	1.00%	1,375,581	1,295,874
2011 CWSRF	14,520,000 (1)	2030	1.00%	11,678,718	11,001,999
Bond 2013 TD Bank	2,000,000	2023	2.79%	1,800,000	1,600,000
				34,988,327	31,925,475
Less current portion				3,062,852	3,059,372
				\$ 31,925,475	28,866,103

(1) As of December 31, 2015, the District has drawn down \$14,421,046 of the \$14,520,000.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total debt service</u>
2016	\$ 3,059,372	644,862	3,704,234
2017	3,075,391	576,121	3,651,512
2018	2,631,792	503,274	3,135,066
2019	2,598,196	449,541	3,047,737
2020	2,611,468	396,127	3,007,595
2021-2025	9,621,285	1,428,203	11,049,488
2026-2030	7,592,971	769,547	8,362,518
2031-2034	735,000	67,065	802,065
Totals	\$ 31,925,475	4,834,740	36,760,215

GREATER AUGUSTA UTILITY DISTRICT
Notes to Basic Financial Statements, continued

JOINT PROJECT – WMMHA TRUNKLINE PROJECT

The participants in the Joint Project, WMMHA Trunkline, are Winthrop Utility District, Manchester Sanitary District, Hallowell Water District, and Monmouth Sanitary District. These participants have entered into an agreement whereby they are liable for bonds payable (\$1,349,897 and \$1,450,930 at December 31, 2015 and 2014, respectively) issued to fund the construction of said Joint Project. The participants also pay for all operating expenses of the trunkline and operations and maintenance costs of the treatment plant based on a percentage of their flow.

OPERATING LEASE

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

2016	\$ 15,870
2017	15,870
2018	15,870
2019	15,870
2020	<u>1,322</u>
Total	<u>\$ 64,802</u>

NET POSITION

Net position represents assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds payable and adding back any unspent bond proceeds. Net position is reported as restricted when there are limitations imposed on the use of funds either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District's net investment in capital assets was calculated as follows at December 31, 2015:

Capital assets	\$ 139,349,422
Accumulated depreciation	(45,749,380)
Bonds payable	(31,925,475)
Unspent bond proceeds	<u>98,954</u>
Net investment in capital assets	<u>\$ 61,773,521</u>

GREATER AUGUSTA UTILITY DISTRICT
Notes to Basic Financial Statements, continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

General Information about the Pension Plan

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

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

Contributions - Employee contribution rates are defined by law or Board rule and depend on the terms of the plan which an employee is covered. Employer contributions are determined by actuarial valuations. Required contributions for the years ended December 31, 2015 and 2014 were as follows:

	Employee		Employer	
	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>
January to June	6.5%	7.0%	6.5%	7.8%
July to December	7.0%	7.5%	7.8%	8.9%

The employer contributions, combined with the employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District was \$163,431 for the year ended December 31, 2015.

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

At December 31, 2015, the District reported a liability of \$1,198,107 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating local districts, actuarially determined. At June 30, 2015, the District's proportion was 0.3755%.

For the year ended December 31, 2015 and 2014, the District recognized pension expense of \$380,157 and \$123,348, respectively. At December 31, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

GREATER AUGUSTA UTILITY DISTRICT
Notes to Basic Financial Statements, continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	105,501
Net difference between projected and actual earnings on pension plan investments	-	90,518
Changes in proportion and differences between District contributions and proportionate share of contributions	134,244	-
Changes of assumptions	105,881	-
District contributions subsequent to the measurement date	86,964	-
Total	\$ 327,089	196,019

\$86,964 is reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:

2016	\$ 4,640
2017	4,640
2018	(57,620)
2019	92,446

Actuarial Assumptions - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5%
Salary Increases	3.5% to 9.5% per year
Investment return	7.125% per annum, compounded annually
Cost of living benefit increases	2.55% per annum

Mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2005 to June 30, 2010.

