

**GREATER AUGUSTA UTILITY DISTRICT**

**Financial Statements**

**For the Year Ended  
December 31, 2016**

**GREATER AUGUSTA UTILITY DISTRICT**  
**Financial Statements**  
**For the Year Ended December 31, 2016**

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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, 2016, 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, 2016, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 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 March 16, 2017 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.

A handwritten signature in black ink, reading "Remya Weston Ouellette". The signature is written in a cursive style with a large initial 'R'.

March 16, 2017  
South Portland, Maine

**GREATER AUGUSTA UTILITY DISTRICT**  
**Management's Discussion and Analysis**  
**December 31, 2016**

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Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the basic financial statements and supplementary information. The MD&A represents management's examination and analysis of the Greater Augusta Utility District's (District) financial condition and performance for the year ended December 31, 2016. The Water Division is the drinking water and fire protection division of the District. For discussion and analysis purposes, the Sewer and Storm Water Divisions of the District are combined and referred to as the Sanitary Division.

**Financial Highlights - Water Division**

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

- The Water Division's cash and cash equivalents increased by \$290,000. Net cash provided by operating activities totaled \$1.8 million. Receipts from customers increased by \$75,000, payments to suppliers increased by \$250,000, and payments to employees decreased by \$22,000. Net cash used in capital and related financing activities totaled \$1.5 million. Principal and interest on long-term debt totaled \$837,000 down from 2015 by \$23,000. Investment in capital assets totaled \$700,000, a decrease of \$2.2 million.
- The accounts receivable balance was \$458,000 on December 31, 2016. This decrease of \$168,000 (or 26.78%) from the December 31, 2015 balance can be attributed to the timing of customer payments and a switch from quarterly to monthly billings for all customers.
- The work in process (WIP) account increased by \$66,000 due to adding \$806,000 in new construction, offset by the completion of approximately \$740,000 in projects from current and previous years. Operating property increased by \$630,000 due to the completion of water mains on Ridgewood Drive, Route 202, Meadowlands, Front Street, Leighton Road and the Calumet Bridge, fencing at two sources of supply sites, roof maintenance, a new hand held meter reading device and the purchase of a new dump truck.
- Accumulated depreciation increased by \$824,000 from 2015.
- The Water Division decreased its long-term financial indebtedness obligation by \$615,000 by making all the required scheduled debt payments. No new debt was issued in 2016.
- The Water Division's net position as of December 31, 2016 was \$25 million. Net position consists of net investments in capital assets of \$23.1 million and the remaining unrestricted net position of \$1.9 million. The change in net position for the year ended December 31, 2016 was a net increase of \$516,000. The increase is the result of operating revenues being higher than operating expenses and a small amount of non-operating revenues. Operating revenues totaled \$3.6 million, down \$100,000 from the previous fiscal year. Sales to customers totaled \$2.3 million, a slight decrease of 4.7%. Fire protection revenues totaled \$1.3 million, equivalent to the previous fiscal year. Operating expenses totaled \$3.1 million, approximately 10% higher than the previous fiscal year. The increase in expenses is primarily related to increased distribution costs and additional depreciation expense. Net non-operating revenue increased \$9,000 primarily due to a decrease in interest expense. All metered customers of the Water Division are charged a minimum fee depending on the size of the meter which includes a minimum water allowance of 100 cubic feet of water per month. For usage in excess of 100 cubic feet, the charge is \$2.40 per 100 cubic feet. The Maine Public Utilities Commission approved the Water Division's schedule of rates which became effective October 3, 2011.

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

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**Financial Highlights - Sanitary Division**

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

- The Sanitary Division's cash and cash equivalents balance increased by \$424,000 as net cash provided by operating activities exceeded net cash used in capital and related financing activities.
- Net capital assets decreased by \$810,000. The work in process (WIP) account increased by \$604,000. Operating property increased by \$682,000. The increase to operating property is due to the completion of sewer main work on I-95, Mount Vernon Avenue, Stone Street, Pond Road in Manchester and also storm mains on Riverside Drive, projects at sewer pump stations, roof maintenance and the purchase of a new dump truck.
- The accounts receivable balance at December 31, 2016 of \$1.5 million is a decrease of \$79,000 or 4.95% from 2015. This increase can be attributed to the timing of customer payments and billings.
- Construction and retainage payable increased by \$104,665 primarily due to an uncompleted sewer main relining project and the Winthrop Trunkline Pump Station project.
- Accumulated depreciation increased by \$2.1 million from 2015.
- 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 2016.
- The Sanitary Division's operating revenues totaled \$7.8 million and operating expenses totaled \$6.1 million. Net non-operating revenues totaled \$4,164, resulting in an increase in net position of \$1.7 million.
- The Sanitary Division's net position as of December 31, 2016 was \$42.6 million. Net position consists of net investment in capital assets of \$40.7 million and the remaining unrestricted net position totaled \$1.9 million.
- All customers of the Sanitary Division are charged \$4.34 per 100 cubic feet of metered sewage, \$8.50 for a monthly service charge and a monthly charge of \$7.55 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.

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

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

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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 wastewater delivered via the Intercommunity Trunkline from three communities (Manchester, Winthrop and Monmouth). These communities pay for their share of treated flow, related debt and operation and maintenance costs.

