

Comprehensive **Annual Financial** Report

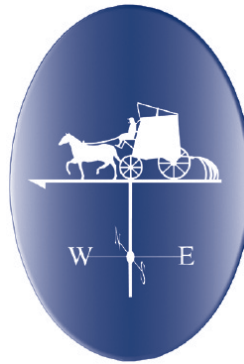


Portland Water District | 225 Douglass Street | PO Box 3553

Portland, Maine 04104 | www.pwd.org | customerservice@pwd.org



Comprehensive Annual Financial Report



**Portland Water District
Portland, Maine
For The Year Ended December 31, 2013**

**Acknowledgements: This report was prepared by the Financial Services
and Public Relations departments at the Portland Water District.**

Table of Contents

Introduction Section:

Letter of Transmittal.....	1
Factors Affecting Financial Condition	2
Company Profile	3
Corporate Management	4
Corporate History	5
Major Initiatives	6
Corporate Goals	8
Recognition	10
Independent Audit.....	10

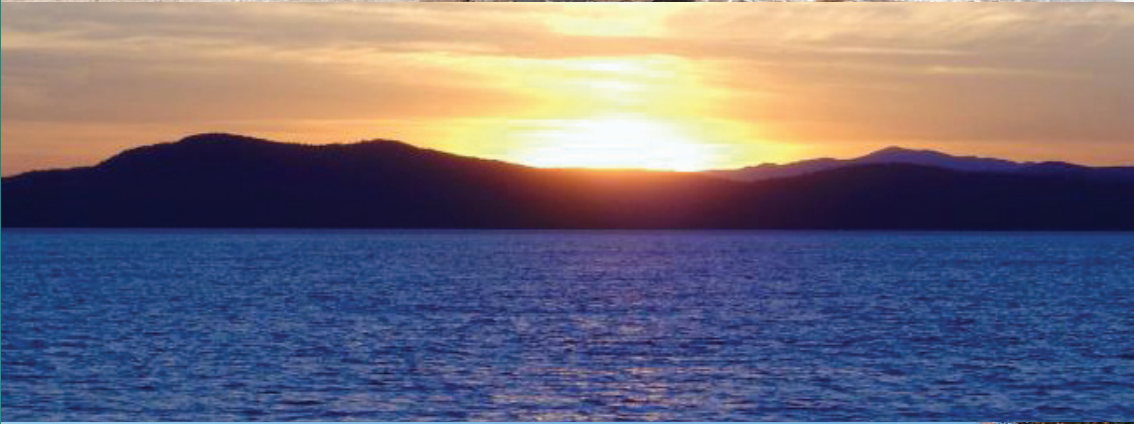
Financial Section:

Independent Auditors' Report	11
Management's Discussion and Analysis:	
Introduction of the Financial Statements.....	13
Overall Financial Position	23
Significant Changes to Individual Funds - Pension Trust Fund.....	25
Basic Financial Statements:	
Proprietary Funds:	
Statement of Net Position	26
Statement of Revenues, Expenses and Changes in Net Position	28
Statement of Cash Flows	29
Pension Trust Funds:	
Statement of Fiduciary Net Position	30
Statement of Changes in Fiduciary Net Position	31
Notes to Financial Statements.....	32
Required Supplemental Information:	
Schedules of Funding Progress for the Pension Plan.....	62
Schedules of Employer Contributions.....	63
Schedules of Funding Progress for the OPEB Plan	63

Statistical Section:

Financial Trends:	
Net Assets by Component.....	65
Change in Net Assets.....	65
Operating Revenues by Source	66
Operating Expenses	66
Non-Operating Revenues.....	66
Annual Contributions by Source.....	67
Water Produced and Consumed.....	67
Debt Capacity:	
Outstanding Debt.....	67
Revenue Capacity:	
Ten Largest Water Customers	68
Net Growth in Customers.....	69
Number of Water Customers by Type.....	69
Water Rates.....	69
Water Rate Schedules.....	70
Operating Information:	
Operating and Capital Indicators.....	72
Number of Employees by Activity.....	73
Demographic and Economic Information:	
Demographic and Economic Statistics	74
Principal Employers	74
Proprietary Fund Operating Revenues:	
Water Revenues.....	75
Wastewater Assessments	75
Water Statistics:	
2013 Water Production	76
Historical Source Water Production	77
2013 Water Services Summary.....	78
2013 Number of Water Services by Type.....	78
2013 Active Fire Services.....	79
2013 Meters in Service.....	79
Metered Water.....	79
Water Quality Analysis.....	80
Wastewater Statistics:	
East End Wastewater Treatment Facility.....	82
Westbrook/Gorham/Windham Regional Wastewater Treatment Facility.....	82
Cape Elizabeth Wastewater Treatment Facility.....	83
Peaks Island Wastewater Treatment Facility.....	83
East End - 2013 Sludge Cake Metals.....	84
East End - Historical Sludge Cake Metals Averages.....	84
Maine Department of Environmental Protection Screening Land Application Limits	84
Westbrook/Gorham - 2013 Sludge Cake Metals	85
Westbrook/Gorham - Historical Sludge Cake Metals Averages	85
Maine Department of Environmental Protection Screening Land Application Limits	85
Wastewater Summary by Division.....	86
Wastewater Pipeline Length.....	87
PWD Water and Wastewater Service Area Map	88

Introduction



CUSTOMER SERVICE

OFFICE HOURS:

8:30 A.M. - 4:30 P.M.



Portland Water District
FROM SEBAGO LAKE TO CASCO BAY

June 30, 2014

Dear Board of Trustees and Valued Customers:

The Portland Water District is pleased to submit our Comprehensive Annual Financial Report for the fiscal year which ended December 31, 2013.

This report is published to provide the Board of Trustees, customers, bondholders and other interested parties with detailed information concerning the financial condition and activities of the Portland Water District (PWD). Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including the disclosures, rests with PWD.

To the best of our knowledge and belief, the information in this report is accurate and organized to fairly present the financial position and results of the operations of PWD as measured by the financial activity of its various funds.

The report is presented in three sections:

1. Introduction Section, which includes this transmittal letter, company profile, economic outlook, and major initiatives.
2. Financial Section, which includes management's discussion and analysis of 2013 financial activities, the financial statements, and the auditor's report on the financial statements and schedules. Information on long-term financial planning can be found in our budget document on our website.
3. Statistical Section, which includes selected operational, demographic, and financial information, generally presented on a historical or regional basis.

PWD's Financial Services Department is responsible for establishing and maintaining an internal control system designed to ensure that assets are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

We hope you find this report informative. If you have questions, please contact us at (207)761-8310 or customerservice@pwd.org.

225 DOUGLASS STREET
PHONE: 207.761.8310

P.O. Box 3553
FAX: 207.879.5837



PORTLAND, MAINE 04104-3553
E-MAIL: CUSTOMERSERVICE@PWD.ORG

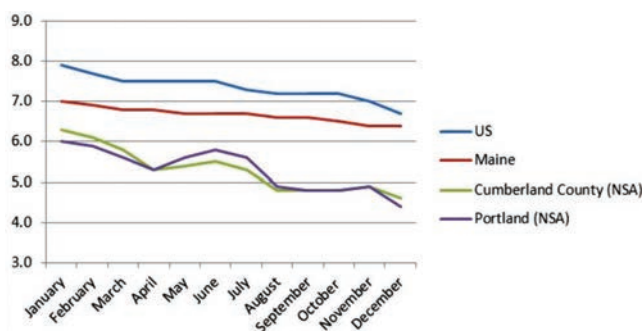
WEB: WWW.PWD.ORG

Factors Affecting Financial Condition

LOCAL ECONOMY

The local economy continues to make a slow and steady recovery from recession. Generally, PWD's service area (Cumberland County) fares much better than the national and state economies.

Employment: Local unemployment remains well below national and state levels and continued to improve throughout the year, shrinking from 6.3% to a 4.6% unemployment rate in Cumberland County.



Housing Market: Greater Portland's real estate market continues to rebound. According to the Maine Association of Realtors, annual sales of single-family homes jumped an impressive 13.6% in 2013 and the statewide median sales price (MSP) increased 2.94%. As the state's largest real estate market, one in four sales take place in Cumberland County. Cumberland County saw a 15.75% increase in 2013 sales and an increase of over 7% in MSP.

New construction rose 14% statewide, as indicated through building permit data collected by the U.S. Census Bureau. Of the 3,427 state-wide building permits in 2013, 30% were within Cumberland County.

Locally, the Portland Water District continues to experience modest growth in both water applications and new customers.

Water Consumption: Water consumption is affected by several factors including the economy, weather, conservation efforts, and sewer rates.

Since 2000 the average residential household usage has declined by more than 10% which is consistent

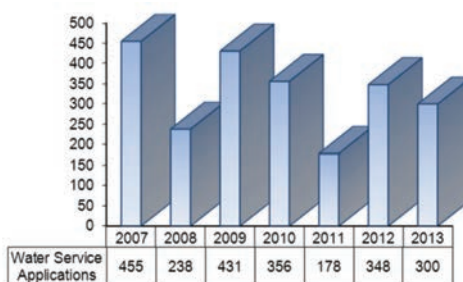
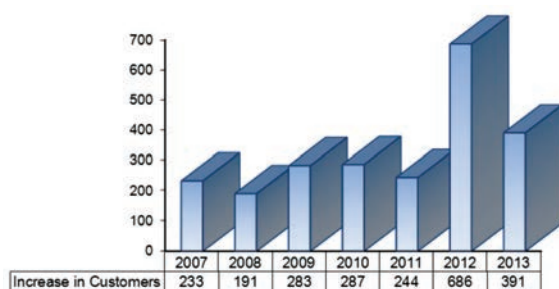


within the water utility sector nationwide. In 2013, all customer classes reduced water consumption except for Public Authorities. However, water consumption by the top ten users increased 7%, with most gains from high-tech customers.

The summer of 2013 saw slightly more rain and higher temperatures than average which may have contributed to a decrease in revenue from outside water usage. The National Weather Service reports 12.42 inches of precipitation fell in Portland during June, July, and August of 2013 which is slightly above normal levels of 10.54 inches.

Economic Outlook

The economy continues to improve, and according to Charles Colgan, Professor of public policy and management at USM's Muskie School of Public Service, for the first time since 2007, steady growth is expected. Recovery to pre-recession levels is still years away.



Our Mission

To protect public health, safety, and the environment by providing our customers first-class water, wastewater, and related services.

Our Vision

With our customers' best interest in mind, we will use innovative approaches to become a trusted provider of world-class products and services and a leader in our industry.

We will become a premier employer and a respected community partner.

Our Values

Customer Focus

We listen and respond to customers by providing products and services that our customers want.

Reliable, Valued Products & Services

We are there when our customers need us. We provide products and services our customers cannot live without.

Reasonable Rates

We provide products and services at the lowest rates possible without compromising quality.

Continuous Improvement

We value every effort to continuously review processes and better employee and customer experiences.

Safety

We work safely and provide safe products and services to our customers.

The Environment

We respect our environment and the need to advocate for changes that improve the world we live in.

Expertise

We appreciate individual talents and encourage our employees to expand skills and embrace lifetime learning.

Openness, Respect, & Fair Treatment

We promote an atmosphere that values openness, respect, and fair treatment.

Quality of Life

We provide a working environment that values family, and we provide quality products and services that enrich our customers' lives.

Company Profile

The Portland Water District is an independent, quasi-municipal organization that provides water, wastewater, and related environmental services to 11 Greater Portland communities.

Governed by a publicly elected Board of Trustees, PWD maintains eight enterprise funds and two pension trust funds. The Water System Fund accounts for the distribution of water to Greater Portland communities. The Wastewater Funds account for the collection and processing of wastewater for the seven communities served. In accordance with Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity," PWD is classified as a "primary government."

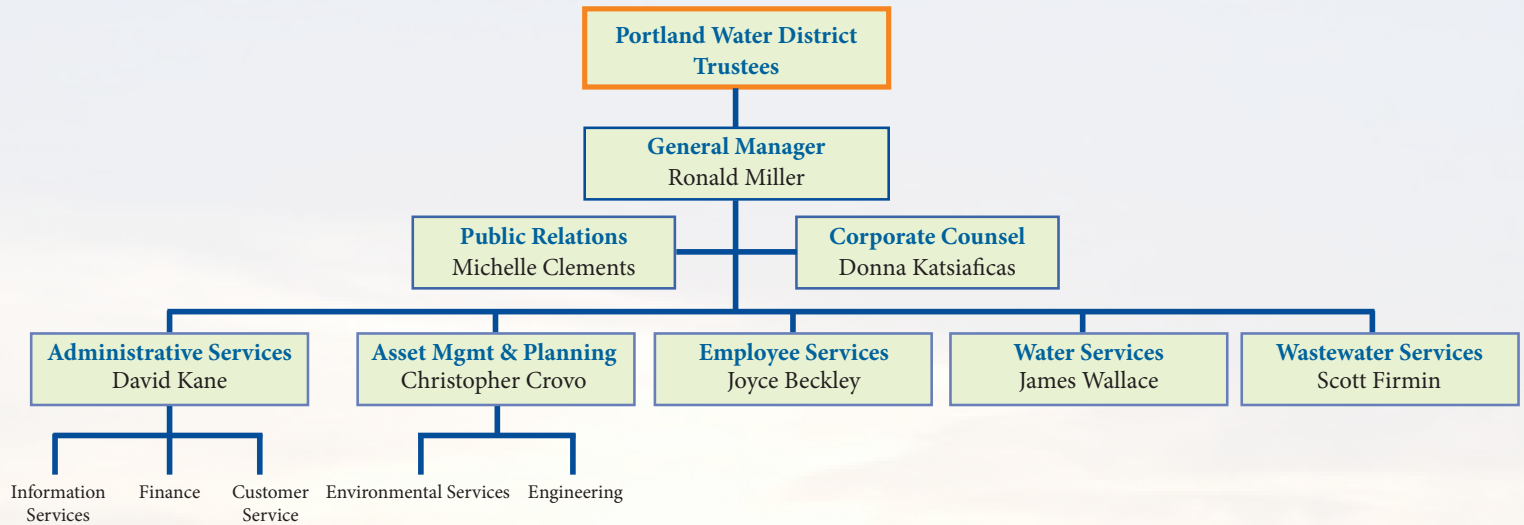
The Portland Water District is responsible for delivering water to nearly 200,000 people and businesses in Greater Portland. Sebago Lake is the water source for over 99 percent of customers; a well in Standish supplies the rest. A strong watershed protection program, powerful water treatment, rigorous laboratory initiatives, and an aggressive approach to maintaining the distribution system are carried out to ensure that responsibility is met.

Due to the active watershed protection program and the quality of Sebago Lake water, PWD holds a state issued waiver from filtration requirements. However, the water is treated with ozone and UV at the Sebago Lake Water Treatment Facility. Furthermore, water quality experts perform nearly 15,000 analyses and crews renew several miles of water pipe annually to ensure the water is safe and clean.

While PWD is responsible for water service from source to customer, wastewater services are usually delivered through a partnership between the local municipality and PWD. PWD operates four wastewater treatment facilities and through one of the largest Industrial Pretreatment Programs in the state, oversees the industrial waste released into its wastewater system.

Approximately 178 employees provide services to over 54,000 customers. PWD manages \$290.9 million in assets operating over approximately 140 square miles and an annual budget of \$38.3 million. Additionally, PWD manages a \$12.8 million capital improvement plan.

Corporate Management As of 5.20.14



CORPORATE OFFICERS AND SENIOR MANAGEMENT



Ronald Miller
General Manager



Joyce Beckley
Executive Director
of Employee Services



Christopher Crovo
Executive Director
of Asset Management
and Planning



Scott Firmin
Executive Director
of Wastewater Services



David Kane
Treasurer &
Executive Director
of Administration

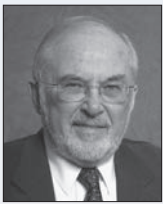


Donna Katsiaficas
Clerk & Corporate
Counsel



James Wallace
Executive Director
of Water Services

BOARD OF TRUSTEES



John Brady
South Portland &
Cape Elizabeth



Bradford Cleaves
Portland



Guy Cote
PRESIDENT
Westbrook



Louise Douglas
Windham &
Raymond



Seth Garrison
Scarborough



Duane Dreger
Gorham



Kenneth Levinsky
VICE PRESIDENT
Portland



Gary Libby
Portland



William Lunt
Falmouth &
Cumberland



Wayne Ross
South Portland &
Cape Elizabeth



Nisha Swinton
Portland

Corporate History



1866

The Great Fire of 1866 put an end to the debate about whether or not the city of Portland

could afford to invest in a public water works system. As one third of the city was leveled during the Fire, it became clear that Portland could no longer afford not to invest, and in 1868 the Portland Water Company was contracted by local government to lay pipes in the city streets.

1869

When the Portland Water Company was first chartered the plan was to pipe water



from South Portland's Long Creek as the cost of bringing water from Sebago Lake was considered too expensive. After the Great Fire, the source for public water was re-examined and Sebago Lake was found to be considerably purer. The charter was amended and Sebago Lake became the source of water for Portland.

1908



The Portland Water Company was privately owned and faced many obstacles to its success

in the early years. A public outcry for municipal involvement led to the formation of the Portland Water District which took over the assets of the Portland Water Company.

1979 – 1993

Federal regulations, such as the Clean Water



Act of 1972, were enacted to ensure the proper treatment and disposal of sewage to prevent contamination of public bodies of water such as Casco Bay. By 1979, PWD provided wastewater services to the region by constructing wastewater treatment facilities to serve Portland, Westbrook, Gorham, Windham, and Cape Elizabeth.



1994

PWD first began treating its drinking water in 1914 by adding free chlorine as a disinfectant. In 1938, PWD switched to chloramine,

which is a combination of chlorine and ammonia. As new regulations were enacted and methods of water treatment improved, the District built the Sebago Lake Water Treatment Facility and added ozone as the primary disinfectant.

2008

The Portland Water District celebrated its centennial, a hundred years of providing water services to customers.



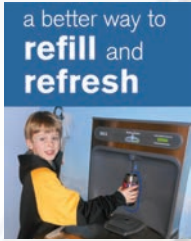
2013 Major Initiatives

Water Rates

Water rates were increased 1.3% in 2013. The increase added about \$0.22 to the average household water bill.

Water Bottle Filling Fountain Grant Program Launches

The Portland Water District created a grant program which offers free water bottle filling fountains to local entities. As water bottle filling fountains gain popularity across the country, PWD created this program to encourage easy access to tap water within the community.



Emergency Response Preparedness

The Portland Water District continues to improve its emergency response preparedness. Last year a table top exercise was conducted involving a distribution system scenario. The exercise tested notification response time, command procedures, and laboratory capabilities. In addition improvements have been made to notification protocols and materials. Partnerships have been established to improve information sharing and outreach to vulnerable populations.

SEBAGO LAKE WATER SOURCE

Keeping Forests Green and Water Clean



Keeping the land surrounding the lake forested is key to protecting the water quality of the lake since forests naturally clean water. To help make this happen the Board of Trustees approved an initiative in 2013 to help local land trusts and willing landowners conserve forested land. The District will contribute up to 25%

of the cost of these transactions since our customers directly benefit with cleaner water. In 2013 alone, this program helped protect 1,660 acres of forest.

Tar Sands Oil

There has been much speculation that the Portland-to-Montreal pipeline, which runs near Sebago Lake, could be used in the future to transport tar sands oil. Although there is no formal proposal to do so, the Portland Water District Board of Trustees has worked diligently to become informed of the issue. Trustees have held public meetings with advocates, opponents, and pipeline regulators to become educated on the subject. Efforts are aimed at making the operation of the pipeline as safe as it can be, regardless of the type of oil it is transporting

WATER TREATMENT AND DISTRIBUTION

UV Water Treatment Installation and Ozone Upgrade



The Sebago Lake Water Treatment Facility became operational in 1994 and treats on average 21.5 million gallons of water a day.

The \$12 million disinfection improvements project installed a UV water treatment system to meet new regulations and upgraded the 20-year old ozone disinfection process with more efficient technology and equipment. This sustainable, forward thinking process design incorporated a new UV system into the existing plant, allowing the District to receive a \$300,000 competitive grant from the Efficiency Maine Trust Competitive Program. As a result of these energy efficient upgrades, an annual electricity cost savings of \$150,000 is expected.

Project Highlights:

- Plant is the second largest UV water treatment facility in New England
- State-of-the-art technology meets EPA's Safe Drinking Water Act Long Term 2 Enhanced Surface Water Treatment Rule

Water Main Replacement Improves Water Quality and Reliability

Last year, over three miles of water mains were



replaced, some dating back to the late 1800s. Because of investments in main replacement, reported leaks have been reduced from

over 180 in 1985 to 98 in 2013. That is approximately 9.8 water main breaks per 100 miles of pipe which is well below the national standard of 25-30 breaks per 100 miles of pipe. Investments in water main replacement is expected to increase nearly 70% in 2014.

2013 Water Main Replacement Projects

Community	Street	Feet
Portland	Front Street	325
	Gavin Street	620
	Oakly Street	520
	Savoy Street	670
	Longfellow Street	650
	Deblois Street	470
	Forest Ave.	400
	Victor, Vera, Lloyd Street	2,000
	Lexington, Arthur, Wall, Sixth	3,300
	Island Ave, Peaks Island	1,500
Westbrook	Newbury Street	400
	Central Street	2,100
South Portland	Barker Street, Hammond	530
	Sixth Street	750
	Broadway	1,700
	Westbrook Street	650
Total Replacement		16,585

WASTEWATER PLANTS

East End Wastewater Treatment Facility

After experiencing an increase in odor complaints, PWD engaged an odor control expert to complete a review of the plant and to assist in the preparation of an odor management plan. The odor management plan provides guidance to control odors and on documented response. In addition, a supplemental aeration unit was installed in the second aeration system. After a noticeable decrease in odors adjacent to the tank, another unit was installed in the other tank.

Westbrook Regional Wastewater Treatment Facility

A major control system upgrade occurred at the plant which allows for improved control and automation of the aerators, the disinfection system, and dewatering operations.

INTERCEPTION AND PUMP STATIONS

- Design continued on an upgrade to the Garden Circle Pump Station in Cape Elizabeth. This station has reached the end of its useful life and is subject to flooding during extreme high tides. The new station will include submersible equipment that continues to perform during flooding and will be installed in 2014.
- We continue to assist the Cities of Westbrook and Portland with the monitoring and reporting of combined sewer flows. In 2013 the City of Portland installed two storage conduits capable of holding two million gallons of wastewater, and the EEWTF now accepts and treats the flow after rain events.

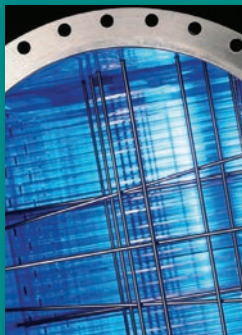
- Infiltration and Inflow of stormwater is being investigated in Cape Elizabeth (including a small section of South Portland), the town of Cumberland, Peaks Island, and other sections of the collection system. This work is supported by the ongoing program to annually “televis” 10% of the collections and interception system operated by PWD.

Sewer Service Extended on Peaks Island

A \$3.1 million project to extend sewer services on Peaks Island and improve plant capacity by reducing infiltration and inflow problems was completed in 2013.

2014 Budget Goals Summary

GOAL 1



Public Health

Provide products and services that meet all federal, state and local quality standards.

- Continue investment in watershed land protection
- New UV and Ozone Systems will be online by the Regulatory Deadline of April 1, 2014
- Evaluate expanding the Cross Connection Control Program to cover residential customers

GOAL 2



Public Safety

Design and maintain the water system to meet modern firefighting needs.

- Implement the 2014 components of Asset Management Strategy for public hydrants
- Perform Annual Hydrant Inspections on all public hydrants
- Continue fire department outreach, including supporting quarterly meetings with metropolitan fire chiefs

GOAL 3



Environment

Promote sustainability of natural resources in Casco Bay watershed.

- Further reduce plant license violations with the goal of achieving zero annual violations by 2016
- Support municipalities in their management of combined sewer and wet weather flows



GOAL 4



Reliability

Provide products and services that meet all reasonable customer expectations.

- Continue investment in main replacement by increasing investment to \$6 million a year
- Develop an Asset Management Plan for 2015 implementation for: Water Meters, Wastewater Treatment, Water Storage Facilities
- Communicate with our communities regarding infrastructure needs to support planned development and growth

GOAL 5



Affordability

Balance delivery of products and services with customers' ability to pay.

- Evaluate feasibility of unattended operation at the SLWTF
- Implement 2014 energy conservation projects identified in CIP
- Meet water revenue and wastewater municipal assessment targets
- Participate in the PUC and legislative process of water utility regulation reform

GOAL 6



Employees and Work Environment

Well trained and satisfied employees will work in a safe and productive work environment.

- Implement appropriate action steps in response to 2013 Employee Survey
- Develop succession plans for critical employees that are nearing retirement
- Invest on average 80 hours of training per employees
- Improve safety-related data collection mechanisms to facilitate incident root cause analysis

Recognition and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence to the Portland Water District for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2012. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards of preparation of the state and local government's financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report that conforms to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

DISTINGUISHED BUDGET
PRESENTATION AWARD

GFOA

EXCEPTIONAL WATERSHED CONTROL
PROGRAM

Department of Health and Human Services

FLUORIDE PROFICIENCY AWARD

Maine Bureau of Health



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Portland Water District
Maine**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

A handwritten signature in black ink, reading "Jeffrey R. Emen".

Executive Director/CEO

Independent Audit

PWD's Charter requires an annual audit of the accounts. The independent accounting firm of Macpage LLC was selected by PWD Trustees to conduct the audit for 2013. Macpage LLC's report is included in the financial section of this report.

Sincerely,

Ronald Miller

Ronald Miller
General Manager

David M. Kane

David M. Kane
Executive Director
of Administration

ACKNOWLEDGMENTS: THIS REPORT WAS PREPARED BY THE FINANCE AND PUBLIC RELATIONS DEPARTMENTS AT THE PORTLAND WATER DISTRICT.

Financial





Accessible
Approachable
Accountable

Independent Auditors' Report

Board of Trustees
Portland Water District
Portland, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund of Portland Water District (the District), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the contents page.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of Portland Water District, as of December 31, 2013, 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.

Macpage LLC

30 Long Creek Drive, South Portland, ME 04106-2437 | 207-774-5701 | 207-774-7835 fax | cpa@macpage.com
One Market Square, Augusta, ME 04330-4637 | 207-622-4766 | 207-622-6545 fax

macpage.com

An Independently Owned Member, McGladrey Alliance
McGladrey Alliance is a premier affiliation of independent accounting and consulting firms. McGladrey Alliance member firms maintain their respective names, autonomy and independence and are responsible for their own client arrangements, delivery of services and maintenance of client relationships.



To the Board of Trustees
Portland Water District

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 13 - 25 and Schedules of Funding Progress for the Pension Plan, Employer Contributions and Other Postemployment Benefit Plan (OPEB) on pages 62 and 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Portland Water District's financial statements as a whole. The introductory section and statistical tables are presented for the purposes of additional analysis and are not a required part of the financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Macpage LLC

South Portland, Maine
May 2, 2014

Introduction of the Financial Statements

Overview of Financial Report

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

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

The District's basic financial statements include the:

- Statement of Net Assets
- Statement of Revenues, Expenses and Changes in Fund Net Assets
- Statement of Cash Flows
- Statement of Changes in Fiduciary Net Assets
- Notes to the Financial Statements

Financial Highlights

Net Position before Contributions – This item increased \$0.91 million in 2013; \$1.27 million lower than the \$2.18 million increase in 2012. The change was primarily due to relatively flat total revenues (0.4% decrease) coupled with a 3.1% (\$1.10 million) increase in expense.

Fund Revenues – Water rates were increased 1.3% in May 2013 while metered usage was slightly down (0.98%), which resulted in relatively flat operating water revenue, a 0.2% decrease. Operating revenue for the wastewater funds were mostly flat with small increases in assessments in Cape Elizabeth and Cumberland were more than offset by the return of prior year operating surplus to Westbrook.

