

GREATER AUGUSTA UTILITY DISTRICT

Financial Statements

**For the Year Ended
December 31, 2021**

GREATER AUGUSTA UTILITY DISTRICT
Financial Statements
For the Year Ended December 31, 2021

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Independent Auditor's Report

Board of Trustees
Greater Augusta Utility District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Greater Augusta Utility District, as of and for the year ended December 31, 2021, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Greater Augusta Utility District, as of December 31, 2021, and the respective 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Greater Augusta Utility District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis and schedules related to the net pension liability (asset) and OPEB liabilities, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Greater Augusta Utility District's basic financial statements. The comparative exhibits are presented for purposes of additional analysis and are not a required part of the basic financial statements. The comparative exhibits are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the comparative exhibits are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2022, on our consideration of the Greater Augusta Utility District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Greater Augusta Utility District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Greater Augusta Utility District's internal control over financial reporting and compliance.



June 27, 2022
South Portland, Maine

GREATER AUGUSTA UTILITY DISTRICT
Management's Discussion and Analysis
December 31, 2021

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, 2021. 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 \$662,000. Net cash provided by operating activities totaled \$1.7 million. Receipts from customers decreased by \$12,000, payments to suppliers decreased by \$270,000 and payments to employees increased by \$65,000. Net cash used in capital and related financing activities totaled \$1 million. Principal and interest on long-term debt totaled \$680,000 down from 2020 by \$69,000. Investment in capital assets totaled \$325,000, a decrease of \$2.6 million.
- The accounts receivable balance was \$506,000 on December 31, 2021. This increase of \$121,000 (or 31%) from the December 31, 2020 balance can be attributed to the timing of customer payments and billings.
- The work in process (WIP) account decreased by \$707,000 due to the completion of several projects. Operating property increased by \$912,000 due to the completion of water mains on Murray, Columbia, and Hospital Streets, and the purchase of a new loader.
- Accumulated depreciation increased by \$932,000 from 2020.
- The Water Division decreased its long-term financial indebtedness obligation by \$552,000 this year. The required schedule debt payments were all made on time.
- The Water Division's net position as of December 31, 2021 was \$27.6 million. Net position consists of net investments in capital assets of \$26.2 million and the remaining unrestricted net position of \$1.4 million. The change in net position for the year ended December 31, 2021 was a net increase of \$759,000. The increase is the result of operating revenues being higher than operating expenses and a small amount of non-operating revenues. Operating revenues totaled \$4 million, an increase of \$279,000 from the previous fiscal year. Sales to customers totaled \$2.5 million, an increase of 9%. Fire protection revenues totaled \$1.4 million, up 5% from the prior year. Operating expenses totaled \$3.3 million, a decrease of \$242,000 from the previous fiscal year. Net non-operating revenue (expense) increased \$75,000 primarily due to an increase in non-utility income and a decrease in interest expense. All metered customers of the Water Division are charged a minimum fee depending on the size of the meter which includes a minimum water allowance of 100 cubic feet of water per month. For usage in excess of 100 cubic feet, the charge is \$2.64 per 100 cubic feet. The Maine Public Utilities Commission approved the Water Division's schedule of rates which became effective July 1, 2021.

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 decreased by \$584,000 as net cash used in capital and related financing activities exceeded net cash provided by operating activities.
- Net capital assets decreased by \$719,000. The work in process (WIP) account decreased by \$1.2 million. Operating property increased by \$3 million. The increase to operating property is due to the completion of sewer main and/or storm main work on Murray, Columbia, and Gage Streets. In addition, the trunkline force main was replaced and other small equipment was purchased.
- The accounts receivable balance at December 31, 2021 of \$1.2 million is roughly equivalent to 2020.
- Accumulated depreciation increased by \$2.5 million from 2020.
- The Sanitary Division decreased its long-term financial indebtedness obligation by \$2.3 by making all the required scheduled debt payments.
- The Sanitary Division's operating revenues totaled \$7.9 million and operating expenses totaled \$6.4 million. Net non-operating revenues (expenses) totaled (\$326,000), resulting in an increase in net position of \$1.1 million.
- The Sanitary Division's net position as of December 31, 2021 was \$51.4 million. Net position consists of net investment in capital assets of \$51.3 million and the remaining unrestricted net position totaled \$30,000.
- All customers of the Sanitary Division are charged \$3.08 per 100 cubic feet of metered sewage, \$8.50 for a monthly service charge and \$12.56 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 basic financial statements include a statement of net position; a statement of revenues, expenses, and changes in net position; a statement of cash flows; and notes to the financial statements.

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

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

The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the District's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any. In addition, there is required supplementary information that is mandated by governmental accounting standards to provide additional insight to users of the financial information.

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

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

Summary of Organization and Business

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

GAUD has a Board of nine trustees. Seven are appointed by the Mayor of the City 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, 2021	December 31, 2020
Assets		
Current assets	\$ 2,485,846	\$ 1,675,777
Capital and other assets (net)	30,470,336	31,151,758
Total Assets	32,956,182	32,827,535
Deferred Outflows of Resources		
Related to pensions	226,090	125,074
Related to other post employment benefits	45,166	33,251
Total Deferred Outflows of Resources	271,256	158,325
Liabilities		
Current liabilities	\$ 762,013	\$ 767,359
Long-term liabilities	4,224,045	5,332,655
Total Liabilities	4,986,058	6,100,014
Deferred Inflows of Resources		
Related to pensions	\$ 607,307	\$ -
Related to other post employment benefits	11,309	21,704
Total Deferred Inflow of Resources	618,616	21,704
Net Position		
Net investment in capital assets	26,196,071	26,370,080
Unrestricted	1,426,693	494,062
Total Net Position	\$ 27,622,764	\$ 26,864,142

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

	December 31, 2021	December 31, 2020
Operating Revenues		
Metered	\$ 2,533,826	\$ 2,322,600
Fire protection	1,419,571	1,346,695
Other water revenues	1,290	6,755
Total Operating Revenues	3,954,687	3,676,050
Operating Expenses		
Operating expenses	2,401,436	2,670,008
Depreciation	947,849	921,540
Total Operating Expenses	3,349,285	3,591,548
Nonoperating Revenue	153,220	78,351
Change in Net Position	758,622	162,853
Net Position- Beginning of Year	26,864,142	26,701,289
Net Position - End of Year	\$ 27,622,764	\$ 26,864,142

