

Comprehensive **ANNUAL FINANCIAL REPORT**



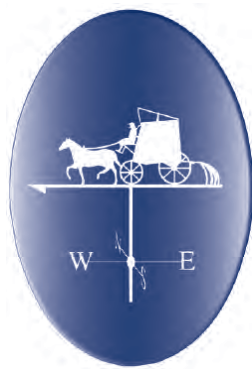
Portland
Water
District



For the year ended December 31, 2016

Portland Water District | 225 Douglass Street, Portland, Maine 04102

COMPREHENSIVE ANNUAL FINANCIAL REPORT



PORTLAND WATER DISTRICT
PORTLAND, MAINE
FOR THE YEAR ENDED DECEMBER 31, 2016

ACKNOWLEDGEMENTS: THIS REPORT WAS PREPARED BY THE FINANCIAL SERVICES
AND PUBLIC RELATIONS DEPARTMENTS AT THE PORTLAND WATER DISTRICT.

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INTRODUCTION



TRANSMITTAL LETTER

June 30, 2017

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, 2016.

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 2016 financial activities, the financial statements, and the auditors' 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.

FACTORS AFFECTING FINANCIAL CONDITION

LOCAL ECONOMY

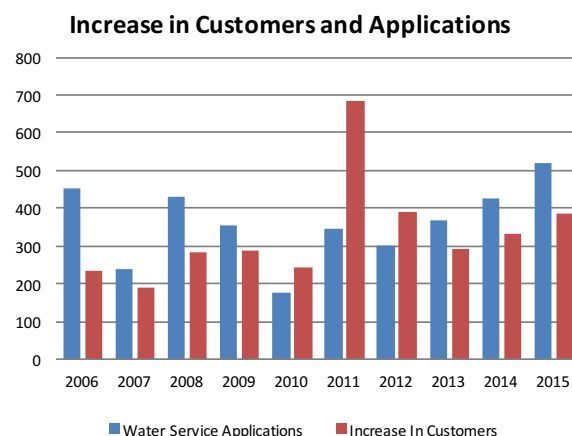
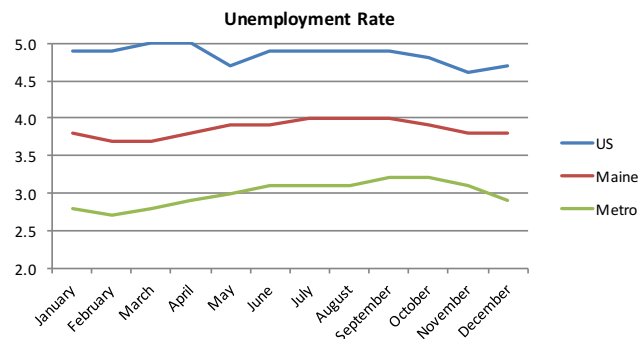
By mid year, Maine's sluggish economic recovery finally brought us back to pre-recession levels, according to the Bangor Daily News.

Employment: Local unemployment remained fairly low throughout the year and well below national and state levels, ending at a 2.9% unemployment rate in Cumberland County.

Housing Market: According to the Maine Association of Realtors, Maine home sales were up 11.71% percent and were the highest since data began being collected 18 years ago. As the state's largest real estate market, more than one in four sales take place in Cumberland County. Cumberland County saw only a 2.68% jump in sales in 2016.

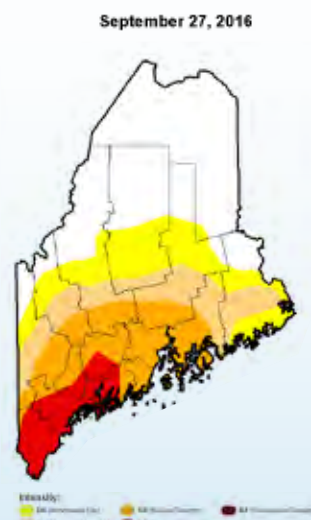
New construction increased 8% statewide, as indicated through building permit data collected by the U.S. Census Bureau. Of the 4,010 state-wide building permit units in 2016, over half were within the Portland/South Portland Metropolitan region.

Locally, the Portland Water District continues to experience steady 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 15% which is consistent within the water utility sector nationwide. However, 2016 water consumption was up 4.8% over 2015.

The summer of 2016 was abnormally dry and much of Maine was considered to be experiencing drought conditions according to the U.S. Drought Monitor. The National Weather Service reports 8.02 inches of precipitation fell in Portland during June, July, and August of 2016 which is considerably less than normal levels of 10.54 inches.



ECONOMIC OUTLOOK

The economy continues to grow slowly and is expected to continue. According to a report prepared for the U.S. Conference of Mayors, metropolitan areas contribute most of the growth. This trend is shared by the U.S. and Maine economies.

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 and sells water wholesale to another entity. 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 more than 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 \$319 million in assets operating over approximately 140 square miles and an annual budget of \$40.5 million. Additionally, PWD manages a \$15.0 million capital improvement plan.



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.

BOARD OF TRUSTEES



Guy Cote
*Vice President
Westbrook*

Louise Douglas
*Windham &
Raymond*

Seth Garrison
Portland

Kenneth Levinsky
Portland

Gary Libby
Portland

William Lunt
*President
Falmouth &
Cumberland*



Joseph Siviski
*South Portland
& Cape Elizabeth*

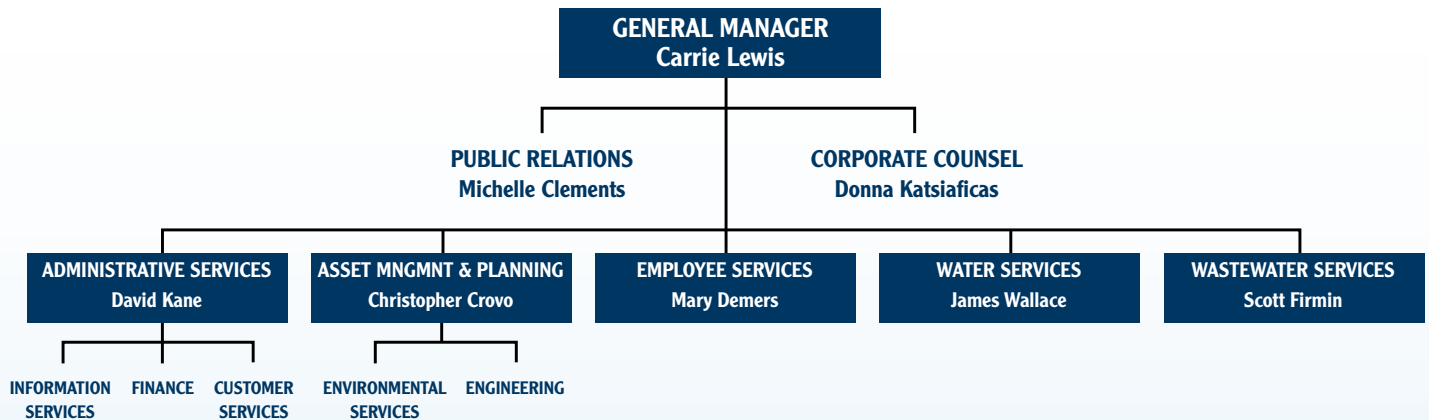
Nisha Swinton
Portland

Jamie Willey
Portland

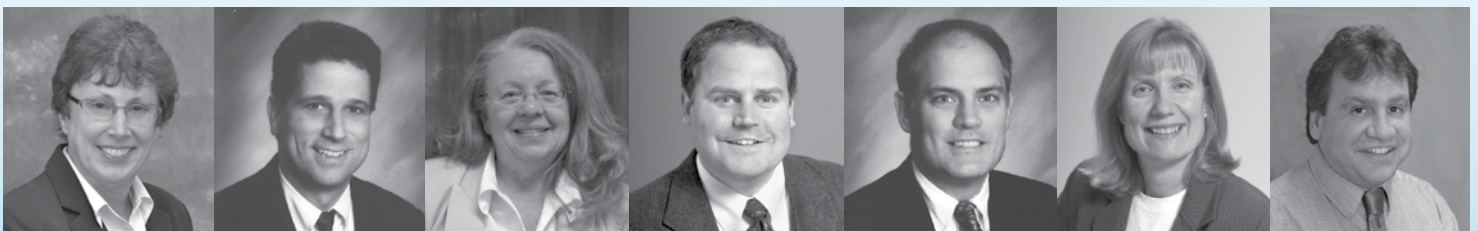
Vacant
Gorham

Vacant
*South Portland
& Cape Elizabeth*

CORPORATE MANAGEMENT (AS OF 5/01/17)



CORPORATE OFFICERS AND SENIOR MANAGEMENT



Carrie Lewis
General Manager

Christopher Crovo
*Executive
Director of Asset
Management
and Planning*

Mary Demers
*Executive
Director of
Employee Services*

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*

CORPORATE HISTORY

Over a century old, the Portland Water District is a company rich in history and experience. That tradition forms a solid foundation for delivering quality water, wastewater, and environmental services and products.