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

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

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



**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**

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
<b>Assets</b>		
Current assets	\$ 2,801,710	2,654,636
Capital and other assets (net)	<u>29,048,058</u>	<u>29,182,647</u>
<b>Total Assets</b>	<u>\$ 31,849,768</u>	<u>31,837,283</u>
<b>Deferred Outflows of Resources</b>		
Related to pensions	<u>\$ 315,622</u>	<u>137,377</u>
<b>Liabilities</b>		
Current Liabilities	\$ 809,257	776,378
Long-term liabilities	<u>6,295,891</u>	<u>6,603,510</u>
<b>Total Liabilities</b>	<u>\$ 7,105,148</u>	<u>7,379,888</u>
<b>Deferred Inflows of Resources</b>		
Deferred credits	\$ 19,936	29,901
Related to pensions	<u>41,688</u>	<u>82,328</u>
<b>Total Deferred Inflow of Resources</b>	<u>\$ 61,624</u>	<u>112,229</u>
<b>Net Position</b>		
Net investment in capital assets	\$ 23,104,657	22,617,225
Unrestricted	<u>1,893,961</u>	<u>1,865,318</u>
<b>Total Net Position</b>	<u>\$ 24,998,618</u>	<u>24,482,543</u>

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

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
<b>Operating Revenues</b>		
Metered	\$ 2,277,896	2,389,853
Fire protection	1,327,257	1,319,143
Other water revenues	<u>6,524</u>	<u>9,782</u>
<b>Total Operating Revenues</b>	<u>3,611,677</u>	<u>3,718,778</u>
<b>Operating Expenses</b>		
Operating expenses	2,329,574	2,104,959
Depreciation	<u>843,048</u>	<u>754,021</u>
<b>Total Operating Expenses</b>	<u>3,172,622</u>	<u>2,858,980</u>
<b>Nonoperating Revenue</b>	<u>77,020</u>	<u>67,782</u>
<b>Change in Net Position</b>	516,075	927,580
<b>Net Position - Beginning of Year</b>	<u>24,482,543</u>	<u>23,554,963</u>
<b>Net Position - End of Year</b>	<u>\$ 24,998,618</u>	<u>24,482,543</u>

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

**Financial Analysis - Sanitary Division**

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

**CONDENSED STATEMENTS OF NET POSITION - SANITARY DIVISION**

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
<b>Assets</b>		
Current assets	\$ 4,856,812	4,473,418
Capital and other assets (net)	63,628,392	64,537,344
<b>Total Assets</b>	<u>\$ 68,485,204</u>	<u>69,010,762</u>
<b>Deferred Outflows of Resources</b>		
Related to pensions	<u>\$ 435,859</u>	<u>189,712</u>
<b>Liabilities</b>		
Current Liabilities	\$ 2,879,228	2,750,388
Long-term liabilities	22,700,144	24,682,180
<b>Total Liabilities</b>	<u>\$ 25,579,372</u>	<u>27,432,568</u>
<b>Deferred Inflows of Resources</b>		
Deferred credits	\$ 658,444	731,928
Related to pensions	57,569	113,691
<b>Total Deferred Inflow of Resources</b>	<u>\$ 716,013</u>	<u>845,619</u>
<b>Net Position</b>		
Net investment in capital assets	\$ 40,691,491	39,156,296
Unrestricted	1,934,187	1,765,991
<b>Total Net Position</b>	<u>\$ 42,625,678</u>	<u>40,922,287</u>

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

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
<b>Operating Revenues</b>		
Sewer	\$ 3,418,028	3,490,904
Storm water	3,392,625	3,412,510
Trunkline	576,285	856,706
Other	427,440	567,805
<b>Total Operating Revenues</b>	<u>7,814,378</u>	<u>8,327,925</u>
<b>Operating Expenses</b>		
Operating expenses	3,989,666	4,016,391
Depreciation	2,125,485	2,076,526
<b>Total Operating Expenses</b>	<u>6,115,151</u>	<u>6,092,917</u>
<b>Nonoperating Revenue (Expense)</b>	<u>4,164</u>	<u>(245,530)</u>
<b>Change in Net Position</b>	1,703,391	1,989,478
<b>Net Position - Beginning of Year</b>	<u>40,922,287</u>	<u>38,932,809</u>
<b>Net Position - End of Year</b>	<u>\$ 42,625,678</u>	<u>40,922,287</u>

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

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**Capital Asset Activity**

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

Several major Water division projects were completed this year. The District invested roughly \$550,000 to replace/repair water mains on the Calumet Bridge, Ridgewood Drive, Route 202, Front Street, Leighton Road and the Meadowlands sub-division. A new handheld meter reading device was purchased and fencing was installed around two different sources of supply. The water division also split the cost of a new dump truck and roof maintenance with the sanitary division. Several water main replacement projects are in process on Alderwood Road, Boucher Avenue, Northern Avenue and Ward Street.

Several major Sanitary division projects were completed this year. Sewer mains were upgraded on I-95, Mount Vernon Avenue, Stone Street, and the Pond Road in Manchester for a combined cost of \$625,000. Storm mains were upgraded on Riverside Drive and New England Road for a combined cost of \$20,000. The sanitary division split the cost of a new dump truck and roof maintenance with the water division. A pump station was also upgraded this year for \$7,700. Significant ongoing projects at year end included sewer main replacements or repairs on Patterson Street, Brooks Street, Ward Street and Northern Avenue. Combined Sewer Overflow (CSO) projects and plans are underway for our next big CSO project in 2018.

**Debt Activity**

The District made all required 2016 principal and interest payments on existing debt. No new debt was issued in 2016.

**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, 2016**

<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$	5,378,662
Accounts receivable:		
Customer service		942,153
Unbilled		752,798
Intercommunity trunkline - operations		277,051
Other		1,207
Inventory		167,649
Prepaid expenses		139,002
Total current assets		7,658,522
Noncurrent assets:		
Other assets:		
Unamortized debt discount		14,199
Total other assets		14,199
Capital assets:		
Work in process		1,892,685
Operating property		139,438,786
Less accumulated depreciation		(48,669,220)
Net capital assets		92,662,251
Total noncurrent assets		92,676,450
<b>Total assets</b>		<b>100,334,972</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources related to pensions		751,481
<b>Total deferred outflows of resources</b>		<b>751,481</b>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable:		
Trade		148,727
Construction/retainage		157,292
Accrued payroll		75,115
Accrued compensated absences		101,264
Accrued interest		129,289
Unearned revenue		1,407
Current portion of bonds and notes payable		3,075,391
Total current liabilities		3,688,485
Noncurrent liabilities:		
OPEB liabilities		1,303,718
Net pension liability		1,901,605
Bonds and notes payable		25,790,712
Total noncurrent liabilities		28,996,035
<b>Total liabilities</b>		<b>32,684,520</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred credits		678,380
Deferred inflows of resources related to pensions		99,257
<b>Total deferred inflows of resources</b>		<b>777,637</b>
<b>NET POSITION</b>		
Net investment in capital assets		63,796,148
Unrestricted		3,828,148
<b>Total net position</b>	<b>\$</b>	<b>67,624,296</b>