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, 2021</u>	<u>December 31, 2020</u>
Assets		
Current assets	\$ 3,655,292	\$ 4,252,610
Capital and other assets (net)	<u>71,449,334</u>	<u>72,459,577</u>
Total Assets	<u><u>75,104,626</u></u>	<u><u>76,712,187</u></u>
Deferred Outflows of Resources		
Related to Pensions	\$ 325,350	\$ 179,984
Related to Other Post Employment Benefits	<u>255,938</u>	<u>188,465</u>
Related to Pensions	<u><u>581,288</u></u>	<u><u>368,449</u></u>
Liabilities		
Current liabilities	\$ 2,212,403	\$ 2,838,813
Long-term liabilities	<u>20,757,130</u>	<u>23,441,752</u>
Total Liabilities	<u><u>22,969,533</u></u>	<u><u>26,280,565</u></u>
Deferred Inflows of Resources		
Deferred credits	\$ 403,135	\$ 447,928
Related to Pensions	873,930	-
Related to Other Post Employment Benefits	<u>64,082</u>	<u>123,032</u>
Total Deferred Inflow of Resources	<u><u>1,341,147</u></u>	<u><u>570,960</u></u>
Net Position		
Net investment in capital assets	51,345,575	50,339,602
Unrestricted	<u>29,659</u>	<u>(110,491)</u>
Total Net Position	<u><u>\$ 51,375,234</u></u>	<u><u>\$ 50,229,111</u></u>

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Operating Revenues		
Sewer	\$ 2,597,805	\$ 2,538,923
Storm Water	4,068,583	3,996,313
Trunkline	799,761	837,027
Other	<u>420,343</u>	<u>514,678</u>
Total Operating Revenues	<u><u>7,886,492</u></u>	<u><u>7,886,941</u></u>
Operating Expenses		
Operating expenses	3,867,024	3,864,972
Depreciation	<u>2,547,628</u>	<u>2,399,632</u>
Total Operating Expenses	<u><u>6,414,652</u></u>	<u><u>6,264,604</u></u>
Nonoperating Revenue (Expense)	<u><u>(325,717)</u></u>	<u><u>(178,843)</u></u>
Change in Net Position	1,146,123	1,443,494
Net Position- Beginning of Year	<u>50,229,111</u>	<u>48,785,617</u>
Net Position - End of Year	<u><u>\$ 51,375,234</u></u>	<u><u>\$ 50,229,111</u></u>

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 Water division projects were completed this year. The District invested roughly \$844,000 to replace/repair water mains on Murray, Columbia, and Hospital Street. The District upgraded the lighting in the Williams Street Garage to more efficient LEDs. The Water Division also split the cost of purchasing new loader with the sanitary division. Water main replacement projects are in process on Cony Street and Highland Avenue. Also in process is the placement of a redundant water line under the Kennebec River.

Several major Sanitary division projects were completed this year. The District invested roughly \$2.4 million to upgrade sewer and storm mains on Mount Vernon Avenue, Mills Street, Murray Street, Columbia Street, Gage Street, Hospital Street, and the trunkline force main. Several pump station pumps, grinders, and storage tanks were also upgraded or replaced. Significant ongoing projects at year-end included sewer and or storm main replacements or repairs on Highland Avenue, Sturgis Lane, Gilman Street, and Western Avenue. Ongoing projects from the previous year include replacing the dewatering system at the Waste Water Treatment Plant and replacing a siphon under the Kennebec River.

Debt Activity

The District made all required 2021 principal and interest payments on existing debt (\$3.4 million). In 2021, there was no new debt.

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, 2021

ASSETS	
Current assets:	
Cash and cash equivalents	\$ 4,139,495
Accounts receivable:	
Customer service	589,347
Unbilled	1,039,891
Other	30,909
Inventory	219,796
Prepaid expenses	121,700
Total current assets	6,141,138
Noncurrent assets:	
Other assets:	
Net pension asset	108,336
Cash held by Maine Municipal Bond Bank	75,759
Total other assets	184,095
Capital assets:	
Work in process	5,263,176
Operating property	160,878,242
Less accumulated depreciation	(64,405,843)
Net capital assets	101,735,575
Total noncurrent assets	101,919,670
Total assets	108,060,808
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	551,440
Deferred outflows of resources related to other postemployment benefits	301,104
Total deferred outflows of resources	852,544
LIABILITIES	
Current liabilities:	
Accounts payable:	
Trade	234,804
Construction/retainage	39,240
Intercommunity trunkline - operations	21,372
Accrued payroll	86,963
Accrued interest	103,464
Unearned revenue	31,229
Current portion of notes payable	2,457,344
Total current liabilities	2,974,416
Noncurrent liabilities:	
Accrued compensated absences	228,523
OPEB liabilities	2,940,308
Notes payable	21,812,344
Total noncurrent liabilities	24,981,175
Total liabilities	27,955,591
DEFERRED INFLOWS OF RESOURCES	
Deferred credits	403,135
Deferred inflows of resources related to pensions	1,481,237
Deferred inflows of resources related to other postemployment benefits	75,391
Total deferred inflows of resources	1,959,763
NET POSITION	
Net investment in capital assets	77,541,646
Unrestricted	1,456,352
Total net position	\$ 78,997,998

See accompanying notes to financial statements.

GREATER AUGUSTA UTILITY DISTRICT
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2021

Operating revenues:		
Metered	\$	5,119,591
Flat rate		12,040
Storm water		2,195,712
Catch basins		1,872,871
Trunkline communities		799,761
Public fire protection		860,107
Private fire protection		559,464
Other revenues		421,633
Total operating revenues		11,841,179
Operating expenses:		
Source of supply		135,339
Treatment plant		1,545,324
Transportation and distribution		3,147,118
Customer accounts		487,098
Administrative and general		717,669
Trunkline expenses		235,912
Depreciation		3,495,477
Total operating expenses		9,763,937
Operating income		2,077,242
Nonoperating revenues (expenses):		
Interest revenue		798
Utility contract income		18,251
Non-utility income		224,059
Miscellaneous		84,779
Interest expense		(449,571)
Loss on disposal of capital assets		(50,813)
Total nonoperating revenues (expenses)		(172,497)
Change in net position		1,904,745
Net position, beginning of year		77,093,253
Net position, end of year		\$ 78,997,998

See accompanying notes to financial statements.

GREATER AUGUSTA UTILITY DISTRICT
Statement of Cash Flows
For the Year Ended December 31, 2021

Cash flows from operating activities:		
Receipts from customers and users	\$	12,079,778
Payments to suppliers		(2,808,597)
Payments to employees		(3,746,453)
Net cash provided by operating activities		5,524,728
Cash flows from capital and related financing activities:		
Purchase of capital assets		(2,401,253)
Proceeds from long-term debt		355,335
Principal payments on long-term debt		(2,892,195)
Interest payments on long-term debt		(508,958)
Net cash used in capital and related financing activities		(5,447,071)
Cash flows from investing activities:		
Interest income		798
Net cash provided by investing activities		798
Net increase (decrease) in cash		78,455
Cash at beginning of year		4,061,040
Cash at end of year	\$	4,139,495
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$	2,077,242
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		3,495,477
Utility, non-utility, jobbing and miscellaneous revenues		327,089
Change in operating assets and liabilities:		
(Increase) decrease in accounts receivable - customer service		(97,196)
(Increase) decrease in accounts receivable - unbilled		(94,272)
(Increase) decrease in accounts receivable - intercommunity trunkline		94,738
(Increase) decrease in accounts receivable - other		(10,736)
(Increase) decrease in inventory		(56,664)
(Increase) decrease in prepaid expenses		51,206
(Decrease) increase in accounts payable - trade		63,058
(Decrease) increase in accrued payroll		13,912
(Decrease) increase in accrued compensated absences		(3,706)
(Decrease) increase in OPEB liability and related deferred outflows and inflows of resources		(109,037)
(Decrease) increase in net pension liability and related deferred outflows and inflows of resources		(245,359)
(Decrease) increase in unearned revenue		18,976
Net cash provided by operating activities		5,524,728
Noncash capital and related financing activities:		
Amortized deferred credits from bond refinancing proceeds		44,793

See accompanying notes to 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, Monmouth, and the Cities of Hallowell and Augusta.