The Portland Water District was formed in response to public outcry for municipal management of the public water system. In 1908, the Portland Water District took over the assets of the privately owned, Portland Water Company.

1869 — The first water flowed from Sebago Lake to Portland, and the first water service was turned on in Portland on Thanksgiving Day.

1908 — The Portland Water District was formed.

1914 — The public water supply was first treated with chlorine.

1978 — The Portland Water District began providing wastewater services to the community with the construction of its first wastewater treatment plant.

1994 — The Sebago Lake Water Treatment Facility was constructed and ozone water treatment added.

2008 — The Portland Water District celebrated its centennial, a hundred years of providing water services to customers.

2014 — Ultraviolet light treatment was added at the Sebago Lake Water Treatment Facility.

2015 — Portland Water District was the first water utility in Maine to apply for exemptions from certain PUC rules and regulation and the first to receive approval.



2016 IN REVIEW

ADMINISTRATION

WATER RATE INCREASE: Water rates increased 3.8% in 2016. The increase added about \$0.71 to the average household water bill.

BOND RATINGS: In 2016, both Moody's and S&P jumped Portland Water District's Bond Ratings to Aa3 and AA, respectively. The upgrades reflect consistent practices of well-managed financial operations particularly in debt service and liquidity. Recent improvements as a result of deregulation from the Maine Public Utilities Commission were also noted. As a result of the upgrade, PWD will save roughly \$100,000 over the life of the \$4 million bonds issued in 2016 and another \$680,000 in refinanced bonds that take advantage of lower interest rates as well as the new credit rating.



ABC PROJECT: PWD embarked on a significant project to replace the Asset Management, Billing, and Customer Engagement Software Systems. A firm was selected, Arcadis, to assist PWD identify, evaluate, and select the next system.



VALUE OF WATER CAMPAIGN: In the third year of the Value of Water campaign, *Water what's it worth?* television commercials and a social media contest prompting customers to upload their own videos on Facebook were implemented.

WATER

Last year nearly 4 miles of water main were replaced as part of the Water Main Replacement Program.

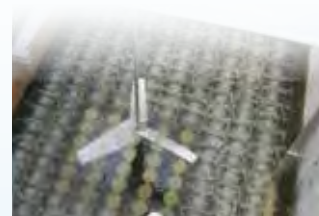


2016 WATER MAIN REPLACEMENT		FEET
WESTBROOK		
Conant Street, Cloudman, Dunn, Spiers, Stevens		6,100
Quimby Street, Mechanic to Pleasant, Hardy Road (300ft)		1,000
SOUTH PORTLAND		
Thornton Heights (Phase 3)		4,800
Westbrook Street, Western Ave to Liberty		2,500
Ocean Street		350
PORTLAND		
Deering Street (State to High), Mellen Street		2,100
York Street		320
Avon Street, Deering to Congress (130 ft replaced on Deering Project)		300
Locust Street		300
Mountfort, Fore St. to Newbury		450
Newbury Street, Hampshire to Franklin		110
Wilmont Street, Oxford St to Cumberland		440
CUMBERLAND		
Birch Lane		150
CAPE ELIZABETH		
Birch Knoll, Maiden Cove, Garden Lane		2,100
		16,617

407 ZONE: A multi-million dollar water system improvement project to increase capacity, water pressure, and fire protection capabilities in areas of Gorham and Windham was completed. The recent installation of 7,100 feet of new water mains on Huston Road in Gorham in 2016 increased water pressure approximately 60 PSI in the area

WASTEWATER

EEWWTF AERATION PROJECT: Construction of an \$11.4 million dollar project to upgrade the East End Wastewater Treatment Facility's 36-year old aeration system reached significant milestones in 2016. Two of three of the upgraded trains went online smoothly with the third expected to be operational in 2017. The project replaces old surface aerators with turbine style blowers and fine bubble diffusers installed on the tank floor.



PUMP STATIONS: A \$1.2 million project to upgrade the Fore River Pump Station in Portland was completed.

INTERCEPTORS: As described in the 2010 Westbrook Combined Sewer Overflow Master Plan Update Study, 1,100 feet of Dana Court Pump Station (Brown, Reserve, North and River Streets) interceptor sewers were upsized.

FORCE MAIN: Portland Water District replaced approximately 2,000 feet of sewer force main located in the Peabbles Cove area.



PEAK PERFORMANCE: The Westbrook/Gorham Wastewater Treatment Facility received a Silver Peak Performance Award and the Peaks Island Wastewater Treatment Facility was honored with a Gold Peak Performance Award. The Peak Performance Awards program presented by the National Association of Clean Water Agencies (NACWA) recognizes public wastewater treatment facilities for their outstanding compliance records.



2017 BUDGET GOALS SUMMARY

GOAL 1 *Public Health*

The District will provide products and services that meet all federal, state and local quality standards.

- Improve communications of emergency water system incidents.
- Meet 100% of all SWTR standards.
- Plan to address new Lead and Copper regulations.
- Prepare to begin monitoring for the Fourth Unregulated Contaminated Monitoring Rule (UCMR4).

GOAL 2 *Public Safety*

The District will design and maintain its water system to meet modern fire fighting needs.

- Continue to provide flow testing and provide outreach training to fire departments.
- Continue 407 Zone improvements.
- Improve redundancy to Cumberland Center.

GOAL 3 *Environment*

The District will promote the sustainability of natural resources within Casco Bay watershed.

- Complete construction of the EEWTF aeration upgrade.
- Conduct condition assessment on 10% of wastewater collection system.
- Work with MDOT on stormwater measures to accompany Rt. 35 redesign.
- Support municipalities in their combined sewer and wet flow management.

GOAL 4 *Reliability*

The District can be trusted to provide its products and services in a manner that meets all reasonable customer expectations.

- Submit Phase III Report for AWWA Partnership.
- Replace 1-2 transmission main valves.
- Complete engineering to update Sebago Lake intake screens.
- Improve prioritization of water main replacement projects.
- Allocate \$7 million in water main replacement.
- Renovate multiple wastewater pump stations.

GOAL 5 *Affordability*

The District will balance the delivery of products and services with customers' ability to pay water and wastewater rates and charges.

- Meet water revenue and wastewater municipal assessment targets.
- Investigate options for periods of unattended operation at the SLWTF.
- Continue to review and reduce premium time needs.

GOAL 6 *Employees and Work Environment*

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

- Invest on average 80 hours of training per employee.
- Conduct all required safety training, claims management, and thorough accident investigation.
- Continue security updates at District facilities.

RECOGNITION AND ACKNOWLEDGEMENTS



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, 2015

Executive Director/CEO

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, 2015.

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*

Peak Performance Awards
*National Association of Clean
Water Agencies*



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 2016. Macpage LLC's report is included in the financial section of this report.

Sincerely,

Carrie Lewis

Carrie Lewis
General Manager

David 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.

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FINANCIAL



Independent Auditors' Report

To the 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, 2016, and the related notes to the financial statements, which collectively comprise Portland Water 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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, 2016, 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.



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 - 26 and Schedules of Changes in the District's Net Pension Liability and Related Ratios - Bargaining and Non-Bargaining Unit Pension Plan (Unaudited), Schedule of Investment Returns, Schedule of District's Contributions, and Schedule of Investment Returns Annual Money-Weighted Rate of Return, net of investment expense on pages 67-69 and Schedules of Funding Progress for the Other Postemployment Benefit Plan (OPEB) (Unaudited) on page 70 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 Portland Water District's financial statements. The introductory section and statistical tables are presented for 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2017, on our consideration of Portland Water District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Portland Water District's internal control over financial reporting and compliance.

Macpage LLC

Augusta, Maine
April 28, 2017

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 that are financed and operated in a manner similar to private businesses and two pension trust funds. The District's Water Fund serves eleven towns and cities in the greater Portland, Maine area. The District's seven Wastewater Funds serve the following Maine municipalities: Cape Elizabeth, Cumberland, Falmouth, Gorham, Portland, Westbrook and Windham.

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

The District's basic financial statements include the:

- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows
- Statement of Fiduciary Net Position/Changes in Fiduciary Net Position
- Notes to Financial Statements

Financial Highlights

Change in Net Position before Contributions - This item decreased \$0.94 million in 2016.