Non-Depreciation Operating Expense – These expenses rose 1.6% (\$405,887) in 2013. Higher employee related costs (wages and benefits) of \$338,590 and biosolids disposal costs of \$177,441 accounted for most of the increase while most other expense categories were down in 2013.

Capital Assets (\$255.4 million) increased 4.6% in 2013; the majority of this growth came in the Water fund. Not only did the fund have the usual additions for water distribution mains and services but Construction Work in Progress at year end held approximately \$9.0 million for charges related to the upgrade of the District's primary water treatment facility.

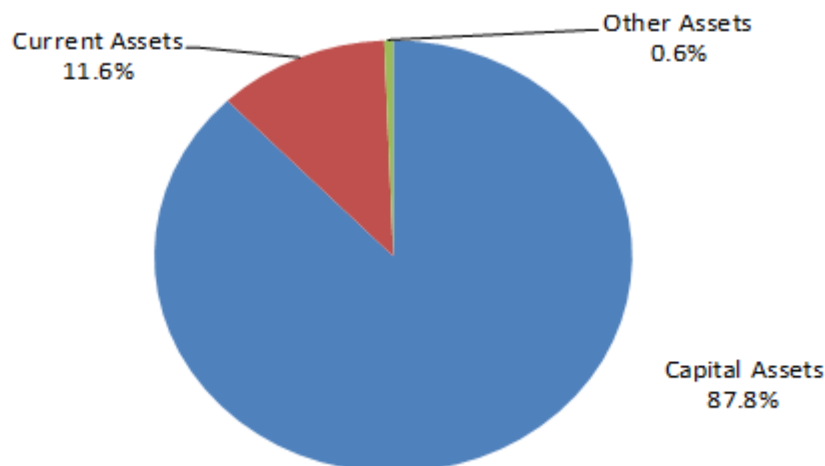
Water Treatment Upgrade – In 2010, the District began a multi-year project to upgrade its primary water treatment plant. The project, on which the District will spend \$12.0 million through 2014, will add an additional ultraviolet light disinfection process to the current ozone process as well as update other treatment equipment. The project has been funded through the issuance of \$1.13 million in long-term debt in 2012 and \$11.0 million in 2013.

Comparison of Financial Statements for Current and Prior Years

Statement of Net Position (Condensed)

	<u>2013</u>	<u>2012</u>	<u>Diff</u>	<u>Diff %</u>
Current Assets	\$33,726,733	\$27,949,708	\$5,777,025	20.7%
Capital Assets	\$255,408,625	\$244,242,000	\$11,166,625	4.6%
Other Assets	<u>1,771,791</u>	<u>2,180,567</u>	<u>(408,776)</u>	<u>-18.7%</u>
Non-Current Assets	\$257,180,416	\$246,422,567	\$10,757,849	4.4%
Total Assets	\$290,907,149	\$274,372,275	\$16,534,874	6.0%
Current Liabilities	\$11,495,187	\$9,567,830	\$1,927,357	20.1%
Long-Term Debt/Payables	\$62,260,776	\$50,981,297	\$11,279,479	22.1%
Other Non-Current Liabilities	<u>1,657,218</u>	<u>1,377,865</u>	<u>279,353</u>	<u>20.3%</u>
Non Current Liabilities	\$63,917,994	\$52,359,162	\$11,558,832	22.1%
Total Liabilities	\$75,413,181	\$61,926,992	\$13,486,189	21.8%
Net Position:				
Net investment in capital assets	\$189,149,330	\$188,919,054	\$230,276	0.1%
Unrestricted	<u>26,344,638</u>	<u>23,526,229</u>	<u>2,818,409</u>	<u>12.0%</u>
Total Net Position:	\$215,493,968	\$212,445,283	\$3,048,685	1.4%

District Assets



Current Assets

Current Assets increased \$5.78 million (20.7%) in 2013. One factor was the remaining cash from the issuance of \$13.50 million in bonds for capital projects that were not complete as of the end of the year. In addition, there was a \$0.91 million increase in Net Position before Contributions.

Capital Assets

Capital Assets increased \$11.17 million between 2012 and 2013 (4.6%). Most significant was the \$10.45 million increase in Construction Work in Progress, the increase in Utility Property was mostly offset by additions to Depreciation:

	Additions	Reductions	Net Change
Utility Property	\$10,365,243	(\$1,440,935)	\$8,924,308
Construction Work in Progress	10,763,495	(309,596)	10,453,899
Allowance for Depreciation	<u>(9,130,407)</u>	<u>918,824</u>	<u>(8,211,583)</u>
	<u>\$11,998,331</u>	<u>(\$ 831,707)</u>	<u>\$11,166,624</u>

Of the \$10.37 million in additions to Utility Property, the largest increases came in the Water fund (\$7.38 million) and Portland Wastewater fund (\$1.69 million). The major additions, by type, for 2013 were:

- \$4.92 million, water distribution mains
- \$1.48 million, wastewater interceptors
- \$1.14 million, water services
- \$0.61 million, wastewater pumping station structures

The reductions to Utility Property (\$1.44 million) were also mostly related to transfer of ownership of the assets of the Falmouth Wastewater fund (\$0.85 million) to the Town of Falmouth. Other reductions included vehicles (\$0.24 million) and water distribution mains (\$0.1 million).

Construction Work in Progress increased by \$10.45 million 2013. The majority of the outstanding dollars involved construction related to the upgrades being done at the Sebago Lake Water Treatment facility.

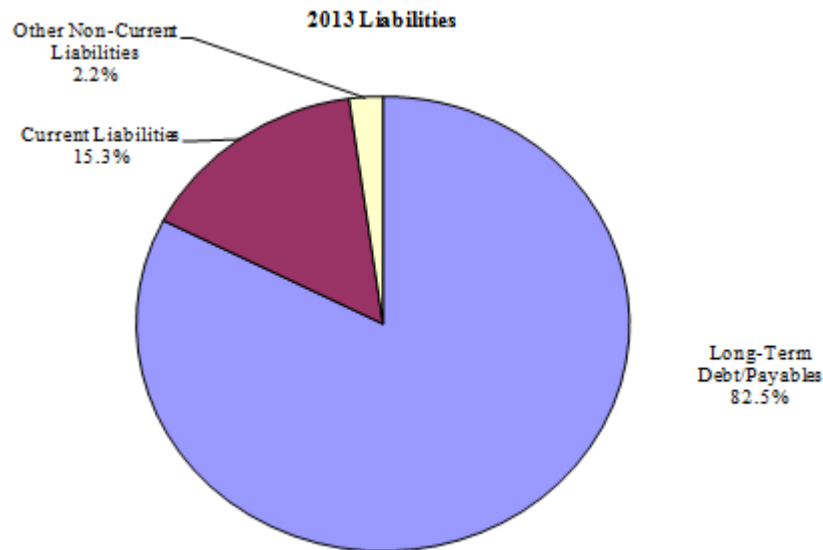
The Allowance for Depreciation grew 4.6% (\$8.21 million) in 2013 as District assets are depreciated over their expected lifetimes. The largest groups depreciated were water distribution mains (\$1.95 million) and wastewater interceptor structures (\$1.07 million).

For more detail please refer to the Notes to the Financial Statements.

Other Assets

Other Assets decreased by 18.7% (\$0.41 million) in 2013. Preliminary Surveys, a category that holds items such as the design costs of capital projects, declined by \$0.25 million in 2013 due to the capitalization of costs held at the end of the prior year. In addition, the \$0.16 million in Bond Discount/Issuance Expense on the Statement of Net Assets were removed due to a change in Government Accounting Standards Board (GASB) rules.

District Liabilities



Current Liabilities

<u>Description</u>	<u>2013</u>	<u>2012</u>	<u>Diff \$</u>	<u>Diff %</u>
Accounts Payable & Accrued Payroll	\$4,625,733	\$3,724,992	\$900,741	24.2%
Construction Retainage	718,818	131,042	587,776	448.5%
Current Portion - Long Term Debt	5,057,279	4,687,279	370,000	7.9%
All Other Current Liabilities	<u>1,093,357</u>	<u>1,024,517</u>	<u>68,840</u>	<u>6.7%</u>
	<u>\$11,495,187</u>	<u>\$9,567,830</u>	<u>\$1,927,357</u>	<u>20.1%</u>

The growth (24.2%) in Accounts Payable & Accrued Payroll is mostly due to some large capital related expenses for 2013 not billed by contractors until after the end of the year. The increase in Construction Retainage was related the large capital projects in progress at year end. One prime example would be the Water Treatment plant upgrade. The rise in the Current Portion of Long Term debt is related to the \$16.5 million in new bond issues in 2013, net of annual required repayments.

Long-Term Debt/Payables

This category consists of general revenue bonds and notes payable:

Bonded Debt:	Beginning	Issued	Retired	Ending
Water	\$26,942,816	\$13,350,000	(\$2,454,301)	\$37,838,515
Wastewater:				
Cape Elizabeth	2,544,500	-	(134,250)	2,410,250
Cumberland	87,500	-	(6,250)	81,250
Gorham	4,663,954	-	(318,069)	4,345,885
Portland	15,417,270	3,000,000	(1,397,354)	17,019,916
Westbrook	4,197,425	-	(276,170)	3,921,255
Windham	<u>1,616,511</u>	<u>-</u>	<u>(100,885)</u>	<u>1,515,626</u>
Total Bonded Debt	\$55,469,976	\$16,350,000	(\$4,687,279)	\$67,132,697
(less current portion)	<u>(4,687,279)</u>			<u>(5,057,279)</u>
Non-Current	<u>\$50,782,697</u>			<u>\$62,075,418</u>
Notes Payable:	Beginning	Issued	Retired	Ending
Wastewater:				
Windham	<u>\$211,840</u>	<u>\$0</u>	<u>(\$13,240)</u>	<u>\$198,600</u>
Total Notes Payable	211,840	-	(13,240)	198,600
(less current portion)	<u>(13,240)</u>			<u>(13,240)</u>
Non-Current	<u>198,600</u>			<u>185,360</u>
Non-Current Long-Term Debt	<u>\$50,981,297</u>			<u>\$ 62,260,778</u>

During 2013, the balance of Long-Term Debt/Payables increased from \$50.98 million to \$62.26 million. The large increase was primarily the result of the debt issued in relation to the Water Treatment plant upgrade (\$11.0 million) and the Peaks Island sewer project (\$3.0 million).

For more detailed information please refer to the Notes to the Financial Statements.

Other Non-Current Liabilities

Other Non-Current Liabilities increased \$0.28 million (20.3%). The bulk of that increase was due to the bond premiums that occurred from bond issuances in Water (\$97,854) and Portland Sewer (\$124,806).

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

	<u>2013</u>	<u>2012</u>	<u>Diff</u>	<u>Diff %</u>
Operating Revenue	\$37,147,486	\$37,306,198	(\$158,712)	-0.4%
Non-Operating Revenue	<u>97,867</u>	<u>101,129</u>	<u>(3,262)</u>	<u>-3.2%</u>
Total Revenues	\$37,245,353	\$37,407,327	(\$161,974)	-0.4%
Depreciation Expense	\$8,400,408	\$8,236,258	\$164,150	2.0%
Non-Depreciation Operating Expense	<u>25,900,875</u>	<u>25,494,988</u>	<u>405,887</u>	<u>1.6%</u>
Operating Expense	\$34,301,283	\$33,731,246	\$570,037	1.7%
Non-Operating Expense	<u>2,032,807</u>	<u>1,498,410</u>	<u>534,397</u>	<u>35.7%</u>
Total Expenses	\$36,334,090	\$35,229,656	\$1,104,434	3.1%
Net Position before Contributions	\$911,263	\$2,177,671	(\$1,266,408)	-58.2%
Contributions	<u>2,298,022</u>	<u>2,505,474</u>	<u>(207,452)</u>	<u>-8.3%</u>
Change in Net Position	\$3,209,285	\$4,683,145	(\$1,473,860)	-31.5%
Beginning Net Position	<u>212,284,683</u>	<u>207,601,538</u>	<u>4,683,145</u>	<u>2.3%</u>
Ending Net Position	<u>\$215,493,968</u>	<u>\$212,284,683</u>	<u>\$3,209,285</u>	<u>1.5%</u>

Operating Revenue

	<u>2013</u>	<u>2012</u>	<u>Diff \$</u>	<u>Diff %</u>
Metered Water Revenue	\$18,150,641	\$18,200,465	(\$49,824)	-0.3%
Wastewater Assessments	16,388,476	16,530,792	(142,316)	-0.9%
Public and Private Fire Protection	2,042,590	2,019,968	22,622	1.1%
Other Operating Revenue	<u>565,779</u>	<u>554,973</u>	<u>10,806</u>	<u>1.9%</u>
Total Operating Revenue	<u>\$37,147,486</u>	<u>\$37,306,198</u>	<u>(\$158,712)</u>	<u>-0.4%</u>

Metered Water Revenue (\$18.15 million) - The District's metered customers are billed monthly. The billing includes a minimum charge (based on the size of the meter) for the first hundred cubic feet (HCF) of water and a charge for each additional HCF of water used. Metered water rates are regulated by the State of Maine's Public Utilities Commission. In May 2013, metered rates increased an average of 1.3% over the rates that had been in place the previous year. There was no rate increase during 2012. Consumption in 2013 was 8.58 million HCF a decline (of 0.98%) from the previous year's 8.66 million HCF.

Wastewater Assessments (\$16.39 million) - These assessments are paid by the local municipalities to the District for wastewater services provided such as interception, treatment, and contracted services. Assessments are set annually by the District's governing board. The decrease in 2013 was due mostly to the return of \$215,000 in operating surplus to the City of Westbrook. This decrease was somewhat offset by increases in Cape Elizabeth (\$71,544 or 5.5%) and Cumberland (\$1,140 or 0.2%).

Public and Private Fire Protection (\$2.04 million) - This revenue includes charges to local municipalities for water capacity available for public firefighting needs as well as for private sprinkler systems. These charges are regulated by the State of Maine's Public Utilities Commission. Rates for Public Fire Protection and Private Fire Protection increased an average of 1.5% in May 2013; there was no increase in 2012.

Other Operating Revenue (\$0.57 million) - Revenue in this category includes interest charges and late fees on Water Fund receivable balances as well as income charged to septage haulers for dumping at wastewater treatment facilities. Revenue was relatively flat (an increase of 1.9%) in 2013 with increases in septage and decreases in interest/late charges.

Operating Revenue by Fund

	<u>2013</u>	<u>2012</u>	<u>Diff</u>	<u>Diff %</u>
Water	\$20,498,083	\$20,537,921	(\$39,838)	-0.2%
Wastewater:				
Cape Elizabeth	1,365,084	1,293,540	71,544	5.5%
Cumberland	713,940	712,800	1,140	0.2%
Falmouth	15,012	15,012	-	0.0%
Gorham	1,102,050	1,101,601	449	0.0%
Portland	10,636,994	10,617,890	19,104	0.2%
Westbrook	2,461,477	2,672,646	(211,169)	-7.9%
Windham	354,846	354,788	58	0.0%
	<u>\$37,147,486</u>	<u>\$37,306,198</u>	<u>(\$158,712)</u>	<u>-0.4%</u>

For the Water fund, Operating Revenue primarily consists of metered water consumption and fire protection services. As noted earlier, metered water rates were increased 1.3% in May 2013 while consumption was slightly (0.98%) down.

In the Wastewater funds, the largest component of Operating Revenue is the wastewater assessments. Assessments were increased in Cape Elizabeth and Cumberland to cover increased debt service and/or operating costs. Westbrook's assessment income was lower because of the return of \$215,000 of surplus that was done in 2013.

In addition some WW funds receive income from septage haulers dumping loads at the treatment plants. Income from septage at the Westbrook Regional WW Treatment Facility, which also services Gorham and Windham, was up as was the income at the East End WW Treatment Facility (which serves Portland).

Non-Operating Revenue

Non-Operating Revenue, which comes from Interest Income and Miscellaneous Income, was down \$3,262 (3.2%).

Interest Income dropped from \$85,046 in 2012 to \$73,027 in 2013. The principal objective of the District's investment policy is safety while attaining an appropriate rate of return. The continued decline in interest rates during 2013 was reflected in the lower income experienced by the District.

	<u>2013</u>	<u>2012</u>	<u>Diff</u>
Average Rate of Return	0.26%	0.32%	-0.06%

Miscellaneous Income includes non-operational items such grants and reimbursements for expenses incurred increased \$8,757.

Depreciation Expense

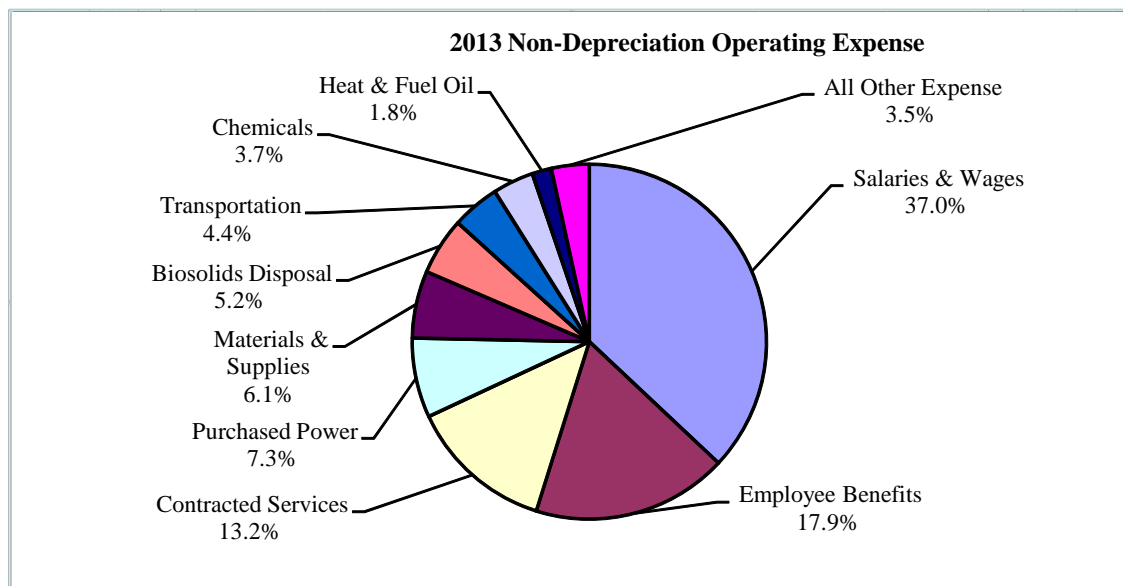
Depreciation Expense went from \$8.24 million in 2012 to \$8.40 million in 2013, an increase of 2.0%. The four largest asset groups accounted for over half the expense for the year:

- Water Distribution Mains (\$1.95 million)
- Wastewater Interceptor Structures (\$1.07 million)
- Wastewater Treatment Plant Equipment (\$0.91 million)
- Wastewater Treatment Plant Structures (\$0.90 million)

Please refer to the Notes to the Financial Statement for more information.

Non-Depreciation Operating Expense

	<u>2013</u>	<u>2012</u>	<u>Diff</u>	<u>Diff %</u>
Salaries & Wages	\$9,580,869	\$9,476,819	\$104,050	1.1%
Employee Benefits	4,625,209	4,390,669	234,540	5.3%
Contracted Services	3,425,181	3,511,719	(86,538)	-2.5%
Purchased Power	1,879,630	1,871,944	7,686	0.4%
Materials & Supplies	1,587,846	1,508,787	79,059	5.2%
Biosolids Disposal	1,351,703	1,174,262	177,441	15.1%
Transportation	1,130,940	1,163,351	(32,411)	-2.8%
Chemicals	967,730	980,640	(12,910)	-1.3%
Heat & Fuel Oil	456,842	500,248	(43,406)	-8.7%
All Other Expense	894,925	916,549	(21,624)	-2.4%
	<u>\$25,900,875</u>	<u>\$25,494,988</u>	<u>\$405,887</u>	<u>1.6%</u>



Non-Deprecation Operating Expense Category Explanations

Salaries/Wages – Salaries and Wages expense increased 1.1% (\$104,050). Regular wages increased \$153,839 (1.8%) due to fewer open positions in 2013 and an average wage increase of 1.5%. However, a decrease in overtime/doubletime hours resulted in that category being 8.0% (\$35,508) lower.

Employee Benefits – The cost of employee benefits increased 5.9% (\$234,540) in 2013. There was an increase in health insurance premiums that resulted in addition expense of \$240,835. The combination of all other benefits was slightly lower as compared with the prior year.

Contracted Services - This category, which includes services provided to the District by outside vendors decreased 2.5% (\$86,538) in 2013. Paving costs decreased \$87,382 in 2013 largely due less road work which decreased the liability for follow up work that has to be in the next year. Treatment contracted services costs decreased by \$65,844 due to lower charges to the Cumberland wastewater fund by the Town of Falmouth due to a drop in flow treated. These cost reductions were partially offset by higher expenses outside water construction services.

Purchased Power - Power costs increased 0.4% (\$7,686). Energy rates remained constant between 2012 and 2013 while delivery (T&D) rates increased slightly. Increases in T&D rates were offset by a small decrease in power use compared to 2012.

Materials/Supplies - Expenses in this group include parts and supplies purchased directly from outside vendors or items drawn out of the District's inventory stockroom. The expense is made up of thousands of individual purchases and stock issuances; the annual expense varies depending on the volume and types of repairs/maintenance being performed. In 2013, this expense category was up 5.2% (\$79,059). Some items purchased included instrumentation materials for the East End Treatment Facility and pump replacements at pump stations in Cumberland and Gorham.

Biosolids Disposal - The District contracts with an outside vendor to remove and dispose of biosolids from its wastewater treatment facilities. Biosolids disposal expenses increased in 2013 by 15.1% (\$177,441). The amount of material produced (dry tons) increased 7.0% while the average weight of material (wet tons) was up 5.8%.

Transportation - Transportation costs are charged to operating and capital projects based on vehicle usage and a predefined hourly rate for each class of vehicle. The sum of these charges equals the cost of operating the vehicle fleet as well as depreciation and debt service on those vehicles. Transportation costs decreased by 2.8% (\$32,411) due to the 2012 retirement of debt and due to a shift in vehicle usage to capital projects.

Chemicals - Overall chemical costs were down \$12,910 (1.3%) in 2013. District chemical usage was relatively flat except for an increase in sodium hypochlorite and sodium bisulfite at Portland's East End Wastewater Treatment Facility. This increase was done to improve the treatment facility's performance; however, the change was cost neutral as the per unit cost of one of bisulfite was down.

Heating & Fuel Oil – Heating oil costs decreased 8.7% (\$43,406) largely due to the switch over from heating oil to natural gas at the East End Treatment Facility (down \$67,152). This savings was somewhat offset, due to a colder winter in 2013, by higher expense at the Douglass Street office facility.

All Other Expense - This category includes items such as other utilities (water, wastewater, telephone), preliminary surveys, insurance and regulatory expense. All other expense decreased 2.4% (\$21,624) related to preliminary surveys decreased operating expense by \$68,873 and an increase in certain other expenses. The decrease was related to the final write-off of projects in 2012 including the SCADA standardization project.

Operating Expense by Fund

	<u>2013</u>	<u>2012</u>	<u>Diff</u>	<u>Diff %</u>
Water	\$17,887,446	\$17,563,306	\$324,140	1.8%
Wastewater:				
Cape Elizabeth	1,553,724	1,441,252	112,472	7.8%
Cumberland	814,679	864,557	(49,878)	-5.8%
Falmouth	11,395	28,302	(16,907)	-59.7%
Gorham	992,486	945,860	46,626	4.9%
Portland	10,550,624	10,437,416	113,208	1.1%
Westbrook	2,268,361	2,232,688	35,673	1.6%
Windham	222,568	217,865	4,703	2.2%
	<u>\$34,301,283</u>	<u>\$33,731,246</u>	<u>\$570,037</u>	<u>1.7%</u>

Overall operating expense was up 1.7%. The increase in Cape Elizabeth (\$112,472 or 7.8%) was due to a rise in depreciation of \$106,442 due to recent asset additions. The wastewater treatment services Cumberland paid the Town of Falmouth declined \$65,844 due to lower flows. The Falmouth operating expense had no depreciation due to the turnover of fixed assets to the Town. Expenses were higher in Gorham due to additional maintenance work at pump stations and road work that required manhole rising work.

Non-Operating Expense

This item is primarily made up of Interest & Amortization Expense and the Loss (Gain) on the Sale/Retirement of Operating Property. The increase in Interest/Amortization expense of 3.9% was due to the net increase in debt outstanding due to the large capital projects undertaken in 2013. In 2013, the District incurred a loss of the disposal of assets due to some assets being retired prior their being fully depreciated. This is a typical result for most years given the long depreciation lives of District assets. The gain on disposal in 2012 was due to the sale of surplus land which does not occur every year.

	<u>2013</u>	<u>2012</u>	<u>Diff</u>	<u>Diff %</u>
Interest/Amortization Expense	\$1,623,325	\$1,562,100	\$61,225	3.9%
Loss (Gain) on Sale/Retirement	409,482	(63,690)	473,172	-742.9%
	<u>\$2,032,807</u>	<u>\$1,498,410</u>	<u>\$534,397</u>	<u>35.7%</u>

Contributions

Contributions are non-exchange transactions in which the District takes ownership of fixed assets constructed and/or paid for by outside parties.

	<u>2013</u>	<u>2012</u>	<u>Diff</u>	<u>Diff %</u>
Water Distribution Mains	\$1,160,993	\$1,735,559	(\$574,566)	-33.1%
Water Services	181,880	199,772	(17,892)	-9.0%
Hydrants	121,193	92,940	28,253	30.4%
Water Meters	58,418	92,750	(34,332)	-37.0%
Other Water Contributions	-	46,334	(46,334)	n/a
Wastewater Equipment	775,538	338,119	437,419	129.4%
	<u>\$2,298,022</u>	<u>\$2,505,474</u>	<u>(\$207,452)</u>	<u>-8.3%</u>

Overall Financial Position

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

Financial Ratios

Two of the key financial ratios for analyzing the District's financial position are the Current Ratio and the Debt Coverage Ratio. The Current Ratio (Current Assets divided by Current Liabilities) measures an organization's ability to meet short-term obligations. The Debt Coverage Ratio (Net Operating Income/Total Debt Service) shows an organizations ability to meet debt service payments.

Current Ratio

	<u>2013</u>	<u>2012</u>
Current Assets	\$33,726,733	\$27,949,708
Current Liabilities	11,495,187	9,567,830
Current Ratio	2.93	2.92

Debt Coverage Ratio

	<u>2013</u>	<u>2012</u>
Operating Revenue	\$37,147,486	\$37,306,198
Interest Income	73,027	83,934
Misc Income	24,840	17,195
Gain (loss) on Sale	(409,482)	63,690
Gross Revenues	\$36,835,871	\$37,471,017
Operating Expense	\$34,301,283	\$33,731,246
Total Depreciation Expense	(8,400,408)	(8,236,258)
Expenses	\$25,900,875	\$25,494,988
Net Available - Debt Service	\$10,934,996	\$11,976,029
Principal Payments	\$4,687,279	\$5,866,423
Interest and Amortization Expense	1,623,325	1,562,100
	<u>\$6,310,604</u>	<u>\$7,428,523</u>
Coverage Ratio	1.73	1.61

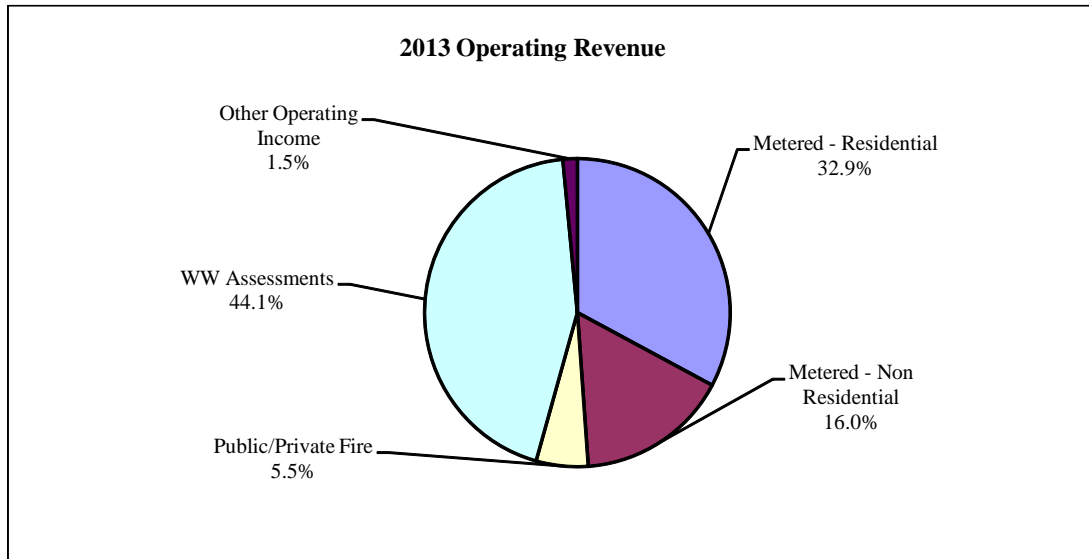
As with the Current Ratio, the comparatively small change in this ratio indicates a constant and steady financial situation which allows the District to be able to support payments on its long-term debt.