GREATER AUGUSTA UTILITY DISTRICT
Notes to Basic Financial Statements, continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

The long-term expected rate of return on pension plan investments was determined using building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US equities	20%	5.2%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real Estate	10%	3.7%
Infrastructure	10%	4.0%
Hard Assets	5%	4.8%
Fixed Income	25%	0.7%
Total	100%	

Discount Rate - The discount rate used to measure the total pension liability was 7.125%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.125%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.125%) or 1 percentage-point higher (8.125%) than the current rate:

	1% Decrease <u>(6.125%)</u>	Current Discount Rate <u>(7.125%)</u>	1% Increase <u>(8.125%)</u>
Council's proportionate share of the net pension liability	\$ 2,386,983	\$ 1,198,107	\$ 70,978

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

Payables to the Pension Plan - None as of December 31, 2015.

GREATER AUGUSTA UTILITY DISTRICT
Notes to Basic Financial Statements, continued

OTHER DEFERRED COMPENSATION PLAN

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

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

The District also sponsors an employee money purchase plan to which it contributed 5.00% of compensation of electing union and non-union participants for 2015, 2014, and 2013, respectively. Total District contributions were \$11,940, \$11,843, and \$11,742 in 2015, 2014, and 2013, respectively.

COMMITMENTS

The District has entered into multiple contracts in connection with various construction projects. The following is a summary of the commitments at December 31, 2015:

	<u>Contract</u> <u>Total</u>	<u>Percentage</u> <u>Complete</u>	<u>Billed</u> <u>to Date</u>	<u>Retainage</u>	<u>Balance</u> <u>Remaining</u>
Meadowlands Water Main	\$ 140,771	95.16%	133,959	6,812	6,812
Sewer Main Relining - Mt. Vernon	33,008	91.35%	30,154	2,064	2,854
Stone Street Water Mains	25,000	67.62%	16,904	764	8,096
CSO LTC Plan Phase 4	185,768	90.37%	167,875	-	17,893
Maine National Guard	61,889	95.00%	58,794	3,095	3,095
Sewer Main Relining - I95	59,777	0.00%	-	-	59,777
Ridgewood Water Mains	129,788	91.68%	118,995	6,263	10,793
W/S Services Mt. Vernon Ave.	335,870	0.00%	-	-	335,870
Trunkline 3 Rehab	4,445	26.35%	1,171	-	3,274
Storm Mains Riverside Drive	11,280	73.40%	8,280	3,000	3,000

SANITARY DIVISION EXPENSE ALLOCATIONS

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

GREATER AUGUSTA UTILITY DISTRICT
Notes to Basic Financial Statements, continued

OTHER POST EMPLOYMENT BENEFITS

GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, was implemented, as required, by the Greater Augusta Utility District for the year ended December 31, 2008. This pronouncement requires that the long-term cost of retirement health care and obligations for other postemployment benefits be determined on an actuarial basis and reported similar to pension plans.

The District is a member of the Maine Municipal Employees Health Trust. The Trust is a multiple employer Voluntary Employee's Beneficiary Association. The District is an individually rated member within the Association. That report may be obtained by writing to the Maine Municipal Association at 60 Community Drive, Augusta, ME 04332. The Health Trust contracted with an outside consultant to assist in the determination and valuation of the District's OPEB liability under GASB Statement 45. The most recent OPEB liability actuarial valuation was completed by the consultants in July of 2015.

Plan Descriptions - The District sponsors a post-retirement benefit plan providing health insurance to retiring employees. For non-union employees hired before January 1, 2005 and all union employees regardless of hire date, the District will pay towards a retired employee's health insurance an amount equal to ninety percent of the cost of the employee only health insurance coverage for any employee that is at least sixty years of age and unable to access similar insurance coverage with another employer. The premium expense to the District for retirees' health insurance shall not increase more than five percent in any year and any excess costs will be borne by the retiree. This benefit shall be made available to employees conditioned on their years of service with the District as follows:

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

Funding Policy and Annual OPEB Cost - GASB Statement 45 does not mandate the prefunding of postemployment benefits liability. The District currently plans to fund these benefits on a pay-as-you-go basis. No assets have been segregated and restricted to provide postemployment benefits. The annual required contribution (ARC), an actuarial determined rate, represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize unfunded actuarial liabilities over a period not to exceed thirty years.