Operating Revenues - These revenues increased \$1.91 million (4.8%) in 2016. Metered Water revenue was up 7.3% (\$1.43 million) due to implementing higher rates (3.7%) and increased consumption (4.8%) primarily due to dry summer weather. Wastewater Assessments were up 2.4% (\$0.41 million) due to increases in Cape Elizabeth, Cumberland and Portland chiefly related to capital improvements.

Operating Expense - These expenses rose 7.8% (\$2.75 million) in 2016. The majority of the increase was related to pension expense. In 2015, the first year of implementation of the General Accounting Standards Board (GASB) Statement No. 68 (Accounting & Financial Reporting for Pension), the District had a negative pension expense of \$934,123. In 2016, the District had a positive pension expense of \$968,935, a net increase of \$1,903,058. All other expenses increased \$842,443 or 2.3%.

Net Capital Assets (\$273.9 million) had a net increase of 5.3% (\$13.7 million) in 2016. New capital asset additions included typical water infrastructure such as mains and services (for a total of \$11.5 million) and additions (\$5.2 million in operating property and \$4.8 million in construction work in progress) in the Portland wastewater fund for projects at the East End Wastewater Treatment Facility and the Fore River Wastewater Pump Station.

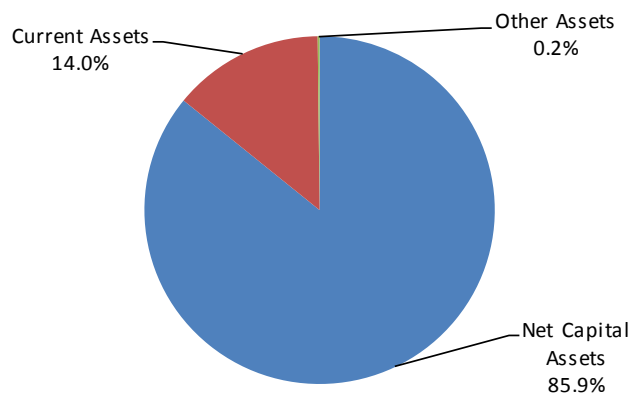
Falmouth Wastewater - In 2016, the District financed and took ownership of the Mill Creek Wastewater Pump Station and related force mains located in the Town of Falmouth. The Town of Falmouth, who will operate and maintain the assets, will make debt service payments via a monthly assessment. A new Falmouth wastewater fund was added to the District's financial statements which at year end held the assets and debt related to the project.

Comparison of Financial Statements for Current and Prior Years

Statement of Net Position (Condensed)

	2016	2015	Diff	Diff %
Current Assets	\$ 44,578,266	\$ 38,725,148	\$ 5,853,118	15.1%
Net Capital Assets	273,925,842	260,237,336	13,688,506	5.3%
Other Assets	560,773	432,906	127,867	29.5%
Non-Current Assets	274,486,615	260,670,242	13,816,373	5.3%
Total Assets	319,064,881	299,395,390	19,669,491	6.6%
Deferred Outflows	1,097,004	1,172,072	(75,068)	(6.4)%
Total Assets and Deferred Outflows	\$320,161,885	\$300,567,462	\$19,594,423	6.5%
Current Liabilities	\$ 12,731,409	\$ 10,196,528	\$ 2,534,881	24.9%
Long-Term Debt/Payables	77,511,224	66,177,952	11,333,272	17.1%
Other Non-Current Liabilities	10,176,912	9,529,268	647,644	6.8%
Non-Current Liabilities	87,688,136	75,707,220	11,980,916	15.8%
Total Liabilities	100,419,545	85,903,748	14,515,797	16.9%
Deferred Inflows	971,924	89,424	882,500	986.9%
Net Position:				
Net Invested in Capital Assets	191,714,552	189,204,269	2,510,283	1.3%
Unrestricted	27,055,864	25,370,021	1,685,843	6.6%
Total Net Position	218,770,416	214,574,290	4,196,126	2.0%
Total Liabilities, Deferred Inflows and Net Position	\$320,161,885	\$300,567,462	\$19,594,423	6.5%

District Assets



Current Assets

Current Assets increased \$5.85 million (15.1%) in 2016. This growth is primarily the result of increased cash and investments due to positive operating results during 2016.

Net Capital Assets

Net Capital Assets increased \$13.69 million between 2015 and 2016 (5.3%).

	Additions	Reductions	Net Change
Utility Property	\$17,131,394	\$(1,847,164)	\$15,284,230
Construction Work in Progress	8,110,856	(1,336,668)	6,774,188
Allowance for Depreciation	(9,805,355)	1,435,451	(8,369,904)
	<u>\$15,436,895</u>	<u>\$(1,748,381)</u>	<u>\$13,688,514</u>

The major additions to Utility Property for 2016 were:

- \$8.69 million, water distribution mains
- \$4.03 million, wastewater treatment equipment
- \$1.05 million, pump station structures and equipment
- \$0.98 million, water services

Construction Work in Progress increased by \$6.77 million in 2016. Most of the additions were related to the aeration upgrade at the Portland East End Wastewater Treatment Facility (EEWWTF) and the Falmouth Mill Creek Wastewater Pump Station and related force main project.

The Allowance for Depreciation grew 4.2% (\$8.37 million) in 2016. The additions were in line with prior years but reductions were lower than 2015 due to that year having the retirement of older equipment at the EEWWTF.

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

Other Assets

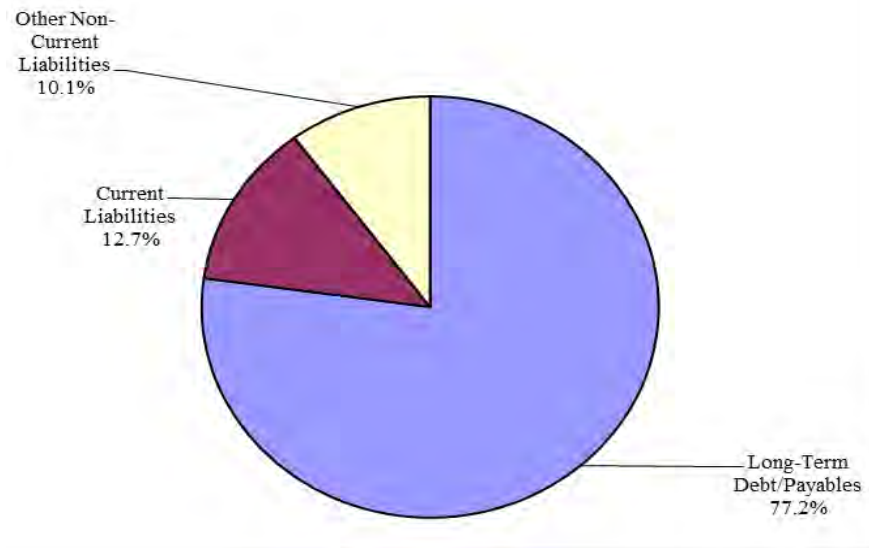
Other Assets, which increased \$127,867 in 2016, consist of the long-term portion of notes receivable as well as the costs of studies to be amortized over a number of years. The increase was primarily due to costs associated with studies relating to electrical and heating, ventilation and air conditioning (HVAC) systems at wastewater facilities.

Deferred Outflows

Deferred Outflows of resources represents a consumption of net position that applies to a future period(s) that will not be recognized as an outflow of resources (expense/expenditure) until then. The District has Deferred Outflows for its pension and for a 2016 bond refunding. In the 2016 financials, the 6.4% (\$75,068) reduction in Deferred Outflow represents the reduction in the portion relating to the pension (as determined annually by an outside actuary) that was somewhat offset by the new Deferred Outflow for the 2016 bond refunding.

Details on both of these items can be found in the Notes to the Financial Statements.

District Liabilities



Current Liabilities

Description	2016	2015	Diff	Diff %
Accounts Payable & Accrued Payroll	\$ 4,499,989	\$ 3,489,767	\$1,010,222	28.9%
Customer Deposits	275,786	150,003	125,783	83.9%
Construction Retainage	520,507	159,870	360,637	225.6%
Current Portion – Long-Term Debt	6,378,828	5,420,437	958,391	17.7%
All Other Current Liabilities	1,056,299	976,451	79,848	8.2%
	<u>\$12,731,409</u>	<u>\$10,196,528</u>	<u>\$2,534,881</u>	24.9%

Current Liabilities increased 24.9% (\$2.53 million) between 2015 and 2016.