Bond Rating

In 2013, the District issued bonds for the Water and Wastewater –Portland funds. Water Bond ratings of A1 and A+ were assigned by Moody's and Standard & Poors (S&P), respectively. The S&P's rating is an increase from A- and noted the strong debt service coverage as the reason. Wastewater-Portland Bond ratings of Aa1 and AA were assigned by Moody's and S&P, respectively.

Revenue Stability

Most of the District's Operating Revenue (98.5% in 2013), came from three sources: Metered Water Revenue, Wastewater Assessments, and Public/Private Fire Protection charges. The revenue is provided by a large/diverse group of customers (Metered Water and Private Fire) or by the municipalities in the District's service area (Wastewater Assessments or Public Fire).



Metered Water Revenue (48.9%) – Metered water rates are regulated by the State of Maine's Public Utility Commission (PUC). The PUC approves rates that allow the District to maintain operations and pay debt service. The District had 51,757 metered customers at the end of 2013; the largest ten only represented 10.3% of water operating revenue.

Wastewater Assessments (44.1%) - These assessments are paid by the local municipalities served by the District and are funded by sewer user charges. Legally, the District is obligated to set the assessments at an amount needed to operate the wastewater facilities and pay the related debt service.

Public/Private Fire Projection (5.5%) – Public Fire charges are paid by the eleven municipalities served by the District, Private Fire has 2,033 customers.

Significant Changes to Individual Funds

Pension Trust Fund

Statement of Net Position

	<u>2013</u>	<u>2012</u>	<u>Diff</u>	<u>Diff %</u>
Cash and Cash Equivalents	<u>\$378,467</u>	<u>\$386,598</u>	<u>(\$8,131)</u>	<u>-2.1%</u>
Investments				
Equity Mutual Funds	\$10,461,990	\$4,509,482	\$5,952,508	132.0%
Common Stock	3,245,596	5,086,765	(1,841,169)	-36.2%
Fixed Income - Mutual Funds	<u>3,168,931</u>	<u>4,783,646</u>	<u>(1,614,715)</u>	<u>-33.8%</u>
	<u>\$16,876,517</u>	<u>\$14,379,893</u>	<u>\$2,496,624</u>	<u>17.4%</u>
Interest Receivable	<u>\$1,824</u>	<u>\$2,383</u>	<u>(\$559)</u>	<u>-23.5%</u>
Total Assets	<u>\$17,256,808</u>	<u>\$14,768,874</u>	<u>\$2,487,934</u>	<u>16.8%</u>

Statement of Revenues, Expenses & Changes in Net Position

	<u>2013</u>	<u>2012</u>	<u>Diff</u>	<u>Diff %</u>
Employer Contributions	\$860,888	\$860,888	\$0	0.0%
Net Investment Income	2,640,040	1,745,195	894,845	51.3%
Benefits	<u>(1,012,994)</u>	<u>(1,000,554)</u>	<u>(12,440)</u>	<u>1.2%</u>
Change in Assets	\$2,487,934	\$1,605,529	\$882,405	55.0%
Net Position - Beginning	<u>14,768,874</u>	<u>13,163,345</u>	<u>1,605,529</u>	<u>12.2%</u>
Net Position - Ending	<u>\$17,256,808</u>	<u>\$14,768,874</u>	<u>\$2,487,934</u>	<u>16.8%</u>

The pension funds increased in value 16.8% (\$2.49 million) in 2013. This is a continuing trend, except for a small drop (0.5%) in 2011, the fund has incurred large gains in 2012 (12.1%), 2010 (16.2%) and 2009 (24.4%). This was after the significant drop of 23.3% in 2008.

Employer contribution of \$860,888 was the same as the previous year as this was the second year of the latest biennial actuary study. Benefit payouts to retirees increased 1.2% over the previous year due to the net growth in the number of retirees drawing benefits. The retirees received a 1.2% cost of living increase in 2013.

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

REQUEST FOR INFORMATION

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

Statement of Net Position - Proprietary Funds

December 31, 2013

ASSETS

	<u>Water Systems</u>	<u>Cape Elizabeth</u>	<u>Cumberland</u>
Current Assets			
Cash and cash equivalents	\$ 14,482,899	\$ 760,058	\$ 709,347
Accounts receivable, net allowance for doubtful accounts of \$264,338 for water systems	2,615,578	-	-
Notes receivable, current	-	-	-
Inventories	1,379,227	-	-
Prepaid expenses	476,890	833	-
Trustee held funds	1,072,000	-	-
Total Current Assets	<u>20,026,594</u>	<u>760,891</u>	<u>709,347</u>
Non-Current Assets			
Capital Assets:			
Operating property	268,784,002	15,720,238	7,710,516
Accumulated depreciation	(96,396,110)	(9,154,665)	(4,469,643)
Net operating property	172,387,892	6,565,573	3,240,873
Construction in progress	10,241,578	45,275	41,500
	<u>182,629,470</u>	<u>6,610,848</u>	<u>3,282,373</u>
Deferred Charges and Other Assets:			
Notes receivable	213,650	-	-
Maintenance and other costs	37,180	-	-
Preliminary surveys	1,240,950	-	-
	<u>1,491,780</u>	<u>-</u>	<u>-</u>
Total Non-Current Assets	<u>184,121,250</u>	<u>6,610,848</u>	<u>3,282,373</u>
Total Assets	<u>\$ 204,147,844</u>	<u>\$ 7,371,739</u>	<u>\$ 3,991,720</u>

See independent auditors' report.

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

Wastewater Funds

<u>Falmouth</u>	<u>Gorham</u>	<u>Portland</u>	<u>Westbrook</u>	<u>Windham</u>	<u>TOTAL</u>
\$ 60,103	\$ 1,087,446	\$ 7,621,397	\$ 2,996,445	\$ 380,870	\$ 28,098,565
-	-	8,961	19,117	-	2,643,656
-	-	-	13,240	-	13,240
-	-	-	-	-	1,379,227
-	307	31,037	10,978	-	520,045
-	-	-	-	-	1,072,000
<u>60,103</u>	<u>1,087,753</u>	<u>7,661,395</u>	<u>3,039,780</u>	<u>380,870</u>	<u>33,726,733</u>
-	17,491,879	97,534,644	20,191,500	2,960,931	430,393,710
-	(6,946,393)	(57,057,752)	(12,126,731)	(815,511)	(186,966,805)
-	<u>10,545,486</u>	<u>40,476,892</u>	<u>8,064,769</u>	<u>2,145,420</u>	<u>243,426,905</u>
-	-	1,644,556	8,811	-	11,981,720
-	<u>10,545,486</u>	<u>42,121,448</u>	<u>8,073,580</u>	<u>2,145,420</u>	<u>255,408,625</u>
-	-	-	185,360	-	399,010
-	213	3,751	66,043	-	107,187
-	<u>24,644</u>	-	-	-	<u>1,265,594</u>
-	<u>24,857</u>	<u>3,751</u>	<u>251,403</u>	-	<u>1,771,791</u>
-	10,570,343	42,125,199	8,324,983	2,145,420	257,180,416
<u>\$ 60,103</u>	<u>\$ 11,658,096</u>	<u>\$ 49,786,594</u>	<u>\$ 11,364,763</u>	<u>\$ 2,526,290</u>	<u>\$ 290,907,149</u>

Statement of Net Position - Proprietary Funds - Continued

December 31, 2013

LIABILITIES AND NET POSITION

	Water Systems	Cape Elizabeth	Cumberland
Current Liabilities			
Accounts payable and accrued payroll	\$ 3,215,309	\$ 257,267	\$ 152,678
Accrued interest	190,124	4,935	96
Customer deposits	115,514	-	-
Construction retainage	718,818	-	-
Current portion - compensated absences	647,891	-	-
Current portion - notes payable	-	-	-
Current portion - long term debt - bonds	2,734,301	134,250	6,250
Total Current Liabilities	7,621,957	396,452	159,024
Non-Current Liabilities			
Customer advances and other liabilities	714,240	-	-
Compensated absences - non-current	774,467	-	-
Total other non-current liabilities	1,488,707		
Long term debt - notes payable	-	-	-
Long term debt - bonds	35,104,214	2,276,000	75,000
Total long term debt - notes and bonds	35,104,214	2,276,000	75,000
Total Non-Current Liabilities	36,592,921	2,276,000	75,000
Total Liabilities	44,214,878	2,672,452	234,024
Net Position			
Net investment in capital assets	145,862,955	4,200,598	3,201,123
Unrestricted	14,070,011	498,689	556,573
Total Net Position	159,932,966	4,699,287	3,757,696
Total Liabilities and Net Position	\$ 204,147,844	\$ 7,371,739	\$ 3,991,720

See independent auditors' report.

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

Wastewater Funds

<u>Falmouth</u>	<u>Gorham</u>	<u>Portland</u>	<u>Westbrook</u>	<u>Windham</u>	<u>TOTAL</u>
\$ 17,784	\$ 34,905	\$ 868,486	\$ 78,886	\$ 418	\$ 4,625,733
-	17,497	70,791	20,733	12,536	316,712
-	-	-	-	-	115,514
-	-	-	-	-	718,818
-	-	-	-	-	647,891
-	-	-	-	13,240	13,240
-	303,069	1,502,354	276,170	100,885	5,057,279
<u>17,784</u>	<u>355,471</u>	<u>2,441,631</u>	<u>375,789</u>	<u>127,079</u>	<u>11,495,187</u>
-	-	127,932	40,579	-	882,751
-	-	-	-	-	774,467
		<u>127,932</u>	<u>40,579</u>		<u>1,657,218</u>
-	-	-	-	185,360	185,360
-	4,042,816	15,517,561	3,645,084	1,414,741	62,075,416
-	4,042,816	15,517,561	3,645,084	1,600,101	62,260,776
-	4,042,816	15,645,493	3,685,663	1,600,101	63,917,994
<u>17,784</u>	<u>4,398,287</u>	<u>18,087,124</u>	<u>4,061,452</u>	<u>1,727,180</u>	<u>75,413,181</u>
-	6,199,601	25,101,533	4,152,326	431,194	189,149,330
42,319	1,060,208	6,597,937	3,150,985	367,916	26,344,638
<u>42,319</u>	<u>7,259,809</u>	<u>31,699,470</u>	<u>7,303,311</u>	<u>799,110</u>	<u>215,493,968</u>
<u>\$ 60,103</u>	<u>\$ 11,658,096</u>	<u>\$ 49,786,594</u>	<u>\$ 11,364,763</u>	<u>\$ 2,526,290</u>	<u>\$ 290,907,149</u>

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

Year Ended December 31, 2013

	<u>Water Systems</u>	<u>Cape Elizabeth</u>	<u>Cumberland</u>
Operating Revenues			
Water revenues	\$ 20,193,231	\$ -	\$ -
Wastewater assessments	-	1,365,084	713,940
Other operating revenues	304,852	-	-
Total Operating Revenues	<u>20,498,083</u>	<u>1,365,084</u>	<u>713,940</u>
Operating Expenses			
Operations	5,258,142	602,515	452,034
Maintenance	4,920,216	126,083	59,195
Customer accounting and collections	1,079,925	30,280	13,387
Administrative and general	2,270,155	292,780	110,775
Taxes on operating property	64,236	-	-
Depreciation not allocated elsewhere	4,294,772	502,066	179,288
Total Operating Expenses	<u>17,887,446</u>	<u>1,553,724</u>	<u>814,679</u>
Operating Income (Loss)	<u>2,610,637</u>	<u>(188,640)</u>	<u>(100,739)</u>
Non-Operating Revenues (Expenses)			
Interest income	29,265	1,915	2,002
Miscellaneous income (expense)	24,840	-	-
Gain (loss) on sale of operating property	(57,479)	-	-
Interest and amortization expense	(1,016,457)	(42,113)	(1,235)
	<u>(1,019,831)</u>	<u>(40,198)</u>	<u>767</u>
Change in Net Position Before Contributions	1,590,806	(228,838)	(99,972)
Capital Contributions	<u>1,522,484</u>	<u>-</u>	<u>53,975</u>
Change in Net Position	3,113,290	(228,838)	(45,997)
Net Position, Beginning of Year, as Restated	<u>156,819,676</u>	<u>4,928,125</u>	<u>3,803,693</u>
Net Position, End of Year	<u>\$ 159,932,966</u>	<u>\$ 4,699,287</u>	<u>\$ 3,757,696</u>

See independent auditors' report.

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

Wastewater Funds

<u>Falmouth</u>	<u>Gorham</u>	<u>Portland</u>	<u>Westbrook</u>	<u>Windham</u>	<u>TOTAL</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,193,231
15,012	1,084,464	10,540,044	2,318,176	351,756	16,388,476
-	17,586	96,950	143,301	3,090	565,779
<u>15,012</u>	<u>1,102,050</u>	<u>10,636,994</u>	<u>2,461,477</u>	<u>354,846</u>	<u>37,147,486</u>
-	294,761	5,191,728	1,073,995	69,984	12,943,159
-	41,839	279,677	66,722	12,042	5,505,774
11,395	20,858	191,677	51,174	1,232	1,399,928
-	223,856	2,470,783	558,984	60,445	5,987,778
-	-	-	-	-	64,236
-	411,172	2,416,759	517,486	78,865	8,400,408
<u>11,395</u>	<u>992,486</u>	<u>10,550,624</u>	<u>2,268,361</u>	<u>222,568</u>	<u>34,301,283</u>
3,617	109,564	86,370	193,116	132,278	2,846,203
146	3,606	17,597	17,413	1,083	73,027
-	-	-	-	-	24,840
(353,524)	242	736	523	20	(409,482)
<u>-</u>	<u>(84,627)</u>	<u>(311,200)</u>	<u>(130,814)</u>	<u>(36,879)</u>	<u>(1,623,325)</u>
<u>(353,378)</u>	<u>(80,779)</u>	<u>(292,867)</u>	<u>(112,878)</u>	<u>(35,776)</u>	<u>(1,934,940)</u>
(349,761)	28,785	(206,497)	80,238	96,502	911,263
-	721,563	-	-	-	2,298,022
(349,761)	750,348	(206,497)	80,238	96,502	3,209,285
<u>392,080</u>	<u>6,509,461</u>	<u>31,905,967</u>	<u>7,223,073</u>	<u>702,608</u>	<u>212,284,683</u>
<u>\$ 42,319</u>	<u>\$ 7,259,809</u>	<u>\$ 31,699,470</u>	<u>\$ 7,303,311</u>	<u>\$ 799,110</u>	<u>\$ 215,493,968</u>

Statement of Cash Flows - Proprietary Funds

For the Year Ended December 31, 2013

	<u>Water Systems</u>	<u>Cape Elizabeth</u>	<u>Cumberland</u>
Cash flows from operating activities			
Receipts from customers	\$ 20,905,294	\$ 1,365,084	\$ 713,940
Payments to suppliers	(17,904,722)	(693,463)	(546,734)
Payments to employees	5,726,579	(334,201)	(110,236)
Net cash flows from operating activities	<u>8,727,151</u>	<u>337,420</u>	<u>56,970</u>
Cash flows from capital and related financing activities			
Proceeds from bonds	13,500,000	-	-
Principal payments bonds	(2,454,301)	(134,250)	(6,250)
Bond principal forgiveness	(150,000)	-	-
Notes payable payments	-	-	-
Transfer from trustee funds	(850,402)	137,272	-
Interest paid	(846,944)	(41,681)	(1,243)
Bond issuance expense	(110,346)	(4,059)	(460)
Acquisitions and construction of operating property	(14,241,525)	(97,842)	(45,987)
Proceeds from sale of operating property	94,108	-	-
Payments for preliminary plant survey	(76,407)	-	-
Net cash flows from capital and related financing activities	<u>(5,135,817)</u>	<u>(140,560)</u>	<u>(53,940)</u>
Cash flows from investing activities			
Interest income received	29,265	1,915	2,002
Payments on notes receivable	4,468	-	-
Net cash flows from investing activities	<u>33,733</u>	<u>1,915</u>	<u>2,002</u>
Net change in cash	3,625,067	198,775	5,032
Cash & cash equivalents - beginning of year	<u>10,857,832</u>	<u>561,283</u>	<u>704,315</u>
Cash & cash equivalents - end of year	<u>\$ 14,482,899</u>	<u>\$ 760,058</u>	<u>\$ 709,347</u>
Reconciliation of operating income to net cash flows from operating activities			
Operating income (loss)	\$ 2,610,637	\$ (188,640)	\$ (100,739)
Depreciation and amortization	5,079,390	502,066	179,288
Miscellaneous income (expense)	24,840	-	-
Changes in assets and liabilities:			
Account receivable	407,211	-	-
Inventories	(175,327)	-	-
Prepaid expenses	(250,619)	-	-
Accounts payables and accrued payroll	873,039	23,994	(21,579)
Compensated absences	11,283	-	-
Customer deposits	(12,001)	-	-
Customer advances and other liabilities	158,698	-	-
Net cash flows from operating activities	<u>\$ 8,727,151</u>	<u>\$ 337,420</u>	<u>\$ 56,970</u>
Noncash investing, capital and financing activities			
Capital contributions	<u>\$ 1,522,484</u>	<u>\$ -</u>	<u>\$ 53,975</u>

See independent auditors' report.

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

Wastewater Funds					
<u>Falmouth</u>	<u>Gorham</u>	<u>Portland</u>	<u>Westbrook</u>	<u>Windham</u>	<u>TOTAL</u>
\$ 15,012	\$ 1,102,050	\$ 11,519,003	\$ 2,478,115	\$ 354,846	\$ 38,453,344
(513,320)	(367,743)	(5,553,424)	(1,196,918)	(118,787)	(26,895,111)
(5,119)	(195,087)	(2,375,571)	(554,886)	(48,282)	2,103,197
<u>(503,427)</u>	<u>539,220</u>	<u>3,590,008</u>	<u>726,311</u>	<u>187,777</u>	<u>13,661,430</u>
-	-	3,000,000	-	-	16,500,000
-	(318,069)	(1,397,354)	(276,170)	(100,885)	(4,687,279)
-	-	-	-	-	(150,000)
-	-	-	-	(13,240)	(13,240)
-	-	-	-	-	(713,130)
-	(80,612)	(260,258)	(127,219)	(35,858)	(1,393,815)
-	(5,996)	(31,590)	(6,304)	(1,845)	(160,600)
854,592	(121,118)	(3,008,856)	(153,932)	(11,934)	(16,826,602)
(353,524)	242	736	523	20	(257,895)
-	-	-	-	-	(76,407)
<u>501,068</u>	<u>(525,553)</u>	<u>(1,697,322)</u>	<u>(563,102)</u>	<u>(163,742)</u>	<u>(7,778,968)</u>
146	3,606	17,597	17,413	1,083	73,027
-	-	-	13,240	-	17,708
<u>146</u>	<u>3,606</u>	<u>17,597</u>	<u>30,653</u>	<u>1,083</u>	<u>90,735</u>
(2,213)	17,273	1,910,283	193,862	25,118	5,973,197
<u>62,316</u>	<u>1,070,173</u>	<u>5,711,114</u>	<u>2,802,583</u>	<u>355,752</u>	<u>22,125,368</u>
<u>\$ 60,103</u>	<u>\$ 1,087,446</u>	<u>\$ 7,621,397</u>	<u>\$ 2,996,445</u>	<u>\$ 380,870</u>	<u>\$ 28,098,565</u>
\$ 3,617	\$ 109,564	\$ 86,370	\$ 193,116	\$ 132,278	\$ 2,846,203
(501,068)	411,278	2,418,632	529,304	78,865	8,697,755
-	-	-	-	-	24,840
-	-	882,009	16,638	-	1,305,858
-	-	-	-	-	(175,327)
-	76	24,874	3,925	-	(221,744)
(5,976)	18,438	55,450	(19,259)	(23,366)	900,741
-	-	-	-	-	11,283
-	-	-	-	-	(12,001)
-	(136)	122,673	2,587	-	283,822
<u>\$ (503,427)</u>	<u>\$ 539,220</u>	<u>\$ 3,590,008</u>	<u>\$ 726,311</u>	<u>\$ 187,777</u>	<u>\$ 13,661,430</u>
<u>\$ -</u>	<u>\$ 721,563</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,298,022</u>

Statement of Fiduciary Net Position - Pension Trust Funds

December 31, 2013

ASSETS

Cash and cash equivalents	\$ 378,467
Investments	
Equity mutual funds	10,461,990
Common stock	3,245,596
Fixed income - mutual funds	3,168,931
	<u>16,876,517</u>
Interest receivable	<u>1,824</u>
Total Assets	<u><u>\$ 17,256,808</u></u>

NET POSITION

Held in trust for pension benefits	<u>\$ 17,256,808</u>
Total Net Position	<u><u>\$ 17,256,808</u></u>

See independent auditors' report.

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

Statement of Changes in Fiduciary Net Position - Pension Trust Funds

Year Ended December 31, 2013

Additions:

Employer Contributions	<u>\$ 860,888</u>
Investment Income	
Net appreciation of investments	579,505
Net gain on sale of assets	1,477,003
Interest and dividends	<u>583,532</u>
Net Investment Income	<u>2,640,040</u>
Total Additions	3,500,928
Deductions:	
Benefits	<u>(1,012,994)</u>
Change in Net Position	2,487,934
Net Position - Beginning of Year	<u>14,768,874</u>
Net Position - End of Year	<u><u>\$ 17,256,808</u></u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

Measurement Focus, Basis of Accounting and Basis of Presentation

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

Proprietary funds are accounted for on the flow of economic resources measurement focus, using the accrual basis of accounting. Under this method revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The District complies with Government Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*. Proprietary funds used by the District include enterprise funds as described below.

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

Fiduciary funds account for assets held by the District in a trustee capacity. Trust funds account for the assets held by the District under terms of a formal trust agreement. The District maintains two pension fiduciary funds. The District's non-bargaining unit employees' pension trust and the District's bargaining unit employees' pension trust financial statements are prepared using the accrual basis of accounting, except as noted below. Employer costs are equal to contributions to each plan and are recognized in accordance with GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

Deposits and Investments

The District considers all highly liquid debt instruments purchased with an initial maturity of two years or less and all highly liquid debt instruments that have no early withdrawal penalties or no stated terms effectively restricting withdrawals to be cash equivalents.

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

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

Accounts Receivable

Trade accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and credit to trade accounts receivable. Allowance for doubtful accounts as of December 31, 2013 was \$264,338. The District has the ability to place a lien on property with past due balances.

Inventories

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

Capital Assets

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital Assets - Continued

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

Water Capital Assets:

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

Wastewater Capital Assets:

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

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

Preliminary Surveys for Plant Expansion or Modification

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

Maintenance and Other Costs

Certain maintenance and other costs are capitalized and amortized on a straight-line basis over periods as approved by the Maine PUC which approximate methods and periods under GAAP. Amortization costs for 2013 were \$51,418.

Compensated Absences

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Use of Estimates

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

Recently Adopted Accounting Pronouncements

In March 2012, the GASB issued GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. The new statement is effective for periods beginning after December 15, 2012. The Authority implemented GASB 65 in 2013 and is reflected in the financial statements. Please see Note 4 on page 50.

Recent Accounting Pronouncements

In June 2012, the GASB issued GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*. This statement improves accounting and financial reporting by state and local governments for pension plans. The new statement is effective for periods beginning after June 15, 2013. The District is currently assessing the impact of this statement on its financial statements.

In June 2012, the GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. This statement improves accounting and financial reporting by state and local governments for pensions. The new statement is effective for periods beginning after June 15, 2014. The District is currently assessing the impact of this statement on its financial statements.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

An annual budget is prepared by management and approved by the elected Board of Trustees for each of the proprietary funds. The budget is prepared on a departmental basis. The budget is prepared according to GAAP, except that the funding for capital acquisitions and debt principal payments are considered expenses in all funds.

NOTE 3 - DETAILED NOTES ON ALL FUNDS

Credit Risk

Credit risk is the risk that the entity in which the fund has invested may be unable to redeem investments when they mature.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Credit Risk - Continued

The District's proprietary fund investment policy limits investments to:

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

Pension Fund:

The Pension Fund investment policy allows investments in equities, bonds, alternatives and as cash and cash equivalents. Equities of a highly speculative nature or having poor liquidity are not permissible. Bonds are required to have a market-weighted average rating of Baa or better. Alternatives, which include REITs, natural resources and low-volatility hedge funds-of-funds, are limited to marketable funds where 90% of the investment could be liquidated with 90 days.

Concentration Credit Risk

Concentration of credit risk is the risk caused by the lack of diversification in the portfolio.

Proprietary Fund:

The District's investment policy strives to avoid over concentration from a specific issuer or business section. The exception to this guideline is investments involving U.S. Treasury securities.

Pension Fund:

The Pension Fund investment policy gives specific ranges (minimum, maximum, optimal) for the four investment classes:

Equities - minimum 40%, maximum 80%, optimal 65%
Bonds - minimum 20%, maximum 40%, optimal 25%
Alternatives - minimum 0%, maximum 15%, optimal 10%
Cash and Equivalents - minimum 0%, maximum 30%, optimal 0%

In addition, equity issues are limited to 10% for a single issuer and 30% for an industry group.

Custodial Credit Risk

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Custodial Credit Risk - Continued

Proprietary Funds:

The District's investment policy does not address custodial credit risk. Overnight funds are invested in a money market mutual fund which is made up of U.S. government and agency instruments. The repurchase agreements held by the District are fully collateralized by U.S. government and agency instruments which are held by the Federal Reserve. The District's U.S. agency instruments are held by the District's bank in the District's name.

Pension Funds:

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

Interest Rate Risk

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

Proprietary Funds:

The investment policy calls for investment in securities with varying maturities and investing a portion of the portfolio in money market funds or other overnight investments to ensure appropriate liquidity. In most cases the maturity of investments is limited to two years or less. Reserve funds may be invested in assets with maturities of over two years, however, no single investment can exceed three years and the weighted average maturity of the entire reserve fund should not exceed two and one-half years.

Pension Fund:

The investment policy for the pension fund does not directly address interest rate risk.

Deposits - Proprietary Funds

The carrying amount of the District's deposits with financial institutions was \$10,619,666 at December 31, 2013 and the bank balance was \$11,152,953. The District held certificates of deposits carried at \$17,464,476. The total deposits were categorized as follows:

	Bank Balances	Certificates of Deposits	Total Deposits
Amount Insured	\$11,007,500	\$17,464,476	\$28,471,976
Amount Uninsured	<u>145,453</u>	<u>-</u>	<u>145,453</u>
	<u>\$11,152,953</u>	<u>\$17,464,476</u>	<u>\$28,617,429</u>

Investments - Pension Fund

<u>Description</u>	<u>Amount</u>	<u>Maturities</u>
Equity Mutual Funds	\$10,461,990	n/a
Common Stock	3,245,596	n/a
Fixed Income Mutual Funds	<u>3,168,931</u>	n/a
	<u>\$16,876,517</u>	

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Investment Ratings (all funds)

The holdings in the fixed income mutual funds were rated by Standard & Poors as having ratings of AAA to A. Ratings were not available for the equity mutual funds.