The following table represents the OPEB costs for the years ending December 31 and the annual required contribution:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Normal cost	\$ 39,383	45,372	45,372
Amortization of unfunded	167,773	156,127	156,127
Adjustment to ARC	(64,606)	(57,540)	(50,136)
<u>Interest</u>	<u>52,973</u>	<u>47,859</u>	<u>42,738</u>
Annual required contribution	\$ 195,523	191,818	194,101

GREATER AUGUSTA UTILITY DISTRICT
Notes to Basic Financial Statements, continued

OTHER POST EMPLOYMENT BENEFITS, CONTINUED

Net OPEB Obligation – The District’s net OPEB obligation was calculated as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
OPEB liability, January 1	\$ 1,117,170	994,993	866,958
Annual required contribution	195,523	191,818	194,101
Less: actual contributions	(91,213)	(69,641)	(66,066)
OPEB liability, December 31	\$ 1,221,480	1,117,170	994,993

Funding Status and Funding Progress - The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ending December 31 were as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Annual required contribution	\$ 195,523	191,818	194,101
Actual contribution	91,213	69,641	66,066
Percent contributed	46.65%	36.31%	34.04%
Actuarial accrued liability	\$ 3,017,184	2,807,752	2,807,752
Plan assets	-	-	-
Unfunded actuarial accrued liability	\$ 3,017,184	2,807,752	2,807,752
Covered payroll	2,298,218	2,308,908	2,068,801
Unfunded actuarial accrued liability as a percentage of covered payroll	131.28%	121.61%	135.72%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions - Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the District and plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets. Significant methods and assumptions were as follows:

Actuarial valuation date	1/1/15
Actuarial cost method	Projected unit credit
Amortization method	Level dollar open
Amortization period	30 years
Actuarial assumptions:	
Investment rate of return	4.0%
Projected salary increases	3.0%
Healthcare inflation rate	4.25%

GREATER AUGUSTA UTILITY DISTRICT
Notes to Basic Financial Statements, continued

NEW PRONOUNCEMENTS AND RESTATEMENT OF NET POSITION

For the fiscal year ended December 31, 2015, the District has elected to implement Statement No. 68 of the Governmental Accounting Standards Board – *Accounting and Financial Reporting for Pensions*, an amendment of GASB Statement No. 27. As a result of implementing GASB Statement No. 68, the District has restated the net position at the beginning of 2014 to account for the addition of the District’s proportionate share of the net pension liability of \$925,172 and deferred outflows for the District’s contributions subsequent to the measurement date of \$59,244, which effectively decreased the District’s net position as of December 31, 2013 by \$865,928.

GREATER AUGUSTA UTILITY DISTRICT
Required Supplementary Information

Schedule of Funding Progress - Retiree Healthcare Plan

Fiscal year	Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (AAL) – entry age (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll [(b-a) / c]
2008	1/1/09	\$ -	3,131,977	3,131,977	0.00%	1,887,266	165.95%
2009	1/1/09	-	3,131,977	3,131,977	0.00%	1,889,018	165.80%
2010	1/1/09	-	3,131,977	3,131,977	0.00%	1,912,804	163.74%
2011	1/1/11	-	2,688,618	2,688,618	0.00%	2,096,603	128.24%
2012	1/1/11	-	2,688,618	2,688,618	0.00%	2,008,545	133.86%
2013	1/1/13	-	2,807,752	2,807,752	0.00%	2,068,801	135.72%
2014	1/1/13	-	2,807,752	2,807,752	0.00%	2,308,908	121.61%
2015	1/1/15	-	3,017,184	3,017,184	0.00%	2,298,218	131.28%

GREATER AUGUSTA UTILITY DISTRICT
Required Supplementary Information, continued

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

	<u>2015*</u>	<u>2014*</u>
District's proportion of the net pension liability	0.3755%	0.3495%
District's proportionate share of the net pension liability	\$ 1,198,107	537,862
District's covered-employee payroll	1,957,474	1,940,354
District's proportion share of the net pension liability as a percentage of its covered-employee payroll	61.21%	27.72%
Plan fiduciary net position as a percentage of of the total pension liability	88.27%	94.10%

** The pension liability amounts presented for each fiscal year were determined as of the prior June 30th.*

GREATER AUGUSTA UTILITY DISTRICT
Required Supplementary Information, continued

Schedule of District Contributions
Maine Public Employees Retirement System Consolidated Plan (PLD)
Last 10 Fiscal Years (only two years available)

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 163,431	138,965
Contributions in relation to the contractually required contribution	<u>(163,431)</u>	<u>(138,965)</u>
Contribution deficiency (excess)	\$ -	-
District's covered-employee payroll	1,957,474	1,940,354
Contributions as a percentage of covered- Employee payroll	8.35%	7.16%

GREATER AUGUSTA UTILITY DISTRICT
Notes to Required Supplementary Information

Changes of Benefit Terms - None

Changes of Assumptions - The PLD plan changed the discount rate from 7.25% in the 2014 valuation to 7.125% in the 2015 valuation. The PLD plan also changed the cost of living benefits increase assumption from 3.12% in the 2014 valuation to 2.55% in the 2015 valuation.