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

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

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

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

Accounts Receivable - The District provides credit to customers in the District. The District uses the allowance method to account for uncollectible accounts receivable. The allowance for doubtful accounts is based on prior years' experience and management's analysis of possible bad debts. At December 31, 2021, there was no allowance for uncollectible accounts receivable recorded as the District estimated 100% of receivables were collectible. The District also accrues revenue for estimated water, sanitary, and storm water services, which were not yet billed as of the balance sheet dates.

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

Prepaid Expenses - Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid expenses in the financial statements.

GREATER AUGUSTA UTILITY DISTRICT
Notes to Basic Financial Statements, Continued

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 estimated acquisition value. Routine maintenance and repairs are charged to expense. Expenses which materially increase values, change capacities or extend useful lives are capitalized. The provision for depreciation has been computed by the use of the straight-line method at rates intended to amortize the cost of the related assets over their estimated useful lives, ranging from 3-75 years.

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

Deferred Inflows and Outflows of Resources - In addition to assets and liabilities, the statement of net position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represents a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until that time. The District has deferred outflows and inflows that relate to the net pension and OPEB liabilities, which include the District's contributions subsequent to the measurement date, which is recognized as a reduction of the respective liability in the subsequent year. They include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between the District's contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. They also include the net difference between the projected and actual earnings on plan investments, which is deferred and amortized over a five-year period.

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

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

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

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

Comparative Data Reclassifications - Comparative data for the prior year has been presented for certain divisions in the exhibits in order to provide an understanding of the changes in financial position and the operations of these funds. In some instances, prior year data has been reclassified to be consistent with current year presentation.

GREATER AUGUSTA UTILITY DISTRICT
Notes to Basic Financial Statements, Continued

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, 2021, \$471,573 the District's bank balance of \$4,152,524 was insured by the FDIC and \$3,680,951 was collateralized by a \$4,100,000 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, 2021:

	Balance <u>12/31/20</u>	<u>Additions</u>	<u>Dispositions</u>	Balance <u>12/31/21</u>
Capital assets not being depreciated:				
Land	\$ 3,102,748	-	-	3,102,748
Work in process	7,168,568	1,644,997	3,550,389	5,263,176
Total capital assets not being depreciated	10,271,316	1,644,997	3,550,389	8,365,924
Capital assets being depreciated:				
Building and structures	34,415,606	-	-	34,415,606
Equipment	7,464,643	240,569	-	7,705,212
Transportation	3,385,782	172,030	141,750	3,416,062
Infrastructure	108,644,197	3,594,417	-	112,238,614
Total capital assets being depreciated	153,910,228	4,007,016	141,750	157,775,494
Less accumulated depreciation for:				
Building and structures	9,807,014	564,600	-	10,371,614
Equipment	5,000,139	467,031	-	5,467,170
Transportation	2,222,374	235,477	90,937	2,366,914
Infrastructure	43,971,776	2,228,369	-	46,200,145
Total accumulated depreciation	61,001,303	3,495,477	90,937	64,405,843
Total capital assets being depreciated, net	92,908,925	511,539	50,813	93,369,651
Capital assets, net	\$ 103,180,241	2,156,536	3,601,202	101,735,575

GREATER AUGUSTA UTILITY DISTRICT
Notes to Basic Financial Statements, Continued

CAPITAL ASSETS, CONTINUED

Depreciation expense was charged as follows:

Sewer division	\$ 1,528,264
Storm water division	1,019,364
Water division	947,849
Total depreciation expense	\$ 3,495,477

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

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, 2021:

	<u>Contract Total</u>	<u>Percentage Complete</u>	<u>Billed to Date</u>	<u>Balance Remaining</u>
Cony St Water Mains	\$ 1,138,591	98.35%	1,119,792	18,799
Sturgis Lane Main Replacement	64,800	90.06%	58,359	6,441
Gilman Street Sewer Mains	279,350	92.90%	259,511	19,839

LONG-TERM DEBT

The following is a summary of long-term liability transactions of the District for the year ended December 31, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Notes payable	\$ 27,121,757	-	2,872,377	24,249,380	2,437,036
Financed purchases	40,126	-	19,818	20,308	20,308
Accrued compensated absences	232,229	-	3,706	228,523	-
Other postemployment benefits	2,900,612	39,696	-	2,940,308	-
Net pension liability (asset)	1,371,878	-	1,480,214	(108,336)	-
Total long-term liabilities	\$ 31,666,602	39,696	4,376,115	27,330,183	2,457,344

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, 2020 and 2021:

<u>Issue</u>	<u>Amount issued</u>	<u>Maturity date</u>	<u>Interest rate</u>	<u>Balance 12/31/20</u>	<u>Balance 12/31/21</u>
2009 MMBB SRF	\$ 190,000	2027	0.00%	33,302	28,077
2011 MMBB	700,000	2031	2.12-5.62%	385,000	350,000
2013 TD Bank	2,000,000	2023	2.79%	600,000	400,000
2014 MMBB	2,400,000	2034	0.43-3.78%	1,680,000	1,560,000
2014 MMBB	1,100,000	2034	0.43-3.78%	770,000	715,000
2020 TD Bank	1,300,000	2030	2.07%	1,300,000	1,170,000
Subtotal Water Division				4,768,302	4,223,077
2002 MMBB	10,750,000	2021	2.34%	560,000	-
2005 MMBB	1,500,000	2025	1.53%	375,000	300,000
2006 MMBB	1,250,000	2026	1.42%	375,000	312,500
2008 Taxable Sewer	2,000,000	2028	1.27%	861,008	758,015
2009 CWSRF	6,500,000	2029	1.00%	2,983,359	2,664,914
2010 CWSRF - SR	1,750,000	2030	1.17%	925,833	838,020
2010 CWSRF - FFR	1,610,000	2030	1.00%	885,220	800,608
2011 CWSRF	14,520,000	2030	1.00%	7,515,535	6,797,246
2017 MMBB	1,600,000	2037	1.26-3.92%	1,360,000	1,280,000
2019 CWSRF - FFR	2,000,000	2039	1.00%	1,900,000	1,800,000
2019 CWSRF - SR	3,000,000	2039	1.00%	2,950,000	2,900,000
2019 MMBB	1,750,000	2039	1.61-3.35%	1,662,500	1,575,000
Subtotal Sanitary Division				22,353,455	20,026,303
Less current portion				2,872,377	2,437,036
Total long-term portion				\$ 24,249,380	21,812,344