Accounts Payable & Accrued Payroll rose due to a growth in payables related to ongoing construction projects in several funds including \$0.4 million in the Falmouth wastewater fund. Customer Deposits rose because of an increase in deposits from outside contractors for new construction impacting water assets. Construction Retainage grew due to retainage related to large construction projects, including the aeration project in Portland wastewater, in progress at the end of the year. The Current Portion of Long-Term Debt increased as the \$22.9 million in new debt issued in 2016 outpaced the retirement of existing debt.

Long-Term Debt/Bond Rating

In 2016, the District issued bonds for the Water Fund. Moody's and Standard & Poors (S&P), respectively assigned ratings of Aa3 and AA. The Portland Water District's ratings improved over 2015 due to strong financial results and becoming partially deregulated from the Maine Public Utilities Commission in 2016.

Long-Term Debt/Payables

Bonded Debt:	Beginning	Issued	Refunded	Retired	Ending
Water	\$43,551,288	\$10,725,341	\$(5,160,000)	\$(2,975,459)	\$46,141,170
Wastewater:					
Cape Elizabeth	2,381,750			(146,250)	2,235,500
Cumberland	68,750			(6,250)	62,500
Falmouth		4,000,000			4,000,000
Gorham	3,739,746			(303,069)	3,436,677
Portland	16,015,206	8,200,000		(1,602,354)	22,612,852
Westbrook	4,368,913			(326,170)	4,042,743
Windham	1,313,855			(100,885)	1,212,970
Total Bonded Debt	71,439,508	\$22,925,341	\$(5,160,000)	\$(5,460,437)	83,744,412
(Less: Current Portion)	(5,420,437)				(6,378,828)
Non-Current	<u>\$66,019,071</u>				<u>\$77,365,584</u>
Notes Payable:	Beginning	Issued	Refunded	Retired	Ending
Wastewater:					
Windham	\$ 172,120			\$ (13,240)	\$ 158,880
Total Notes Payable	172,120			(13,240)	158,880
(Less: Current Portion)	(13,240)				(13,240)
Non-Current	<u>158,880</u>				<u>145,640</u>
Non-Current LT Debt	<u>\$66,177,951</u>				<u>\$77,511,224</u>

This category consists of general revenue bonds and notes payable. During 2016, the balance of Long-Term Debt/Payables increased 17.1% or \$11.33 million. Issuances of \$22.93 million were offset by retirements of \$5.46 million and bonds refunded totaling \$5.16 million. For more detailed information, please refer to the Notes to the Financial Statements – Note 3 – Detailed Notes On All Funds – Long-Term Debt.

Other Non-Current Liabilities

	2016	2015	Diff	Diff %
Customer Advances & Other Liabilities	\$ 2,074,829	\$1,189,758	\$ 885,071	74.4%
Compensated Absences – Non-Current	817,350	841,444	(24,094)	(2.9)%
Net Pension Liability	7,284,733	7,498,066	(213,333)	(2.8)%
	<u>\$10,176,912</u>	<u>\$9,529,268</u>	<u>\$ 647,644</u>	6.8%

Customer Advances & Other Liabilities grew primarily because of a large increase in unamortized bond premiums (from \$0.43 to \$1.26 million) that were generated by 2016 bond issues. The net pension liability decreased 2.8%, please refer to the Notes to the Financial Statements for more information.

Deferred Inflows

Deferred Inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The District's Deferred Inflows, which increased \$882,500, relate to the pension plan and are determined annually by an outside actuary. Details on this item can be found in the Notes to the Financial Statements.

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

	2016	2015	Diff	Diff %
Operating Revenue	\$ 41,304,624	\$ 39,396,921	\$ 1,907,703	4.8%
Non-Operating Revenue	402,492	274,874	127,618	46.4%
Total Revenues	41,707,116	39,671,795	2,035,321	5.1%
Operating Expense	37,915,424	35,169,923	2,745,501	7.8%
Non-Operating Expense	2,103,937	1,871,407	232,530	12.4%
Total Expenses	40,019,361	37,041,330	2,978,031	8.0%
Change in Net Position before				
Contributions	1,687,755	2,630,465	(942,710)	(35.8)%
Contributions	2,488,658	2,721,429	(232,771)	(8.6)%
Change in Net Position	4,176,413	5,351,894	(1,175,481)	(22.0)%
Beginning Net Position, as Restated	214,594,003	209,222,396	5,371,607	2.6%
Ending Net Position	\$218,770,416	\$214,574,290	\$ 4,196,126	2.0%

Operating Revenue

	2016	2015	Diff	Diff %
Metered Water Revenue	\$20,937,121	\$19,507,814	\$1,429,307	7.3%
Wastewater Assessments	17,529,312	17,116,284	413,028	2.4%
Public & Private Fire Protection	2,283,539	2,186,843	96,696	4.4%
Other Operating Revenue	554,652	585,980	(31,328)	(5.3)%
Total Operating Revenue	\$41,304,624	\$39,396,921	\$1,907,703	4.8%

Metered Water Revenue (\$20.94 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. Starting in 2016, water rates were solely set by the District's Board of Trustees; approval from the State of Maine's Public Utilities Commission was no longer needed. In May 2016, metered rates increased an average of 3.7% over the previous year. Consumption in 2016 was 8.97 million HCF, an increase of 4.8% from the previous year's 8.56 million HCF primarily because of the dry summer weather.

Wastewater Assessments (\$17.53 million) - These assessments were paid by the local municipalities to the District for providing wastewater services such as interception, treatment, and contracted services. Assessments are set annually by the District's Board of Trustees. The rise in revenue was due to assessment increases of 2.2% in Cape Elizabeth (\$31.3k), 2.5% in Cumberland (\$18.3k) and 3.0% in Portland (\$327.4k). In addition, the Falmouth assessment of \$36k was new in 2016.

Public and Private Fire Protection (\$2.28 million) - This revenue includes charges to local municipalities for water capacity available for public firefighting needs as well as for private sprinkler systems. The District's Board of Trustees sets these rates; in May 2016 the rates increased an average of 3.7%. In addition, there was a 1.3% increase in Private Fire customers.

Other Operating Revenue (\$0.55 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 down 5.3% (\$31k) mostly due to a decrease in septage hauler revenue.

Operating Revenue by Fund

	<u>2016</u>	<u>2015</u>	<u>Diff</u>	<u>Diff %</u>
Water	\$23,507,826	\$21,981,189	\$1,526,637	6.9%
Wastewater:				
Cape Elizabeth	1,443,408	1,412,112	31,296	2.2%
Cumberland	750,072	731,784	18,288	2.5%
Falmouth	36,012		36,012	N/A
Gorham	1,123,708	1,121,308	2,400	-0.2%
Portland	11,410,550	11,121,986	288,564	2.6%
Westbrook	2,677,780	2,674,104	3,676	0.1%
Windham	355,268	354,438	830	0.2%
	<u>\$41,304,624</u>	<u>\$39,396,921</u>	<u>\$1,907,703</u>	4.8%

For the Water Fund, Operating Revenue primarily consists of metered water consumption and fire protection services. Metered Water sales increased \$1.43 million (7.3%) due to both the May 2016 rate increase and higher usage. Fire Protection revenue was up \$96,696 (4.4%) due to the 2016 rate increase and a 1.3% increase in customers.

In the Wastewater (WW) Funds, the largest component of Operating Revenue is the wastewater assessments. Assessments increased in Cape Elizabeth (2.2%), Cumberland (2.5%) and Portland (3.0%) to cover increased debt service and/or operating costs. Falmouth is new to the totals in 2016.

Additionally, some WW Funds receive income from septage haulers dumping loads at the treatment plants. Dumping volumes were down at Portland's East End Plant but up at the Westbrook Plant that splits the revenue with the Gorham, Westbrook and Windham Funds.