GREATER AUGUSTA UTILITY DISTRICT
WATER DIVISION
Statements of Net Position
December 31, 2015
(with comparative totals for December 31, 2014)

	2015	2014 (Restated)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,880,576	3,653,149
Accounts receivable:		
Customer	325,322	350,389
Unbilled	299,877	240,927
Other	417	7,094
Inventory	116,049	113,679
Prepaid expenses	32,395	26,785
Total current assets	2,654,636	4,392,023
Noncurrent assets:		
Other assets:		
Unamortized debt discount	20,995	27,791
Total other assets	20,995	27,791
Capital assets:		
Work in process	364,763	4,292,174
Operating property	44,025,180	37,602,125
Less accumulated depreciation	(15,228,291)	(14,489,533)
Net capital assets	29,161,652	27,404,766
Total noncurrent assets	29,182,647	27,432,557
Total assets	31,837,283	31,824,580
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions	137,377	108,694
Total deferred outflows of resources	137,377	108,694
LIABILITIES		
Current liabilities:		
Trade	25,934	23,490
Construction/retainage	14,427	392,924
Accrued payroll	24,409	36,398
Accrued compensated absences	43,381	41,093
Accrued interest	53,002	59,031
Current portion of bonds and notes payable	615,225	615,225
Total current liabilities	776,378	1,168,161
Noncurrent liabilities:		
OPEB liabilities	171,103	158,035
Net pension liability	503,205	225,902
Bonds and notes payable	5,929,202	6,544,427
Total noncurrent liabilities	6,603,510	6,928,364
Total liabilities	7,379,888	8,096,525
DEFERRED INFLOWS OF RESOURCES		
Deferred credits	29,901	41,864
Deferred inflows of resources related to pensions	82,328	239,922
Total deferred inflows of resources	112,229	281,786
NET POSITION		
Net investment in capital assets	22,617,225	20,245,114
Unrestricted	1,865,318	3,309,849
Total net position	\$ 24,482,543	23,554,963

GREATER AUGUSTA UTILITY DISTRICT
WATER DIVISION
Statements of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2015
(with comparative totals for the year ended December 31, 2014)

	2015	2014 (Restated)
Operating revenues:		
Metered:		
Residential	\$ 1,364,955	1,336,454
Commercial	719,437	700,776
Governmental	305,461	304,884
Public fire protection	814,366	808,780
Private fire protection	504,777	499,164
Other water revenues	9,782	8,459
Total operating revenues	3,718,778	3,658,517
Operating expenses:		
Source of supply	137,065	117,925
Treatment plant	172,323	167,906
Transportation and distribution	1,025,906	964,168
Customer accounts	259,041	221,114
Administrative and general	510,624	472,494
Depreciation	754,021	700,743
Total operating expenses	2,858,980	2,644,350
Operating income	859,798	1,014,167
Nonoperating revenues (expenses):		
Interest revenue	644	1,217
Utility contract income	15,870	13,800
Non-utility income	267,284	238,841
Merchandising and jobbing revenue	17,482	20,304
Interest expense	(226,702)	(170,546)
Amortization expense	(6,796)	(6,796)
Total nonoperating revenues (expenses)	67,782	96,820
Change in net position	927,580	1,110,987
Net position, beginning of year, as restated	23,554,963	22,443,976
Net position, end of year	\$ 24,482,543	23,554,963

GREATER AUGUSTA UTILITY DISTRICT
WATER DIVISION
Statements of Cash Flows
For the Year Ended December 31, 2015
(with comparative totals for the year ended December 31, 2014)