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

	<u>Principal</u>	<u>Interest</u>	<u>Total debt service</u>
2022	\$ 2,437,036	465,432	2,902,468
2023	2,450,725	430,582	2,881,307
2024	2,264,557	395,378	2,659,935
2025	2,278,533	365,327	2,643,860
2026	2,217,654	365,327	2,582,981
2027-2031	8,806,985	1,090,439	9,897,424
2032-2036	2,668,056	331,777	2,999,833
2037-2039	1,125,834	76,133	1,201,967
Totals	\$ 24,249,380	3,520,395	27,769,775

GREATER AUGUSTA UTILITY DISTRICT
Notes to Basic Financial Statements, Continued

FINANCED PURCHASES

During the year ended December 31, 2021, the District was obligated under a financed purchase agreement for a vehicle. The following is a schedule of future minimum lease payments under the financed purchase agreements together with the present value of the net minimum payments as of December 31, 2021:

<u>2022</u>	<u>\$ 20,809</u>
Total minimum lease payments	20,809
<u>Less: Amount representing interest</u>	<u>(501)</u>
<u>Present value of net minimum lease payments</u>	<u>\$ 20,308</u>

JOINT PROJECT – WMMHA TRUNKLINE PROJECT

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 (\$3,693,020 and \$3,948,333 at December 31, 2021 and 2020, 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, \$1,322 per month beginning in February of 2015, and \$1,521 beginning in February 2020. Future minimum rentals at December 31, 2020 are as follows:

2022	\$ 18,250
2023	18,250
2024	18,250
<u>2025</u>	<u>1,521</u>
<u>Total</u>	<u>\$ 56,271</u>

GREATER AUGUSTA UTILITY DISTRICT
Notes to Basic Financial Statements, Continued

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 notes payable and financed purchases and adding back any unspent note proceeds. Net position is reported as restricted when there are limitations imposed on the use of funds either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District's net investment in capital assets was calculated as follows at December 31, 2020:

Capital assets	\$ 166,141,418
Accumulated depreciation	(64,405,843)
Notes payable	(24,249,380)
Financed purchases payable	(20,308)
Cash held by Maine Municipal Bond Bank	<u>75,759</u>
Net investment in capital assets	<u>\$ 77,541,646</u>

NET PENSION LIABILITY (ASSET)

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. MEPERS 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, 2021 and 2020 were as follows:

	Employee		Employer	
	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>
January to June	8.1%/7.35%	8.1%/7.35%	10.0%	10.1%
July to December	8.1%/7.35%	7.8%/7.05%	10.1%	10.3%

GREATER AUGUSTA UTILITY DISTRICT
Notes to Basic Financial Statements, Continued

NET PENSION LIABILITY, CONTINUED

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 \$236,235 for the year ended December 31, 2020.

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

At December 31, 2021, the District reported an asset of \$108,336 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The District's proportion of the net pension asset 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, 2021, the District's proportion was 0.3371%.

For the year ended December 31, 2021, the District recognized a pension gain of \$9,124. At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 62,718	-
Changes in assumptions	363,782	-
Net difference between projected and actual earnings on pension plan investments	-	1,476,655
Changes in proportion and differences between District contributions and proportionate share of contributions	-	4,582
District contributions subsequent to the measurement date	124,940	-
Total	\$ 551,440	1,481,237

\$124,940 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, 2022. 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:

2022	\$(159,209)
2023	(149,057)
2024	(336,139)
2025	(410,332)

GREATER AUGUSTA UTILITY DISTRICT
Notes to Basic Financial Statements, Continued

NET PENSION LIABILITY, CONTINUED

Actuarial Assumptions - The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary Increases	2.75%-11.48%
Investment return	6.50% per annum, compounded annually
Cost of living benefit increases	1.91%

Mortality rates were based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period June 30, 2016 to June 30, 2020.

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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Public equities	6.0%
US Government	2.3%
Private equity	7.6%
Real estate	5.2%
Infrastructure	5.3%
Natural resources	5.0%
Traditional credit	3.0%
Alternative credit	7.2%
Diversifiers	5.9%

Discount Rate - The discount rate used to measure the total pension liability was 6.50%. 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 (Asset) to Changes in the Discount Rate -The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.50%, 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 (5.50%) or 1 percentage-point higher (7.50%) than the current rate:

GREATER AUGUSTA UTILITY DISTRICT
Notes to Basic Financial Statements, Continued

NET PENSION LIABILITY, CONTINUED

	1% Decrease <u>(5.50%)</u>	Current Discount Rate <u>(6.50%)</u>	1% Increase <u>(7.50%)</u>
District's proportionate share of the net pension liability (asset)	\$ 1,541,679	\$ (108,336)	\$ (1,473,115)

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, 2021.

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 2021, 2020, and 2019, respectively. Total District contributions were \$12,092, \$9,149, and \$8,265 in 2021, 2020, and 2019, respectively.

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – HEALTH INSURANCE

General Information about the OPEB Plan

Plan Descriptions - The District sponsors a post-retirement benefit plan providing health insurance to retiring employees. The plan is a single-employer defined benefit OPEB plan administered by the Maine Municipal Employees Health Trust (MMEHT). The Board of Trustees has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

GREATER AUGUSTA UTILITY DISTRICT
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – HEALTH INSURANCE, CONTINUED

Benefits Provided - MMEHT provides healthcare and life insurance benefits for retirees and their dependents. For District employees hired before January 1, 2005 the District will pay towards a retired employee’s health insurance an amount equal to ninety percent of the cost of the employee only health insurance coverage for any employee that is at least sixty years of age and unable to access similar insurance coverage with another employer. The premium expense to the District for retirees’ health insurance shall not increase more than five percent in any year and any excess costs will be borne by the retiree.

This benefit shall be made available to employees conditioned on their years of service with the District as follows:

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

For District employees hired on or after January 1, 2005 the District will not contribute to the cost of retiree health insurance.

Employees Covered by Benefit Terms - At December 30, 2021 the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	21
Inactive employee entitled to but not yet receiving benefits	-
Active employees	26
Total	47

Total OPEB Liability

The District’s total Health OPEB liability of \$2,901,135 was measured as of January 1, 2021 and was determined by applying roll forward procedures to an actuarial valuation as of January 1, 2020.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00% per year
Salary increases	2.75% per year
Discount rate	2.12%
Healthcare cost trend rates	8.50% for 2020, decreasing to 3.53% for 2040
Retirees’ share of the benefit related costs	0% to 100% of projected health insurance premiums, based on age and years of service

GREATER AUGUSTA UTILITY DISTRICT
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – HEALTH INSURANCE, CONTINUED

The discount rate was based upon high quality AA/Aa or higher bond yields in effect for 20 years, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index.

Mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females.

The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the period June 30, 2012 through June 30, 2015.

Changes in the Total OPEB Liability

Balance at December 31, 2020		\$ 2,845,099
Changes for the year:		
Service Cost		12,984
Interest		76,089
Changed in benefit terms		-
Differences between expected and actual experience		-
Changes in assumptions or other inputs		130,303
Benefit payments		<u>(163,340)</u>
Net change		56,036
Balance at December 31, 2021		<u>\$ 2,901,135</u>

Change in assumptions reflects a change in the discount rate from 2.74% to 2.12%.

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

For the year ended December 31, 2021, the District recognized an OPEB gain of \$99,041. At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$	-	39,514
Changes of assumption or other inputs		181,359	-
District contributions subsequent to the measurement date		<u>114,078</u>	<u>-</u>
Total	\$	<u>295,437</u>	<u>39,514</u>

GREATER AUGUSTA UTILITY DISTRICT
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – HEALTH INSURANCE, CONTINUED

\$114,078 is reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the OPEB liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	
2022	\$ 6,651
2023	54,566
2024	54,569
2025	26,059

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the District's total OPEB liability calculated using the discount rate of 2.12%, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.12%) or 1 percentage-point higher (3.12%) than the current rate:

	1% Decrease (1.12%)	Discount Rate (2.12%)	1% Increase (3.12%)
Total OPEB liability	\$ 3,235,649	2,901,135	2,622,082

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the District's total OPEB liability calculated using the healthcare cost trend rates, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 2,597,453	2,901,135	3,260,585

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE

Plan Description - The District sponsors a post-retirement benefit plan providing group term life insurance to retiring employees. The plan is a cost-sharing multiple-employer defined benefit OPEB plan administered by the Maine Public Employees Retirement System (MPERS). The MPERS Board of Trustees has the authority to establish and amend the benefit terms and financing requirements. MPERS issues a publicly available financial report that is available at www.maineopers.org.

Benefits Provided - MPERS provides basic group life insurance benefits, during retirement, to retirees who participated in the plan prior to retirement for a minimum of 10 years. The level of coverage is initially set to an amount equal to the retirees average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

Contributions - Premium rates are determined by the MPERS Board of Trustees to be actuarially sufficient to pay anticipated claims. The District is required to remit a premium of \$0.46 per \$1,000 of coverage per month during the post-employment retirement period. Contributions to the OPEB plan from the District were \$2,438 for the year ended December 31, 2021. Employees are not required to contribute to the OPEB plan.

GREATER AUGUSTA UTILITY DISTRICT
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE, CONTINUED

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

At December 31, 2021, the District reported a liability of \$39,173 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the District's proportion was 0.3794%.

For the year ended December 31, 2021, the District recognized OPEB gain of \$7,549. At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 4,427	-
Changes of assumptions	-	19,808
Net difference between projected and actual earnings on OPEB plan investments	-	12,024
Changes in proportion and differences between District contributions and proportionate share of contributions	-	4,045
Districts contributions subsequent to the measurement date	1,240	-
Total	<u>\$ 5,667</u>	<u>35,877</u>

\$1,240 is reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the OPEB liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	
2022	\$ (9,807)
2023	(6,642)
2024	(6,975)
2025	(6,652)
2026	(686)
Thereafter	(688)

Actuarial Assumptions - The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	2.75% - 11.48%
Investment rate of return	6.50%

GREATER AUGUSTA UTILITY DISTRICT
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE, CONTINUED

Mortality rates were based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study conducted for the period June 30, 2016 to June 30, 2020.

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

Asset Class	Long-term Expected Real Rate of Return
Public equities	6.0%
Real estate	5.2%
Traditional credit	3.0%
US Government Securities	2.3%

Discount Rate - The discount rate used to measure the collective total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the District’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following presents the District’s proportionate share of the net OPEB liability calculated using the discount rate of 6.50%, as well as what the District’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.50%) or 1 percentage-point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Net OPEB liability	\$ 58,151	39,173	23,949

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

GREATER AUGUSTA UTILITY DISTRICT
Required Supplementary Information

Schedule of District's Proportionate Share of the Net Pension Liability
Maine Public Employees Retirement System Consolidated Plan
Last 10 Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.3371%	0.3453%	0.3296%	0.3332%	0.3582%	0.3579%	0.3755%	0.3495%
District's proportionate share of the net pension liability (asset) \$	(108,336)	1,371,878	1,007,488	911,892	1,466,649	1,901,605	1,198,107	537,862
District's covered payroll	2,283,577	2,242,959	2,104,541	1,926,738	1,935,746	1,886,980	1,967,972	1,864,159
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-4.74%	61.16%	47.87%	47.33%	75.77%	100.78%	60.88%	28.85%
Plan fiduciary net position as a percentage of the total pension liability	100.86%	88.35%	90.62%	91.14%	86.43%	81.61%	88.27%	94.10%

The amounts presented for each fiscal year were determined as of June 30 of that year.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution \$	236,235	231,453	213,365	193,975	179,618	176,082	163,431	138,965
Contributions in relation to the contractually required contribution	(236,235)	(231,453)	(213,365)	(193,975)	(179,618)	(176,082)	(163,431)	(138,965)
Contribution deficiency (excess) \$	-	-	-	-	-	-	-	-
District's covered payroll \$	2,314,942	2,302,719	2,133,646	1,978,973	1,880,749	1,910,960	1,957,474	1,940,354
Contributions as a percentage of covered payroll	10.20%	10.05%	10.00%	9.80%	9.55%	9.21%	8.35%	7.16%

* Only eight years of information available.

GREATER AUGUSTA UTILITY DISTRICT
Required Supplementary Information, Continued

Schedule of District's Proportionate Share of the Net OPEB Liability
Maine Public Employees Retirement System Consolidated Plan
Last 10 Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.3794%	0.4208%	0.3588%	0.3897%	0.4369%
District's proportionate share of the net OPEB liability	\$ 39,173	55,513	76,769	78,726	73,048
District's covered payroll	2,283,577	2,242,959	2,104,541	1,926,738	1,935,746
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	1.72%	2.47%	3.65%	4.09%	3.77%
Plan fiduciary net position as a percentage of the total OPEB liability	67.26%	55.40%	43.18%	43.92%	47.42%

The amounts presented for each fiscal year were determined as of the prior fiscal year.