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

Cash on Hand	\$ 1,300
Investment Account Cash	13,123
Carrying Value of Deposits	10,619,666
Certificates of Deposit	<u>17,464,476</u>
	<u>\$28,098,565</u>

Notes Receivable

During 2013 the District had three notes receivable, two due to the Water Fund and the other to the Westbrook Wastewater Fund.

The two notes receivable to the Water Fund are:

- Town of Gorham, full amount due 2019, no interest
- St. Joseph's College, 20-year note originated in 1992 at 5.06%, note was paid in full during 2013.

The terms of the Town of Gorham note require the Town to make annual payments to the District equal to the amount collected as part of a special impact fee. The Town will continue making these payments until the full amount due is paid. If the full amount has not been paid by June 2019 the Town will pay the remaining balance to the District.

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

Water Fund Notes Receivable:

	<u>Dec. 31, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec. 31, 2013</u>	<u>Current</u>	<u>Non-Current</u>
Town of Gorham	\$217,603	\$ -	\$ (3,953)	\$213,650	\$ -	\$213,650
St. Joseph's College	<u>515</u>	<u>-</u>	<u>(515)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$218,118</u>	<u>\$ -</u>	<u>\$ (4,468)</u>	<u>\$213,650</u>	<u>\$ -</u>	<u>\$213,650</u>

Westbrook Wastewater Fund Note Receivable:

	<u>Dec. 31, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec. 31, 2013</u>	<u>Current</u>	<u>Non-Current</u>
Windham Wastewater Fund	<u>\$211,840</u>	<u>\$ -</u>	<u>\$ (13,240)</u>	<u>\$198,600</u>	<u>\$13,240</u>	<u>\$185,360</u>
Total of all Notes	<u>\$429,958</u>	<u>\$ -</u>	<u>\$ (17,708)</u>	<u>\$412,250</u>	<u>\$13,240</u>	<u>\$399,010</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets

	<u>Dec. 31, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec. 31, 2013</u>
Water Fund:				
Operating Property, not being depreciated				
Land	\$ 3,235,138	\$ 6,614	\$ -	\$ 3,241,752
Land Rights	1,628,782	-	-	1,628,782
Plant Acquisition Adjustment	223,189	-	(17,000)	206,189
Organization	173,472	-	-	173,472
Non-Utility Property	103,935	-	-	103,935
Franchises	26,161	-	-	26,161
Forestation of Land	16,318	-	-	16,318
Property Held for Future Use	7,425	-	-	7,425
	<u>\$ 5,414,420</u>	<u>\$ 6,614</u>	<u>\$ (17,000)</u>	<u>\$ 5,404,034</u>
Operating Property, being depreciated				
Distribution Mains	\$138,213,871	\$ 4,915,131	\$(98,659)	\$143,030,343
Services	27,972,623	1,138,928	-	29,111,551
Structures & Improvements	25,912,631	96,455	-	26,009,086
Transmission Mains	11,336,613	-	-	11,336,613
Reservoirs & Standpipes	11,000,595	89,946	-	11,090,541
Meters & Meter Installations	10,738,095	182,045	(80,940)	10,839,200
Water Treatment Equipment	10,668,832	54,822	-	10,723,654
Hydrants	8,593,197	449,636	(51,456)	8,991,377
Vehicles	2,907,329	315,171	(242,062)	2,980,438
Lake, River & Other Intakes	2,363,460	-	-	2,363,460
Pumping Equipment	1,574,291	-	-	1,574,291
Communication Equipment	1,461,244	34,244	-	1,495,488
Wells & Springs	989,249	-	-	989,249
Power Equipment	785,650	52,947	-	838,597
Office Furniture & Equipment	758,260	21,235	-	779,495
Shop Equipment	254,788	-	-	254,788
Garage Equipment	232,652	-	-	232,652
Laboratory Equipment	130,504	-	-	130,504
Computer Equipment	381,037	27,789	-	408,826
Radio Equipment	160,562	-	-	160,562
Stores Equipment	39,253	-	-	39,253
	<u>256,474,736</u>	<u>7,378,349</u>	<u>(473,117)</u>	<u>263,379,968</u>
Total Operating Property	<u>\$261,889,156</u>	<u>\$ 7,384,963</u>	<u>\$ (490,117)</u>	<u>\$268,784,002</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets - Continued

	<u>Dec. 31, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec. 31, 2013</u>
Less, accumulated depreciation for:				
Distribution Mains	\$ 35,824,174	\$ 1,948,894	\$ (54,582)	\$ 37,718,486
Services	14,930,377	587,537	-	15,517,914
Structures & Improvements	11,336,592	522,804	-	11,859,396
Transmission Mains	6,312,905	153,441	-	6,466,346
Water Treatment Equipment	5,749,107	419,719	-	6,168,826
Reservoirs & Standpipes	3,899,009	198,511	-	4,097,520
Hydrants	2,996,914	176,313	(26,645)	3,146,582
Vehicles	1,929,790	290,234	(231,002)	1,989,022
Meters & Meter Installations	2,413,256	433,877	(9,301)	2,837,832
Lake, River & Other Intakes	1,700,864	24,905	-	1,725,769
Pumping Equipment	1,306,986	63,696	-	1,370,682
Communication Equipment	1,217,333	47,259	-	1,264,592
Power Equipment	551,221	42,138	-	593,359
Office Furniture & Equipment	513,311	23,580	-	536,891
Laboratory Equipment	77,878	6,191	-	84,069
Shop Equipment	247,247	3,691	-	250,938
Computer Equipment	254,157	46,968	-	301,125
Garage Equipment	207,546	4,717	-	212,263
Radio Equipment	96,934	10,653	-	107,587
Walls & Springs	88,015	19,643	-	107,658
Stores Equipment	39,253	-	-	39,253
	<u>91,692,869</u>	<u>5,024,771</u>	<u>(321,530)</u>	<u>96,396,110</u>
Construction in Progress	<u>1,274,758</u>	<u>9,033,107</u>	<u>(66,287)</u>	<u>10,241,578</u>
Net Capital Assets	<u>\$171,471,045</u>	<u>\$ 11,393,299</u>	<u>\$ (234,874)</u>	<u>\$182,629,470</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets - Continued

	<u>Dec. 31, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec. 31, 2013</u>
Cape Elizabeth Wastewater:				
Operating Property, not being depreciated				
Land	\$ 130,048	\$ -	\$ -	\$ 130,048
Land Rights	<u>95,111</u>	<u>-</u>	<u>-</u>	<u>95,111</u>
	<u>225,159</u>	<u>-</u>	<u>-</u>	<u>225,159</u>
Operating Property, being depreciated				
Interceptor Structures	6,030,048	-	-	6,030,048
Treatment Plant Structures	2,502,663	24,608	-	2,527,271
Pumping Station Equipment	2,420,959	15,402	(25,601)	2,410,760
Treatment Plant Equipment	3,052,887	24,056	-	3,076,943
Pumping Station Structures	1,243,573	-	-	1,243,573
General Equipment	38,392	154,599	(637)	192,354
Interceptor Equipment	11,330	-	-	11,330
Solids Handling Equipment	<u>2,800</u>	<u>-</u>	<u>-</u>	<u>2,800</u>
	<u>15,302,652</u>	<u>218,665</u>	<u>(26,238)</u>	<u>15,495,079</u>
Total Operating Property	<u>15,527,811</u>	<u>218,665</u>	<u>(26,238)</u>	<u>15,720,238</u>
Less, accumulated depreciation for:				
Interceptor Structures	3,383,391	120,682	-	3,504,073
Treatment Plant Equipment	1,508,433	173,629	-	1,682,062
Pumping Station Equipment	1,441,539	112,641	(25,601)	1,528,579
Treatment Plant Structures	1,492,782	63,022	-	1,555,804
Pumping Station Structures	811,923	22,696	-	834,619
General Equipment	30,034	9,249	(637)	38,646
Interceptor Equipment	7,935	147	-	8,082
Solids Handling Equipment	<u>2,800</u>	<u>-</u>	<u>-</u>	<u>2,800</u>
	<u>8,678,837</u>	<u>502,066</u>	<u>(26,238)</u>	<u>9,154,665</u>
Construction in Progress	<u>12,178</u>	<u>38,733</u>	<u>(5,636)</u>	<u>45,275</u>
Net Capital Assets	<u>\$ 6,861,152</u>	<u>\$ (244,668)</u>	<u>\$ (5,636)</u>	<u>\$ 6,610,848</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets - Continued

	<u>Dec. 31, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec. 31, 2013</u>
Cumberland Wastewater:				
Operating Property, not being depreciated				
Land	\$ 89,005	\$ -	\$ -	\$ 89,005
Land Rights	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>89,005</u>	<u>-</u>	<u>-</u>	<u>89,005</u>
Operating Property, being depreciated				
Interceptor Structures	5,520,121	-	-	5,520,121
Pumping Station Structures	1,041,213	-	-	1,041,213
Pumping Station Equipment	909,078	61,875	-	970,953
General Equipment	41,881	-	-	41,881
Treatment Plant Equipment	39,431	-	-	39,431
Solids Handling Structures	-	7,699	-	7,699
Interceptor Equipment	<u>213</u>	<u>-</u>	<u>-</u>	<u>213</u>
	<u>7,551,937</u>	<u>69,574</u>	<u>-</u>	<u>7,621,511</u>
Total Operating Property	<u>7,640,942</u>	<u>69,574</u>	<u>-</u>	<u>7,710,516</u>
Less, accumulated depreciation for:				
Interceptor Structures	2,942,074	110,402	-	3,052,476
Pumping Station Structures	662,044	27,463	-	689,507
Pumping Station Equipment	607,995	40,749	-	648,744
Treatment Plant Equipment	39,431	-	-	39,431
General Equipment	38,598	597	-	39,195
Solids Handling Structures	-	77	-	77
Interceptor Equipment	<u>213</u>	<u>-</u>	<u>-</u>	<u>213</u>
	<u>4,290,355</u>	<u>179,288</u>	<u>-</u>	<u>4,469,643</u>
Construction in Progress	<u>11,112</u>	<u>38,288</u>	<u>(7,900)</u>	<u>41,500</u>
Net Capital Assets	<u>\$ 3,361,699</u>	<u>\$ (71,426)</u>	<u>\$ (7,900)</u>	<u>\$ 3,282,373</u>
Falmouth Wastewater:				
Operating Property, not being depreciated				
Land	\$ 6,463	\$ -	\$ (6,463)	\$ -
Land Rights	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>6,463</u>	<u>-</u>	<u>(6,463)</u>	<u>-</u>
Operating Property, being depreciated				
Interceptor Structures	775,581	-	(775,581)	-
Pumping Station Structures	58,850	-	(58,850)	-
Pumping Station Equipment	<u>13,698</u>	<u>-</u>	<u>(13,698)</u>	<u>-</u>
	<u>848,129</u>	<u>-</u>	<u>(848,129)</u>	<u>-</u>
Total Operating Property	<u>854,592</u>	<u>-</u>	<u>(854,592)</u>	<u>-</u>
Less, accumulated depreciation for:				
Interceptor Structures	442,072	-	(442,072)	-
Pumping Station Structures	45,299	-	(45,299)	-
Pumping Station Equipment	<u>13,697</u>	<u>-</u>	<u>(13,697)</u>	<u>-</u>
	<u>501,068</u>	<u>-</u>	<u>(501,068)</u>	<u>-</u>
Construction in Progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Capital Assets	<u>\$ 353,524</u>	<u>\$ -</u>	<u>\$ (353,524)</u>	<u>\$ -</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets - Continued

	<u>Dec. 31, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec. 31, 2013</u>
Gorham Wastewater:				
Operating Property, not being depreciated				
Land	\$ 182,466	\$ 3,000	\$ -	\$ 185,466
Land Rights	<u>157,771</u>	<u>-</u>	<u>-</u>	<u>157,771</u>
	<u>340,237</u>	<u>3,000</u>	<u>-</u>	<u>343,237</u>
Operating Property, being depreciated				
Interceptor Structures	10,980,257	326,509	-	11,306,766
Pumping Station Structures	1,801,485	452,157	-	2,253,642
Pumping Station Equipment	1,663,330	-	-	1,663,330
Treatment Plant Structures	1,014,979	-	-	1,014,979
Treatment Plant Equipment	795,150	65,146	-	860,296
General Equipment	33,267	-	(718)	32,549
Solids Handling Equipment	<u>17,080</u>	<u>-</u>	<u>-</u>	<u>17,080</u>
	<u>16,305,548</u>	<u>843,812</u>	<u>(718)</u>	<u>17,148,642</u>
Total Operating Property	<u>16,645,785</u>	<u>846,812</u>	<u>(718)</u>	<u>17,491,879</u>
Less, accumulated depreciation for:				
Interceptor Structures	3,961,736	222,872	-	4,184,608
Treatment Plant Structures	649,267	20,397	-	669,664
Pumping Station Equipment	814,866	101,967	-	916,833
Pumping Station Structures	561,847	39,992	-	601,839
Treatment Plant Equipment	501,908	25,189	-	527,097
General Equipment	29,890	614	(718)	29,786
Solids Handling Equipment	<u>16,425</u>	<u>141</u>	<u>-</u>	<u>16,566</u>
	<u>6,535,939</u>	<u>411,172</u>	<u>(718)</u>	<u>6,946,393</u>
Construction in Progress	<u>4,130</u>	<u>-</u>	<u>(4,130)</u>	<u>-</u>
Net Capital Assets	<u>\$ 10,113,976</u>	<u>\$ 435,640</u>	<u>\$ (4,130)</u>	<u>\$ 10,545,486</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets - Continued

	<u>Dec. 31, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec. 31, 2013</u>
Portland Wastewater:				
Operating Property, not being depreciated				
Land	\$ 199,555	\$ -	\$ -	\$ 199,555
Land Rights	<u>233,013</u>	<u>-</u>	<u>-</u>	<u>233,013</u>
	<u>432,568</u>	<u>-</u>	<u>-</u>	<u>432,568</u>
Operating Property, being depreciated				
Treatment Plant Structures	35,990,090	-	-	35,990,090
Interceptor Structures	25,860,384	1,155,206	-	27,015,590
Treatment Plant Equipment	15,529,087	223,417	-	15,752,504
Pumping Station Structures	9,146,079	162,286	-	9,308,365
Pumping Station Equipment	7,172,279	147,266	-	7,319,545
Storm Drains	577,971	-	-	577,971
Communications Equip. - Collectors	549,873	-	-	549,873
Solids Handling Equipment	325,860	-	-	325,860
General Equipment	255,202	-	(57,855)	197,347
Interceptor Equipment	<u>64,931</u>	<u>-</u>	<u>-</u>	<u>64,931</u>
	<u>95,471,756</u>	<u>1,688,175</u>	<u>(57,855)</u>	<u>97,102,076</u>
Total Operating Property	<u>95,904,324</u>	<u>1,688,175</u>	<u>(57,855)</u>	<u>97,534,644</u>
Less, accumulated depreciation for:				
Treatment Plant Structures	19,405,160	723,620	-	20,128,780
Interceptor Structures	15,278,936	511,870	-	15,790,806
Treatment Plant Equipment	10,315,491	628,205	-	10,943,696
Pumping Station Equipment	4,705,019	291,271	-	4,996,290
Pumping Station Structures	3,903,374	196,847	-	4,100,221
Solids Handling Equipment	325,860	-	-	325,860
General Equipment	268,848	543	(57,855)	211,536
Communications Equip. - Collectors	295,037	44,306	-	339,343
Storm Drains	141,273	20,095	-	161,368
Interceptor Equipment	<u>59,852</u>	<u>-</u>	<u>-</u>	<u>59,852</u>
	<u>54,698,850</u>	<u>2,416,757</u>	<u>(57,855)</u>	<u>57,057,752</u>
Construction in Progress	<u>225,643</u>	<u>1,644,556</u>	<u>(225,643)</u>	<u>1,644,556</u>
Net Capital Assets	<u>\$ 41,431,117</u>	<u>\$ 915,974</u>	<u>\$ (225,643)</u>	<u>\$ 42,121,448</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets - Continued

	<u>Dec. 31, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec. 31, 2013</u>
Westbrook Wastewater:				
Operating Property, not being depreciated				
Land	\$ 162,263	\$ -	\$ -	\$ 162,263
Land Rights	<u>139,144</u>	<u>-</u>	<u>-</u>	<u>139,144</u>
	<u>301,407</u>	<u>-</u>	<u>-</u>	<u>301,407</u>
Operating Property, being depreciated				
Treatment Plant Equipment	4,449,817	145,120	-	4,594,937
Pumping Station Structures	4,272,896	-	-	4,272,896
Treatment Plant Structures	4,247,807	-	-	4,247,807
Interceptor Structures	3,721,975	-	-	3,721,975
Pumping Station Equipment	2,744,173	-	-	2,744,173
General Equipment	139,868	-	(11,100)	128,768
Solids Handling Equipment	86,706	-	-	86,706
Communications Equip. - Collectors	<u>92,831</u>	<u>-</u>	<u>-</u>	<u>92,831</u>
	<u>19,756,073</u>	<u>145,120</u>	<u>(11,100)</u>	<u>19,890,093</u>
Total Operating Property	<u>20,057,480</u>	<u>145,120</u>	<u>(11,100)</u>	<u>20,191,500</u>
Less, accumulated depreciation for:				
Treatment Plant Equipment	3,497,510	82,280	-	3,579,790
Treatment Plant Structures	2,709,413	88,983	-	2,798,396
Interceptor Structures	2,403,214	74,040	-	2,477,254
Pumping Station Structures	1,649,231	98,749	-	1,747,980
Pumping Station Equipment	1,107,673	163,488	-	1,271,161
General Equipment	139,043	150	(11,100)	128,093
Solids Handling Equipment	84,322	514	-	84,836
Communications Equip. - Collectors	<u>29,938</u>	<u>9,283</u>	<u>-</u>	<u>39,221</u>
	<u>11,620,344</u>	<u>517,487</u>	<u>(11,100)</u>	<u>12,126,731</u>
Construction in Progress	<u>-</u>	<u>8,811</u>	<u>-</u>	<u>8,811</u>
Net Capital Assets	<u>\$ 8,437,136</u>	<u>\$ (363,556)</u>	<u>\$ -</u>	<u>\$ 8,073,580</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets - Continued

	<u>Dec. 31, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec. 31, 2013</u>
Windham Wastewater:				
Operating Property, not being depreciated				
Land	\$ 129,656	\$ -	\$ -	\$ 129,656
Land Rights	<u>13,296</u>	<u>-</u>	<u>-</u>	<u>13,296</u>
	<u>142,952</u>	<u>-</u>	<u>-</u>	<u>142,952</u>
Operating Property, being depreciated				
Interceptor Structures	1,723,015	-	-	1,723,015
Pumping Station Structures	459,745	-	-	459,745
Pumping Station Equipment	335,307	-	-	335,307
Treatment Plant Structures	140,485	-	-	140,485
Treatment Plant Equipment	138,728	5,499	-	144,227
General Equipment	6,310	6,435	(315)	12,430
Solids Handling Equipment	<u>2,770</u>	<u>-</u>	<u>-</u>	<u>2,770</u>
	<u>2,806,360</u>	<u>11,934</u>	<u>(315)</u>	<u>2,817,979</u>
Total Operating Property	<u>2,949,312</u>	<u>11,934</u>	<u>(315)</u>	<u>2,960,931</u>
Less, accumulated depreciation for:				
Interceptor Structures	274,062	34,460	-	308,522
Treatment Plant Structures	155,488	2,920	-	158,408
Treatment Plant Equipment	106,729	2,802	-	109,531
Pumping Station Equipment	116,134	27,502	-	143,636
Pumping Station Structures	76,421	10,845	-	87,266
General Equipment	5,438	319	(315)	5,442
Solids Handling Equipment	<u>2,689</u>	<u>17</u>	<u>-</u>	<u>2,706</u>
	<u>736,961</u>	<u>78,865</u>	<u>(315)</u>	<u>815,511</u>
Construction in Progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Capital Assets	<u>\$ 2,212,351</u>	<u>\$ (66,931)</u>	<u>\$ -</u>	<u>\$ 2,145,420</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets - Continued

	<u>Dec. 31, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec. 31, 2013</u>
All Funds Combined:				
Operating Property, not being depreciated				
Land (Water)	\$ 3,235,138	\$ 6,614	\$ -	\$ 3,241,752
Land Rights (Water)	1,628,782	-	-	1,628,782
Land (Wastewater)	899,456	3,000	(6,463)	895,993
Land Rights (Wastewater)	638,335	-	-	638,335
Plant Acquisition Adjustment	223,189	-	(17,000)	206,189
Organization	173,472	-	-	173,472
Non-Utility Property	103,935	-	-	103,935
Franchises	26,161	-	-	26,161
Forestation of Land	16,318	-	-	16,318
Property Held for Future Use	<u>7,425</u>	<u>-</u>	<u>-</u>	<u>7,425</u>
	<u>6,952,211</u>	<u>9,614</u>	<u>(23,463)</u>	<u>6,938,362</u>
Operating Property, being depreciated				
Distribution Mains	138,213,871	4,915,131	(98,660)	143,030,342
Interceptor Structures	54,611,380	1,481,715	(775,581)	55,317,514
Treatment Plant Structures	43,896,025	24,608	-	43,920,633
Services	27,972,623	1,138,928	-	29,111,551
Structures & Improvements	25,912,631	96,455	-	26,009,086
Treatment Plant Equipment	24,005,099	463,238	-	24,468,337
Pumping Station Structures	18,023,842	614,444	(58,850)	18,579,436
Pumping Station Equipment	15,258,823	224,543	(39,298)	15,444,068
Transmission Mains	11,336,613	-	-	11,336,613
Reservoirs & Standpipes	11,000,595	89,946	-	11,090,541
Meters & Meter Installations	10,738,095	182,045	(80,941)	10,839,199
Water Treatment Equipment	10,668,832	54,822	-	10,723,654
Hydrants	8,593,197	449,636	(51,456)	8,991,377
Vehicles	2,907,329	315,171	(242,062)	2,980,438
Lake, River & Other Intakes	2,363,460	-	-	2,363,460
Pumping Equipment	1,574,291	-	-	1,574,291
Communication Equipment	1,461,244	34,244	-	1,495,488
Wells & Springs	989,249	-	-	989,249
Power Equipment	785,650	52,947	-	838,597
Office Furniture & Equipment	758,260	21,235	-	779,495
Communications Equip. - Collectors	670,802	-	-	670,802
Storm Drains	549,873	-	-	549,873
General Equipment	514,920	161,034	(70,625)	605,329
Solids Handling Equipment	435,217	-	-	435,217
Laboratory Equipment	130,504	-	-	130,504
Computer Equipment	381,037	27,789	-	408,826
Shop Equipment	254,788	-	-	254,788
Garage Equipment	232,652	-	-	232,652
Radio Equipment	160,562	-	-	160,562
Interceptor Equipment	76,474	-	-	76,474
Stores Equipment	39,253	-	-	39,253
Solids Handling Structures	<u>-</u>	<u>7,699</u>	<u>-</u>	<u>7,699</u>
	<u>414,517,191</u>	<u>10,355,630</u>	<u>(1,417,473)</u>	<u>423,455,348</u>
Total Operating Property	\$421,469,402	\$10,365,244	\$ (1,440,936)	\$430,393,710

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets - Continued

	<u>Dec. 31, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec. 31, 2013</u>
Less, accumulated depreciation for:				
Distribution Mains	\$ 35,824,173	\$ 1,948,894	\$ (54,582)	\$ 37,718,485
Interceptor Structures	28,685,482	1,074,325	(442,072)	29,317,735
Treatment Plant Structures	24,346,275	898,944	-	25,245,219
Treatment Plant Equipment	15,969,503	912,104	-	16,881,607
Services	14,930,376	587,537	-	15,517,913
Structures & Improvements	11,336,593	522,804	-	11,859,397
Pumping Station Structures	8,394,554	396,591	(45,299)	8,745,846
Pumping Station Equipment	8,188,342	737,619	(39,298)	8,886,663
Transmission Mains	6,312,904	153,441	-	6,466,345
Water Treatment Equipment	5,749,107	419,719	-	6,168,826
Reservoirs & Standpipes	3,899,009	198,511	-	4,097,520
Hydrant	2,996,915	176,312	(26,645)	3,146,582
Vehicles	1,929,790	290,234	(231,002)	1,989,022
Meters & Meter Installations	2,413,256	433,877	(9,301)	2,837,832
Lake, River & Other Intakes	1,700,864	24,905	-	1,725,769
Pumping Equipment	1,306,986	63,696	-	1,370,682
Communication Equipment	1,217,333	47,259	-	1,264,592
Power Equipment	551,221	42,138	-	593,359
Office Furniture & Equipment	513,311	23,580	-	536,891
General Equipment	495,222	11,472	(12,052)	494,642
Solids Handling Equipment	432,097	673	(718)	432,052
Communications Equip. - Collectors	341,605	53,589	(57,855)	337,339
Computer Equipment	254,156	46,968	-	301,124
Laboratory Equipment	77,879	6,191	-	84,070
Shop Equipment	247,249	3,691	-	250,940
Garage Equipment	207,546	4,717	-	212,263
Wells & Springs	88,015	19,643	-	107,658
Radio Equipment	96,934	10,653	-	107,587
Storm Drains	141,273	20,095	-	161,368
Interceptor Equipment	68,000	147	-	68,147
Stores Equipment	39,253	-	-	39,253
	-	77	-	77
	<u>178,755,223</u>	<u>9,130,406</u>	<u>(918,824)</u>	<u>186,966,805</u>
Construction in Progress	<u>1,527,821</u>	<u>10,763,495</u>	<u>(309,596)</u>	<u>11,981,720</u>
Net Capital Assets	<u>\$244,242,000</u>	<u>\$ 11,998,333</u>	<u>\$ (831,708)</u>	<u>\$255,408,625</u>

Depreciation expense was charged to the District's functions/funds as noted below. Please note that \$730,000 in the Water Fund was allocated as part of operating expense.

	<u>Charged</u>	<u>Allocated</u>	<u>Net</u>
Water	\$5,024,771	\$ (730,000)	\$4,294,771
Wastewater Funds:			
Cape Elizabeth	502,066	-	502,066
Cumberland	179,288	-	179,288
Gorham	411,172	-	411,172
Portland	2,416,757	-	2,416,757
Westbrook	517,487	-	517,487
Windham	78,865	-	78,865
Total	<u>\$9,130,406</u>	<u>\$ (730,000)</u>	<u>\$8,400,406</u>

NOTES TO FINANCIAL STATEMENTS**December 31, 2013****NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED****Long-Term Debt**

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

	Balance Jan 1, 2013	Additions	Reductions	Debt Forgiveness*	Balance Dec 31, 2013	Due within One year
General obligation bonds	<u>\$55,469,976</u>	<u>\$16,500,000</u>	<u>\$(4,687,281)</u>	<u>\$(150,000)</u>	<u>\$67,132,695</u>	<u>\$5,057,279</u>

*2013 Water fund bonds payable to the Maine Municipal Bond bank (MMBB) had a reduction in principal of \$150,000.