	2015	2014 (Restated)
Cash flows from operating activities:		
Receipts from customers and users	\$ 3,992,208	3,941,028
Payments to suppliers	(733,916)	(762,030)
Payments to employees	(1,282,186)	(1,214,089)
Net cash provided by operating activities	1,976,106	1,964,909
Cash flows from capital and related financing activities:		
Purchase of capital assets	(2,889,404)	(4,896,433)
Proceeds from long-term debt	-	3,500,000
Principal payments on long-term debt	(615,225)	(495,225)
Interest payments on long-term debt	(244,694)	(175,253)
Net cash used in capital and related financing activities	(3,749,323)	(2,066,911)
Cash flows from investing activities:		
Interest revenue	644	1,217
Net cash provided by investing activities	644	1,217
Net decrease in cash	(1,772,573)	(100,785)
Cash at beginning of year	3,653,149	3,753,934
Cash at end of year	\$ 1,880,576	3,653,149
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 859,798	1,014,167
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	754,021	700,743
Utility, non-utility, jobbing and miscellaneous revenues	300,636	272,945
Change in operating assets and liabilities:		
(Increase) decrease in accounts receivable - customers	25,067	763
(Increase) decrease in accounts receivable - unbilled	(58,950)	13,657
(Increase) decrease in accounts receivable - other	6,677	(4,854)
(Increase) decrease in inventory	(2,370)	(3,501)
(Increase) decrease in prepaid expenses	(5,610)	960
(Decrease) increase in accounts payable - trade	2,444	(13,451)
(Decrease) increase in accrued payroll	(11,989)	(13,174)
(Decrease) increase in accrued compensated absences	2,288	(10,361)
(Decrease) increase in OPEB liabilities	13,068	13,575
(Decrease) increase in net pension liability and related deferred outflows and inflows of resources	91,026	(6,560)
Net cash provided by operating activities	1,976,106	1,964,909
Noncash capital and related financing activities:		
Amortized debt discount	(6,796)	(6,796)
Amortized deferred credits from bond refinancing proceeds	11,963	14,415

GREATER AUGUSTA UTILITY DISTRICT
SEWER DIVISION
Statements of Net Position
December 31, 2015
(with comparative totals for December 31, 2014)

	2015	2014 (Restated)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,230,020	1,699,063
Accounts receivable:		
Customer service	463,106	589,089
Unbilled	456,253	328,701
Intercommunity trunkline - operations	99,425	67,143
Other	-	570
Inventory	34,675	37,174
Prepaid expenses	23,125	18,595
Total current assets	3,306,604	2,740,335
Noncurrent assets:		
Other assets:		
Unspent bond proceeds	43,540	186,585
Total other assets	43,540	186,585
Capital assets:		
Work in process	532,214	678,310
Operating property	55,558,431	54,818,373
Less accumulated depreciation	(19,139,324)	(17,958,590)
Net capital assets	36,951,321	37,538,093
Total noncurrent assets	36,994,861	37,724,678
Total assets	40,301,465	40,465,013
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions	121,023	95,753
Total deferred outflows of resources	121,023	95,753
LIABILITIES		
Current liabilities:		
Accounts payable:		
Trade	42,798	135,404
Construction/retainage	19,654	87,034
Accrued payroll	23,785	35,625
Accrued compensated absences	38,571	38,814
Accrued interest	43,794	48,662
Current portion of bonds and notes payable	1,219,540	1,227,785
Total current liabilities	1,388,142	1,573,324
Noncurrent liabilities:		
OPEB liabilities	724,011	666,030
Net pension liability	443,300	199,009
Bonds and notes payable	12,783,303	14,002,842
Total noncurrent liabilities	13,950,614	14,867,881
Total liabilities	15,338,756	16,441,205
DEFERRED INFLOWS OF RESOURCES		
Deferred credits	339,523	379,852
Deferred inflows of resources related to pensions	72,527	211,360
Total deferred inflows of resources	412,050	591,212
NET POSITION		
Net investment in capital assets	22,992,018	22,494,051
Unrestricted	1,679,664	1,034,298
Total net position	\$ 24,671,682	23,528,349

GREATER AUGUSTA UTILITY DISTRICT
SEWER DIVISION
Statements of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2015
(with comparative totals for the year ended December 31, 2014)