Schedule of District Contributions - OPEB
Maine Public Employees Retirement System Consolidated Plan
Last 10 Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 2,438	2,810	2,305	2,099	2,169
Contributions in relation to the contractually required contribution	(2,438)	(2,810)	(2,305)	(2,099)	(2,169)
Contribution deficiency (excess)	\$ -	-	-	-	-
District's covered-employee payroll	\$ 2,314,942	2,302,719	2,133,646	1,978,973	1,880,749
Contributions as a percentage of covered-employee payroll	0.11%	0.12%	0.11%	0.11%	0.12%

* Only five years of information available.

GREATER AUGUSTA UTILITY DISTRICT
Required Supplementary Information, Continued

Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Last 10 Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$ 12,984	13,307	15,125	16,581
Interest	76,089	112,649	103,219	120,050
Changes of benefit terms	-	(65,918)	-	-
Differences between expected and actual experience	-	(65,858)	-	(227,522)
Changes of assumptions or other inputs	130,303	208,386	(191,663)	88,068
Benefit payments	<u>(163,340)</u>	<u>(181,558)</u>	<u>(174,575)</u>	<u>(167,546)</u>
Net change in total OPEB Liability	56,036	21,008	(247,894)	(170,369)
Total OPEB liability - beginning	<u>2,845,099</u>	<u>2,824,091</u>	<u>3,071,985</u>	<u>3,242,354</u>
Total OPEB liability - ending	<u>\$ 2,901,135</u>	<u>2,845,099</u>	<u>2,824,091</u>	<u>3,071,985</u>
Covered-employee payroll	\$ 1,362,452	1,362,452	1,330,077	1,330,077
Total OPEB liability as a percent of covered-employee payroll	212.93%	208.82%	212.33%	230.96%

*Only four years of information available.

GREATER AUGUSTA UTILITY DISTRICT
Notes to Required Supplementary Information

Net Pension Liability

Changes of Benefit Terms - None

Changes of Assumptions - The following are changes in actuarial assumptions used in the valuations:

	<u>2021</u>	<u>2020</u>	<u>2018</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Discount rate	6.50%	6.75%	6.75%	6.875%	7.125%	7.25%
Inflation rate	2.75%	2.75%	2.75%	2.75%	3.50%	3.50%
Salary increases	2.75%-11.48%	2.75% + merit	2.75% - 9.0%	2.75% - 9.0%	3.5% - 13.5%	3.5% - 13.5%
Cost of living increases	1.91%	1.91%	1.91%	2.20%	2.55%	3.12%

Mortality rates:

In 2015, mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA. 2016 through 2020, mortality rates were based on the RP2014 Total Data Set Health Annuitant Mortality Table. In 2021, mortality rates were based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table.

Net OPEB Liability

Changes of Benefit Terms - None

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Discount rate	6.50%	6.75%	4.98%	5.13%	5.41%
Inflation rate	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	2.75%-11.48%	2.75% + merit	2.75% - 9.0%	2.75% - 9.0%	2.75% - 9.0%
Cost of living increases	1.91%	1.91%	1.91%	2.20%	2.20%

Mortality rates:

2017 through 2020, mortality rates were based on the RP2014 Total Data Set Health Annuitant Mortality Table. In 2021, mortality rates were based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table.

Total OPEB Liability

Changes of Benefit Terms - In 2020, changes in benefits includes any updates in plan provisions and also includes the change related to the excise tax on "Cadillac" plans being repealed.

Changes of Assumptions - Changes of assumptions and other inputs reflects the changes in the discount rate each period. The following are the discount rates used in each period:

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Discount rate	2.12%	2.74%	4.10%	3.44%	3.78%

Additionally, the valuation method was changed from the Projected Unit Credit funding method in 2017 to the Entry Age Normal funding method in 2018.

** This schedule is intended to show information for ten years, but only the years in which changes occurred have been displayed. Additional years' information will be displayed as it becomes available.*

WATER DIVISION

GREATER AUGUSTA UTILITY DISTRICT
WATER DIVISION
Statements of Net Position
December 31, 2021
(with comparative totals for December 31, 2020)

	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,775,488	1,113,349
Accounts receivable:		
Customer	202,756	137,448
Unbilled	272,177	228,128
Other	30,909	19,188
Inventory	141,148	91,002
Prepaid expenses	63,368	86,662
Total current assets	2,485,846	1,675,777
Noncurrent assets:		
Other assets:		
Net pension asset	44,418	-
Total other assets	44,418	-
Capital assets:		
Work in process	1,270,679	1,977,352
Operating property	49,515,413	48,602,991
Less accumulated depreciation	(20,360,174)	(19,428,585)
Net capital assets	30,425,918	31,151,758
Total noncurrent assets	30,470,336	31,151,758
Total assets	32,956,182	32,827,535
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions	226,090	125,074
Deferred outflows of resources related to other postemployment benefits	45,166	33,251
Total deferred outflows of resources	271,256	158,325
LIABILITIES		
Current liabilities:		
Accounts payable:		
Trade	98,014	42,117
Construction/retainage	18,800	101,217
Accrued payroll	35,002	27,420
Accrued interest	34,358	39,692
Unearned revenue	23,844	5,082
Current portion of notes payable	551,995	551,831
Total current liabilities	762,013	767,359
Noncurrent liabilities:		
Accrued compensated absences	105,147	105,246
OPEB liabilities	441,046	435,092
Net pension liability	-	562,470
Notes payable	3,677,852	4,229,847
Total noncurrent liabilities	4,224,045	5,332,655
Total liabilities	4,986,058	6,100,014
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	607,307	-
Deferred inflows of resources related to other postemployment benefits	11,309	21,704
Total deferred inflows of resources	618,616	21,704
NET POSITION		
Net investment in capital assets	26,196,071	26,370,080
Unrestricted	1,426,693	494,062
Total net position	\$ 27,622,764	26,864,142

GREATER AUGUSTA UTILITY DISTRICT
WATER DIVISION
Statements of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2021
(with comparative totals for the year ended December 31, 2020)

	2021	2020
Operating revenues:		
Metered:		
Residential	\$ 1,477,691	1,418,330
Commercial	780,780	664,649
Governmental	275,355	239,621
Public fire protection	860,107	819,135
Private fire protection	559,464	527,560
Other water revenues	1,290	6,755
Total operating revenues	3,954,687	3,676,050
Operating expenses:		
Source of supply	135,339	271,415
Treatment plant	140,548	107,953
Transportation and distribution	1,416,879	1,451,918
Customer accounts	273,086	287,083
Administrative and general	435,584	551,639
Depreciation	947,849	921,540
Total operating expenses	3,349,285	3,591,548
Operating income	605,402	84,502
Nonoperating revenues (expenses):		
Interest revenue	266	4,349
Utility contract income	18,251	18,251
Non-utility income	224,059	172,050
Merchandising and jobbing revenue	53,698	20,146
Interest expense	(122,729)	(135,568)
Amortization expense	-	(877)
Gain (loss) on disposal of capital assets	(20,325)	-
Total nonoperating revenues (expenses)	153,220	78,351
Change in net position	758,622	162,853
Net position, beginning of year	26,864,142	26,701,289
Net position, end of year	\$ 27,622,764	26,864,142