*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, 2016**

Operating revenues:		
Metered	\$	5,676,349
Flat rate		19,575
Storm water		1,377,296
Catch basins		2,015,329
Trunkline communities		576,285
Public fire protection		815,865
Private fire protection		511,392
Other revenues		433,964
Total operating revenues		11,426,055
Operating expenses:		
Source of supply		174,526
Treatment plant		1,558,047
Transportation and distribution		2,763,751
Customer accounts		496,696
Administrative and general		1,138,518
Trunkline expenses		187,702
Depreciation		2,968,533
Total operating expenses		9,287,773
Operating income		2,138,282
Nonoperating revenues (expenses):		
Interest revenue		6,185
Utility contract income		15,870
Non-utility income		254,650
Miscellaneous		356,449
Interest expense		(545,174)
Amortization expense		(6,796)
Total nonoperating revenues (expenses)		81,184
Change in net position		2,219,466
Net position, beginning of year		65,404,830
<b>Net position, end of year</b>		<b>\$ 67,624,296</b>

*See accompanying notes to basic financial statements.*

**GREATER AUGUSTA UTILITY DISTRICT**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2016**

Cash flows from operating activities:		
Receipts from customers and users	\$	12,299,299
Payments to suppliers		(3,037,015)
Payments to employees		(3,038,997)
Net cash provided by operating activities		6,223,287
Cash flows from capital and related financing activities:		
Purchase of capital assets		(1,910,528)
Proceeds from long-term debt		98,954
Principal payments on long-term debt		(3,059,372)
Interest payments on long-term debt		(644,887)
Net cash used in capital and related financing activities		(5,515,833)
Cash flows from investing activities:		
Interest income		6,185
Net cash provided by investing activities		6,185
Net increase in cash		713,639
Cash at beginning of year		4,665,023
<b>Cash at end of year</b>		<b>\$ 5,378,662</b>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$	2,138,282
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		2,968,533
Utility, non-utility, jobbing and miscellaneous revenues		626,969
Change in operating assets and liabilities:		
(Increase) decrease in accounts receivable - customer service		200,664
(Increase) decrease in accounts receivable - unbilled		224,220
(Increase) decrease in accounts receivable - intercommunity trunkline		(177,626)
(Increase) decrease in accounts receivable - other		(790)
(Increase) decrease in inventory		3,439
(Increase) decrease in prepaid expenses		(66,736)
(Decrease) increase in accounts payable - trade		30,785
(Decrease) increase in accrued payroll		13,542
(Decrease) increase in accrued compensated absences		(2,384)
(Decrease) increase in OPEB liabilities		82,238
(Decrease) increase in net pension liability and related deferred outflows and inflows of resources		182,344
(Decrease) increase in unearned revenue		(193)
Net cash provided by operating activities		6,223,287
<b>Noncash capital and related financing activities:</b>		
Amortized debt discount		(6,796)
Amortized deferred credits from bond refinancing proceeds		83,449

*See accompanying notes to basic financial statements.*

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

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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**Organization** - The Greater Augusta Utility District is a quasi-municipal corporation established in 2007. The District is a special purpose governmental entity engaged in business-type activities. Effective January 1, 2008, the Augusta Water District, Augusta Sanitary District, and the sanitary division of the Hallowell Water District officially merged to create one entity. The District supplies public drinking water and fire protection services to the City of Augusta, Maine and parts of several surrounding cities and towns. The District owns a water filtration plant, which is not in use, as well as several gravel packed wells. The District also operates sewerage and surface drainage collection systems as well as a treatment plant. The regional Waste Water Plant treats sewerage from the Towns of Winthrop, Manchester, 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, 2016, there was no allowance for doubtful 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 that 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**

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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**Capital Assets** - Capital assets with an initial individual cost of more than \$5,000 and an estimated useful life of 3 years are stated at the cost to acquire or construct the asset. Capital assets acquired through contributions or donations are capitalized at their 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 and liabilities, the statement of net position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until that time. The District has deferred outflows and inflows that relate to the net pension liability, which include the District's contributions subsequent to the measurement date, which is recognized as a reduction of the net pension liability in the subsequent year. They also include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between the District's contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. Also included is the net difference between projected and actual earnings on pension plan investments, which is deferred and amortized over a five-year period.

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

**Pensions** - 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.

**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.



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

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**DEPOSITS**

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*Custodial credit risk - deposits* - In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of December 31, 2016, \$251,407 of the District's bank balance of \$5,481,214 was insured by the FDIC and \$5,229,807 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.

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**CAPITAL ASSETS**

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The following is a summary of the changes in capital assets for the year ended December 31, 2016:

	Balance <u>12/31/15</u>	<u>Additions</u>	<u>Dispositions</u>	Balance <u>12/31/16</u>
Capital assets not being depreciated:				
Land	\$ 2,465,060	-	-	2,465,060
Work in process	<u>1,223,229</u>	<u>2,173,181</u>	<u>1,503,725</u>	<u>1,892,685</u>
Total capital assets not being depreciated	3,688,289	2,173,181	1,503,725	4,357,745
Capital assets being depreciated:				
Building and structures	31,693,850	26,894	-	31,720,744
Equipment	5,561,644	39,923	-	5,601,567
Transportation	2,280,761	98,287	48,693	2,330,355
Infrastructure	<u>96,124,878</u>	<u>1,196,182</u>	-	<u>97,321,060</u>
Total capital assets being depreciated	135,661,133	1,361,286	48,693	136,973,726
Less accumulated depreciation for:				
Building and structures	7,228,590	495,270	-	7,723,860
Equipment	3,204,615	319,420	-	3,524,035
Transportation	1,794,857	115,477	48,693	1,861,641
Infrastructure	<u>33,521,318</u>	<u>2,038,366</u>	-	<u>35,559,684</u>
Total accumulated depreciation	45,749,380	2,968,533	48,693	48,669,220
Total capital assets being depreciated, net	<u>89,911,753</u>	<u>(1,607,247)</u>	-	<u>88,304,506</u>
<b>Capital assets, net</b>	<b><u>\$ 93,600,042</u></b>	<b><u>565,934</u></b>	<b><u>1,503,725</u></b>	<b><u>92,662,251</u></b>