Non-Operating Revenue

	<u>2016</u>	<u>2015</u>	<u>Diff</u>	<u>Diff %</u>
Interest Income	\$163,062	\$118,826	\$ 44,236	37.2%
Miscellaneous Income	239,430	152,728	86,702	56.8%
Gain on Sale/Retirement		3,320	(3,320)	N/A
	<u>\$402,492</u>	<u>\$274,874</u>	<u>\$127,618</u>	46.4%

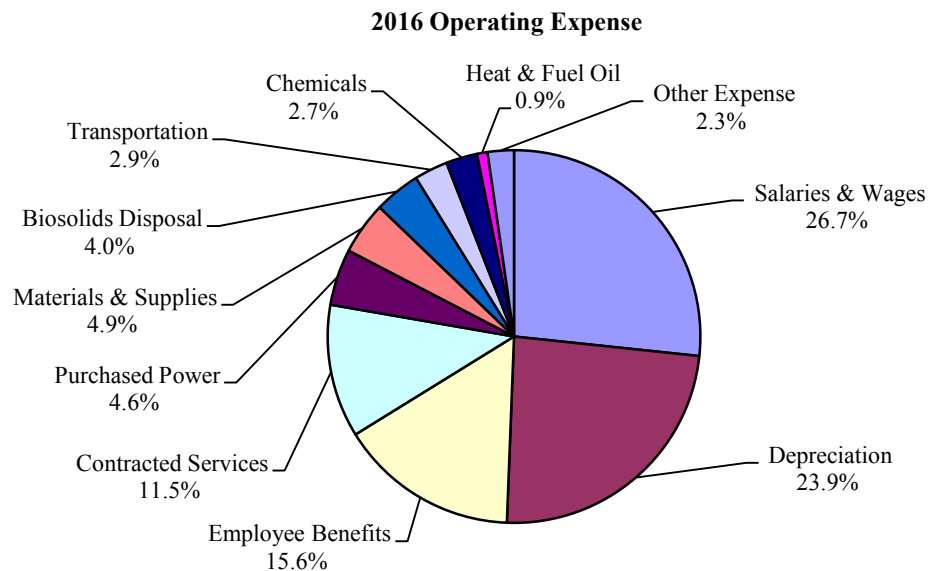
Interest Income increased \$44,236 (37.2%) in 2016. The principal objective of the District's investment policy is safety while attaining an appropriate rate of return. The income gain in 2016 can be attributed to both higher rates of return as interest rates rise and higher on hand cash balances due to positive operating results.

Miscellaneous Income includes non-operational items such as grants and reimbursements for expenses offset by the cost to retire capital assets. The increase in 2016 was primarily due to the growth in revenue from renting space on a District water tower to cell phone providers and income related to timber harvested from the District's tree growth land around Sebago Lake.

There was no net Gain on Sale/Retirement of assets in 2016. The net loss was included in Non-Operating Expense.

Operating Expense

	2016	2015	Diff	Diff %
Salaries & Wages	\$10,114,266	\$9,832,283	\$ 281,983	2.9%
Depreciation	9,075,357	8,845,225	230,132	2.6%
Employee Benefits	5,907,182	3,819,319	2,087,863	54.7%
Contracted Services	4,376,286	4,078,652	297,634	7.3%
Purchased Power	1,728,375	1,750,431	(22,056)	(1.3)%
Materials & Supplies	1,855,522	1,607,479	248,043	15.4%
Biosolids Disposal	1,518,719	1,518,633	86	0.0%
Transportation	1,101,984	1,157,067	(55,083)	(4.8)%
Chemicals	1,029,538	991,814	37,724	3.8%
Heat & Fuel Oil	345,010	460,266	(115,256)	(25.0)%
Other Expense	863,185	1,108,754	(245,569)	(22.1)%
	<u>\$37,915,424</u>	<u>\$35,169,923</u>	<u>\$2,745,501</u>	7.8%



Operating Expense Category Explanations

Salaries/Wages - Salaries and Wages expense increased 2.9% (\$281,983). The expense increase was due to the impact of the 2.5% pay rate increase and an increase in filled full-time positions.

Depreciation Expense - This expense went from \$8.85 million in 2015 to \$9.08 million in 2016, an increase of 2.6%. Most of this increase was in the Water fund. The four largest asset groups accounted for over half the expense for the year:

- Water Distribution Mains (\$2.23 million)
- Wastewater Interceptor Structures (\$1.13 million)
- Wastewater Treatment Plant Equipment (\$0.96 million)
- Wastewater Treatment Plant Structures (\$0.91 million)

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

Operating Expense Category Explanations - Continued

Employee Benefits – In 2015, the year GASB 68 was implemented, the District had a negative pension expense of \$934,123. In 2016 the District had a positive pension expense of \$968,935, this expense was driven by increases in pension benefits granted in the most recent union contract and differences between expected and actual pension outcomes, such as investment results and demographics, as measured by the District's actuary. The change in pension expense of \$1,903,058 was the primary reason for the increase in employee benefits.

Contracted Services - This category, which is comprised of services provided to the District by outside vendors, increased 7.3% (\$297,634) in 2016. The largest increases were in maintenance services and contractor construction. Maintenance services included a \$151k restoration of the Shore Acres tank for use as a cell phone tower. Contractor construction included costs associated with a 30" main break in Gorham and numerous road repair/paving jobs.

Purchased Power - Overall power costs decreased 1.3% (\$22,056) in 2016. Favorable electricity rates resulted in cost reductions of \$90k for the Sebago Lake Water Treatment Facility (SLWTF) and a combined \$20k for the East End Wastewater Treatment Facility (EEWTF) & India Street Pump Station (ISPS). These savings were largely offset by increased transmission and delivery rates, a total change of \$82k, for medium and large accounts.

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. This expense is made up of thousands of individual purchases and stock issuances; the annual expense varies depending on the volume and types of repairs/maintenance being performed. One factor impacting this year's expense was the \$136k disposal of obsolete on hand inventory. In 2016, this expense category was up 15.4% (\$248,043).

Biosolids Disposal - The District contracts with an outside vendor to remove and dispose of biosolids from its wastewater treatment facilities. Biosolids disposal expenses were flat from 2015 to 2016 due to the disposal rate remaining the same and volumes of material being relatively unchanged.

Transportation - Transportation costs are based on vehicle usage and a predefined hourly rate for each class of vehicle. The sum of these charges equals the cost of operating the vehicle fleet, as well as depreciation. In 2016, costs decreased by 4.8% (\$55,083) partly due to fewer vehicle maintenance needs.

Chemicals - Overall, chemical costs increased 3.8% (\$37,724) in 2016. Most chemical prices were the same or lower in 2016, with the exception of sodium hypochlorite that used both in water and wastewater treatment. Higher flows at the District's water treatment facility resulted in higher chemical usage at that facility.

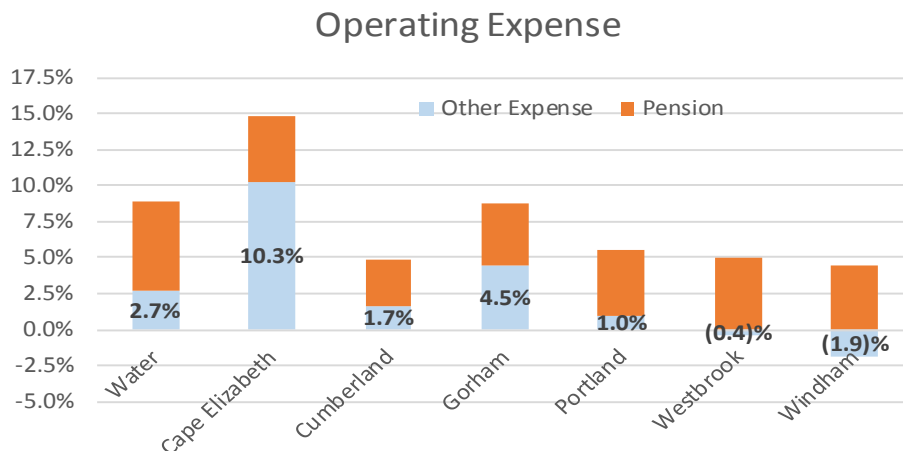
Heating & Fuel Oil - These costs decreased 25% (\$115,256). The price of heating oil was significantly lower in 2016, as was the supply cost for natural gas. Fuel usage was flat between 2015 and 2016.

Other Expense - This category includes items such as other utilities (water, wastewater, telephone), preliminary surveys, insurance and regulatory expenses. This category was down 22.1% (\$245,569) in 2016. In 2015, over \$250k was contributed to a single watershed protection project. There was not a similar contribution in 2016.

Operating Expense by Fund

	2016	2015	Diff	Diff %
Water	\$20,664,451	\$18,967,421	\$1,697,030	8.9%
Wastewater:				
Cape Elizabeth	1,731,601	1,507,374	224,227	14.9%
Cumberland	879,871	839,301	40,570	4.8%
Falmouth	11,633		11,633	N/A
Gorham	1,028,060	945,512	82,548	8.7%
Portland	10,975,900	10,396,731	579,169	5.6%
Westbrook	2,380,421	2,276,087	104,334	4.6%
Windham	243,487	237,497	5,990	2.5%
	<u>\$37,915,424</u>	<u>\$35,169,923</u>	<u>\$2,745,501</u>	<u>7.8%</u>

The vast majority of that increase (\$1.90 million) was related to pension expense. When that is factored out, the overall increase on all other expenses was \$0.84 million or 2.3%.