Long-term debt outstanding as of December 31, 2013, consisted of the following general obligation bonds:

Water Fund:

<u>Issue Date</u>	<u>Original Amount</u>	<u>Maturities Through</u>	<u>Interest Rate Range</u>	<u>Amount</u>	<u>Current</u>	<u>Non-Current</u>
Oct-94	\$7,000,000	2014	6.517%	\$ 350,000		
Jul-02	8,340,000	2014	4.00% to 5.00%	600,000		
Oct-05	900,000	2025	3.00% to 5.00%	540,000		
Oct-06	1,500,000	2026	3.00% to 6.00%	975,000		
Sep-07	10,000,000	2027	4.25%	7,180,000		
Oct-08	1,500,000	2028	2.075% to 5.575%	1,125,000		
Apr-09	1,598,500	2028	1.050%	1,198,875		
May-09	4,700,000	2029	2.080% to 5.580%	3,760,000		
Aug-09	4,254,094	2029	0%	2,392,853		
Aug-09	253,075	2029	0%	131,162		
May-10	500,000	2030	2.060% to 5.746%	425,000		
Nov-10	950,000	2030	1.00%	767,125		
Nov-11	2,300,000	2031	0.5% to 5.5%	2,070,000		
May-12	1,130,000	2032	1.00%	1,073,500		
Oct-12	2,000,000	2032	1.480% to 3.706%	1,900,000		
May-13	3,000,000	2032	1.00%	2,850,000		
May-13	1,428,000	2033	.600% to 3.700%	1,428,000		
Nov-13	8,000,000	2034	2.00% to 4.25%	8,000,000		
Nov-13	1,072,000	2033	1.07%	<u>1,072,000</u>		
				<u>\$37,838,515</u>	<u>\$2,734,301</u>	<u>\$35,104,214</u>

Cape Elizabeth Wastewater Fund:

<u>Issue Date</u>	<u>Original Amount</u>	<u>Maturities Through</u>	<u>Interest Rate Range</u>	<u>Amount</u>	<u>Current</u>	<u>Non-Current</u>
Oct-08	\$95,000	2028	2.075% to 5.575%	\$ 71,250		
Dec-11	2,700,000	2031	1.00%	2,187,000		
Oct-12	160,000	2032	1.480% to 3.706%	<u>152,000</u>		
				<u>\$2,410,250</u>	<u>\$134,250</u>	<u>\$2,276,000</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Long-Term Debt - Continued

Cumberland Wastewater Fund:

<u>Issue Date</u>	<u>Original Amount</u>	<u>Maturities Through</u>	<u>Interest Rate Range</u>	<u>Amount</u>	<u>Current</u>	<u>Non-Current</u>
Dec-06	\$125,000	2026	1.42%	\$81,250		
				<u>\$81,250</u>	<u>\$6,250</u>	<u>\$75,000</u>

Gorham Wastewater Fund:

<u>Issue Date</u>	<u>Original Amount</u>	<u>Maturities Through</u>	<u>Interest Rate Range</u>	<u>Amount</u>		
Apr-03	78,120	2022	1.80%	34,618		
Nov-03	73,185	2023	2.10%	36,439		
Dec-05	252,000	2025	1.63%	151,200		
Jul-07	146,000	2017	1.00%	58,400		
May-08	50,400	2028	2.00% to 5.50%	37,800		
Oct-08	474,672	2029	2.075% to 5.575%	379,738		
Jan-09	4,258,200	2028	1.440%	3,225,915		
Feb-09	253,481	2028	1.000%	190,106		
May-09	233,954	2029	2.080% to 5.580%	187,163		
Nov-10	52,360	2030	1.00%	<u>44,506</u>		
				<u>\$4,345,885</u>	<u>\$303,069</u>	<u>\$4,042,816</u>

Portland Wastewater Fund:

<u>Issue Date</u>	<u>Original Amount</u>	<u>Maturities Through</u>	<u>Interest Rate Range</u>	<u>Amount</u>		
May-96	900,000	2016	5.851% to 5.901%	135,000		
Oct-97	1,100,000	2017	5.38%	220,000		
Oct-01	2,785,000	2021	2.10%	1,114,000		
Nov-01	1,250,000	2021	2.10%	500,000		
Apr-03	1,615,500	2020	1.66%	623,512		
Apr-03	5,200,000	2022	1.80%	2,304,302		
Nov-03	1,230,000	2023	2.11%	606,850		
Nov-03	2,000,000	2023	2.11%	998,721		
Dec-04	2,115,000	2024	1.33%	1,163,250		
Dec-05	1,900,000	2025	1.63%	1,140,000		
Apr-09	5,700,000	2028	1.470%	4,214,910		
Nov-10	752,200	2030	1.00%	639,370		
Nov-11	400,000	2031	0.5% to 5.5%	360,000		
Nov-13	3,000,000	2033	3.00% to 4.00%	<u>3,000,000</u>		
				<u>\$17,019,915</u>	<u>\$1,502,354</u>	<u>\$15,517,561</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Long-Term Debt - Continued

Westbrook Wastewater Fund:

<u>Issue Date</u>	<u>Original Amount</u>	<u>Maturities Through</u>	<u>Interest Rate Range</u>	<u>Amount</u>		
Apr-03	\$284,208	2022	1.80%	\$ 125,942		
Nov-03	266,254	2023	2.10%	132,568		
Dec-05	1,316,800	2025	1.63%	790,080		
May-08	183,360	2028	2.00% to 5.50%	137,520		
Oct-08	2,384,641	2029	2.075% to 5.575%	1,907,713		
Feb-09	974,927	2028	1.00%	731,194		
Nov-10	113,220	2030	1.00%	96,237		
				<u>\$3,921,254</u>	<u>\$276,170</u>	<u>\$3,645,804</u>

Windham Wastewater Fund:

<u>Issue Date</u>	<u>Original Amount</u>	<u>Maturities Through</u>	<u>Interest Rate Range</u>	<u>Amount</u>		
Apr-03	\$9,672	2022	1.80%	\$ 4,286		
Nov-03	9,061	2023	2.10%	4,511		
Dec-05	31,200	2025	1.63%	18,720		
May-08	6,240	2028	2.00% to 5.50%	4,680		
Oct-08	40,687	2029	2.075% to 5.575%	32,550		
Jan-09	1,681,800	2028	1.44%	1,274,085		
Feb-09	21,592	2028	1.00%	16,200		
May-09	196,045	2029	2.080% to 5.580%	156,837		
Nov-10	4,420	2030	1.00%	3,757		
				<u>\$1,515,626</u>	<u>\$100,885</u>	<u>\$1,414,741</u>

Total Long Term Debt	\$67,132,695
Less Current Portion	<u>5,057,279</u>
Total Long Term Portion of Debt	<u>\$62,075,416</u>

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

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Long-Term Debt - Continued

Principal Payments Due:

-----WASTEWATER SYSTEMS-----									
	WATER	CAPE ELIZABETH	CUMBERLAND	FALMOUTH	GORHAM	PORTLAND	WESTBROOK	WINDHAM	TOTAL
2014	\$ 2,734,301	\$ 134,250	\$ 6,250	\$ -	\$ 303,069	\$ 1,502,354	\$ 276,170	\$ 100,885	\$5,057,279
2015	2,199,301	134,250	6,250	-	303,069	1,502,354	276,170	100,885	4,522,279
2016	2,179,301	134,250	6,250	-	303,069	1,502,354	276,170	100,885	4,502,279
2017	2,194,301	134,250	6,250	-	303,069	1,457,354	276,170	100,885	4,472,279
2018	2,209,301	134,250	6,250	-	288,469	1,402,109	276,170	100,885	4,417,434
2019 - 2023	10,966,505	671,250	31,250	-	1,437,751	6,029,399	1,364,132	503,857	21,004,144
2024 - 2028	10,226,505	671,250	18,750	-	1,366,720	2,738,770	1,045,717	495,063	16,562,775
2029 - 2033	4,729,000	396,500	-	-	40,669	885,221	130,555	12,281	6,194,226
2034 - 2038	400,000	-	-	-	-	-	-	-	400,000
	<u>\$37,838,515</u>	<u>\$ 2,410,250</u>	<u>\$ 81,250</u>	<u>\$ -</u>	<u>\$ 4,345,885</u>	<u>\$17,019,915</u>	<u>\$ 3,921,254</u>	<u>\$ 1,515,626</u>	<u>\$67,132,695</u>

Interest Due:

-----WASTEWATER SYSTEMS-----									
	WATER	CAPE ELIZABETH	CUMBERLAND	FALMOUTH	GORHAM	PORTLAND	WESTBROOK	WINDHAM	TOTAL
2014	\$ 1,111,316	\$ 29,611	\$ 1,154	\$ -	\$ 80,697	\$ 319,398	\$ 126,543	\$ 26,821	\$ 1,695,540
2015	1,025,846	27,957	1,065	-	76,063	293,360	121,218	25,281	1,570,790
2016	967,747	26,294	976	-	70,725	264,275	112,335	23,681	1,466,033
2017	911,214	24,623	888	-	65,361	236,379	103,375	22,077	1,363,917
2018	845,371	23,004	799	-	59,609	209,583	94,475	20,134	1,252,975
2019 - 2023	3,219,837	91,935	2,663	-	219,613	697,217	364,949	72,516	4,668,730
2024 - 2028	1,647,653	49,834	533	-	84,513	315,659	149,305	27,102	2,274,599
2029 - 2033	465,178	10,135	-	-	1,645	88,328	6,817	324	572,427
2034 - 2038	16,600	-	-	-	-	-	-	-	16,600
	<u>\$10,210,762</u>	<u>\$ 283,393</u>	<u>\$ 8,078</u>	<u>\$ -</u>	<u>\$ 658,226</u>	<u>\$ 2,424,199</u>	<u>\$ 1,079,017</u>	<u>\$ 217,936</u>	<u>\$14,881,611</u>

Total Debt Service Due:

-----WASTEWATER SYSTEMS-----									
	WATER	CAPE ELIZABETH	CUMBERLAND	FALMOUTH	GORHAM	PORTLAND	WESTBROOK	WINDHAM	TOTAL
2014	\$ 3,845,617	\$ 163,861	\$ 7,404	\$ -	\$ 383,766	\$ 1,821,752	\$ 402,713	\$ 127,706	\$ 6,752,819
2015	3,225,147	162,207	7,315	-	379,132	1,795,714	397,388	126,166	6,093,069
2016	3,147,048	160,544	7,226	-	373,794	1,766,629	388,505	124,566	5,968,312
2017	3,105,515	158,873	7,138	-	368,430	1,693,733	379,545	122,962	5,836,196
2018	3,054,672	157,254	7,049	-	348,078	1,611,692	370,645	121,019	5,670,409
2019 - 2023	14,186,342	763,185	33,913	-	1,657,364	6,726,616	1,729,081	576,373	25,672,874
2024 - 2028	11,874,158	721,084	19,283	-	1,451,233	3,054,429	1,195,022	522,165	18,837,374
2029 - 2033	5,194,178	406,635	-	-	42,314	973,549	137,372	12,605	6,766,653
2034 - 2038	416,600	-	-	-	-	-	-	-	416,600
	<u>\$48,049,277</u>	<u>\$ 2,693,643</u>	<u>\$ 89,328</u>	<u>\$ -</u>	<u>\$ 5,004,111</u>	<u>\$ 19,444,114</u>	<u>\$ 5,000,271</u>	<u>\$ 1,733,562</u>	<u>\$82,014,306</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Notes Payable

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

Windham Wastewater Funds:

	<u>Dec. 31, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec. 31, 2013</u>	<u>Current</u>
Windham Wastewater 2008	\$ <u>211,840</u>	\$ <u>-</u>	\$ <u>(13,240)</u>	\$ <u>198,600</u>	\$ <u>13,240</u>
	\$ <u>211,840</u>	\$ <u>-</u>	\$ <u>(13,240)</u>	\$ <u>198,600</u>	\$ <u>13,240</u>
			<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014			\$ 13,240	\$ 8,728	\$ 21,968
2015			13,240	8,147	21,387
2016			13,240	7,565	20,805
2017			13,240	6,983	20,223
2018			13,240	6,401	19,641
2019 - 2023			66,200	23,276	89,476
2024 - 2028			<u>66,200</u>	<u>8,728</u>	<u>74,928</u>
			\$ <u>198,600</u>	\$ <u>69,828</u>	\$ <u>268,428</u>

Compensated Absences

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

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

	<u>Dec. 31, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec. 31, 2013</u>
Sick	\$ 793,811	\$ 52,095	\$ (33,056)	\$ 812,850
Vacation	<u>617,264</u>	<u>666,822</u>	<u>(674,578)</u>	<u>609,508</u>
	\$ <u>1,411,075</u>	\$ <u>718,917</u>	\$ <u>(707,634)</u>	\$ <u>1,422,358</u>
		<u>Current</u>	<u>Non-Current</u>	<u>Total</u>
Sick		\$ 189,533	\$ 623,317	\$ 812,850
Vacation		<u>458,358</u>	<u>151,150</u>	<u>609,508</u>
		\$ <u>647,891</u>	\$ <u>774,467</u>	\$ <u>1,422,358</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 4 - OTHER INFORMATION

Risk Management

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

Commitments and Contingencies

At December 31, 2013, the District was committed on signed but incomplete construction contracts for the water and wastewater funds with a remaining balance of \$2,643,767.

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

The City of Portland submitted an updated plan in 2011. This 15-year plan was estimated to cost \$167 million, including approximately \$45 million of projects to be completed by the District towards the end of the plan. The City of Westbrook and the District submitted an updated plan in 2008. The 10-year plan is currently estimated to cost \$22 million and calls for District capital costs of \$302,000 for 2011 to 2014 and for \$5.7 million in capital costs from 2015 to 2019. The Westbrook plan will be updated in 2014 as part of the required periodic review.

The Town of Cape Elizabeth, the City of South Portland and the District submitted a draft plan in 2011. Because the combined sewer overflow is impacted by flow from the City of South Portland, the City of South Portland is also a party to the agreement. The five-year plan is expected to cost \$2,362,000, with the bulk of that cost being the responsibility of the Town of Cape Elizabeth and City of South Portland. The plan was accepted by the Department of Environmental Protection and finalized following a number of public hearings in each community. Work on the plan will commence in 2014.

The Town of Falmouth provides wastewater treatment services to the Cumberland Wastewater fund. In 2007, the Town issued a 20-year bond to finance an upgrade at their treatment plant. The District agreed that the Cumberland Wastewater fund would pay 30% of the debt service payments. As of December 31, 2013, the total remaining debt payments that will be made by the Cumberland Wastewater fund was \$1,832,935.

The District has contracts with Constellation NewEnergy to supply electricity. Contracts for large and medium accounts are in place through the end of 2016, contracts for small accounts run through May 2014. Energy and related charges fixed for the contract term for all facilities except the Water Treatment plant; that plant's charges are fixed through December 1, 2014. The estimated cost of electricity in 2014 is \$1,120,127.

Effective January 2006, Portland Water District entered into a long-term biosolids management agreement with New England Organics, Inc. (NEO). This agreement provides that NEO will provide for the transportation and processing of wastewater treatment plant residual called biosolids for a period of five years from the contract date. At the end of 2010, the District exercised its sole option to extend the agreement for an additional five years through the end of 2015. In addition, there are two additional five-year mutual extension options. It is estimated that payments of approximately \$1,298,503 will be made to NEO in 2014.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 4 - OTHER INFORMATION - CONTINUED

Trustee Held Funds

During 2011, 2012 and 2013, the District issued permanent financing in both the Water and the Wastewater Funds listed below. The majority of the dollars for these issues were received; however, as of December 31, 2013, some costs were incurred by the District but the dollars were still being held, the issuer is awaiting the District's request for final payout.

	<u>Dec. 31, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec. 31, 2013</u>
Water	\$ 221,598	\$ 1,072,000	\$(221,598)	\$ 1,072,000
Cape Elizabeth	<u>137,272</u>	<u>-</u>	<u>(137,272)</u>	<u>-</u>
Total	\$ <u>358,870</u>	\$ <u>1,072,000</u>	\$ <u>(358,870)</u>	\$ <u>1,072,000</u>

Pension Plans

Plan Descriptions. Portland Water District contributes to the District's non-bargaining unit employees' pension plan and the District's bargaining unit employees' pension plan. Both are single-employer defined benefit pension plans. No employee contributions are required by the plans. Both plans are administered through Key Bank of Maine.

Membership in the respective plans as of July 1, 2011 is as follows:

	<u>Bargaining Unit</u>	<u>Non-Bargaining Unit</u>
Active employees included in plan	88	38
Retired employees and beneficiaries	64	38
Terminated employees with vested rights	<u>55</u>	<u>19</u>
	<u>207</u>	<u>95</u>

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

Participation in the plan was closed to the Bargaining Unit employees hired after December 31, 2010 and Non-Bargaining Unit employees hired after December 31, 2011.

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

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

Early retirement is available at a reduced rate.

Survivor benefits are available with restrictions.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 4 - OTHER INFORMATION - CONTINUED

Bargaining Unit Participants: Effective December 1, 2008, the monthly pension benefit is computed based on a \$34 rate for pay grades A through E and a \$35 rate for employees in pay grades F through L. Those dollars are multiplied by the number of creditable years of continuous service with Portland Water District, to a maximum of forty-five years. The maximum monthly benefit is \$1,530 for employees in pay grades A through E and \$1,575 for employees in pay grades F through L.

Early retirement is available at a reduced rate for those participants who have not reached the age of sixty-two and have not fulfilled thirty years of service. The full retirement benefit may be received at age sixty-two with thirty or more years of continuous service.

Survivor benefits are available with restrictions.

The authority to establish and amend benefit provisions for both plans rests with the Board of Trustees of the District.

A stand-alone report is not issued for either of the plans. The assets in the plans' pension funds are presented as fiduciary funds on the accompanying financial statements.

As of December 31, 2010 and December 31, 2011, the Trustees of the District elected to freeze eligibility for newly hired bargaining unit and non-bargaining unit participants, respectively. Those individuals will now receive a contribution to the deferred compensation plan (see Defined Compensation Plan).

Funding Policy: The District is required to contribute at an actuarially determined rate to the plans. No employee contributions are required by the plans.

Administrative Expenses: All administrative expenses are paid by the District and allocated to the individual funds. Such expenses were \$118,496 for the year ended December 31, 2013.

Annual Pension Cost and Net Pension Obligation. The annual pension cost and the net pension obligation for the plans for the current year are as follows:

	Bargaining Unit	Non- Bargaining Unit
Annual required contribution	\$ <u>454,000</u>	\$ <u>314,055</u>
Annual pension cost	454,000	314,055
Contributions made	<u>(546,833)</u>	<u>(314,055)</u>
Change in net pension obligation	(92,833)	-
Net pension obligation (prepayment) January 01, 2013	<u>(92,833)</u>	-
Net pension obligation (prepayment) December 31, 2013	\$ <u><u>(185,666)</u></u>	\$ <u><u>-</u></u>

The annual required contribution for the current year was determined as part of the July 1, 2011 actuarial valuation. For the Bargaining Unit, the District chose to make a contribution in excess of the requirement. The District also chose not to account for this excess as a prepaid expense on the Statement of Net Position. Additional information related to actuarial methods and assumptions and employer contributions can be found in schedules of employer contributions.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 4 - OTHER INFORMATION - CONTINUED

Three-Year Trend Information:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percent of APC Contributed</u>	<u>Net Pension Obligation</u>
Bargaining Unit:			
December 31, 2013	\$454,000	120.45%	0
December 31, 2012	\$454,000	120.45%	0
December 31, 2011	\$492,559	100%	0
Non-Bargaining Unit:			
December 31, 2013	\$314,055	100%	0
December 31, 2012	\$314,055	100%	0
December 31, 2011	\$418,329	100%	0

Additional information as of the latest actuarial valuation follows:

	<u>Bargaining Unit</u>	<u>Non-Bargaining Unit</u>
Valuation date	July 1, 2011	July 1, 2011
Actuarial cost method	Entry age	Entry age
Amortization method	30 years, level dollar, closed	30 years, level dollar, closed
Remaining amortization period	30 years	30 years
Asset valuation method	Average of book value and market value on valuation date plus any accrued but unpaid contributions attributable to prior plan year adjusted to within 20% of market value.	Average of book value and market value on valuation date plus any accrued but unpaid contributions attributable to prior plan year adjusted to within 20% of market value.
Actuarial assumptions:		
Investment rate of return	7.5%	7.5%
Projected salary increases	4.5%	4.5%
Inflation rate	4.5%	4.5%

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 4 - OTHER INFORMATION - CONTINUED

Pension Plans:

Combining Statement of Fiduciary Net Position, December 31, 2013

	<u>Bargaining Unit</u>	<u>Non-Bargaining Unit</u>	<u>Total Pension</u>
Cash and cash equivalents	\$ <u>188,482</u>	\$ <u>189,985</u>	\$ <u>378,467</u>
Investments			
Equity mutual funds	5,253,497	5,208,493	10,461,990
Common stock	1,623,031	1,622,565	3,245,596
Fixed income - mutual funds	<u>1,579,658</u>	<u>1,589,273</u>	<u>3,168,931</u>
	<u>8,456,186</u>	<u>8,420,331</u>	<u>16,876,517</u>
Interest receivable	<u>878</u>	<u>946</u>	<u>1,824</u>
Total Assets	\$ <u>8,645,546</u>	\$ <u>8,611,262</u>	\$ <u>17,256,808</u>
Held in trust for pension benefits	<u>8,645,546</u>	<u>8,611,262</u>	<u>17,256,808</u>
Net Position	\$ <u>8,645,546</u>	\$ <u>8,611,262</u>	\$ <u>17,256,808</u>

Combining Statement of Fiduciary Net Position, December 31, 2013

	<u>Bargaining Unit</u>	<u>Non-Bargaining Unit</u>	<u>Total Pension</u>
Additions:			
Employer Contributions	\$ <u>546,833</u>	\$ <u>314,055</u>	\$ <u>860,888</u>
Investment Income			
Net appreciation of investments	301,689	277,816	579,505
Net gain on sale of assets	744,365	732,638	1,477,003
Interest and dividends	<u>288,004</u>	<u>295,528</u>	<u>583,532</u>
Net Investment Income	<u>1,334,058</u>	<u>1,305,982</u>	<u>2,640,040</u>
Total Additions	<u>1,880,891</u>	<u>1,620,037</u>	<u>3,500,928</u>
Deductions:			
Benefits	<u>(449,564)</u>	<u>(563,430)</u>	<u>(1,012,994)</u>
Total Deductions	<u>(449,564)</u>	<u>(563,430)</u>	<u>(1,012,994)</u>
Net Increase in Plan Year Assets	1,431,327	1,056,607	2,487,934
Net Position - Beginning of Year	<u>7,214,219</u>	<u>7,554,655</u>	<u>14,768,874</u>
Net Position - End of Year	\$ <u>8,645,546</u>	\$ <u>8,611,262</u>	\$ <u>17,256,808</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 4 - OTHER INFORMATION - CONTINUED

Deferred Compensation Plan

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

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

For Bargaining Unit employees hired after December 31, 2010 and Non-Bargaining Unit employees hired after December 31, 2011, the plan is mandatory. Employees are required to contribute 3.0% of their regular wages to the plan while the District matches those contributions at a rate of 150%.

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

Other Postemployment Benefits (OPEB) - Healthcare Benefits

Plan Description: The District offers medical benefits to retirees and dependents before Medicare eligibility through a single-employer plan. Before Medicare eligibility, early retirees are covered under the plan and are required to contribute 100% of the premium charged by the current insurance provider for active employees. This premium does not represent the full cost of early retiree coverage, and thus creates a liability under GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. All employees are eligible upon retirement.

As of the last valuation date, July 1, 2013, nine current retirees were participating in the plan and 178 current employees are eligible to participate in the plan if they chose to retire early.

Funding Policy: Retirees pay 100% of the premium charged by a private insurance company for active employees. The District's portion of premium is paid on a pay-as-you-go basis. Postemployment expenditures are made from the operating fund. No funds are set aside to pay benefits or administration costs. These expenditures are paid as they come due.

Annual OPEB Costs and Net OPEB Obligation: The District's OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize the unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual required contribution	\$ 34,327
Interest on net OPEB obligation	3,110
Adjustment to annual required contribution	<u>(4,409)</u>
Annual OPEB cost (expense)	33,028
Contributions made	<u>(10,477)</u>
Increase in net OPEB obligation	22,551
Net OPEB obligation – beginning of year	<u>77,748</u>
Net OPEB obligation – end of year	<u>\$ 100,299</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 4 - OTHER INFORMATION - CONTINUED

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the previous three years was as follows:

<u>Year Ended December 31,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2011	\$33,516	30.50%	\$ 62,190
2012	\$32,172	51.64%	\$ 77,748
2013	\$33,028	31.72%	\$100,299

The net OPEB obligation is included in accounts payable and accrued payroll in the accompanying financial statements.

Funded Status and Funding Progress: As of July 1, 2013, the most recent actuarial valuation date, the plan was not funded. The unfunded actuarial accrued liability (UAAL) was \$308,042.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility, in actuarial accrued liabilities and the actuarial value of assets that are consistent with the long-term perspective of the calculations.

In the July 1, 2013 actuarial valuation, the Entry Age Actuarial Cost method was used. The significant assumptions include the following items:

Inflation rate:	3% per year
Investment return:	3% per year
Healthcare cost trend:	Society of Actuaries Getzen Model, an average of 6.2% annually through 2070
Amortization period:	Closed Amortization ending in 2030
Incidence of retirement:	16.5% at 62, 10.0% at 63 & 64, 100.0% at 65

Restatement of Net Position

In March 2012, the GASB issued Statement No. 65, which was implemented during the year ended December 31, 2013. This statement established accounting and financial reporting standards that reclassify certain bond issuance costs as expenses that were previously reported as assets. The effect on the change in net position for December 31, 2012 was a decrease of \$160,600 from \$212,445,283 to \$212,284,683.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 4 - OTHER INFORMATION - CONTINUED

Subsequent Events

On February 7, 2014 the District made an application with the Maine Public Utilities Commission for an average 2.9% water rate increase that would generate additional revenue of \$599,638. As of the date of this report, this request has been granted and the new rates will go into effect on May 1, 2014.

On February 24, 2014 the District's Board of Trustees approved Resolution 14-002 which authorized the issuance of up to \$5.0 million in bonds for the Water fund to finance the installation and renewal of water mains and related infrastructure. The total estimated cost over the 20-year life of these bonds is \$7,238,750.

On April 1, 2014, the upgrade of the District's primary water treatment facility became fully operational. At year-end 2013, this project was on the Statement of Net Assets in Construction Work in Progress for \$10.16 million and Preliminary Surveys for \$1.24 million. These items, along with additions costs incurred in 2014, will be capitalized and added to Utility Property in 2014.

REQUIRED SUPPLEMENTARY INFORMATION**December 31, 2013****Schedules of Funding Progress for the Pension Plan (Unaudited)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UUAL) or Funding Excess (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL or Funding Excess as Percentage of Covered Payroll ((b-a)/c)
Bargaining Unit						
January 1, 1992	\$ 1,859,945	\$ 1,817,714	\$ (42,231)	102.3%	\$ 2,900,000	(1.5%)
January 1, 1994	2,040,780	2,321,365 *	280,585	87.9%	3,193,688	8.8%
January 1, 1996	2,461,677	2,927,789	466,112	84.1%	3,816,891	12.2%
January 1, 1998	3,750,057	3,429,477	(320,580)	109.3%	3,808,272	(8.4%)
January 1, 2000	3,770,009	3,998,462	228,453	94.3%	3,708,822	6.2%
January 1, 2002	4,010,914	4,741,223	730,309	84.6%	3,456,092	21.1%
July 1, 2003	3,592,501	5,124,911 *	1,532,410	70.1%	3,516,178	43.6%
July 1, 2005	4,216,602	6,888,782 *	2,672,180	61.2%	3,437,976	77.7%
July 1, 2007	4,964,909	7,609,962	2,645,053	65.2%	3,388,359	78.1%
July 1, 2009	4,846,624	8,693,028	3,846,404	55.8%	3,682,582	104.4%
July 1, 2011	6,365,311	9,674,611	3,309,300	65.8%	3,834,342	86.3%
July 1, 2013	7,400,453	10,928,212	3,527,759	67.7%	4,027,691	87.6%
Non-bargaining Unit						
January 1, 1992	\$ 3,179,675	\$ 3,352,709	\$ 173,034	94.8%	\$ 1,602,859	10.8%
January 1, 1994	3,674,670	3,876,433 *	201,763	94.8%	1,781,638	11.3%
January 1, 1996	4,155,851	4,344,141	188,290	95.7%	1,904,809	9.9%
January 1, 1998	5,890,794	4,634,914	(1,255,880)	127.1%	1,699,477	(73.9%)
January 1, 2000	5,827,602	4,705,148	(1,122,454)	123.9%	1,628,120	(68.9%)
January 1, 2002	6,015,881	4,779,628	(1,236,253)	125.9%	1,573,440	(78.6%)
July 1, 2003	4,983,189	5,302,493 *	319,304	94.0%	1,845,692	17.3%
July 1, 2005	5,665,157	6,212,560 *	547,403	91.2%	2,100,499	26.0%
July 1, 2007	6,223,176	6,955,659	732,483	89.5%	2,688,545	41.6%
July 1, 2009	5,630,550	7,758,852	2,128,302	72.6%	2,715,239	78.4%
July 1, 2011	7,015,793	8,125,868	1,110,075	86.3%	2,643,171	42.0%
July 1, 2013	7,439,882	9,415,267	1,975,385	79.0%	2,830,116	69.8%

* Reflects changes in actuarial assumptions.

REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED

December 31, 2013

Schedules of Employer Contributions (Unaudited)

<u>Non-bargaining Unit</u>			<u>Bargaining Unit</u>	
<u>Year Ended December 31,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
1998	\$ 7,564	100.00%	\$ 66,828	100.00%
1999	7,564	100.00%	66,828	100.00%
2000	15,310	100.00%	111,576	100.00%
2001	15,310	100.00%	111,576	100.00%
2002	0	100.00%	157,478	100.00%
2003	0	100.00%	157,478	100.00%
2004	150,017	100.00%	241,002	100.00%
2005	150,017	100.00%	241,002	100.00%
2006	197,862	100.00%	357,993	100.00%
2007	197,862	100.00%	357,993	100.00%
2008	255,322	100.00%	373,960	100.00%
2009	255,322	100.00%	373,960	100.00%
2010	418,329	100.00%	492,559	100.00%
2011	418,329	100.00%	492,559	100.00%
2012	454,000	120.45%	314,055	100.00%
2013	454,000	120.45%	314,055	100.00%

Schedules of Funding Progress for the OPEB Plan (Unaudited)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) – Entry Age (b)</u>	<u>Unfunded AAL (UUAL) or Funding Excess (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL or Funding Excess as Percentage of Covered Payroll ((b-a)/c)</u>
July 1, 2007	\$0	\$366,339	\$366,339	0%	N/A	N/A
July 1, 2011	\$0	\$351,110	\$351,110	0%	N/A	N/A
July 1, 2013	\$0	\$308,042	\$308,042	0%	N/A	N/A

This page was intentionally left blank.



Statistics

This section of the Portland Water District's comprehensive annual financial report presents detailed information as a context for understanding the financial statements and note disclosures and the District's overall financial health.

Financial Trends - Pages 65 to 67

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

NET ASSETS BY COMPONENT

Last Ten Fiscal Years

Fiscal Year	Invested in capital assets	Unrestricted	TOTAL NET ASSETS
2004	\$164,713,524	\$17,712,049	\$182,425,573
2005	\$168,636,202	\$19,407,259	\$188,043,461
2006	\$175,404,104	\$16,308,134	\$191,712,238
2007	\$179,262,070	\$14,292,965	\$193,555,035
2008	\$183,839,125	\$11,539,149	\$195,378,274
2009	\$181,936,912	\$17,133,597	\$199,070,509
2010	\$185,767,265	\$19,019,546	\$204,786,811
2011	\$186,673,502	\$21,088,636	\$207,762,138
2012	\$188,919,054	\$23,526,229	\$212,445,283
2013	\$189,149,330	\$26,344,638	\$215,493,968

CHANGE IN NET ASSETS

Last Ten Fiscal Years

Fiscal Year	Operating Revenue	Operating Expense	Operating Income	Non-Operating Income (Expense)	Income Before Contributions	Total Contributions	Change in Net Assets
2004	\$30,475,083	\$27,397,217	\$3,077,866	(\$1,755,081)	\$1,322,785	\$3,569,659	\$4,892,444
2005	\$31,005,647	\$28,433,303	\$2,572,344	(\$650,240)	\$1,922,104	\$3,695,786	\$5,617,890
2006	\$30,602,726	\$28,966,966	\$1,635,760	(\$1,145,314)	\$490,446	\$3,178,329	\$3,668,775
2007	\$32,553,341	\$30,444,264	\$2,109,077	(\$1,463,036)	\$646,041	\$1,196,757	\$1,842,798
2008	\$33,697,678	\$32,334,970	\$1,362,708	(\$1,885,760)	(\$523,052)	\$2,346,290	\$1,823,238
2009	\$35,029,261	\$32,881,044	\$2,148,217	(\$1,919,818)	\$228,399	\$3,463,836	\$3,692,235
2010	\$36,846,240	\$32,866,955	\$3,979,285	(\$1,466,023)	\$2,513,262	\$3,203,040	\$5,716,302
2011	\$36,724,183	\$33,465,791	\$3,258,392	(\$1,552,159)	\$1,706,233	\$1,269,094	\$2,975,327
2012	\$37,306,198	\$33,731,246	\$3,574,952	(\$1,397,281)	\$2,177,671	\$2,505,474	\$4,683,145
2013	\$37,147,486	\$34,301,284	\$2,846,202	(\$1,934,940)	\$911,262	\$2,298,022	\$3,209,285

OPERATING REVENUES BY SOURCE

Last Ten Fiscal Years

Fiscal Year	Water Metered Residential	Water Metered Non-Residential	Public Fire Charges	Private Fire Charges	Wastewater Assessments	Other Operating Revenue**	TOTAL OPERATING REVENUE
2004	\$10,597,429	\$4,886,186	\$978,035	\$622,838	\$12,732,532	\$658,063	\$30,475,083
2005	\$10,532,223	\$4,899,338	\$978,070	\$673,456	\$13,229,675	\$692,885	\$31,005,647
2006	\$10,371,056	\$4,732,070	\$978,070	\$699,708	\$13,142,720	\$679,103	\$30,602,726
2007	\$10,951,171	\$5,059,683	\$1,091,964	\$709,731	\$14,050,392	\$690,401	\$32,553,342
2008	\$11,102,986	\$5,336,185	\$1,091,964	\$728,885	\$14,719,748	\$717,910	\$33,697,678
2009	\$11,380,762	\$5,469,604	\$1,124,781	\$767,447	\$15,440,535	\$846,131	\$35,029,261
2010	\$12,162,204	\$5,966,501	\$1,151,027	\$789,395	\$16,215,680	\$561,433	\$36,846,240
2011	\$12,170,613	\$5,955,791	\$1,178,853	\$820,766	\$16,100,680	\$497,480	\$36,724,183
2012	\$12,163,820	\$6,036,646	\$1,187,433	\$832,535	\$16,530,792	\$554,972	\$37,306,198
2013	\$12,190,427	\$5,960,214	\$1,198,678	\$843,912	\$16,388,476	\$565,779	\$37,147,486

** Other Operating Revenue includes septage disposal fees and late/interest charges.

OPERATING EXPENSES

Last Ten Fiscal Years

Fiscal Year	Salaries/ Wages	Depreciation	Employee Benefits	Contracted Services	Purchased Power	Materials/ Supplies	Biosolids Disposal	Chemicals	Other Expenses*	TOTAL
2004	\$8,129,986	\$6,764,810	\$2,705,070	\$2,309,187	\$1,706,820	\$1,257,179	\$1,665,576	\$706,578	\$2,152,011	\$27,397,217
2005	\$8,254,053	\$6,971,576	\$2,795,379	\$2,152,859	\$1,876,476	\$1,372,496	\$1,517,109	\$823,402	\$2,669,954	\$28,433,304
2006	\$8,486,143	\$7,190,433	\$2,977,171	\$2,397,044	\$1,888,524	\$1,474,247	\$1,233,277	\$730,126	\$2,590,001	\$28,966,966
2007	\$8,953,895	\$7,612,053	\$3,178,006	\$2,820,287	\$1,939,217	\$1,417,436	\$1,206,539	\$749,145	\$2,567,686	\$30,444,264
2008	\$9,226,435	\$7,781,136	\$3,632,785	\$2,780,897	\$2,195,133	\$1,689,997	\$1,367,086	\$982,172	\$2,679,329	\$32,334,970
2009	\$9,365,350	\$8,013,190	\$3,442,520	\$2,847,314	\$2,227,075	\$1,512,834	\$1,456,767	\$1,170,158	\$2,845,836	\$32,881,044
2010	\$9,066,705	\$8,234,571	\$3,924,408	\$2,883,778	\$2,330,548	\$1,320,100	\$1,244,405	\$904,444	\$2,660,996	\$32,569,955
2011	\$9,268,982	\$8,286,124	\$4,293,696	\$3,089,153	\$2,348,734	\$1,389,315	\$1,237,173	\$817,722	\$2,734,892	\$33,465,791
2012	\$9,476,819	\$8,236,258	\$4,390,669	\$3,511,719	\$1,871,944	\$1,508,787	\$1,174,262	\$980,640	\$2,580,148	\$33,731,246
2013	\$9,580,869	\$8,400,409	\$4,625,209	\$3,425,181	\$1,879,630	\$1,587,846	\$1,351,703	\$967,730	\$2,482,707	\$34,301,285

* Other Expenses include Transportation, Heat/Fuel Oil, Telephone and other Utilities, Insurance, Regulatory costs.

NON-OPERATING REVENUES (EXPENSES)

Last Ten Fiscal Years

Fiscal Year	Interest Income	Miscellaneous Income*	Gain on Sale of Operating Property	Interest & Amortization Expense	TOTAL
2004	\$288,255	\$29,184	(\$127,335)	(\$1,945,185)	(\$1,755,081)
2005	\$622,890	\$94,956	\$394,030	(\$1,762,116)	(\$650,240)
2006	\$833,223	\$8,956	(\$313,823)	(\$1,673,670)	(\$1,145,314)
2007	\$846,446	\$156,201	(\$822,377)	(\$1,643,306)	(\$1,463,036)
2008	\$458,176	\$207,243	(\$678,762)	(\$1,872,417)	(\$1,885,760)
2009	\$237,394	\$201,551	(\$280,429)	(\$2,078,334)	(\$1,919,818)
2010	\$139,706	\$437,917	(\$220,607)	(\$1,823,039)	(\$1,466,023)
2011	\$95,787	\$101,642	(\$98,559)	(\$1,651,029)	(\$1,552,159)
2012	\$83,934	\$17,195	\$63,690	(\$1,562,100)	(\$1,397,281)
2013	\$73,027	\$24,840	(\$409,482)	(\$1,623,325)	(\$1,934,940)

* Miscellaneous Income includes jobbing revenue and grant monies.

ANNUAL CONTRIBUTIONS BY SOURCE

Last Ten Fiscal Years

Fiscal Year	Water						TOTAL
	Distribution Mains	Water Services	Hydrants	Water Meters	Other Water	Wastewater Equipment	
2004	\$2,822,766	\$286,441	\$207,952	\$82,500	\$0	\$170,000	\$3,569,659
2005	\$2,809,976	\$385,646	\$221,770	\$169,715	\$0	\$108,679	\$3,695,786
2006	\$2,484,722	\$378,428	\$141,909	\$173,270	\$0	\$0	\$3,178,329
2007	\$890,336	\$181,796	\$66,984	\$47,641	\$0	\$10,000	\$1,196,757
2008	\$1,493,781	\$152,947	\$133,762	\$60,380	\$256,421	\$248,999	\$2,346,290
2009	\$2,690,847	\$281,103	\$146,501	\$48,968	\$104,016	\$192,400	\$3,463,836
2010	\$2,036,773	\$289,986	\$135,836	\$123,564	\$11,400	\$605,480	\$3,203,039
2011	\$639,195	\$102,497	\$47,289	\$75,113	\$0	\$405,000	\$1,269,094
2012	\$1,735,559	\$199,772	\$92,940	\$92,750	\$46,334	\$284,965	\$2,452,320
2013	\$1,160,992	\$181,880	\$121,193	\$58,418	\$0	\$775,538	\$2,298,022

WATER PRODUCED AND CONSUMED

Last Ten Fiscal Years

Fiscal Year	Gallons of Water Produced	Gallons of Water Consumed	Gallons of Water Unbilled*	Average Percent Unbilled
2004	8,714,657	6,876,805	1,837,852	21.1%
2005	8,542,551	6,863,209	1,679,342	19.7%
2006	8,174,253	6,698,341	1,475,912	18.1%
2007	8,201,140	6,667,284	1,533,856	18.7%
2008	7,961,955	6,442,186	1,519,769	19.1%
2009	7,430,388	6,338,800	1,091,588	14.7%
2010	8,022,997	6,777,344	1,245,653	15.5%
2011	7,673,583	6,465,814	1,207,769	15.7%
2012	7,950,235	6,481,135	1,469,100	18.5%
2013	7,954,573	6,417,923	1,536,650	19.3%

Note: Gallons are presented in thousands.

* Unbilled water includes water lost in main breaks, service line leaks, and fire protection.

Debt Capacity - Page 67

This schedule presents information to help the reader assess the affordability of the District's current levels of outstanding debt and its ability to issue additional debt in the future.

OUTSTANDING DEBT (By Type)

Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Notes Payable	Total Outstanding Debt	Debt Per Capita	Debt % of Personal Income
2004	\$46,262,133	\$0	\$46,262,133	\$249	0.7%
2005	\$46,078,358	\$336,370	\$46,414,728	\$238	0.7%
2006	\$42,497,440	\$269,200	\$42,766,640	\$219	0.7%
2007	\$47,441,272	\$5,553,060	\$52,994,332	\$271	0.8%
2008	\$46,619,504	\$10,602,465	\$57,221,969	\$292	0.8%
2009	\$63,307,079	\$261,160	\$63,568,239	\$319	0.9%
2010	\$58,916,584	\$238,320	\$59,154,904	\$292	0.8%
2011	\$58,099,553	\$225,080	\$58,324,633	\$288	0.8%
2012	\$55,469,976	\$211,840	\$55,681,816	\$274	0.7%
2013	\$67,132,695	\$198,600	\$67,331,295	n/a	n/a

n/a = data not available.

Revenue Capacity - Pages 68 - 71

These schedules contain information to help the reader assess the District's most significant revenue sources; water rates and wastewater assessments.

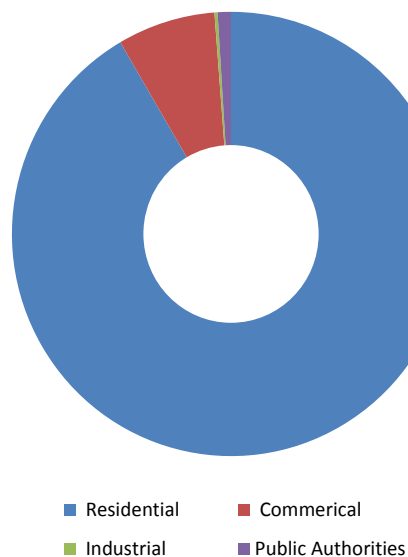
TEN LARGEST WATER CUSTOMERS

Current Year (2013) & Ten Years Ago (2004)			
Ten Years Ago (2004):			
Customer Name	Customer Location	Consumption HCF*	Water Revenue
Calpine	Wesbrook	949,165	\$621,893
National Semiconductor	So. Portland	316,009	\$231,373
Sappi Fine Paper	Westbrook	251,226	\$205,585
Portland Housing Authority	Portland	84,879	\$139,557
Fairchild Semiconductor	So. Portland	170,237	\$121,686
Maine Medical Center	Portland	89,434	\$112,671
Yarmouth Water District	Yarmouth	142,530	\$110,922
City of Portland	Portland	53,385	\$93,022
Burham & Morrill (B&G Foods) [1]	Portland	129,396	\$91,096
Regional Waste Systems (Ecomaine) [2]	Portland	106,788	\$82,070
		2,293,049	\$1,809,875
TOTAL SALES		9,193,590	\$17,084,487
PERCENT OF TOTAL SALES		24.9%	10.6%
Current Year (2013):			
Customer Name	Customer Location	Consumption HCF*	Water Revenue
Calpine	Wesbrook	749,773	\$629,213
National Semiconductor	So. Portland	387,818	\$296,228
Sappi Fine Paper	Westbrook	284,684	\$303,322
Fairchild Semiconductor	So. Portland	178,423	\$150,747
Yarmouth Water District	Yarmouth	166,670	\$168,032
Ecomaine (Regional Waste Systems) [2]	Portland	118,800	\$105,842
Maine Medical Center	Portland	91,417	\$158,505
B&G Foods (Burham & Morrill) [1]	Portland	89,744	\$84,033
Portland Housing Authority	Portland	62,524	\$151,605
Shipyard Beverage	Portland	43,705	\$49,735
		2,173,558	\$2,097,262
TOTAL SALES		8,580,112	\$20,301,647
PERCENT OF TOTAL SALES		25.3%	10.3%
* = Hundreds of Cubic Feet			
[1] = Burham & Morrill was purchased by B&G Foods			
[2] = Ecomaine previously did business as Regional Waste Systems			

NET GROWTH IN CUSTOMERS

Last Ten Fiscal Years

Metered & Private Fire Customers				
Fiscal Year	Beginning Number	Ending Number	Net Increase	Percent Increase
2004	48,988	49,768	780	1.6%
2005	49,768	50,570	802	1.6%
2006	50,570	51,474	904	1.8%
2007	51,474	51,707	233	0.5%
2008	51,707	51,898	191	0.4%
2009	51,898	52,181	283	0.5%
2010	52,181	52,468	287	0.6%
2011	52,468	52,712	244	0.5%
2012	52,712	53,398	686	1.3%
2013	53,398	53,789	391	0.7%



NUMBER OF WATER CUSTOMERS BY TYPE

Last Ten Fiscal Years

Metered Customers							
Fiscal Year	Residential	Commercial	Industrial	Public Authorities	Total Metered	Private Fire	TOTAL
2004	44,118	3,433	94	424	48,069	1,699	49,768
2005	44,775	3,473	95	439	48,782	1,788	50,570
2006	45,487	3,536	95	456	49,574	1,900	51,474
2007	45,554	3,574	104	472	49,704	2,003	51,707
2008	45,672	3,602	106	480	49,860	2,038	51,898
2009	45,874	3,653	107	491	50,125	2,056	52,181
2010	46,099	3,677	105	501	50,382	2,086	52,468
2011	46,296	3,699	114	506	50,615	2,097	52,712
2012	46,921	3,751	116	508	51,296	2,102	53,398
2013	47,392	3,738	119	507	51,756	2,033	53,789

WATER RATES

Starting on May 1, 1999, until present, the District has two rate groups:

Members: Cape Elizabeth, Cumberland, Falmouth, Gorham, Portland, Raymond, Scarborough, South Portland, Westbrook and Windham

Non-Members: Standish and Yarmouth

During the last ten years the District has had different sets of rates for the following dates:

- 06/01/00 to 12/31/06
- 01/01/07 to 12/31/07
- 01/01/08 to 12/31/08
- 01/01/09 to 04/30/10
- 05/01/10 to 04/30/11
- 05/01/11 to 04/30/13
- 05/01/13 to 12/31/13

Non-members receive water service from the District but are not represented on the District's Board of Trustees and are not legally responsible for the District's debt.

WATER RATE SCHEDULE

Last Ten Fiscal Years

	06/01/00 to 12/31/06		01/01/07 to 12/31/07		01/01/08 to 12/31/08	
	Member	Non-member	Member	Non-member	Member	Non-member
Private Fire						
2	35.01	40.26	35.01	40.26	35.01	40.26
3	78.30	90.04	78.30	90.04	78.30	90.04
4	139.81	160.78	139.81	160.78	139.81	160.78
6	333.95	384.04	333.95	384.04	333.95	384.04
8	559.24	643.12	559.24	643.12	559.24	643.12
10	873.87	1,004.96	873.87	1,004.96	873.87	1,004.96
12	1,258.30	1,447.04	1,258.30	1,447.04	1,258.30	1,447.04
16	2,236.96	2,572.51	2,236.96	2,572.51	2,236.96	2,572.51
General Water						
Minimum Monthly Charges						
5/8	7.00	8.05	7.19	8.26	7.37	8.48
3/4	8.30	9.55	8.50	9.78	8.70	10.01
1	11.07	12.73	11.24	12.93	11.41	13.12
1 1/2	16.09	18.51	16.82	19.35	17.56	20.19
2	22.94	26.38	24.07	27.68	25.20	28.98
3	33.46	38.48	38.23	43.97	43.01	49.46
4	50.84	58.47	57.86	66.55	64.89	74.62
6	93.50	107.52	108.65	124.94	123.79	142.36
8	143.29	164.79	168.65	193.96	194.02	223.12
10	200.63	230.72	239.64	275.58	278.64	320.44
12	355.87	409.26	377.41	434.02	398.97	458.79
Low Income	n/a	n/a	1.81	2.08	1.85	2.13
Seasonal Water *1						
Minimum Seasonal Charges						
5/8	143.11	159.68	157.70	178.08	172.28	196.49
3/4	202.00	227.41	214.06	242.90	226.11	258.40
1	274.72	311.02	279.63	318.31	284.55	325.60
1 1/2	477.17	543.85	471.61	539.08	466.03	534.30
2	718.92	822.20	701.37	803.30	683.51	784.41
3	1,179.36	1,351.36	1,190.53	1,365.84	1,201.69	1,380.31
4	1,747.18	2,004.35	1,774.27	2,037.14	1,801.37	2,069.94
6	2,973.92	3,415.11	3,162.10	3,633.15	3,350.28	3,851.19
8	4,438.11	5,098.92	4,822.23	5,542.29	5,206.34	5,985.66
10	7,286.40	8,374.46	8,545.09	9,823.58	9,803.77	11,272.71
12	10,770.88	12,381.32	12,919.90	14,854.62	15,069.18	17,327.93
Volume Charges						
Four Blocks (Step 5)						
Monthly						
First 100 Cf	minimum	minimum	minimum	minimum	minimum	minimum
Next 2,900 Cf	1.76	2.02	1.81	2.08	1.85	2.13
Next 7,000 Cf	1.27	1.47	1.34	1.55	1.42	1.63
Next 40,000 Cf	0.94	1.08	1.06	1.22	1.18	1.36
Over 50,000 Cf	0.65	0.74	0.69	0.78	0.72	0.83
Seasonal						
Over Min to 90,000 Cf	1.76	2.02	1.81	2.08	1.85	2.13
Over 90,000 Cf	0.94	1.08	1.06	1.22	1.18	1.36
Seasonal Surcharge *1						
Surface Main Surcharge	29.59	29.59	30.75	32.41	31.91	35.21

*1 - If a seasonal service is on a surface main, an additional surcharge is added to the minimum

WATER RATE SCHEDULE

Last Ten Fiscal Years

	01/01/09 to 04/30/10		05/01/10 to 04/30/11		05/01/11 to 04/30/13		05/01/13 to 12/31/13	
	Member	Non-member	Member	Non-member	Member	Non-member	Member	Non-member
Private Fire								
2	36.06	41.47	37.32	42.92	38.07	43.78	38.64	44.40
3	80.65	92.74	83.47	95.99	85.14	97.91	86.40	99.36
4	144.00	165.60	149.04	171.40	152.02	174.83	154.32	177.48
6	343.97	395.56	356.01	409.40	363.13	417.59	368.64	423.84
8	576.02	662.41	596.18	685.59	608.10	699.30	617.28	709.80
10	900.09	1,035.11	931.59	1,071.34	950.22	1,092.77	964.44	1,109.16
12	1,296.05	1,490.45	1,341.41	1,542.62	1,368.24	1,573.47	1,388.76	1,597.08
16	2,304.07	2,649.69	2,384.71	2,742.43	2,432.40	2,797.28	2,468.88	2,839.20
General Water								
Minimum Monthly Charges								
5/8	7.75	8.91	8.01	9.21	8.15	9.37	8.25	9.48
3/4	9.13	10.49	9.44	10.85	9.60	11.03	9.72	11.16
1	11.87	13.65	12.27	14.11	12.48	14.35	12.63	14.52
1 1/2	18.74	21.55	19.49	22.41	19.99	22.98	20.35	23.40
2	26.99	31.03	28.07	32.27	28.79	33.09	29.31	33.69
3	48.97	56.31	50.93	58.56	52.23	60.05	53.18	61.14
4	73.70	84.75	76.65	88.14	78.60	90.39	80.03	92.04
6	142.39	163.75	148.09	170.30	151.87	174.64	154.64	177.82
8	224.83	258.55	233.82	268.89	239.78	275.75	244.15	280.78
10	325.53	374.36	338.55	389.33	347.18	399.26	353.51	406.54
12	430.91	495.55	448.15	515.37	459.58	528.51	467.96	538.14
Low Income	1.95	2.24	2.02	2.32	2.05	2.36	2.07	2.39
Seasonal Water								
Minimum Seasonal Charges								
5/8	191.77	220.53	198.48	228.25	202.45	232.82	205.49	236.31
3/4	244.33	280.97	252.88	290.80	257.94	296.62	261.81	301.07
1	296.89	341.42	307.28	353.37	313.43	360.44	318.13	365.85
1 1/2	472.09	542.90	488.61	561.90	498.38	573.14	505.86	581.74
2	682.33	784.68	706.21	812.14	720.33	828.38	731.13	840.81
3	1,242.98	1,429.43	1,286.48	1,479.46	1,312.21	1,509.05	1,331.89	1,531.69
4	1,873.71	2,154.77	1,939.29	2,230.19	1,978.08	2,274.79	2,007.75	2,308.91
6	3,625.74	4,169.60	3,752.64	4,315.54	3,827.69	4,401.85	3,885.11	4,467.88
8	5,728.18	6,587.41	5,928.67	6,817.97	6,047.24	6,954.33	6,137.95	7,058.64
10	11,334.68	13,034.88	11,731.74	13,491.10	11,966.02	13,760.92	12,145.51	13,967.33
12	17,641.98	20,288.28	18,259.45	20,998.37	18,624.64	21,418.34	18,904.01	21,739.62
Volume Charges								
Four Blocks (Step 5)								
Monthly								
First 100 Cf	minimum	minimum	minimum	minimum	minimum	minimum	minimum	minimum
Next 2,900 Cf	1.95	2.24	2.02	2.32	2.05	2.36	2.07	2.39
Next 7,000 Cf	1.53	1.76	1.59	1.83	1.63	1.88	1.66	1.91
Next 40,000 Cf	1.34	1.55	1.39	1.61	1.43	1.65	1.46	1.68
Over 50,000 Cf	0.77	0.89	0.80	0.92	0.82	0.94	0.83	0.96
Seasonal								
Over Min to 90,000 Cf	1.95	2.24	2.02	2.32	2.06	2.37	2.07	2.39
Over 90,000 Cf	1.34	1.55	1.39	1.60	1.42	1.63	1.46	1.68
Seasonal Surcharge *1								
Surface Main Surcharge	34.00	39.10	35.19	40.47	35.89	41.28	36.43	41.90

*1 - If a seasonal service is on a surface main, an additional surcharge is added to the minimum

Operating Information - Page 72 to 73

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

OPERATING AND CAPITAL INDICATORS

*Last Ten Fiscal Years**

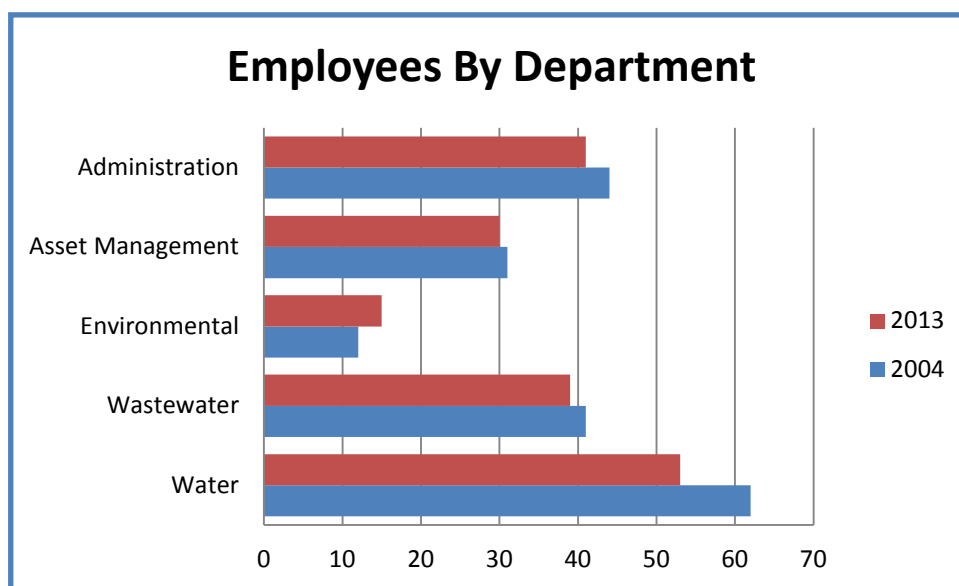
Water Assets										
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Services	54,343	54,778	55,121	55,536	55,883	55,942	56,089	56,256	56,389	56,252
Meters	48,068	48,782	49,575	49,704	49,860	50,125	50,381	50,614	51,818	52,275
Hydrants	4,604	4,673	4,773	4,790	4,833	4,870	4,896	4,912	4,954	4,985
Gate Valves	10,877	10,301	10,369	10,471	10,520	10,614	11,140	11,187	11,270	11,294
Distribution Mains (miles)	922.5	930.8	940.0	945.4	949.9	954.9	957.9	958.6	961.7	991.0
Transmission Mains (miles)	40.5	40.5	40.5	40.5	40.5	41.4	41.4	41.4	41.4	41.4
Wastewater Assets										
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Interceptors (miles)	44.3	44.3	44.3	44.3	46.7	46.9	46.9	46.9	46.9	48.1
Foremains (miles)	18.4	18.4	18.4	18.4	21.4	21.4	21.8	21.9	21.9	22.3
Collectors (miles)	25.1	25.1	25.1	25.1	24.9	24.9	25.3	25.3	25.7	25.7
Storm Drains (miles)	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Manholes	1,894	1,894	2,045	2,191	2,353	2,384	2,342	2,348	2,377	2,418
Combined Sewer Overflows	34	34	28	28	28	28	28	28	28	28
Wastewater Flow Treated*										
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
East End (Portland)	20.06	21.11	18.67	16.54	19.05	17.30	18.15	18.04	18.00	17.22
Westbrook/Gorham	2.68	3.35	3.23	3.04	3.92	3.74	3.29	3.52	3.13	3.01
Cape Elizabeth	0.32	0.43	0.36	0.26	0.34	0.33	0.28	0.30	0.28	0.26
Little Falls (Windham) ***	0.02	0.03	0.03	0.02	0.03	0.00	0.00	0.00	0.00	0.00
Peaks Island (Portland)	0.08	0.09	1.08	0.08	0.13	0.11	0.09	0.10	0.09	0.09
* Daily average in millions of gallons *** Little Falls Treatment Plant closed in 2009, flow treated at Westbrook / Gorham Plant.										
Wastewater Biosolids Disposal**										
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
East End (Portland)	49.08	46.29	48.63	45.59	50.75	51.33	45.20	43.54	38.66	44.55
Westbrook/Gorham	10.05	10.37	11.27	11.72	12.24	11.61	10.67	11.80	12.38	12.89
Cape Elizabeth	0.98	0.63	0.46	0.43	0.43	0.65	0.57	0.59	0.48	0.58
Little Falls (Windham) ***	0.13	0.15	0.12	0.14	0.17	0.00	0.00	0.00	0.00	0.00
Peaks Island (Portland)	0.07	0.08	0.06	0.09	0.07	0.03	0.07	0.12	0.12	0.12
** Daily average in wet tons *** Little Falls Treatment Plant closed in 2009, flow treated at Westbrook / Gorham Plant.										