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

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CAPITAL ASSETS, CONTINUED

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Depreciation expense was charged as follows:

Sewer division	\$ 1,291,764
Storm water division	833,721
Water division	843,048
<b>Total depreciation expense</b>	<b><u>\$ 2,968,533</u></b>

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

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LONG-TERM DEBT

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The following is a summary of long-term liability transactions of the District for the year ended December 31, 2016:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Bonds and notes payable	\$ 31,925,475	-	3,059,372	28,866,103	3,075,391
Accrued compensated absences	103,648	-	2,384	101,264	-
Other post employment benefits	1,221,480	193,663	111,425	1,303,718	-
Net pension liability	1,198,107	703,498	-	1,901,605	-
<b>Total long-term liabilities</b>	<b><u>\$ 34,448,710</u></b>	<b><u>897,161</u></b>	<b><u>3,173,181</u></b>	<b><u>32,172,690</u></b>	<b><u>3,075,391</u></b>

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

**LONG-TERM DEBT, CONTINUED**

The following is a summary of the long-term debt payable at December 31, 2016 and 2015:

<u>Issue</u>	<u>Amount issued</u>	<u>Maturity date</u>	<u>Interest rate</u>	<u>Balance 12/31/15</u>	<u>Balance 12/31/16</u>
Bond 1990 MMBB	\$ 6,000,000	2020	7.10-7.20%	1,000,000	800,000
Bond 2009 MMBB SRF	190,000	2027	0.00%	59,427	54,202
Bond 2011 MMBB	700,000	2031	2.12-5.62%	560,000	525,000
Bond 2013 TD Bank	2,000,000	2023	2.79%	1,600,000	1,400,000
Bond 2014 MMBB	2,400,000	2034	0.43-3.78%	2,280,000	2,160,000
Bond 2014 MMBB	1,100,000	2034	0.43-3.78%	1,045,000	990,000
Subtotal Water Division				6,544,427	5,929,202
Bond 1997 MMBB	9,200,000	2017	2.96%	920,000	460,000
Bond 2002 MMBB	10,750,000	2021	2.34%	3,360,000	2,800,000
Bond 2005 MMBB	1,500,000	2025	1.53%	750,000	675,000
Bond 2006 MMBB	1,250,000	2026	1.42%	687,500	625,000
Hallowell Bond	579,793	2018	5.00-7.85%	130,240	90,063
2008 Taxable Sewer Bond	2,000,000	2028	1.27%	1,356,629	1,259,990
2009 CWSRF	6,500,000	2029	1.00%	4,528,909	4,225,920
2010 CWSRF - SR	1,750,000	2030	1.17%	1,349,897	1,267,046
2010 CWSRF - FFR	1,610,000	2030	1.00%	1,295,874	1,215,369
2011 CWSRF	14,520,000	2030	1.00%	11,001,999	10,318,513
Subtotal Sanitary Division				25,381,048	22,936,901
<u>Less current portion</u>				3,059,372	3,075,391
<b><u>Total long-term portion</u></b>				<b>\$ 28,866,103</b>	<b>25,790,712</b>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total debt service</u>
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	2,424,877	351,465	2,776,342
2022-2026	8,855,451	1,282,530	10,137,981
2027-2031	6,143,928	591,252	6,735,180
2032-2034	525,000	39,568	564,568
<b><u>Totals</u></b>	<b>\$ 28,866,103</b>	<b>4,189,878</b>	<b>33,055,981</b>

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

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**JOINT PROJECT – WMMA TRUNKLINE PROJECT**

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The participants in the Joint Project, WMMA Trunkline, are Winthrop Utility District, Manchester Sanitary District, and Monmouth Sanitary District. These participants have entered into an agreement whereby they are liable for bonds payable (\$1,267,046 and \$1,349,897 at December 31, 2016 and 2015, respectively) issued to fund the construction of said Joint Project. The participants also pay for all operating expenses of the trunkline and operations and maintenance costs of the treatment plant based on a percentage of their flow.

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**OPERATING LEASE**

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On July 30, 2001, the District entered into a five-year non-cancelable lease with Global Tower (formerly Mesa Communications) for the use of the District's land to place communication facilities. Base rental payments are \$1,000 per month and the agreement automatically renews for seven additional terms of five years, with rental payments increasing 15% each renewal term. The lease was renewed at \$1,150 per month beginning in February of 2010 and at \$1,322 per month beginning in February of 2015. Future minimum rentals at December 31, 2016 are as follows:

2017	\$ 15,870
2018	15,870
2019	15,870
2020	<u>1,322</u>
<b>Total</b>	<b><u>\$ 48,932</u></b>

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**NET POSITION**

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Net position represents assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and notes payable and adding back any unspent bond and note proceeds. Net position is reported as restricted when there are limitations imposed on the use of funds either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District's net investment in capital assets was calculated as follows at December 31, 2016:

Capital assets	\$ 141,331,471
Accumulated depreciation	(48,669,220)
<u>Bonds and notes payable</u>	<u>(28,866,103)</u>
<b><u>Net investment in capital assets</u></b>	<b><u>\$ 63,796,148</u></b>

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

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**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM**

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**General Information about the Pension Plan**

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

**Benefits Provided** - The PLD Plan provides defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e. eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 (65 for new members to the PLD Plan on or after July 1, 2014). The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. MPERS 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, 2016 and 2015 were as follows:

	Employee		Employer	
	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>
January to June	7.0%	7.5%	7.8%	8.9%
July to December	7.5%	8.0%	8.9%	9.5%

The employer contributions, combined with the employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$176,082 for the year ended December 31, 2016.