Net of pension, expenses decreased in the Westbrook and Windham wastewater funds. The increases in the Cumberland and Portland wastewater funds were less than the 2.5% average wage increase and in Water was just over 2.7%. Cape Elizabeth wastewater was up 10.3% due primarily to cost associated with the force main repair at Peabbles Cove. Gorham wastewater expense increased 4.5% due to a rise in their percentage of flows being treated at the Westbrook Regional Wastewater Treatment Facility. The basis for cost allocation, at the joint use Westbrook Wastewater Treatment facility, went from 13% of all costs in 2015 to 15% in 2016. Conversely, the Westbrook wastewater fund had lower flows due to this shift, which resulted in lower expenses.

Non-Operating Expense

Due to rising levels of debt, Interest/Amortization expense increased 5.5%. The Loss on Sale/Retirement recognizes the retirement of long-term assets that had not yet been fully depreciated. The 2016 results are typical given the long useful life of some District assets. We experienced a small gain in 2015 due to the sale of surplus land that did not recur in 2016 which was included in Non-Operating Revenue.

	2016	2015	Diff	Diff %
Interest/Amortization Expense	\$1,974,226	\$1,871,407	\$102,819	5.5%
Loss on Sale/Retirement	129,711		129,711	N/A
	<u>\$2,103,937</u>	<u>\$1,871,407</u>	<u>\$232,530</u>	10.7%

Contributions

Contributions are non-exchange transactions in which the District takes ownership of fixed assets constructed and/or paid for by outside parties. All contributions in 2016 were in the Water fund:

	2016	2015	Diff	Diff %
Water Distribution Mains	\$1,993,427	\$2,104,408	\$(110,981)	(5.3)%
Water Services	226,657	291,423	(64,766)	(22.2)%
Water Meters	150,904	116,476	34,428	29.6%
Hydrants	117,670	171,710	(54,040)	(31.5)%
Other Water Assets		37,412	(37,412)	N/A
	<u>\$2,488,658</u>	<u>\$2,721,429</u>	<u>\$(232,771)</u>	(8.6)%

Overall Financial Position

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

Financial Ratios

Current Ratio by Fund

The Current Ratio (Current Assets divided by Current Liabilities) measures an organization's ability to meet short-term obligations.

	2016	2015
Water	3.68	3.75
Wastewater:		
Cape Elizabeth	2.07	2.65
Cumberland	5.50	4.96
Falmouth	2.78	N/A
Gorham	4.26	3.87
Portland	2.50	3.16
Westbrook	9.48	9.21
Windham	3.84	3.41
All Funds Combined	3.50	3.80

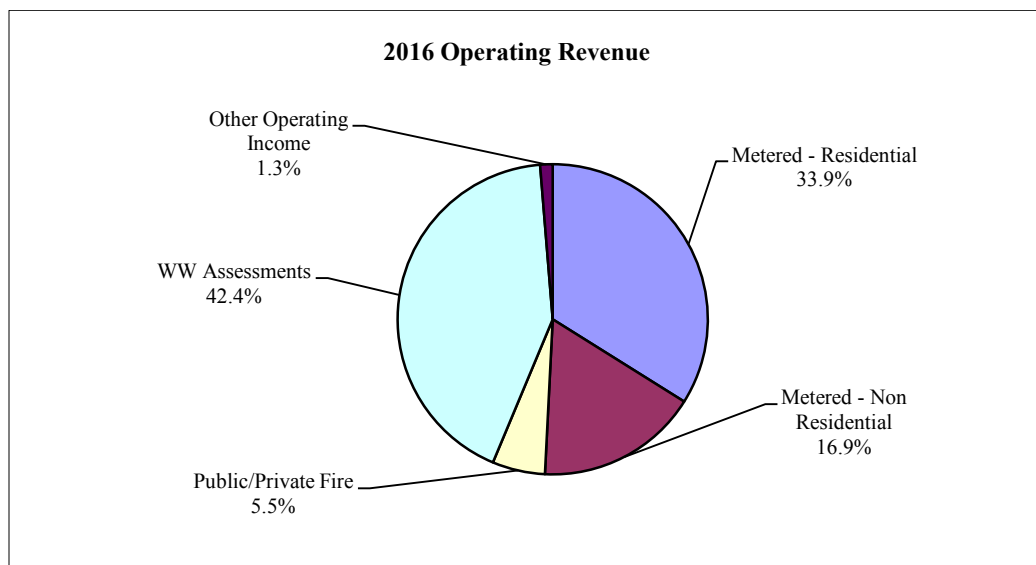
Debt Coverage Ratio by Fund

The Debt Coverage Ratio (Net Operating Income/Total Debt Service) shows an organizations ability to meet debt service payments.

	2016	2015
Water	1.79	2.01
Wastewater:		
Cape Elizabeth	1.21	2.37
Cumberland	4.63	7.71
Falmouth	0.88	N/A
Gorham	1.33	1.55
Portland	1.53	1.73
Westbrook	1.77	2.49
Windham	1.43	1.42
All Funds Combined	1.68	1.94

Revenue Stability

Most of the District's Operating Revenue (98.7% in 2016), 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 (50.8%) - Metered water rates are set by the District's Board of Trustees. These rate changes allow the District to maintain operations and pay debt service. The District had 52,666 metered customers at the end of 2016; the largest ten customers only represented 9.3% of water operating revenue.

Wastewater Assessments (42.4%) - 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 2,122 customers.

Significant Changes to Individual Funds

Pension Trust Funds

Statement of Net Position

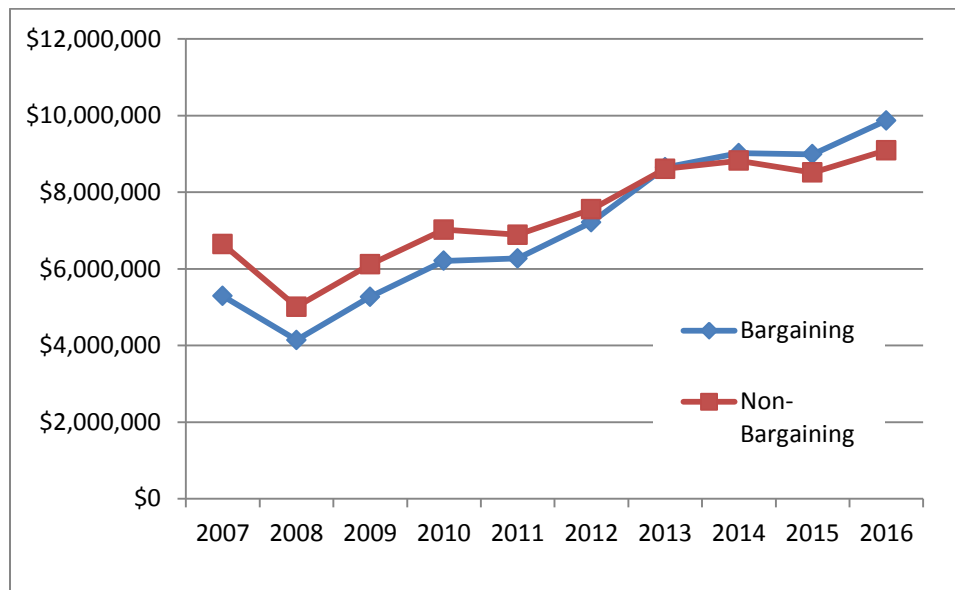
Bargaining Unit:	2016	2015	Diff	Diff %
Cash & Cash Equivalents	\$ 145,812	\$ 254,566	\$(108,754)	(42.7)%
Investments				
Fixed Income	2,004,037	1,822,865	181,172	9.9%
Domestic & International Equities	7,718,872	6,910,765	808,107	11.7%
	<u>9,722,909</u>	<u>8,733,630</u>	<u>989,279</u>	<u>11.3%</u>
Interest Receivable	<u>838</u>	<u>321</u>	<u>517</u>	<u>161.1%</u>
Total Assets	<u>\$9,869,559</u>	<u>\$8,988,517</u>	<u>\$ 881,042</u>	<u>9.8%</u>
Non-Bargaining Unit:	2016	2015	Diff	Diff %
Cash & Cash Equivalents	\$ 134,994	\$ 270,250	\$(135,256)	(50.0)%
Investments				
Fixed Income	1,849,315	1,761,430	87,885	5.0%
Domestic & International Equities	7,111,104	6,482,201	628,903	9.7%
	<u>8,960,419</u>	<u>8,243,631</u>	<u>716,788</u>	<u>8.7%</u>
Interest Receivable	<u>775</u>	<u>321</u>	<u>454</u>	<u>141.4%</u>
Total Assets	<u>\$9,096,188</u>	<u>\$8,514,202</u>	<u>\$ 581,986</u>	<u>6.8%</u>