NUMBER OF EMPLOYEES BY ACTIVITY

Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Water Operations:										
Water Distribution	32	29	27	27	27	25	25	25	24	24
Water Utility Services	15	15	16	16	16	15	13	13	13	13
Water Treatment	12	12	11	11	11	11	11	11	11	11
Administrative/Other	3	4	4	3	3	4	4	4	5	5
	62	60	58	57	57	55	53	53	53	53
Wastewater Operations:										
Wastewater Treatment	26	27	27	26	26	26	26	26	25	24
Water/Wastewater Systems	12	11	11	11	11	12	12	12	12	13
Administrative/Other	3	3	3	3	3	1	1	1	2	2
	41	41	41	40	40	39	39	39	39	39
Environmental Services:										
Environmental Services	6	6	8	8	8	8	8	8	8	8
Laboratory	6	6	6	8	8	8	8	7	7	7
	12	12	14	16	16	16	16	15	15	15
Asset Management & Planning:										
Planning & Design	13	15	14	14	14	15	16	17	17	17
Facilities Services	14	13	12	12	12	12	11	10	10	10
Instrumentation	4	4	4	4	4	3	3	3	3	3
	31	32	30	30	30	30	30	30	30	30
Administration:										
Customer Service	22	22	21	20	16	14	14	14	14	14
Executive Office	4	4	8	8	10	7	8	9	9	8
Financial Services	8	9	9	9	9	9	8	8	8	9
Information Services	7	7	7	7	7	7	7	7	7	7
Employee Services	3	3	3	3	3	3	3	3	3	3
	44	45	48	47	45	40	40	41	41	41
	190	190	191	190	188	180	178	178	178	178

Note: The totals shown are the approved full time (non-temporary) headcount for the year.



Demographic and Economic Information - Page 74

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

Fiscal Year	(1) Population	(2) Personal Income thousands	(2) Per Capita Personal Income	(2) Unemployment Rate
2004	185,552	\$6,171,137	\$23,234	3.4%
2005	195,282	\$6,328,175	\$23,045	3.6%
2006	195,293	\$6,559,033	\$23,886	3.4%
2007	195,673	\$6,902,085	\$25,003	3.5%
2008	195,846	\$7,151,816	\$25,674	5.2%
2009	199,279	\$6,950,974	\$24,815	6.5%
2010	202,712	\$7,049,674	\$25,028	6.0%
2011	202,751	\$7,275,763	\$25,626	5.3%
2012	202,930	\$7,469,552	\$26,309	5.5%
2013	n/a	n/a	n/a	4.6%

The population shown is equal to the population of the eleven communities served by the District. Population estimates for 2011 & 2012 were only available for Portland, South Portland and Westbrook.

The income and unemployment figures are that of Cumberland County.

All of the District's operations are within Cumberland County and the total population of the communities served by the District equals 71% of the County's total population.

(1) Source: U.S. Census Bureau

(2) Source: State of Maine, Department of Labor

n/a = data not available

PRINCIPAL EMPLOYERS

Current Year

Ten Largest Employers*	
Employer Name	Employees
L.L. Bean	5,500
Maine Medical Center	4,700
Unum	3,500
Delhaise/Hannaford Brothers	2,400
TD Banknorth	2,400
Mercy Hospital/Health System	1,500
Sappi Fine Paper	1,500
Fairchild Semiconductor	1,300
Verizon	1,150
Anthem Blue Cross/Blue Shield	1,150
Total Employees (Top Ten)	25,100
Total Employment	137,256
Top Ten Employers Percentage	18.3%

* Data on total employment limited to the District's service area was not available. This data is for all of Cumberland County, the population in the areas served by the District represent 71% of the County's total population. In addition, the majority of the employees for the largest employer shown (L.L. Bean) work outside of the District's service area.

Source: Cumberland County, Maine & U.S Census Bureau

Note: Prior data was not available

Other Information - Pages 75 to 88

These schedules present additional information on the District's financial and operating performance which gives the reader more insight into the District.

PROPRIETARY FUND OPERATING REVENUES

Last 10 Fiscal Years

WATER REVENUES

YEAR	Residential	Commercial	Industrial	Public Authorities	Public Fire Protection	Private Fire Protection	Resale	TOTAL
2003	\$10,667,487	\$2,788,261	\$1,556,307	\$565,485	\$978,070	\$619,727	\$137,105	\$17,312,442
2004	\$10,597,429	\$2,773,017	\$1,415,312	\$586,934	\$978,035	\$622,838	\$110,922	\$17,084,487
2005	\$10,532,223	\$2,737,371	\$1,415,702	\$589,301	\$978,070	\$673,456	\$156,964	\$17,083,087
2006	\$10,371,056	\$2,694,789	\$1,380,241	\$553,408	\$978,070	\$699,708	\$103,631	\$16,780,903
2007 (a)	\$10,951,171	\$2,847,789	\$1,343,468	\$630,494	\$1,091,964	\$709,731	\$137,932	\$17,712,548
2008 (b)	\$11,102,986	\$3,082,247	\$1,406,459	\$709,712	\$1,091,964	\$728,885	\$137,766	\$18,260,020
2009 (c)	\$11,380,763	\$3,186,785	\$1,439,469	\$720,772	\$1,124,781	\$767,447	\$122,578	\$18,742,595
2010 (d)	\$12,162,204	\$3,435,999	\$1,646,460	\$745,569	\$1,151,027	\$789,395	\$138,473	\$20,069,127
2011 (e)	\$12,170,613	\$3,424,326	\$1,650,656	\$734,420	\$1,178,853	\$820,766	\$146,389	\$20,126,023
2012	\$12,163,820	\$3,470,397	\$1,736,216	\$688,760	\$1,187,433	\$832,535	\$141,273	\$20,220,434
2013 (f)	\$12,190,428	\$3,466,827	\$1,668,340	\$657,014	\$1,198,678	\$843,912	\$168,032	\$20,193,231

(a) - Effective January 2007 metered water rates increased an average of 3.5% and public fire protection rates were increased 11.0%.

(b) - Effective January 2008 metered water rates increased an average of 3.8% and public fire protection rates were unchanged.

(c) - Effective January 2009 metered water rates increased an average of 7.0% and public and private fire protection increased 3.0%.

(d) - Effective May 2010 metered water rates increased an average of 3.6% and public and private fire protection increased 3.5%.

(e) - Effective May 2011 metered water rates, public and private fire rates were increased an average of 2.0%.

(f) - Effective May 2013 metered water rates increased an average of 1.3% and public and private fire protection increased 1.5%.

WASTEWATER ASSESSMENTS (AMOUNTS EXPRESSED IN THOUSANDS OF DOLLARS)

YEAR	Cape Elizabeth	Cumberland	Falmouth	Gorham	Portland	Westbrook	Windham	TOTAL
2004	\$1,010,552	\$509,808	\$41,976	\$524,952	\$8,933,508	\$1,665,740	\$45,996	\$12,732,532
2005	\$1,013,052	\$559,092	\$3,627	\$544,320	\$9,437,664	\$1,617,200	\$54,720	\$13,229,675
2006	\$1,014,456	\$695,196	\$14,508	\$704,844	\$8,987,664	\$1,617,200	\$108,852	\$13,142,720
2007	\$1,014,456	\$764,236	\$14,508	\$763,092	\$9,699,360	\$1,685,888	\$108,852	\$14,050,392
2008	\$1,049,052	\$764,236	\$15,016	\$924,732	\$9,951,852	\$1,800,540	\$214,320	\$14,719,748
2009	\$1,049,052	\$564,232	\$15,012	\$1,021,008	\$10,250,412	\$2,208,971	\$331,848	\$15,440,535
2010	\$1,089,984	\$702,264	\$15,012	\$1,068,444	\$10,455,044	\$2,533,176	\$351,756	\$16,215,680
2011	\$1,089,984	\$702,264	\$15,012	\$1,068,444	\$10,340,044	\$2,533,176	\$351,756	\$16,100,680
2012	\$1,293,540	\$712,800	\$15,012	\$1,084,464	\$10,540,044	\$2,533,176	\$351,756	\$16,530,792
2013	\$1,365,084	\$713,940	\$15,012	\$1,084,464	\$10,540,044	\$2,318,176	\$351,756	\$16,388,476

Water Statistics

2013 WATER PRODUCTION (AVERAGE MILLION GALLONS PER DAY)

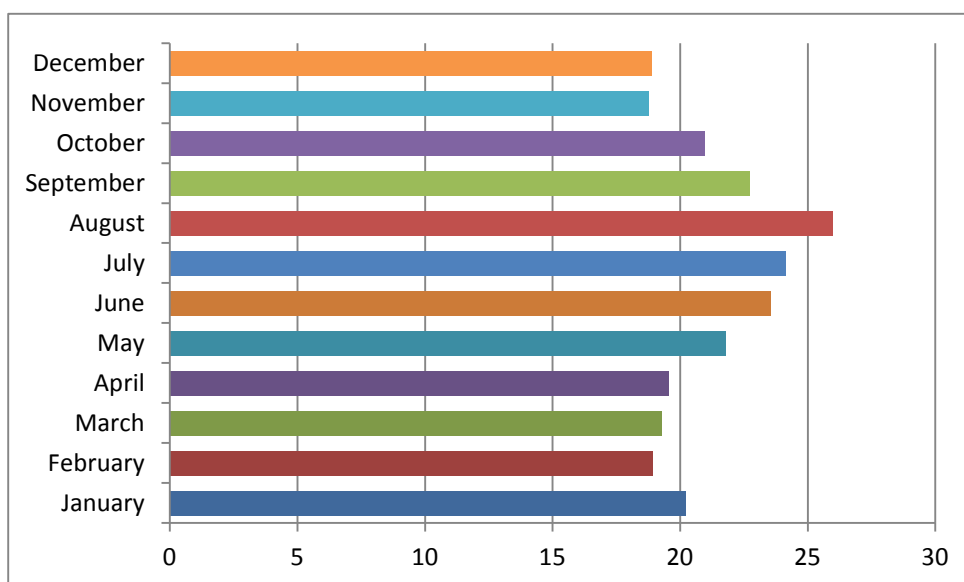
MONTH	Sebago Lake Surface Water	Steep Falls Wells	TOTAL SYSTEM	Gorham Boosted	N. Windham Boosted	Prides Corner Boosted	Standish Boosted	Winn Rd. Boosted
January	20.191	0.031	20.222	0.385	0.840	0.638	0.101	0.745
February	18.891	0.029	18.920	0.364	0.806	0.626	0.097	0.727
March	19.232	0.036	19.268	0.368	0.784	0.615	0.115	0.750
April	19.532	0.035	19.566	0.393	0.823	0.636	0.099	0.716
May	21.727	0.038	21.764	0.468	0.870	0.701	0.114	0.984
June	23.510	0.041	23.551	0.452	0.897	0.739	0.123	1.010
July	24.083	0.038	24.121	0.466	0.923	0.749	0.138	0.984
August	25.930	0.036	25.967	0.524	0.913	0.799	0.142	1.140
September	22.697	0.033	22.730	0.516	0.805	0.690	0.118	0.851
October	20.909	0.035	20.944	0.589	0.769	0.647	0.106	0.664
November	18.706	0.035	18.741	0.374	0.753	0.607	0.095	0.562
December	18.833	0.038	18.870	0.357	0.664	0.601	0.088	0.489
Averages	21.187	0.035	21.222	0.438	0.821	0.671	0.111	0.802

2013 WATER PRODUCTION (MILLION GALLONS PER YEAR)

	Sebago Lake Surface Water	Steep Falls Wells	TOTAL SYSTEM	Gorham Boosted	N. Windham Boosted	Prides Corner Boosted	Standish Boosted	Winn Road Boosted
2013	7,740,340	12,937	7,753,277	160,131	303,640	244,924	40,701	293,004

2013 WATER PRODUCTION BY MONTH

(MILLIONS OF GALLONS PER DAY, MGD)



HISTORICAL SOURCE WATER PRODUCTION (MILLION GALLONS PER DAY)

YEAR	Source Water								Boosted Water						
	Sebago Lake	Sebago Lake	Cumberland	N. Windham	Steep Falls	TOTAL	Metered	Difference	Gorham	North	Prides	Standish	West	Total	Percentage
	Gr Portland														
	System	Standish System	Wells	Wells	Wells				Village	Windham	Corner		Falmouth	Boosted	to Total
1960	17.775	0.040	0.000	0.110	0.012	17.937			0.175		0.008			0.183	1.02%
1961	19.092	0.041	0.000	0.121	0.017	19.271			0.146		0.020			0.166	0.86%
1962	17.901	0.052	0.000	0.117	0.011	18.081			0.149		0.017			0.166	0.92%
1963	19.936	0.043	0.000	0.168	0.013	20.160			0.168		0.021			0.189	0.94%
1964	19.402	0.039	0.000	0.144	0.013	19.598			0.188		0.032			0.220	1.12%
1965	20.214	0.047	0.076	0.196	0.011	20.544			0.183		0.025			0.208	1.01%
1966	20.189	0.048	0.161	0.166	0.013	20.577			0.187		0.032			0.219	1.06%
1967	18.785	0.060	0.152	0.142	0.012	19.151			0.195		0.028			0.223	1.16%
1968	20.576	0.159	0.191	0.156	0.014	21.096			0.213		0.031			0.244	1.16%
1969	21.849	0.167	0.192	0.179	0.019	22.406			0.210		0.036			0.246	1.10%
1970	21.875	0.137	0.205	0.186	0.020	22.423	17.180	5.243	0.228		0.043			0.271	1.21%
1971	22.511	0.185	0.275	0.230	0.022	23.223	17.070	6.153	0.246		0.045			0.291	1.25%
1972	21.232	0.221	0.225	0.263	0.022	21.963	16.380	5.583	0.257		0.063			0.320	1.46%
1973	21.846	0.220	0.228	0.288	0.021	22.603	16.290	6.313	0.228		0.113			0.341	1.51%
1974	21.810	0.202	0.221	0.334	0.017	22.584	16.410	6.174	0.242		0.114			0.356	1.58%
1975	21.635	0.215	0.266	0.363	0.021	22.500	15.960	6.540	0.258		0.167			0.425	1.89%
1976	21.589	0.258	0.274	0.345	0.022	22.488	16.020	6.468	0.266		0.194			0.460	2.05%
1977	21.060	0.246	0.310	0.408	0.039	22.063	16.840	5.223	0.273		0.193			0.466	2.11%
1978	21.566	0.247	0.296	0.351	0.037	22.497	17.300	5.197	0.255		0.325			0.580	2.58%
1979	19.306	0.261	0.161	0.490	0.046	20.264	17.470	2.794	0.250		0.160			0.410	2.02%
1980	19.104	0.250	0.177	0.419	0.043	19.993	16.550	3.443	0.266		0.306			0.572	2.86%
1981	19.720	0.274	0.204	0.433	0.039	20.670	16.880	3.790	0.245		0.190			0.435	2.10%
1982	21.462	0.252	0.209	0.433	0.036	22.392	17.840	4.552	0.231		0.214			0.445	1.99%
1983	20.459	0.293	0.186	0.433	0.032	21.403	18.160	3.243	0.213		0.259			0.472	2.21%
1984	21.466	0.273	0.155	0.342	0.044	22.280	18.990	3.290	0.245		0.448			0.693	3.11%
1985	21.322	0.247	0.185	0.357	0.042	22.153	19.270	2.883	0.268		0.428			0.696	3.14%
1986	21.425	0.270	0.201	0.405	0.030	22.331	19.700	2.631	0.289		0.365			0.654	2.93%
1987	22.528	0.255	0.238	0.463	0.044	23.528	19.190	4.338	0.276		0.354			0.630	2.68%
1988	23.141	0.287	0.243	0.426	0.065	24.162	19.460	4.702	0.295		0.465			0.760	3.15%
1989	22.728	0.285	0.209	0.421	0.057	23.700	19.270	4.430	0.324		0.461			0.785	3.31%
1990	22.916	0.182	0.198	0.461	0.053	23.810	18.630	5.180	0.366		0.427			0.793	3.33%
1991	19.293	0.146	0.202	0.432	0.033	20.106	19.670	0.436	0.384		0.485			0.869	4.32%
1992	20.360	0.142	0.263	0.471	0.038	21.274	17.950	3.324	0.394		0.496			0.890	4.18%
1993	23.092	0.160	0.269	0.493	0.046	24.060	17.920	6.140	0.332		0.509		0.146	0.987	4.10%
1994	22.415	0.023	0.194	0.525	0.038	23.195	18.318	4.877	0.357		0.461	N.A.	0.149	0.967	4.17%
1995	21.880	0.000	0.216	0.583	0.027	22.706	18.564	4.142	0.350		0.459	N.A.	0.159	0.968	4.26%
1996	22.619	0.000	0.242	0.699	0.026	23.586	18.402	5.184	0.355		0.452	N.A.	0.135	0.942	3.99%
1997	23.538	0.000	0.252	0.673	0.024	24.487	19.634	4.853	0.357		0.515	0.159	0.325	1.356	5.54%
1998	22.866	0.000	0.000	0.588	0.025	23.479	19.252	4.227	0.341		0.502	0.158	0.379	1.380	5.88%
1999	23.874	0.000	0.000	0.533	0.022	24.429	19.598	4.831	0.380	0.594	0.551	0.181	0.418	2.124	8.69%
2000	23.077	0.000	0.000	0.000	0.028	23.105	18.484	4.621	0.370	0.451	0.578	0.183	0.391	1.973	8.54%
2001	25.424	0.000	0.000	0.000	0.039	25.463	20.389	5.074	0.396	0.620	0.646	0.197	0.464	2.323	9.12%
2002	24.846	0.000	0.000	0.000	0.031	24.877	19.996	4.881	0.395	0.605	0.565	0.172	0.473	2.210	8.88%
2003	24.198	0.000	0.000	0.000	0.036	24.234	19.167	5.067	0.396	0.540	0.602	0.177	0.449	2.164	8.93%
2004	23.774	0.000	0.000	0.000	0.037	23.811	18.789	5.022	0.371	0.645	0.600	0.213	0.504	2.333	9.80%
2005	23.376	0.000	0.000	0.000	0.028	23.404	18.803	4.601	0.392	0.769	0.636	0.222	0.479	2.498	10.67%
2006	22.371	0.000	0.000	0.000	0.024	22.395	18.352	4.043	0.399	0.675	0.703	0.185	0.495	2.457	10.97%
2007	22.441	0.000	0.000	0.000	0.027	22.468	18.266	4.202	0.459	0.885	0.705	0.188	0.604	2.841	12.64%
2008	21.726	0.000	0.000	0.000	0.028	21.754	17.602	4.152	0.452	0.851	0.693	0.140	0.562	2.698	12.40%
2009	20.319	0.000	0.000	0.000	0.027	20.346	17.367	2.979	0.447	0.778	0.698	0.128	0.530	2.581	12.69%
2010	21.957	0.000	0.000	0.000	0.034	21.991	18.568	3.423	0.442	0.663	0.793	0.137	0.957	2.992	13.61%
2011	20.980	0.000	0.000	0.000	0.030	21.010	17.715	3.295	0.426	0.944	0.669	0.154	0.894	3.086	14.71%
2012	21.688	0.000	0.000	0.000	0.021	21.709	17.708	4.001	0.419	0.859	0.684	0.137	0.852	2.950	13.59%
2013	21.187	0.000	0.000	0.000	0.035	21.222	17.535	3.687	0.438	0.821	0.671	0.111	0.802	2.842	13.39%

* Difference: Includes water used for flushing hydrants and new mains, fire protection, and water lost in main breaks and leakage.

2013 WATER SERVICES SUMMARY

COMMUNITY	# of Services	# of Meters	# of Hydrants	# of Gate Valves	Distribution Mains (miles)
Cape Elizabeth	3,702	3,592	322	737	71.6
Cumberland	1,949	1,714	261	414	48.3
Falmouth	3,447	3,199	389	746	83.1
Gorham	2,812	2,560	305	709	81.3
Islands	1,314	614	87	313	34.5
Portland	18,393	17,717	1,379	3,510	222.9
Raymond	53	32	24	16	2.7
Scarborough	5,421	5,056	633	1,132	112.1
South Portland	8,894	8,156	563	1,621	123.1
Standish	801	696	146	213	29.7
Westbrook	5,974	5,552	548	1,132	97.0
Windham	3,556	3,356	328	751	84.7
TOTAL	56,316	52,244	4,985	11,294	991.0

2013 NUMBER OF WATER SERVICES BY TYPE

COMMUNITY	Surface	Brass	Copper	Plastic	Galvanized	Ductile Iron	Cement Lined	TOTAL
Cape Elizabeth	142	0	3,407	104	9	22	18	3,702
Cumberland	46	5	1,768	77	1	46	6	1,949
Falmouth	124	2	3,131	70	6	94	20	3,447
Gorham	37	0	2,565	89	5	105	11	2,812
Islands	665	0	605	35	2	7	0	1,314
Portland	1,064	9	15,895	335	39	665	386	18,393
Raymond	0	0	46	0	0	7	0	53
Scarborough	219	0	4,623	268	7	289	15	5,421
South Portland	499	1	7,690	208	22	325	149	8,894
Standish	65	0	702	19	1	9	5	801
Westbrook	271	0	5,298	139	1	243	22	5,974
Windham	122	1	3,049	293	1	79	11	3,556
TOTAL	3,254	18	48,779	1,637	94	1,891	643	56,316

2013 ACTIVE FIRE SERVICES

DIVISION	2"	4"	6"	8"	10"	12"	16"	TOTAL	Percent
Cape Elizabeth	1	3	7	8	0	0	0	19	0.9%
Cumberland	1	0	13	8	0	0	0	22	1.1%
Falmouth	79	7	47	12	1	4	0	150	7.5%
Gorham	21	5	52	28	0	0	0	106	5.3%
Islands	0	1	1	0	0	0	0	2	0.1%
Portland	85	77	492	172	11	5	1	843	41.9%
Raymond	0	0	1	2	0	0	0	3	0.1%
Scarborough	26	23	134	65	2	1	0	251	12.5%
South Portland	10	11	174	105	13	8	0	321	16.0%
Standish	0	0	9	0	0	0	0	9	0.4%
Westbrook	14	15	112	68	5	2	1	217	10.8%
Windham	9	4	41	13	1	1	0	69	3.4%
TOTAL	246	146	1,083	481	33	21	2	2,012	100.0%

2013 METERS IN SERVICE

DIVISION	5/8"	3/4"	1"	1.5"	2"	3"	4"	6"	8"	10"	TOTAL	Percent
Cape Elizabeth	3,387	79	65	21	29	7	2	1	1	0	3,592	6.9%
Cumberland	1,563	62	52	14	14	5	2	0	1	1	1,714	3.3%
Falmouth	2,841	126	107	46	58	11	2	5	3	0	3,199	6.1%
Gorham	2,390	50	40	24	41	12	2	0	1	0	2,560	4.9%
Islands	591	4	10	5	3	0	0	1	0	0	614	1.2%
Portland	15,479	670	551	373	480	96	36	28	4	0	17,717	33.9%
Raymond	21	1	2	2	6	0	0	0	0	0	32	0.1%
Scarborough	4,607	88	147	84	91	17	6	13	3	0	5,056	9.7%
South Portland	7,501	100	163	124	196	33	11	25	2	1	8,156	15.6%
Standish	658	11	15	2	6	0	2	2	0	0	696	1.3%
Westbrook	5,075	116	156	60	92	27	8	10	4	4	5,552	10.6%
Windham	3,117	66	73	48	38	5	3	6	0	0	3,356	6.4%
TOTAL	47,230	1,373	1,381	803	1,054	213	74	91	19	6	52,244	100.0%

METERED WATER (IN THOUSANDS OF GALLONS)

YEAR	Residential	Commercial	Industrial	Public Authorities	For Resale	TOTAL
2004	3,376,228	1,500,147	1,542,579	351,239	106,612	6,876,805
2005	3,354,639	1,508,781	1,488,483	358,154	153,152	6,863,209
2006	3,335,238	1,448,735	1,463,345	343,850	107,173	6,698,341
2007	3,368,388	1,489,936	1,326,391	356,155	126,414	6,667,284
2008	3,254,121	1,418,794	1,268,587	382,357	118,327	6,442,186
2009	3,216,991	1,410,177	1,247,882	367,354	96,396	6,338,800
2010	3,397,429	1,502,978	1,421,402	349,222	106,312	6,777,343
2011	3,290,807	1,430,439	1,328,681	305,690	110,197	6,465,814
2012	3,271,898	1,430,679	1,374,942	274,003	129,613	6,481,135
2013	3,231,822	1,409,044	1,372,881	279,507	124,669	6,417,923

To convert "Thousand of Gallons (TOG)" to "Hundred Cubic Feet (HCF)" divide TOG by 748, for example the 2013 volume of 6,417,923 TOG equals 8,580,111 HCF

WATER QUALITY ANALYSIS

(AS TESTED ON APRIL 19, 2012, UNLESS OTHERWISE NOTED)

Constituents recorded with a less than sign (<) before the number were NOT detected. They are presented at the level in which detection is possible with available technology.