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

At December 31, 2016, the District reported a liability of \$1,901,605 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2016, the District's proportion was 0.3579%.

For the year ended December 31, 2016 and 2015, the District recognized pension expense of \$358,425 and \$380,157, respectively. At December 31, 2016, 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**

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MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	99,257
Net difference between projected and actual earnings on pension plan investments	410,249	-
Changes in proportion and differences between District contributions and proportionate share of contributions	29,680	-
Changes of assumptions	203,857	-
District contributions subsequent to the measurement date	107,695	-
<b>Total</b>	<b>\$ 751,481</b>	<b>99,257</b>

\$107,695 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, 2017. 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:

2017	\$ 138,356
2018	77,232
2019	219,342
2020	109,599

**Actuarial Assumptions** - The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary Increases	2.75% to 9.00% per year
Investment return	6.875% per annum, compounded annually
Cost of living benefit increases	2.20% per annum

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period June 30, 2012 to June 30, 2015.

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

**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, 2016 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%	5.7%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real Estate	10%	5.2%
Infrastructure	10%	5.3%
Hard Assets	5%	5.0%
Fixed Income	25%	2.9%
<b>Total</b>	<b>100%</b>	

**Discount Rate** - The discount rate used to measure the total pension liability was 6.875%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.875%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.875%) or 1 percentage-point higher (7.875%) than the current rate:

	1% Decrease <u>(5.875%)</u>	Current Discount Rate <u>(6.875%)</u>	1% Increase <u>(7.875%)</u>
District's proportionate share of the net pension liability	\$ 3,156,323	\$ 1,901,605	\$ 720,334

**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, 2016.

**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 2016, 2015, and 2014, respectively. Total District contributions were \$11,495, \$11,940, and \$11,843 in 2016, 2015, and 2014, 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, 2016:

	Contract <u>Total</u>	Percentage <u>Complete</u>	Billed <u>to Date</u>	<u>Retainage</u>	Balance <u>Remaining</u>
Alderwood Drive Water Mains	\$ 265,549	0.00%	-	-	265,549
Augusta Fuel Company	14,100	33.33%	4,700	-	9,400
CSO LTC Plan Phase 4	71,500	75.08%	53,685	-	17,815
Boucher Avenue Water Mains	61,173	91.16%	55,765	3,883	5,408
Ward Street Water/Sewer Mains	106,970	86.44%	92,464	6,438	14,506
Winthrop Pump Station (TL3)	79,740	81.11%	64,677	-	15,063
Patterson Street Sewer/Storm	497,522	95.54%	475,314	25,017	22,208
Various Street Relining	100,000	90.56%	90,561	4,766	9,439
Brooks/Arsenal Street Sewer Mains	71,920	95.00%	68,324	3,596	3,596

**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>2016</u>	<u>2015</u>	<u>2014</u>
Normal cost	\$ 39,383	39,383	45,372
Amortization of unfunded	167,773	167,773	156,127
Adjustment to ARC	(70,638)	(64,606)	(57,540)
<u>Interest</u>	<u>57,145</u>	<u>52,973</u>	<u>47,859</u>
Annual required contribution	\$ 193,663	195,523	191,818

**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>2016</u>	<u>2015</u>	<u>2014</u>
OPEB liability, January 1	\$ 1,221,480	1,117,170	994,993
Annual required contribution	193,663	195,523	191,818
Less: actual contributions	(111,425)	(91,213)	(69,641)
OPEB liability, December 31	\$ 1,303,718	1,221,480	1,117,170

**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>2016</u>	<u>2015</u>	<u>2014</u>
Annual required contribution	\$ 193,663	195,523	191,818
Actual contribution	111,425	91,213	69,641
Percent contributed	57.54%	46.65%	36.31%
Actuarial accrued liability	\$ 3,017,184	3,017,184	2,807,752
Plan assets	-	-	-
Unfunded actuarial accrued liability	\$ 3,017,184	3,017,184	2,807,752
Covered payroll	2,264,388	2,298,218	2,308,908
Unfunded actuarial accrued liability as a percentage of covered payroll	133.25%	131.28%	121.61%

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**  
**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%
2016	1/1/15	-	3,017,184	3,017,184	0.00%	2,264,338	133.25%

**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\*

	<u>2016**</u>	<u>2015**</u>	<u>2014**</u>
District's proportion of the net pension liability	0.3579%	0.3755%	0.3495%
District's proportionate share of the net pension liability	\$ 1,901,605	1,198,107	537,862
District's covered-employee payroll	1,910,960	1,957,474	1,940,354
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	99.51%	61.21%	27.72%
Plan fiduciary net position as a percentage of of the total pension liability	81.61%	88.27%	94.10%

\* Only three years of information available

\*\* The amounts presented for each fiscal year were determined as of the prior June 30<sup>th</sup>.

**GREATER AUGUSTA UTILITY DISTRICT**  
**Required Supplementary Information, continued**

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 176,082	163,431	138,965
Contributions in relation to the contractually required contribution	(176,082)	(163,431)	(138,965)
<b>Contribution deficiency (excess)</b>	-	-	-
District's covered-employee payroll	1,910,960	1,957,474	1,940,354
Contributions as a percentage of covered- employee payroll	9.21%	8.35%	7.16%

\* Only three years of information available

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

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**Changes of Benefit Terms** - None

**Changes of Assumptions** - The following are changes in actuarial assumptions used in the most recent valuation:

	<u>2016</u>	<u>2015</u>
Discount rate	6.875%	7.125%
Inflation rate	2.75%	3.5%
Salary increases	2.75% to 9.00%	3.5% to 9.5%
Cost of living increase	2.20%	2.55%
Long-term expected real rate of return on assets:		
US equities	5.7%	5.2%
Real estate	5.2%	3.7%
Infrastructure	5.3%	4.0%
Hard assets	5.0%	4.8%
Fixed income	2.9%	0.7%

In addition, mortality rates for the June 30, 2015 valuation were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA; for the June 30, 2016 valuation, the mortality rates were based on the RP2014 Total Data Set Healthy Annuitant Mortality Table.