Statement of Revenues, Expenses & Changes in Net Position

Bargaining Unit:	2016	2015	Diff	Diff %
Employer Contributions	\$ 684,363	\$ 609,851	\$ 74,512	12.2%
Net Investment Income	781,667	(73,698)	855,365	1160.6%
Total Additions	<u>1,466,030</u>	<u>536,153</u>	<u>929,877</u>	<u>173.4%</u>
Benefit Payments	584,988	564,679	20,309	3.6%
Net Increase in Position	<u>881,042</u>	<u>(28,526)</u>	<u>909,568</u>	<u>3188.6%</u>
Beginning of the Year	8,988,517	9,017,043	(28,526)	(0.3)%
End of the Year	<u>\$9,869,559</u>	<u>\$8,988,517</u>	<u>\$ 881,042</u>	<u>9.8%</u>
Non-Bargaining Unit:	2016	2015	Diff	Diff %
Employer Contributions	\$ 515,637	\$ 390,149	\$ 125,488	(32.2)%
Net Investment Income	687,358	(47,727)	735,084	(1540.0)%
Total Additions	<u>1,202,995</u>	<u>342,422</u>	<u>860,572</u>	<u>251.3%</u>
Benefit Payments	621,009	651,316	(30,308)	(4.7)%
Net Increase in Position	<u>581,986</u>	<u>(308,894)</u>	<u>890,880</u>	<u>(288.4)%</u>
Beginning of the Year	8,514,202	8,823,096	(308,894)	(3.5)%
End of the Year	<u>\$9,096,188</u>	<u>\$8,514,202</u>	<u>\$ 581,986</u>	<u>6.8%</u>

The ending balances for the pension funds over the past ten years have been:

	Bargaining	Diff	Diff %	Non-Bargaining	Diff	Diff %
2007	\$5,291,630	\$ 473,161	9.8%	\$6,641,760	\$ 357,837	5.7%
2008	4,141,067	(1,150,563)	(21.7)%	5,011,900	(1,629,860)	(24.5)%
2009	5,266,825	1,125,758	27.2%	6,118,202	1,106,302	22.1%
2010	6,208,480	941,655	17.9%	7,020,744	902,542	14.8%
2011	6,272,588	64,108	1.0%	6,890,757	(129,987)	(1.9)%
2012	7,214,219	941,631	15.0%	7,554,655	663,898	9.6%
2013	8,645,546	1,431,327	19.8%	8,611,262	1,056,607	14.0%
2014	9,017,043	371,497	4.3%	8,823,096	211,834	2.5%
2015	8,988,517	(28,526)	(0.3)%	8,514,202	(308,894)	(3.6)%
2016	9,869,559	881,045	9.8%	9,096,188	581,986	6.8%



The combined employer contribution of \$1.2 million was \$0.2 million higher than 2015. Investment income went from a small loss in 2015 to a \$1.47 million gain in 2016. Benefit payments were relatively flat between the two years.

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.

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Statement of Net Position - Proprietary Funds

December 31, 2016

ASSETS

	<u>Water Systems</u>	<u>Cape Elizabeth</u>	<u>Cumberland</u>
Current Assets			
Cash and cash equivalents	\$ 3,179,085	\$ 129,247	\$ 115,194
Investments	18,037,023	733,963	654,159
Accounts receivable, net allowance for doubtful accounts of \$229,771 for water systems	3,327,126	-	-
Notes receivable, current	-	-	-
Inventories	1,494,164	-	-
Prepaid expenses	445,590	833	-
Trustee held funds	162,823	-	-
Total Current Assets	<u>26,645,811</u>	<u>864,043</u>	<u>769,353</u>
Non-Current Assets			
Capital Assets:			
Operating property	301,592,338	16,249,817	7,752,016
Accumulated depreciation	(106,500,150)	(10,638,776)	(4,974,285)
Net operating property	195,092,188	5,611,041	2,777,731
Construction in progress	417,140	18,471	24,928
Net Capital Assets	<u>195,509,328</u>	<u>5,629,512</u>	<u>2,802,659</u>
Charges and Other Assets:			
Notes receivable	204,621	-	-
Maintenance and other costs	-	-	-
Preliminary surveys	-	-	-
Total Charges & Other Assets	<u>204,621</u>	<u>-</u>	<u>-</u>
Total Non-Current Assets	<u>195,713,949</u>	<u>5,629,512</u>	<u>2,802,659</u>
Total Assets	<u>222,359,760</u>	<u>6,493,555</u>	<u>3,572,012</u>
Deferred Outflows:			
Deferred outflows of pension resources	534,942	29,183	12,568
Deferred outflows on bond refunding	224,700	-	-
	<u>759,642</u>	<u>29,183</u>	<u>12,568</u>
Total Assets and Deferred Outflows	<u>\$ 223,119,402</u>	<u>\$ 6,522,738</u>	<u>\$ 3,584,580</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>
\$ 3,118	\$ 210,232	\$ 1,171,653	\$ 656,272	\$ 71,538	\$ 5,536,339
17,710	1,193,859	6,653,564	3,446,227	406,247	31,142,752
16,202	-	20,937	17,661	-	3,381,926
-	-	-	13,240	-	13,240
-	-	-	-	-	1,494,164
-	77	22,521	6,822	-	475,843
1,654,881	-	716,298	-	-	2,534,002
<u>1,691,911</u>	<u>1,404,168</u>	<u>8,584,973</u>	<u>4,140,222</u>	<u>477,785</u>	<u>44,578,266</u>
-	17,615,088	104,358,602	21,439,307	3,007,011	472,014,179
-	(8,195,789)	(62,317,334)	(13,612,193)	(1,045,436)	(207,283,963)
-	9,419,299	42,041,268	7,827,114	1,961,575	264,730,216
2,733,370	39,059	5,858,674	102,158	1,826	9,195,626
<u>2,733,370</u>	<u>9,458,358</u>	<u>47,899,942</u>	<u>7,929,272</u>	<u>1,963,401</u>	<u>273,925,842</u>
-	-	-	145,640	-	350,261
-	-	-	66,098	-	66,098
-	-	144,414	-	-	144,414
-	-	<u>144,414</u>	<u>211,738</u>	-	<u>560,773</u>
2,733,370	9,458,358	48,044,356	8,141,010	1,963,401	274,486,615
<u>4,425,281</u>	<u>10,862,526</u>	<u>56,629,329</u>	<u>12,281,232</u>	<u>2,441,186</u>	<u>319,064,881</u>
-	19,146	218,209	53,812	4,444	872,304
-	-	-	-	-	224,700
-	19,146	218,209	53,812	4,444	1,097,004
<u>\$ 4,425,281</u>	<u>\$ 10,881,672</u>	<u>\$ 56,847,538</u>	<u>\$ 12,335,044</u>	<u>\$ 2,445,630</u>	<u>\$ 320,161,885</u>