	2015	2014 (Restated)
Operating revenues:		
Metered	\$ 3,478,975	3,585,273
Flat rate	11,929	15,807
Trunkline communities	856,706	490,263
Late fees	17,893	17,293
Connection fees	170,935	38,700
Togus debt	335,218	343,327
Total operating revenues	4,871,656	4,490,663
Operating expenses:		
Treatment plant	890,475	947,162
Transportation and distribution	671,632	656,580
Customer accounts	192,477	197,781
Administrative and general	453,818	459,460
Trunkline	194,368	192,921
Depreciation	1,265,567	1,223,545
Total operating expenses	3,668,337	3,677,449
Operating income	1,203,319	813,214
Nonoperating revenues (expenses):		
Interest revenue	322	609
Miscellaneous	140,163	24,726
Interest expense	(198,317)	(226,245)
Loss on disposal of capital assets	(2,154)	-
Total nonoperating revenues (expenses)	(59,986)	(200,910)
Change in net position	1,143,333	612,304
Net position, beginning of year, as restated	23,528,349	22,916,045
Net position, end of year	\$ 24,671,682	23,528,349

GREATER AUGUSTA UTILITY DISTRICT
SEWER DIVISION
Statements of Cash Flows
For the Year Ended December 31, 2015
(with comparative totals for the year ended December 31, 2014)

	2015	2014 (Restated)
Cash flows from operating activities:		
Receipts from customers and users	\$ 4,978,538	4,505,857
Payments to suppliers	(1,264,762)	(1,274,582)
Payments to employees	(1,106,559)	(1,089,285)
Net cash provided by operating activities	2,607,217	2,141,990
Cash flows from capital and related financing activities:		
Purchase of capital assets	(748,329)	(1,840,808)
Proceeds from long-term debt	143,045	756,057
Principal payments on long-term debt	(1,227,784)	(1,217,247)
Interest payments on long-term debt	(243,514)	(279,666)
Net cash used in capital and related financing activities	(2,076,582)	(2,581,664)
Cash flows from investing activities:		
Interest income	322	609
Net cash provided by investing activities	322	609
Net increase (decrease) in cash	530,957	(439,065)
Cash at beginning of year	1,699,063	2,138,128
Cash at end of year	\$ 2,230,020	1,699,063
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 1,203,319	813,214
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,265,567	1,223,545
Miscellaneous and utility contract income	140,163	24,726
Change in operating assets and liabilities:		
(Increase) decrease in accounts receivable - customer service	125,983	(39,184)
(Increase) decrease in accounts receivable - unbilled	(127,552)	(33,832)
(Increase) decrease in accounts receivable - intercommunity trunkline	(32,282)	(5,681)
(Increase) decrease in accounts receivable - other	570	69,165
(Increase) decrease in inventory	2,499	(613)
(Increase) decrease in prepaid expenses	(4,530)	(1,920)
(Decrease) increase in accounts payable - trade	(92,606)	24,046
(Decrease) increase in accrued payroll	(11,840)	(7,501)
(Decrease) increase in accrued compensated absences	(243)	14,218
(Decrease) increase in OPEB liabilities	57,981	67,584
(Decrease) increase in net pension liability and related deferred outflows and inflows of resources	80,188	(5,777)
Net cash provided by operating activities	2,607,217	2,141,990
Noncash capital and related financing activities:		
Amortized deferred credits from bond refinancing proceeds	40,329	40,328

GREATER AUGUSTA UTILITY DISTRICT
STORM WATER DIVISION
Statements of Net Position
December 31, 2015
(with comparative totals for December 31, 2014)