**GREATER AUGUSTA UTILITY DISTRICT**  
**WATER DIVISION**  
**Statements of Net Position**  
**December 31, 2016**  
**(with comparative totals for December 31, 2015)**

	2016	2015
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 2,170,396	1,880,576
Accounts receivable:		
Customer	278,991	325,322
Unbilled	177,895	299,877
Other	1,207	417
Inventory	107,293	116,049
Prepaid expenses	65,928	32,395
Total current assets	2,801,710	2,654,636
Noncurrent assets:		
Other assets:		
Unamortized debt discount	14,199	20,995
Total other assets	14,199	20,995
Capital assets:		
Work in process	430,486	364,763
Operating property	44,655,336	44,025,180
Less accumulated depreciation	(16,051,963)	(15,228,291)
Net capital assets	29,033,859	29,161,652
Total noncurrent assets	29,048,058	29,182,647
<b>Total assets</b>	<b>31,849,768</b>	<b>31,837,283</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources related to pensions	315,622	137,377
<b>Total deferred outflows of resources</b>	<b>315,622</b>	<b>137,377</b>
<b>LIABILITIES</b>		
Current liabilities:		
Trade	32,982	25,934
Construction/retainage	29,976	14,427
Accrued payroll	32,363	24,409
Accrued compensated absences	49,898	43,381
Accrued interest	47,406	53,002
Unearned revenue	1,407	-
Current portion of bonds and notes payable	615,225	615,225
Total current liabilities	809,257	776,378
Noncurrent liabilities:		
OPEB liabilities	183,240	171,103
Net pension liability	798,674	503,205
Bonds and notes payable	5,313,977	5,929,202
Total noncurrent liabilities	6,295,891	6,603,510
<b>Total liabilities</b>	<b>7,105,148</b>	<b>7,379,888</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred credits	19,936	29,901
Deferred inflows of resources related to pensions	41,688	82,328
<b>Total deferred inflows of resources</b>	<b>61,624</b>	<b>112,229</b>
<b>NET POSITION</b>		
Net investment in capital assets	23,104,657	22,617,225
Unrestricted	1,893,961	1,865,318
<b>Total net position</b>	<b>\$ 24,998,618</b>	<b>24,482,543</b>

**GREATER AUGUSTA UTILITY DISTRICT**  
**WATER DIVISION**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended December 31, 2016**  
**(with comparative totals for the year ended December 31, 2015)**

	2016	2015
Operating revenues:		
Metered:		
Residential	\$ 1,348,236	1,364,955
Commercial	680,077	719,437
Governmental	249,583	305,461
Public fire protection	815,865	814,366
Private fire protection	511,392	504,777
Other water revenues	6,524	9,782
Total operating revenues	3,611,677	3,718,778
Operating expenses:		
Source of supply	174,526	137,065
Treatment plant	204,086	172,323
Transportation and distribution	1,183,756	1,025,906
Customer accounts	269,764	259,041
Administrative and general	497,442	510,624
Depreciation	843,048	754,021
Total operating expenses	3,172,622	2,858,980
Operating income	439,055	859,798
Nonoperating revenues (expenses):		
Interest revenue	3,096	644
Utility contract income	15,870	15,870
Non-utility income	254,650	267,284
Merchandising and jobbing revenue	16,377	17,482
Interest expense	(206,177)	(226,702)
Amortization expense	(6,796)	(6,796)
Total nonoperating revenues (expenses)	77,020	67,782
Change in net position	516,075	927,580
Net position, beginning of year	24,482,543	23,554,963
<b>Net position, end of year</b>	<b>\$ 24,998,618</b>	<b>24,482,543</b>



**GREATER AUGUSTA UTILITY DISTRICT**  
**WATER DIVISION**  
**Statements of Cash Flows**  
**For the Year Ended December 31, 2016**  
**(with comparative totals for the year ended December 31, 2015)**

	2016	2015
Cash flows from operating activities:		
Receipts from customers and users	\$ 4,067,504	3,992,208
Payments to suppliers	(983,965)	(733,916)
Payments to employees	(1,260,146)	(1,282,186)
Net cash provided by operating activities	1,823,393	1,976,106
Cash flows from capital and related financing activities:		
Purchase of capital assets	(699,706)	(2,889,404)
Principal payments on long-term debt	(615,225)	(615,225)
Interest payments on long-term debt	(221,738)	(244,694)
Net cash used in capital and related financing activities	(1,536,669)	(3,749,323)
Cash flows from investing activities:		
Interest revenue	3,096	644
Net cash provided by investing activities	3,096	644
Net increase (decrease) in cash	289,820	(1,772,573)
Cash at beginning of year	1,880,576	3,653,149
<b>Cash at end of year</b>	<b>\$ 2,170,396</b>	<b>1,880,576</b>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 439,055	859,798
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	843,048	754,021
Utility, non-utility, jobbing and miscellaneous revenues	286,897	300,636
Change in operating assets and liabilities:		
(Increase) decrease in accounts receivable - customers	46,331	25,067
(Increase) decrease in accounts receivable - unbilled	121,982	(58,950)
(Increase) decrease in accounts receivable - other	(790)	6,677
(Increase) decrease in inventory	8,756	(2,370)
(Increase) decrease in prepaid expenses	(33,533)	(5,610)
(Decrease) increase in accounts payable - trade	7,048	2,444
(Decrease) increase in accrued payroll	7,954	(11,989)
(Decrease) increase in accrued compensated absences	6,517	2,288
(Decrease) increase in OPEB liabilities	12,137	13,068
(Decrease) increase in net pension liability and related deferred outflows and inflows of resources	76,584	91,026
(Decrease) increase in unearned revenue	1,407	-
Net cash provided by operating activities	1,823,393	1,976,106
<b>Noncash capital and related financing activities:</b>		
Amortized debt discount	(6,796)	(6,796)
Amortized deferred credits from bond refinancing proceeds	9,965	11,963