**GREATER AUGUSTA UTILITY DISTRICT
WATER DIVISION
Statements of Cash Flows
For the Year Ended December 31, 2021**

(with comparative totals for the year ended December 31, 2020)

	2021	2020
Cash flows from operating activities:		
Receipts from customers and users	\$ 4,148,379	4,160,703
Payments to suppliers	(1,008,755)	(1,278,244)
Payments to employees	(1,473,106)	(1,408,002)
Net cash provided by operating activities	1,666,518	1,474,457
Cash flows from capital and related financing activities:		
Purchase of capital assets	(324,751)	(2,974,614)
Proceeds from long-term debt	-	1,320,312
Principal payments on long-term debt	(551,831)	(622,161)
Interest payments on long-term debt	(128,063)	(126,420)
Net cash used in capital and related financing activities	(1,004,645)	(2,402,883)
Cash flows from investing activities:		
Interest revenue	266	4,349
Net cash provided by investing activities	266	4,349
Net increase (decrease) in cash	662,139	(924,077)
Cash at beginning of year	1,113,349	2,037,426
Cash at end of year	\$ 1,775,488	1,113,349
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 605,402	84,502
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	947,849	921,540
Utility, non-utility, jobbing and miscellaneous revenues	296,008	210,447
Change in operating assets and liabilities:		
(Increase) decrease in accounts receivable - customers	(65,308)	93,358
(Increase) decrease in accounts receivable - unbilled	(44,049)	6,271
(Increase) decrease in accounts receivable - other	(11,721)	173,806
(Increase) decrease in inventory	(50,146)	21,634
(Increase) decrease in prepaid expenses	23,294	(42,182)
(Decrease) increase in accounts payable - trade	55,897	(23,746)
(Decrease) increase in accrued payroll	7,582	(16,636)
(Decrease) increase in accrued compensated absences	(99)	52,836
(Decrease) increase in OPEB liability and related deferred outflows and inflows of resources	(16,356)	(27,439)
(Decrease) increase in net pension liability and related deferred outflows and inflows of resources	(100,597)	19,295
(Decrease) increase in unearned revenue	18,762	771
Net cash provided by operating activities	1,666,518	1,474,457
Noncash capital and related financing activities:		
Amortized debt discount	-	(877)
Amortized deferred credits from bond refinancing proceeds	-	1,992

SEWER DIVISION

GREATER AUGUSTA UTILITY DISTRICT
SEWER DIVISION
Statements of Net Position
December 31, 2021
(with comparative totals for December 31, 2020)

	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,336,225	2,468,591
Accounts receivable:		
Customer service	126,385	183,399
Unbilled	292,196	270,396
Intercommunity trunkline - operations	-	73,366
Other	-	462
Inventory	49,075	42,557
Prepaid expenses	29,166	43,122
Total current assets	1,833,047	3,081,893
Noncurrent assets:		
Other assets:		
Cash held by Maine Municipal Bond Bank	62,423	417,758
Net pension asset	40,084	-
Total other assets	102,507	417,758
Capital assets:		
Work in process	3,201,151	4,535,243
Operating property	65,422,605	62,810,082
Less accumulated depreciation	(27,340,483)	(25,859,347)
Net capital assets	41,283,273	41,485,978
Total noncurrent assets	41,385,780	41,903,736
Total assets	43,218,827	44,985,629
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions	204,033	112,871
Deferred outflows of resources related to other postemployment benefits	159,585	117,514
Total deferred outflows of resources	363,618	230,385
LIABILITIES		
Current liabilities:		
Accounts payable:		
Trade	102,656	62,521
Construction/retainage	13,441	227,440
Intercommunity trunkline - operations	21,372	-
Accrued payroll	30,657	26,466
Accrued interest	50,109	50,311
Unearned revenue	7,385	7,171
Current portion of notes payable	1,229,288	1,218,783
Total current liabilities	1,454,908	1,592,692
Noncurrent liabilities:		
Accrued compensated absences	72,792	73,650
OPEB liabilities	1,558,363	1,537,324
Net pension liability	-	507,595
Notes payable	12,338,613	13,572,402
Total noncurrent liabilities	13,969,768	15,690,971
Total liabilities	15,424,676	17,283,663
DEFERRED INFLOWS OF RESOURCES		
Deferred credits	177,379	197,088
Deferred inflows of resources related to pensions	548,058	-
Deferred inflows of resources related to other postemployment benefits	39,957	76,715
Total deferred inflows of resources	765,394	273,803
NET POSITION		
Net investment in capital assets	27,777,795	27,372,781
Unrestricted	(385,420)	285,767
Total net position	\$ 27,392,375	27,658,548

GREATER AUGUSTA UTILITY DISTRICT
SEWER DIVISION
Statements of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2021
(with comparative totals for the year ended December 31, 2020)

	2021	2020
Operating revenues:		
Metered	\$ 2,585,765	2,526,949
Flat rate	12,040	11,974
Trunkline communities	799,761	837,027
Late fees	1,407	6,765
Connection fees	31,644	126,199
Togus debt	365,692	365,692
Total operating revenues	3,796,309	3,874,606
Operating expenses:		
Treatment plant	930,565	905,519
Transportation and distribution	907,485	823,314
Customer accounts	106,366	109,562
Administrative and general	123,267	208,426
Trunkline	235,912	247,992
Depreciation	1,528,264	1,461,381
Total operating expenses	3,831,859	3,756,194
Operating income	(35,550)	118,412
Nonoperating revenues (expenses):		
Interest revenue	266	4,640
Grant revenue	-	100,000
Miscellaneous	31,081	74,817
Interest expense	(242,661)	(255,722)
Gain (loss) on disposal of capital assets	(19,309)	-
Total nonoperating revenues (expenses)	(230,623)	(76,265)
Change in net position	(266,173)	42,147
Net position, beginning of year	27,658,548	27,616,401
Net position, end of year	\$ 27,392,375	27,658,548

GREATER AUGUSTA UTILITY DISTRICT
SEWER DIVISION
Statements of Cash Flows
For the Year Ended December 31, 2021

(with comparative totals for the year ended December 31, 2020)