	2015	2014 (Restated)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 554,427	807,358
Accounts receivable:		
Customer service	354,389	347,188
Unbilled	220,888	104,325
Inventory	20,364	21,832
Prepaid expenses	16,746	13,465
Total current assets	1,166,814	1,294,168
Noncurrent assets:		
Other assets:		
Unspent bond proceeds	55,414	237,472
Total other assets	55,414	237,472
Capital assets:		
Work in process	326,252	337,660
Operating property	38,542,582	37,820,105
Less accumulated depreciation	(11,381,765)	(10,620,628)
Net capital assets	27,487,069	27,537,137
Total noncurrent assets	27,542,483	27,774,609
Total assets	28,709,297	29,068,777
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions	68,689	54,347
Total deferred outflows of resources	68,689	54,347
LIABILITIES		
Current liabilities:		
Trade	49,210	63,675
Construction/retainage	2,997	5,970
Accrued payroll	13,379	21,722
Accrued compensated absences	21,696	23,161
Accrued interest	48,757	54,509
Customer deposits	1,600	-
Current portion of bonds and notes payable	1,224,607	1,219,843
Total current liabilities	1,362,246	1,388,880
Noncurrent liabilities:		
OPEB liabilities	326,366	293,105
Net pension liability	251,602	112,951
Bonds and notes payable	10,153,598	11,378,205
Total noncurrent liabilities	10,731,566	11,784,261
Total liabilities	12,093,812	13,173,141
DEFERRED INFLOWS OF RESOURCES		
Deferred credits	392,405	425,562
Deferred inflows of resources related to pensions	41,164	119,961
Total deferred inflows of resources	433,569	545,523
NET POSITION		
Net investment in capital assets	16,164,278	15,176,561
Unrestricted	86,327	227,899
Total net position	\$ 16,250,605	15,404,460

GREATER AUGUSTA UTILITY DISTRICT
STORM WATER DIVISION
Statements of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2015
(with comparative totals for the year ended December 31, 2014)

	2015	2014 (Restated)
Operating revenues:		
Storm water	\$ 1,382,935	1,271,637
Catch basins	2,029,575	1,984,266
Other	43,759	28,725
Total operating revenues	3,456,269	3,284,628
Operating expenses:		
Treatment plant	522,977	556,271
Transportation and distribution	753,509	640,214
Customer accounts	36,662	37,673
Administrative and general	300,473	306,320
Depreciation	810,959	784,786
Total operating expenses	2,424,580	2,325,264
Operating income	1,031,689	959,364
Nonoperating revenues (expenses):		
Interest revenue	322	609
Miscellaneous	(762)	203
Interest expense	(183,840)	(217,215)
Loss on disposal of capital assets	(1,264)	-
Total nonoperating revenues (expenses)	(185,544)	(216,403)
Change in net position	846,145	742,961
Net position, beginning of year, as restated	15,404,460	14,661,499
Net position, end of year	\$ 16,250,605	15,404,460

GREATER AUGUSTA UTILITY DISTRICT
STORM WATER DIVISION
Statements of Cash Flows
For the Year Ended December 31, 2015
(with comparative totals for the year ended December 31, 2014)

	2015	2014 (Restated)
Cash flows from operating activities:		
Receipts from customers and users	\$ 3,333,343	3,302,545
Payments to suppliers	(908,990)	(871,946)
Payments to employees	(651,944)	(633,159)
Net cash provided by operating activities	1,772,409	1,797,440
Cash flows from capital and related financing activities:		
Purchase of capital assets	(765,128)	(1,169,128)
Proceeds from long-term debt	182,058	677,243
Principal payments on long-term debt	(1,219,843)	(1,215,128)
Interest payments on long-term debt	(222,749)	(266,661)
Net cash used in capital and related financing activities	(2,025,662)	(1,973,674)
Cash flows from investing activities:		
Interest income	322	609
Net cash provided by investing activities	322	609
Net decrease in cash	(252,931)	(175,625)
Cash at beginning of year	807,358	982,983
Cash at end of year	\$ 554,427	807,358
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 1,031,689	959,364
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	810,959	784,786
Miscellaneous and utility contract income (expense)	(762)	203
Change in operating assets and liabilities:		
(Increase) decrease in accounts receivable - customer service	(7,201)	17,356
(Increase) decrease in accounts receivable - unbilled	(116,563)	358
(Increase) decrease in inventory	1,468	(8)
(Increase) decrease in prepaid expenses	(3,281)	(1,390)
(Decrease) increase in accounts payable - trade	(14,465)	(10,166)
(Decrease) increase in accrued payroll	(8,343)	(1,493)
(Decrease) increase in accrued compensated absences	(1,465)	10,692
(Decrease) increase in customer deposits	1,600	-
(Decrease) increase in OPEB liabilities	33,261	41,018
(Decrease) increase in net pension liability and related deferred outflows and inflows of resources	45,512	(3,280)
Net cash provided by operating activities	1,772,409	1,797,440
Noncash capital and related financing activities:		
Amortized deferred credits from bond refinancing proceeds	33,157	33,157