**GREATER AUGUSTA UTILITY DISTRICT**  
**SEWER DIVISION**  
**Statements of Net Position**  
**December 31, 2016**  
**(with comparative totals for December 31, 2015)**

	2016	2015
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 2,607,623	2,230,020
Accounts receivable:		
Customer service	291,071	463,106
Unbilled	311,877	456,253
Intercommunity trunkline - operations	277,051	99,425
Inventory	38,024	34,675
Prepaid expenses	42,383	23,125
<b>Total current assets</b>	<b>3,568,029</b>	<b>3,306,604</b>
Noncurrent assets:		
Other assets:		
Unspent bond proceeds	-	43,540
<b>Total other assets</b>	<b>-</b>	<b>43,540</b>
Capital assets:		
Work in process	948,169	532,214
Operating property	55,994,686	55,558,431
Less accumulated depreciation	(20,412,618)	(19,139,324)
<b>Net capital assets</b>	<b>36,530,237</b>	<b>36,951,321</b>
<b>Total noncurrent assets</b>	<b>36,530,237</b>	<b>36,994,861</b>
<b>Total assets</b>	<b>40,098,266</b>	<b>40,301,465</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources related to pensions	278,048	121,023
<b>Total deferred outflows of resources</b>	<b>278,048</b>	<b>121,023</b>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable:		
Trade	46,604	42,798
Construction/retainage	112,715	19,654
Accrued payroll	26,079	23,785
Accrued compensated absences	31,333	38,571
Accrued interest	38,898	43,794
Current portion of bonds and notes payable	1,230,747	1,219,540
<b>Total current liabilities</b>	<b>1,486,376</b>	<b>1,388,142</b>
Noncurrent liabilities:		
OPEB liabilities	767,010	724,011
Net pension liability	703,594	443,300
Bonds and notes payable	11,552,556	12,783,303
<b>Total noncurrent liabilities</b>	<b>13,023,160</b>	<b>13,950,614</b>
<b>Total liabilities</b>	<b>14,509,536</b>	<b>15,338,756</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred credits	299,195	339,523
Deferred inflows of resources related to pensions	36,725	72,527
<b>Total deferred inflows of resources</b>	<b>335,920</b>	<b>412,050</b>
<b>NET POSITION</b>		
Net investment in capital assets	23,746,934	22,992,018
Unrestricted	1,783,924	1,679,664
<b>Total net position</b>	<b>\$ 25,530,858</b>	<b>24,671,682</b>

**GREATER AUGUSTA UTILITY DISTRICT**  
**SEWER DIVISION**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended December 31, 2016**  
**(with comparative totals for the year ended December 31, 2015)**

	2016	2015
Operating revenues:		
Metered	\$ 3,398,453	3,478,975
Flat rate	19,575	11,929
Trunkline communities	576,285	856,706
Late fees	13,681	17,893
Connection fees	14,061	170,935
Togus debt	365,692	335,218
Total operating revenues	4,387,747	4,871,656
Operating expenses:		
Treatment plant	852,995	890,475
Transportation and distribution	785,553	671,632
Customer accounts	190,623	192,477
Administrative and general	383,524	453,818
Trunkline	187,702	194,368
Depreciation	1,291,764	1,265,567
Total operating expenses	3,692,161	3,668,337
Operating income	695,586	1,203,319
Nonoperating revenues (expenses):		
Interest revenue	1,544	322
Miscellaneous	340,072	140,163
Interest expense	(178,026)	(198,317)
Loss on disposal of capital assets	-	(2,154)
Total nonoperating revenues (expenses)	163,590	(59,986)
Change in net position	859,176	1,143,333
Net position, beginning of year	24,671,682	23,528,349
<b>Net position, end of year</b>	<b>\$ 25,530,858</b>	<b>24,671,682</b>

**GREATER AUGUSTA UTILITY DISTRICT**  
**SEWER DIVISION**  
**Statements of Cash Flows**  
**For the Year Ended December 31, 2016**  
**(with comparative totals for the year ended December 31, 2015)**

	<b>2016</b>	<b>2015</b>
Cash flows from operating activities:		
Receipts from customers and users	\$ 4,866,604	4,978,538
Payments to suppliers	(1,181,370)	(1,264,762)
Payments to employees	(1,132,306)	(1,106,559)
Net cash provided by operating activities	2,552,928	2,607,217
Cash flows from capital and related financing activities:		
Purchase of capital assets	(777,619)	(748,329)
Proceeds from long-term debt	43,540	143,045
Principal payments on long-term debt	(1,219,540)	(1,227,784)
Interest payments on long-term debt	(223,250)	(243,514)
Net cash used in capital and related financing activities	(2,176,869)	(2,076,582)
Cash flows from investing activities:		
Interest income	1,544	322
Net cash provided by investing activities	1,544	322
Net increase in cash	377,603	530,957
Cash at beginning of year	2,230,020	1,699,063
<b>Cash at end of year</b>	<b>\$ 2,607,623</b>	<b>2,230,020</b>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 695,586	1,203,319
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,291,764	1,265,567
Miscellaneous	340,072	140,163
Change in operating assets and liabilities:		
(Increase) decrease in accounts receivable - customer service	172,035	125,983
(Increase) decrease in accounts receivable - unbilled	144,376	(127,552)
(Increase) decrease in accounts receivable - intercommunity trunkline	(177,626)	(32,282)
(Increase) decrease in accounts receivable - other	-	570
(Increase) decrease in inventory	(3,349)	2,499
(Increase) decrease in prepaid expenses	(19,258)	(4,530)
(Decrease) increase in accounts payable - trade	3,806	(92,606)
(Decrease) increase in accrued payroll	2,294	(11,840)
(Decrease) increase in accrued compensated absences	(7,238)	(243)
(Decrease) increase in OPEB liabilities	42,999	57,981
(Decrease) increase in net pension liability and related deferred outflows and inflows of resources	67,467	80,188
Net cash provided by operating activities	2,552,928	2,607,217
<b>Noncash capital and related financing activities:</b>		
Amortized deferred credits from bond refinancing proceeds	40,328	40,329