Constituent	Units	Greater Portland Untreated	Greater Portland Treated ¹	Munjoy Fire Station (Distribution)	Steep Falls Untreated	Steep Falls Treated ¹	MCL (for comparison only) ²
Physical							
Color	SU	<5	<5	<5	<5	<5	15
Conductivity	µS	47	63	64	193	183	**
Total Residue	mg/L	31	36	40	84	100	500
Turbidity	NTU	0.27	0.24	0.22	0.1	0.12	1
Inorganic Non-metals							
Residual chlorine	mg/L	NA	2.3	0.8	NA	NA	4
Alkalinity(as CaCO ₃)	mg/L	4.9	7.9	8.2	15.2	22.8	**
Carbon dioxide	mg/L	1.76	0.63	0.88	22.1	1.23	**
Ammonia – N	mg/L	<0.02	0.48	0.39	<0.02	<0.02	**
Nitrite – N	mg/L	<0.005	<0.005	0.012	<0.005	<0.005	1
Nitrate – N	mg/L	<0.2	<0.2	<0.2	0.8	0.7	10
Chloride	mg/L	6	9	9	38	29	250
Dissolved Oxygen	mg/L	14.62	15.63	14.31	10.45	12.4	**
Fluoride	mg/L	0.04	0.62	0.63	0.07	0.59	4
Hardness(asCaCO ₃)	mg/L	6.7	7.2	7	16.5	15.5	150
pH	SU	6.5	8.25	7.4	7.2	7.6	8.5
Silica	mg/L	2.4	2.7	2.7	7.7	7.8	**
Phosphorus	mg/L	0.04	0.36	0.34	0.03	0.03	**
Sulfate ³	mg/L	NA	3	NA	NA	5	250
Inorganic Metals							
Arsenic	mg/L	<0.01	<0.01	<0.01	<0.01	<0.01	0.05
Barium	mg/L	<0.01	<0.01	<0.01	<0.01	<0.01	2
Cadmium	mg/L	<0.001	<0.001	<0.001	<0.001	<0.001	0.005
Calcium	mg/L	2.7	2.9	2.8	6.6	6.2	**
Chromium	mg/L	<0.01	<0.01	<0.01	<0.01	<0.01	0.05
Copper	mg/L	<0.01	<0.01	0.01	0.06	<0.01	1.3
Iron	mg/L	0.12	0.02	0.06	0.02	0.02	0.3
Lead	mg/L	<0.01	<0.01	<0.01	<0.01	<0.01	0.015
Magnesium	mg/L	0.56	0.58	0.57	1.66	1.54	**
Manganese	mg/L	<0.01	<0.01	<0.01	<0.01	<0.01	0.05
Mercury ⁴	mg/L	NA	<0.00005	NA	NA	<0.00005	0.002
Nickel	mg/L	<0.01	<0.01	<0.01	<0.01	<0.01	0.1
Potassium	mg/L	0.47	0.49	0.49	1.87	1.62	**
Selenium	mg/L	<0.01	<0.01	<0.01	<0.01	<0.01	0.05
Silver	mg/L	<0.01	<0.01	<0.01	<0.01	<0.01	0.05
Sodium	mg/L	4.8	8.3	8.1	27.3	27.1	100
Zinc	mg/L	<0.01	0.11	0.12	<0.01	<0.01	5
Aggregate Organic							
Carbon, total organic ⁵	mg/L	2.6	2.4	NA	0.6	0.6	**
Pesticide/Herbicide⁶							
	µg/L	NA	ND	NA	NA	ND	
Asbestos⁷							
(million fibers/L)	10 ⁶ /L	NA	<0.12	NA	NA	NA	7
Radionuclides							
Gross alpha ⁸	pCi/L	NA	0.117	NA	NA	5.48	15

WATER QUALITY ANALYSIS - SUPPLEMENTAL INFORMATION

Constituent	MCL ² (MG/L)		Greater Portland	Steep Falls
ORGANIC				
VOLATILE ORGANICS (EPA 524.2)				
BENZENE	0.005		<0.0005	<0.0005
CARBON TETRACHLORIDE	0.005		<0.001	<0.001
p-DICHLOROBENZENE	0.075		<0.0005	<0.0005
1,2-DICHLOROETHANE	0.005		<0.0005	<0.0005
1,1-DICHLOROETHENE	0.007		<0.0005	<0.0005
1,1,1-TRICHLOROETHANE	0.2		<0.0005	<0.0005
TRICHLOROETHENE	0.005		<0.0005	<0.0005
VINYL CHLORIDE	0.002		<0.0005	<0.0005
METHYL TERT-BUTYL ETHER	0.035		<0.001	<0.001
o-DICHLOROBENZENE	0.6		<0.0005	<0.0005
cis-1,2-DICHLOROETHENE	0.07		<0.0005	<0.0005
trans-1,2-DICHLOROETHENE	0.1		<0.0005	<0.0005
1,2-DICHLOROPROPANE	0.005		<0.0005	<0.0005
ETHYLBENZENE	0.7		<0.0005	<0.0005
CHLOROBENZENE	0.1		<0.0005	<0.0005
STYRENE	0.1		<0.0005	<0.0005
TETRACHLOROETHENE	0.005		<0.0005	<0.0005
TOLUENE	0.1		<0.0005	<0.0005
XYLENES	10		<0.0005	<0.0005
DICHLOROMETHANE	0.005		<0.001	<0.001
1,2,4-TRICHLOROBENZENE	0.07		<0.0005	<0.0005
1,1,2-TRICHLOROETHANE	0.005		<0.0005	<0.0005
1,2-DIBROMO-3-CHLOROPROPANE	**		STWV ⁹	STWV ⁹
ETHYLENE DIBROMIDE	**		STWV ⁹	STWV ⁹
SYNTHETIC ORGANIC-PESTICIDES (EPA 525.2)				
ATRAZINE	0.003		<0.0001	STWV ⁹
ALACHLOR (LASSO)	0.002		<0.0002	STWV ⁹
BENZO(A)PYRENE	0.0002		<0.0001	STWV ⁹
BHC GAMMA (LINDANE)	0.0002		<0.0001	STWV ⁹
BIS (2-ETHYLHEXYL) ADIPATE	0.4		<0.0005	STWV ⁹
BIS (2-ETHYLHEXYL) PHTHALATE	0.001		<0.0002	STWV ⁹
ENDRIN	0.002		<0.0002	STWV ⁹
HEPTACHLOR	0.0004		<0.0001	STWV ⁹
HEPTACHLOR EPOXIDE	0.0002		<0.0002	STWV ⁹
HEXACHLOROBENZENE	0.001		<0.0001	STWV ⁹
HEXACHLOROCYCLOPENTADIENE	0.05		<0.0002	STWV ⁹
METHOXYCHLOR	0.04		<0.0002	STWV ⁹
SIMAZINE	0.004		<0.0001	STWV ⁹
PESTICIDES/PCB'S (EPA 508.1)				
CHLORDANE	0.002		<0.00053	STWV ⁹
POLYCHLORINATED BIPHENYLS, TOTAL	0.0005		<0.00011	STWV ⁹
TOXAPHENE	0.003		<0.00053	STWV ⁹
CARBAMATES (EPA 531.1)				
ALDICARB	**		<0.002	STWV ⁹
ALDICARB SULFONE	**		<0.002	STWV ⁹
ALDICARB SULFOXIDE	**		<0.002	STWV ⁹
CARBOFURAN	0.04		<0.002	STWV ⁹
OXAMYL	0.2		<0.002	STWV ⁹
SYNTHETIC ORGANICS - HERBICIDES (EPA 515.3)				
2,4-D	0.07		<0.00048	STWV ⁹
2,4,5 TP (SILVEX)	0.05		<0.00038	STWV ⁹
DALAPON	0.2		<0.001	STWV ⁹
DINOSEB	0.007		<0.00048	STWV ⁹
PENTACHLOROPHENOL	0.001		<0.000095	STWV ⁹
PICLORAM	0.5		<0.00071	STWV ⁹

FOOTNOTES:

¹ Chlorine and pH vary throughout the distribution system so values at your tap may differ from this locale. Also, iron, copper and lead can be affected by the condition of distribution pipes and interior plumbing.

² MCL= Maximum Contaminant Level. The highest level of a contaminant that is allowed or recommended in drinking water.

³ Sulfate analyzed in June 2011.

⁴ Mercury analyzed in June 2011.

⁵ TOC analyzed in December 2000.

⁶ Pesticide/herbicide analyzed in September and December 2011(Gr. Portland) and August 2008 (Steep Falls).

⁷ Asbestos analyzed in July 2011 in Cumberland area.

⁸ Gross alpha analyzed in May 2006.

⁹ STWV-state waiver, no testing required.

DEFINITIONS:

** MCL does not exist for these constituents

N/A – Not analyzed

ND – None detected

SU – Standard Unit

mg/l: milligrams per liter, or

parts per million, ppm

µg/l: micrograms per liter, or

parts per billion, ppb

pCi/l: picocuries per liter (a measure of radioactivity)

< = less than. The number following the less than sign is the lowest amount that can be reliably measured.

Turbidity: The measurement of cloudiness or suspended colloidal matter (silt). Excessive turbidity levels can cause problems with water disinfection.

Wastewater Statistics

EAST END WASTEWATER TREATMENT FACILITY

YEAR	Flow Treated (average million gallons/day)		Trucked in Waste (average gallons/day)		Biosolids Disposal (average/day)		% Removals	
	Primary Treatment Only	Secondary Treatment	Septage Treated	Holding Tank Waste Treated	TOTAL	Units	BOD	TSS
2004	0.662	19.393	4,229	2,452	49.08	Wet Tons	95	92
2005	0.720	20.390	4,727	1,009	46.29	Wet Tons	95	94
2006	1.203	17.465	4,303	1,167	48.63	Wet Tons	96	95
2007	0.639	15.896	3,311	605	45.59	Wet Tons	93	89
2008	1.090	17.955	3,457	865	50.75	Wet Tons	92	92
2009	1.211	16.102	4,354	4,918	51.33	Wet Tons	93	93
2010	1.268	16.877	2,780	303	45.20	Wet Tons	93	92
2011	0.935	17.100	1,973	304	43.54	Wet Tons	93	92
2012	1.016	16.989	1,647	302	38.66	Wet Tons	93	93
2013	0.516	16.703	1,839	472	45.17	Wet Tons	93	94

WESTBROOK/GORHAM/WINDHAM REGIONAL WASTEWATER TREATMENT FACILITY

YEAR	Flow Treated (average million gallons/day)	Trucked in Waste (average gallons/day)		Biosolids Disposal (average/day)		% Removals		% Flow		
	Secondary Treatment	Septage Treated	Holding Tank Waste Treated	TOTAL	Units	BOD	TSS	Westbrook	Gorham	Windham
2004	2.675	4,041	2,248	10.05	Wet Tons	93	95	86.791	13.209	-
2005	3.350	4,634	2,148	10.37	Wet Tons	93	94	88.300	11.700	-
2006	3.225	4,774	1,753	11.27	Wet Tons	96	94	88.341	11.659	-
2007	3.039	4,640	3,157	11.72	Wet Tons	95	94	89.952	10.048	-
2008 *1	3.924	4,392	2,210	12.24	Wet Tons	95	95	89.890	8.795	1.315
2009 *2	3.742	1,384	515	11.61	Wet Tons	95	96	88.863	8.732	2.405
2010 *3	3.291	2,077	263	10.67	Wet Tons	96	97	88.033	9.727	2.240
2011 *4	3.523	2,489	303	11.80	Wet Tons	96	96	86.322	11.675	2.003
2012	3.131	2,996	395	12.38	Wet Tons	95	97	81.488	16.124	2.388
2013	3.007	2,944	471	12.96	Wet Tons	94	96	79.618	17.674	2.708

*1 - Windham flow started being processed at the Westbrook Regional facilities effective 4/1/08.

*2 - Trucked in Waste deliveries to the Westbrook Regional Treatment Plant were suspended 6/1/09 - 10/31/09 for odor control purposes.

*3 - Trucked in Waste deliveries to the Westbrook Regional Treatment Plant were suspended 7/24/10 - 10/31/10 for odor control purposes.

*4 - Trucked in Waste deliveries to the Westbrook Regional Treatment Plant resumed year-round deliveries in 2011.

CAPE ELIZABETH WASTEWATER TREATMENT FACILITY

	Flow Treated (average million gallons/day)	Biosolids Disposal (average/day)		% Removals	
YEAR	Secondary Treatment	TOTAL	Units	BOD	TSS
2004	0.316	0.98	Wet Tons	96	97
2005	0.430	0.63	Wet Tons	92	96
2006	0.358	0.46	Wet Tons	91	95
2007	0.257	0.43	Wet Tons	94	95
2008	0.338	0.43	Wet Tons	89	92
2009	0.326	0.65	Wet Tons	93	97
2010	0.275	0.57	Wet Tons	95	96
2011	0.297	0.59	Wet Tons	97	98
2012	0.280	0.48	Wet Tons	95	95
2013	0.255	0.60	Wet Tons	93	96

PEAKS ISLAND WASTEWATER TREATMENT FACILITY

	Flow Treated (average million gallons/day)	Biosolids Disposal (average/day)		% Removals	
YEAR	Secondary Treatment	TOTAL	Units	BOD	TSS
2004	0.078	0.07	Wet Tons	96	96
2005	0.085	0.08	Wet Tons	92	94
2006	0.108	0.06	Wet Tons	92	91
2007	0.084	0.09	Wet Tons	95	93
2008	0.129	0.07	Wet Tons	92	91
2009	0.114	0.03	Wet Tons	90	91
2010	0.093	0.07	Wet Tons	92	92
2011	0.102	0.12	Wet Tons	93	91
2012	0.093	0.12	Wet Tons	96	95
2013	0.088	0.12	Wet Tons	94	96

EAST END WASTEWATER TREATMENT FACILITY

SLUDGE CAKE METALS (MG/DRY KG)

YEAR	MONTH	Cadmium	Copper	Chromium	Lead	Nickel	Zinc	Mercury
2013	January	1.1	222	12	28	10	428	0.2
	February	1.2	237	20	42	15	460	0.3
	March	1.5	208	18	38	14	411	0.3
	April	1.1	230	15	36	12	446	0.3
	May	1.2	238	19	57	14	503	0.5
	June	1.1	271	21	61	16	590	0.3
	July	1.3	277	18	54	15	709	0.5
	August	1.1	270	10	29	10	640	0.4
	September	1.2	240	19	63	15	520	0.3
	October	1.1	261	13	29	14	530	0.3
	November	1.0	240	14	57	14	580	0.3
	December	0.9	220	12	25	10	399	0.2
Annual Average		1.2	243	16	43	13	518	0.3

HISTORICAL SLUDGE CAKE METALS AVERAGES (MG/DRY KG)

YEAR	Cadmium	Copper	Chromium	Lead	Nickel	Zinc	Mercury
2004	0.8	216	16	51	13	540	0.4
2005	1.2	230	18	57	14	565	0.5
2006	0.9	242	19	60	14	599	1.6
2007	0.9	254	17	51	13	575	0.5
2008	1.2	239	19	54	14	600	0.4
2009	1.4	248	18	47	15	633	0.4
2010	0.5	260	16	42	13	541	0.5
2011	1.3	205	17	47	15	484	0.5
2012	1.3	254	16	43	14	536	0.5
2013	1.2	243	16	43	13	518	0.3

MAINE DEPARTMENT OF ENVIRONMENTAL PROTECTION SCREENING LAND APPLICATION LIMITS (MG/DRY KG)

Cadmium	Copper	Chromium	Lead	Nickel	Zinc	Mercury
10	1,000	1,000	300	200	2,000	6

WESTBROOK GORHAM WINDHAM REGIONAL WASTEWATER TREATMENT FACILITY

SLUDGE CAKE METALS (MG/DRY KG)

YEAR	QUARTERLY *	Cadmium	Copper	Chromium	Lead	Nickel	Zinc	Mercury
2013	January	1.1	393	25	24	21	853	0.4
	April	1.3	500	62	28	163	844	0.5
	July	1.7	548	44	35	35	1,200	0.4
	October	1.4	608	31	29	66	1,100	0.6
Annual Average		1.4	512	41	29	71	999	0.5

* PWD received a minor modification of its Solid Waste License that reduced Westbrook's monitoring frequency to no less than quarterly. Based on regulations and the quantity of biosolids produced at Westbrook, this frequency is now more consistent with the regulatory requirements.

HISTORICAL SLUDGE CAKE METALS AVERAGES (MG/DRY KG)

YEAR	Cadmium	Copper	Chromium	Lead	Nickel	Zinc	Mercury
2004	1.1	542	42	41	39	1,211	0.7
2005	1.5	553	37	41	25	1,141	1.2
2006	1.2	615	80	42	63	1,359	1.2
2007	1.1	567	68	37	25	1,185	0.5
2008	1.4	578	84	36	49	1,225	0.5
2009	1.3	469	43	35	25	1,032	0.4
2010	0.5	410	39	32	20	879	0.5
2011	0.9	467	42	32	65	931	0.8
2012	1.5	545	35	31	52	1,015	0.6
2013	1.4	512	41	29	71	999	0.5

MAINE DEPARTMENT OF ENVIRONMENTAL PROTECTION SCREENING LAND APPLICATION LIMITS (MG/DRY KG)

Cadmium	Copper	Chromium	Lead	Nickel	Zinc	Mercury
10	1,000	1,000	300	200	2,000	6

WASTEWATER SUMMARY BY DIVISION

Portland System: *1					
Mainland	Estimated population served	60,000			
	Treatment plant design flow:				
	average / peak wet weather	19.8 mgd average / 80 mgd peak			
	Pump stations	10			
	Interceptors	73,926 feet			
	Force Mains	15,880 feet			
	Estimated population served	500			
	Treatment plant design flow:				
	average / peak wet weather	0.2 mgd average / .61 mgd peak			
	Pump stations	3			
Peaks Island	Collectors	24,905 feet			
	Interceptors	3,592 feet			
	Force Mains	3,889 feet			
	Storm Drains	9,165 feet			
Westbrook *2					
	Estimated population served	11,000			
	Treatment plant design flow:				
	average / peak wet weather	4.54 mgd average / 15.7 mgd peak			
	Westbrook allocated average treatment plant flow (76.4%)	3.47 mgd average / 11.99 mgd peak			
			Joint Use	Westbrook Only	Gorham Only Windham Only
	Pump stations	3	1	2	
	Interceptors	24,965 feet	9,200	15,765	
	Force Mains	17,500 feet	4,500	13,000	
	Percentage Flow			79.618%	17.674% 2.708%
Cape Elizabeth System *3					
Cape - North	Estimated population served	4,000			
	Treatment contracted to South Portland				
	System design flow	0.72 mgd			
	Pump stations	13			
	Interceptors	28,700 feet			
Cape - South	Force Mains	4,100 feet			
	Estimated population served	3,100			
	Treatment plant design flow:				
	average / peak wet weather	0.52 mgd average / 2.75 mgd peak			
	Pump stations	10			
	Interceptors	19,985 feet			
	Force Mains	18,610 feet			
Cumberland					
	Estimated population served	2,200			
	Treatment contracted to Falmouth				
	System Design Flow	0.47 mgd			
	Pump stations	12			
	Interceptors	43,727 feet			
	Collectors	61,275 feet			
	Force Mains	26,879 feet			
Gorham Village					
	Estimated population served	6,000			
	Treatment conveyed to Westbrook				
	System design flow	1.4 mgd			
	Gorham allocated average treatment plant flow (21%)	0.95 mgd average / 3.30 mgd peak			
	Pump stations	8			
	Interceptors	36,286 feet			
	Collectors	49,537 feet			
	Force Mains	14,197 feet			
Little Falls Syster					
	Estimated population served	1,000			
	Windham allocated average treatment plant flow (2.6%)	0.12 mgd average / .41 mgd peak			
			Joint Use	Gorham Only	Windham Only
	Pump stations	5	2	1	2
	Interceptors/Collectors	22,674 feet	12,579	7,008	3,087
	Force Mains	17,014 feet	11,280	3,245	2,489
	Percentage Flow			21.149%	78.851%

FOOTNOTES:

*1 - The Portland System contains two separate treatment facilities. The mainland facility processes wastewater for the city of Portland. Trucked in waste and thickened sludge from the Peaks Island and Cape Elizabeth South Treatment Facilities are also processed here. The Peaks Island System processes wastewater for Peaks Island (which is a part of the city of Portland) to a thickened sludge product. This product is then transported to the Portland plant for final dewatering and sludge disposal.

*2 – Historically, the Westbrook System had one treatment plant which processed wastewater for the city of Westbrook and Gorham Village. Trucked in waste and thickened sludge from the Little Falls Treatment Facility was also processed here. The Gorham Village wastewater is pumped to Westbrook for processing. Gorham reimburses Westbrook for all joint use costs incurred in transporting and processing the wastewater. Effective 4/1/08, Windham flow was transferred to the Westbrook Regional Treatment Facility through the new Little Falls Conveyance System. Effective 5/1/08, Gorham Little Falls flow was also diverted to the Westbrook Regional Treatment Facility, resulting in the retirement of the Little Falls Treatment Facility. Windham and Gorham Little Falls also reimburses Westbrook for all joint use costs in the transportation and processing of the wastewater.

*3 – The Cape Elizabeth System is processed through two separate treatment facilities. The town of Cape Elizabeth in conjunction with the Portland Water District has a contract with the city of South Portland to provide wastewater treatment for the Cape North Sewer System. The Cape North System pumps all wastewater to the South Portland Pollution Control Facility for processing and reimburses South Portland for all joint use costs incurred in transporting and processing. The Cape South Sewer System processes wastewater at its own treatment facility to a thickened sludge product which is then transported to the Portland treatment plant for final dewatering and sludge disposal. The Cape South treatment plant was upgraded in 2011, resulting in a peak wet weather design flow increase from 1.7 MGD to 2.75 MGD, whereas the average design flow remained at .52 MGD as originally designed.

*4 – The Little Falls System processes wastewater from an area which is located within two separate communities. Residents in the towns of Windham and Gorham share in the Little Falls System costs incurred in transporting and processing the wastewater at the Little Falls Treatment Facility. A thickened sludge product was then transported to the Westbrook Treatment Facility for final dewatering and sludge disposal. The Little Falls Treatment Facility was in full operations through 3/31/08. Effective 4/1/08, Windham flow was transferred to the Westbrook Regional Treatment Facility and effective 5/1/08, the Gorham flow was also diverted there. This resulted in the retirement of the Little Falls Treatment Facility as of 5/1/08.

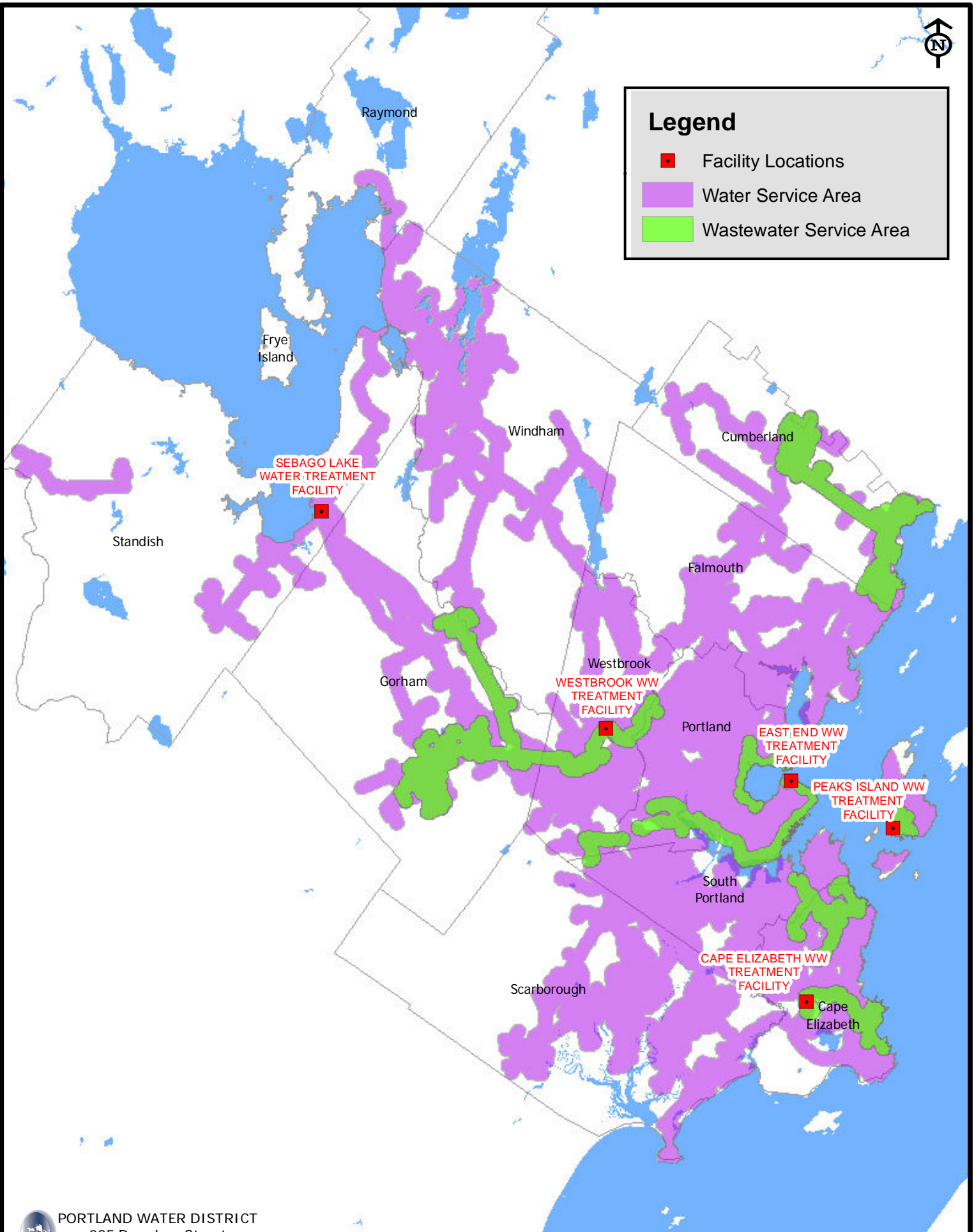
WASTEWATER PIPELINE LENGTH (MILES)

COMMUNITY	Interceptors	Forcemains	Collectors	Storm Drains	TOTAL	# of Manholes	# of CSOs
Cape Elizabeth	9.2	4.3	0.0	0.0	13.5	275	1
Cumberland	8.3	5.1	11.6	0.0	25.0	579	0
Gorham	10.6	5.4	9.4	0.0	25.4	623	0
Windham	0.6	0.5	0.0	0.0	1.1	13	0
Portland	14.7	3.7	4.7	1.7	24.8	811	22
Westbrook	4.7	3.3	0.0	0.0	8.0	117	5
TOTAL	48.1	22.3	25.7	1.7	97.8	2,418	28



Legend

- Facility Locations
- Water Service Area
- Wastewater Service Area



PORTLAND WATER DISTRICT
225 Douglass Street
Portland, ME 04104