	2021	2020
Cash flows from operating activities:		
Receipts from customers and users	\$ 3,958,018	3,991,014
Payments to suppliers	(1,127,123)	(1,226,307)
Payments to employees	(1,274,139)	(1,156,426)
Net cash provided by operating activities	1,556,756	1,608,281
Cash flows from capital and related financing activities:		
Purchase of capital assets	(1,558,867)	(5,432,757)
Grant revenue	-	100,000
Proceeds from long-term debt	355,335	1,871,281
Principal payments on long-term debt	(1,223,284)	(945,220)
Interest payments on long-term debt	(262,572)	(279,092)
Net cash provided by (used in) capital and related financing activities	(2,689,388)	(4,685,788)
Cash flows from investing activities:		
Interest income	266	4,640
Net cash provided by investing activities	266	4,640
Net increase (decrease) in cash	(1,132,366)	(3,072,867)
Cash at beginning of year	2,468,591	5,541,458
Cash at end of year	\$ 1,336,225	2,468,591
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$ (35,550)	118,412
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,528,264	1,461,381
Miscellaneous and utility contract income	31,081	74,817
Change in operating assets and liabilities:		
(Increase) decrease in accounts receivable - customer service	57,014	11,796
(Increase) decrease in accounts receivable - unbilled	(21,800)	14,471
(Increase) decrease in accounts receivable - intercommunity trunkline	94,738	6,438
(Increase) decrease in accounts receivable - other	462	4,143
(Increase) decrease in inventory	(6,518)	(931)
(Increase) decrease in prepaid expenses	13,956	(19,076)
(Decrease) increase in accounts payable - trade	40,135	(11,203)
(Decrease) increase in accrued payroll	4,191	(12,023)
(Decrease) increase in accrued compensated absences	(858)	34,852
(Decrease) increase in OPEB liability and related deferred outflows and inflows of resources	(57,790)	(96,952)
(Decrease) increase in net pension liability and related deferred outflows and inflows of resources	(90,783)	17,413
(Decrease) increase in unearned revenue	214	4,743
Net cash provided by operating activities	1,556,756	1,608,281
Noncash capital and related financing activities:		
Amortized deferred credits from bond refinancing proceeds	19,709	19,709

STORM WATER DIVISION

GREATER AUGUSTA UTILITY DISTRICT
STORM WATER DIVISION
Statements of Net Position
December 31, 2021

(with comparative totals for December 31, 2020)

	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,027,782	479,100
Accounts receivable:		
Customer service	260,206	171,304
Unbilled	475,518	447,095
Other	-	523
Inventory	29,573	29,573
Prepaid expenses	29,166	43,122
Total current assets	1,822,245	1,170,717
Noncurrent assets:		
Other assets:		
Cash held by Maine Municipal Bond Bank	13,336	13,336
Net pension asset	23,834	-
Total other assets	37,170	13,336
Capital assets:		
Work in process	791,346	655,973
Operating property	45,940,224	45,599,903
Less accumulated depreciation	(16,705,186)	(15,713,371)
Net capital assets	30,026,384	30,542,505
Total noncurrent assets	30,063,554	30,555,841
Total assets	31,885,799	31,726,558
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions	121,317	67,113
Deferred outflows of resources related to other postemployment benefits	96,353	70,951
Total deferred outflows of resources	217,670	138,064
LIABILITIES		
Current liabilities:		
Accounts payable:		
Trade	34,134	67,108
Construction/retainage	6,999	10,212
Accrued payroll	21,304	19,165
Accrued interest	18,997	28,055
Current portion of notes payable	676,061	1,121,581
Total current liabilities	757,495	1,246,121
Noncurrent liabilities:		
Accrued compensated absences	50,584	53,333
OPEB liabilities	940,899	928,196
Net pension liability	-	301,813
Notes payable	5,795,879	6,467,439
Total noncurrent liabilities	6,787,362	7,750,781
Total liabilities	7,544,857	8,996,902
DEFERRED INFLOWS OF RESOURCES		
Deferred credits	225,756	250,840
Deferred inflows of resources related to pensions	325,872	-
Deferred inflows of resources related to other postemployment benefits	24,125	46,317
Total deferred inflows of resources	575,753	297,157
NET POSITION		
Net investment in capital assets	23,567,780	22,966,821
Unrestricted	415,079	(396,258)
Total net position	\$ 23,982,859	22,570,563

GREATER AUGUSTA UTILITY DISTRICT
STORM WATER DIVISION
Statements of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2021
(with comparative totals for the year ended December 31, 2020)

	2021	2020
Operating revenues:		
Storm water	\$ 2,195,712	2,165,056
Catch basins	1,872,871	1,831,257
Other	21,600	16,022
Total operating revenues	4,090,183	4,012,335
Operating expenses:		
Treatment plant	474,211	442,852
Transportation and distribution	822,754	796,984
Customer accounts	107,646	109,562
Administrative and general	158,818	220,761
Depreciation	1,019,364	938,251
Total operating expenses	2,582,793	2,508,410
Operating income	1,507,390	1,503,925
Nonoperating revenues (expenses):		
Interest revenue	266	5,008
Interest expense	(84,181)	(107,586)
Gain (loss) on disposal of capital assets	(11,179)	-
Total nonoperating revenues (expenses)	(95,094)	(102,578)
Change in net position	1,412,296	1,401,347
Net position, beginning of year	22,570,563	21,169,216
Net position, end of year	\$ 23,982,859	22,570,563

**GREATER AUGUSTA UTILITY DISTRICT
STORM WATER DIVISION
Statements of Cash Flows
For the Year Ended December 31, 2021**

(with comparative totals for the year ended December 31, 2020)

	2021	2020
Cash flows from operating activities:		
Receipts from customers and users	\$ 3,973,381	4,166,927
Payments to suppliers	(672,719)	(1,095,342)
Payments to employees	(999,208)	(915,565)
Net cash provided by operating activities	2,301,454	2,156,020
Cash flows from capital and related financing activities:		
Purchase of capital assets	(517,635)	(2,229,567)
Proceeds from long-term debt	-	1,361,311
Principal payments on long-term debt	(1,117,080)	(1,382,396)
Interest payments on long-term debt	(118,323)	(140,345)
Net cash used in capital and related financing activities	(1,753,038)	(2,390,997)
Cash flows from investing activities:		
Interest income	266	5,008
Net cash provided by investing activities	266	5,008
Net increase (decrease) in cash	548,682	(229,969)
Cash at beginning of year	479,100	709,069
Cash at end of year	\$ 1,027,782	479,100
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 1,507,390	1,503,925
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,019,364	938,251
Change in operating assets and liabilities:		
(Increase) decrease in accounts receivable - customer service	(88,902)	140,060
(Increase) decrease in accounts receivable - unbilled	(28,423)	14,520
(Increase) decrease in accounts receivable - other	523	12
(Increase) decrease in inventory	-	(646)
(Increase) decrease in prepaid expenses	13,956	(19,076)
(Decrease) increase in accounts payable - trade	(32,974)	(387,938)
(Decrease) increase in accrued payroll	2,139	(9,185)
(Decrease) increase in accrued compensated absences	(2,749)	24,281
(Decrease) increase in OPEB liability and related deferred outflows and inflows of resources	(34,891)	(58,537)
(Decrease) increase in net pension liability and related deferred outflows and inflows of resources	(53,979)	10,353
Net cash provided by operating activities	2,301,454	2,156,020
Noncash capital and related financing activities:		
Amortized deferred credits from bond refinancing proceeds	25,084	25,084