**GREATER AUGUSTA UTILITY DISTRICT**  
**STORM WATER DIVISION**  
**Statements of Net Position**  
**December 31, 2016**  
**(with comparative totals for December 31, 2015)**

	2016	2015
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 600,643	554,427
Accounts receivable:		
Customer service	372,091	354,389
Unbilled	263,026	220,888
Inventory	22,332	20,364
Prepaid expenses	30,691	16,746
<b>Total current assets</b>	<b>1,288,783</b>	<b>1,166,814</b>
Noncurrent assets:		
Other assets:		
Unspent bond proceeds	-	55,414
<b>Total other assets</b>	<b>-</b>	<b>55,414</b>
Capital assets:		
Work in process	514,030	326,252
Operating property	38,788,764	38,542,582
Less accumulated depreciation	(12,204,639)	(11,381,765)
<b>Net capital assets</b>	<b>27,098,155</b>	<b>27,487,069</b>
<b>Total noncurrent assets</b>	<b>27,098,155</b>	<b>27,542,483</b>
<b>Total assets</b>	<b>28,386,938</b>	<b>28,709,297</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources related to pensions	157,811	68,689
<b>Total deferred outflows of resources</b>	<b>157,811</b>	<b>68,689</b>
<b>LIABILITIES</b>		
Current liabilities:		
Trade	69,141	49,210
Construction/retainage	14,601	2,997
Accrued payroll	16,673	13,379
Accrued compensated absences	20,033	21,696
Accrued interest	42,985	48,757
Unearned revenue	-	1,600
Current portion of bonds and notes payable	1,229,419	1,224,607
<b>Total current liabilities</b>	<b>1,392,852</b>	<b>1,362,246</b>
Noncurrent liabilities:		
OPEB liabilities	353,468	326,366
Net pension liability	399,337	251,602
Bonds and notes payable	8,924,179	10,153,598
<b>Total noncurrent liabilities</b>	<b>9,676,984</b>	<b>10,731,566</b>
<b>Total liabilities</b>	<b>11,069,836</b>	<b>12,093,812</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred credits	359,249	392,405
Deferred inflows of resources related to pensions	20,844	41,164
<b>Total deferred inflows of resources</b>	<b>380,093</b>	<b>433,569</b>
<b>NET POSITION</b>		
Net investment in capital assets	16,944,557	16,164,278
Unrestricted	150,263	86,327
<b>Total net position</b>	<b>\$ 17,094,820</b>	<b>16,250,605</b>

**GREATER AUGUSTA UTILITY DISTRICT**  
**STORM WATER DIVISION**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended December 31, 2016**  
**(with comparative totals for the year ended December 31, 2015)**

	2016	2015
Operating revenues:		
Storm water	\$ 1,377,296	1,382,935
Catch basins	2,015,329	2,029,575
Other	34,006	43,759
Total operating revenues	3,426,631	3,456,269
Operating expenses:		
Treatment plant	500,966	522,977
Transportation and distribution	794,442	753,509
Customer accounts	36,309	36,662
Administrative and general	257,552	300,473
Depreciation	833,721	810,959
Total operating expenses	2,422,990	2,424,580
Operating income	1,003,641	1,031,689
Nonoperating revenues (expenses):		
Interest revenue	1,545	322
Miscellaneous	-	(762)
Interest expense	(160,971)	(183,840)
Loss on disposal of capital assets	-	(1,264)
Total nonoperating revenues (expenses)	(159,426)	(185,544)
Change in net position	844,215	846,145
Net position, beginning of year	16,250,605	15,404,460
<b>Net position, end of year</b>	<b>\$ 17,094,820</b>	<b>16,250,605</b>

**GREATER AUGUSTA UTILITY DISTRICT**  
**STORM WATER DIVISION**  
**Statements of Cash Flows**  
**For the Year Ended December 31, 2016**  
**(with comparative totals for the year ended December 31, 2015)**

	2016	2015
Cash flows from operating activities:		
Receipts from customers and users	\$ 3,365,191	3,333,343
Payments to suppliers	(871,680)	(908,990)
Payments to employees	(646,545)	(651,944)
Net cash provided by operating activities	1,846,966	1,772,409
Cash flows from capital and related financing activities:		
Purchase of capital assets	(433,203)	(765,128)
Proceeds from long-term debt	55,414	182,058
Principal payments on long-term debt	(1,224,607)	(1,219,843)
Interest payments on long-term debt	(199,899)	(222,749)
Net cash used in capital and related financing activities	(1,802,295)	(2,025,662)
Cash flows from investing activities:		
Interest income	1,545	322
Net cash provided by investing activities	1,545	322
Net increase (decrease) in cash	46,216	(252,931)
Cash at beginning of year	554,427	807,358
<b>Cash at end of year</b>	<b>\$ 600,643</b>	<b>554,427</b>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 1,003,641	1,031,689
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	833,721	810,959
Miscellaneous and utility contract income (expense)	-	(762)
Change in operating assets and liabilities:		
(Increase) decrease in accounts receivable - customer service	(17,702)	(7,201)
(Increase) decrease in accounts receivable - unbilled	(42,138)	(116,563)
(Increase) decrease in inventory	(1,968)	1,468
(Increase) decrease in prepaid expenses	(13,945)	(3,281)
(Decrease) increase in accounts payable - trade	19,931	(14,465)
(Decrease) increase in accrued payroll	3,294	(8,343)
(Decrease) increase in accrued compensated absences	(1,663)	(1,465)
(Decrease) increase in unearned revenue	(1,600)	1,600
(Decrease) increase in OPEB liabilities	27,102	33,261
(Decrease) increase in net pension liability and related deferred outflows and inflows of resources	38,293	45,512
Net cash provided by operating activities	1,846,966	1,772,409
<b>Noncash capital and related financing activities:</b>		
Amortized deferred credits from bond refinancing proceeds	33,156	33,157