Statement of Net Position - Proprietary Funds - Continued

December 31, 2016

LIABILITIES AND NET POSITION

	<u>Water Systems</u>	<u>Cape Elizabeth</u>	<u>Cumberland</u>
Current Liabilities			
Accounts payable and accrued payroll	\$ 2,440,295	\$ 266,487	\$ 133,442
Accrued interest	221,126	5,208	74
Customer deposits	275,786	-	-
Construction retainage	272,958	-	-
Current portion - compensated absences	697,370	-	-
Current portion - notes payable	-	-	-
Current portion - bonds	3,328,850	146,250	6,250
Total Current Liabilities	<u>7,236,385</u>	<u>417,945</u>	<u>139,766</u>
Non-Current Liabilities			
Customer advances and other liabilities	1,933,653	-	-
Compensated absences - non-current	817,350	-	-
Net pension liability	4,517,309	268,794	94,751
Total other non-current liabilities	7,268,312	268,794	94,751
Long-term debt - notes payable	-	-	-
Long-term debt - bonds	42,812,320	2,089,250	56,250
Total long-term debt - notes and bonds	42,812,320	2,089,250	56,250
Total Non-Current Liabilities	<u>50,080,632</u>	<u>2,358,044</u>	<u>151,001</u>
Total Liabilities	<u>57,317,017</u>	<u>2,775,989</u>	<u>290,767</u>
Deferred Inflows:			
Deferred inflows of pension resources	601,872	33,733	13,272
Net Position			
Net investment in capital assets	149,480,981	3,394,012	2,740,159
Unrestricted	15,719,532	319,004	540,382
Total Net Position	<u>165,200,513</u>	<u>3,713,016</u>	<u>3,280,541</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 223,119,402</u>	<u>\$ 6,522,738</u>	<u>\$ 3,584,580</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>
\$ 402,120	\$ 12,309	\$ 1,153,738	\$ 91,367	\$ 231	\$ 4,499,989
6,667	14,038	69,057	19,384	10,135	345,689
-	-	-	-	-	275,786
-	-	247,549	-	-	520,507
-	-	-	-	-	697,370
-	-	-	-	13,240	13,240
200,000	303,069	1,967,354	326,170	100,885	6,378,828
608,787	329,416	3,437,698	436,921	124,491	12,731,409
-	-	87,922	53,254	-	2,074,829
-	-	-	-	-	817,350
-	154,766	1,783,404	428,697	37,012	7,284,733
-	154,766	1,871,326	481,951	37,012	10,176,912
-	-	-	-	145,640	145,640
3,800,000	3,133,608	20,645,498	3,716,573	1,112,085	77,365,584
3,800,000	3,133,608	20,645,498	3,716,573	1,257,725	77,511,224
3,800,000	3,288,374	22,516,824	4,198,524	1,294,737	87,688,136
4,408,787	3,617,790	25,954,522	4,635,445	1,419,228	100,419,545
-	19,387	240,818	57,160	5,682	971,924
-	6,021,681	25,599,639	3,886,529	591,551	191,714,552
16,494	1,222,814	5,052,559	3,755,910	429,169	27,055,864
16,494	7,244,495	30,652,198	7,642,439	1,020,720	218,770,416
\$ 4,425,281	\$ 10,881,672	\$ 56,847,538	\$ 12,335,044	\$ 2,445,630	\$ 320,161,885

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

Year Ended December 31, 2016

	<u>Water Systems</u>	<u>Cape Elizabeth</u>	<u>Cumberland</u>
Operating Revenues			
Water revenues	\$ 23,220,660	\$ -	\$ -
Wastewater assessments	-	1,443,408	750,072
Other operating revenues	287,166	-	-
Total Operating Revenues	<u>23,507,826</u>	<u>1,443,408</u>	<u>750,072</u>
Operating Expenses			
Operations	5,787,923	723,091	488,218
Maintenance	6,415,153	134,746	91,967
Customer accounting and collections	1,007,364	32,196	15,867
Administrative and general	2,581,873	327,472	118,928
Taxes on operating property	50,442	-	-
Depreciation not allocated elsewhere	4,821,696	514,096	164,891
Total Operating Expenses	<u>20,664,451</u>	<u>1,731,601</u>	<u>879,871</u>
Operating Income (Loss)	<u>2,843,375</u>	<u>(288,193)</u>	<u>(129,799)</u>
Non-Operating Revenues (Expenses)			
Interest income	89,988	4,741	4,125
Miscellaneous income	238,830	350	-
Gain on sale/disposal of operating property	(140,467)	-	-
Interest and amortization expense	(1,304,845)	(39,690)	(1,330)
Net Non-Operating Revenues (Expenses)	<u>(1,116,494)</u>	<u>(34,599)</u>	<u>2,795</u>
Change in Net Position Before Contributions	1,726,881	(322,792)	(127,004)
Capital Contributions	<u>2,488,658</u>	<u>-</u>	<u>-</u>
Change in Net Position	4,215,539	(322,792)	(127,004)
Net Position, Beginning of Year, as Restated	<u>160,984,974</u>	<u>4,035,808</u>	<u>3,407,545</u>
Net Position, End of Year	<u>\$ 165,200,513</u>	<u>\$ 3,713,016</u>	<u>\$ 3,280,541</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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,220,660
36,012	1,106,148	11,308,740	2,533,176	351,756	17,529,312
-	17,560	101,810	144,604	3,512	554,652
<u>36,012</u>	<u>1,123,708</u>	<u>11,410,550</u>	<u>2,677,780</u>	<u>355,268</u>	<u>41,304,624</u>
-	337,656	5,499,337	1,165,807	91,935	14,093,967
-	40,152	241,610	79,157	13,085	7,015,870
11,633	23,119	210,794	56,894	1,161	1,359,028
-	210,470	2,451,809	572,010	58,198	6,320,760
-	-	-	-	-	50,442
-	416,663	2,572,350	506,553	79,108	9,075,357
<u>11,633</u>	<u>1,028,060</u>	<u>10,975,900</u>	<u>2,380,421</u>	<u>243,487</u>	<u>37,915,424</u>
<u>24,379</u>	<u>95,648</u>	<u>434,650</u>	<u>297,359</u>	<u>111,781</u>	<u>3,389,200</u>
67	8,034	26,584	27,148	2,375	163,062
-	-	250	-	-	239,430
-	-	10,756	-	-	(129,711)
(27,665)	(81,112)	(358,152)	(128,595)	(32,837)	(1,974,226)
<u>(27,598)</u>	<u>(73,078)</u>	<u>(320,562)</u>	<u>(101,447)</u>	<u>(30,462)</u>	<u>(1,701,445)</u>
(3,219)	22,570	114,088	195,912	81,319	1,687,755
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,488,658</u>
(3,219)	22,570	114,088	195,912	81,319	4,176,413
<u>19,713</u>	<u>7,221,925</u>	<u>30,538,110</u>	<u>7,446,527</u>	<u>939,401</u>	<u>214,594,003</u>
<u>\$ 16,494</u>	<u>\$ 7,244,495</u>	<u>\$ 30,652,198</u>	<u>\$ 7,642,439</u>	<u>\$ 1,020,720</u>	<u>\$ 218,770,416</u>

Statement of Cash Flows - Proprietary Funds

For the Year Ended December 31, 2016

	Water Systems	Cape Elizabeth	Cumberland
Cash flows from operating activities			
Receipts from customers	\$ 23,005,335	\$ 1,443,408	\$ 750,072
Payments to suppliers	(6,735,104)	(820,352)	(591,174)
Payments to employees	(6,175,215)	(364,438)	(124,975)
Net cash flows from operating activities	10,095,016	258,618	33,923
Cash flows from capital and related financing activities			
Proceeds from bonds	10,725,341	-	-
Principal payments bonds	(2,975,459)	(146,250)	(6,250)
Refunding of bonds	(5,160,000)	-	-
Notes payable payments	-	-	-
New trustee funds	(1,816,148)	-	-
Transfer from trustee funds	1,653,325	-	-
Interest paid	(1,299,361)	(39,983)	(1,337)
Acquisitions and construction of operating property	(8,529,676)	(326,607)	(24,928)
Proceeds from sale of operating property	107,139	-	-
Payments for preliminary plant survey	-	-	-
Net cash flows from capital and related financing activities	(7,294,839)	(512,840)	(32,515)
Cash flows from investing activities			
Investments - Transfer to Water	(9,522,841)	849,035	582,830
Investments - Purchases	(22,278,101)	-	-
Investments - Sales	14,630,702	-	-
Investments - Transfer from Water	13,105,729	(733,963)	(654,159)
Interest income received	89,988	4,741	4,125
Payments on notes receivable	6,021	-	-
Net cash flows from investing activities	(3,968,502)	119,813	(67,204)
Net change in cash	(1,168,325)	(134,409)	(65,796)
Cash and cash equivalents - beginning of year	4,347,410	263,656	180,990
Cash and cash equivalents - end of year	\$ 3,179,085	\$ 129,247	\$ 115,194
Reconciliation of operating income to net cash flows from operating activities			
Operating income (loss)	\$ 2,843,375	\$ (288,193)	\$ (129,799)
Depreciation and amortization	5,725,891	514,095	164,891
Miscellaneous income	238,830	350	-
Changes in assets and liabilities:			
Account receivable	(502,491)	-	-
Inventories	6,675	-	-
Prepaid expenses	7,857	-	-
Accounts payable and accrued payroll	352,095	(1,352)	(14,345)
Compensated absences	28,427	-	-
Customer deposits	125,783	-	-
Net pension liability and deferred inflows (outflows)	600,450	33,718	13,176
Bond refunding deferred outflow	(224,700)	-	-
Customer advances and other liabilities	892,824	-	-
Net cash flows from operating activities	\$ 10,095,016	\$ 258,618	\$ 33,923
Noncash investing, capital and financing activities			
Capital contributions	\$ 2,488,658	\$ -	\$ -

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>
\$ 19,810	\$ 1,123,708	\$ 11,410,235	\$ 2,689,136	\$ 355,268	\$ 40,796,972
(9,190)	(411,970)	(5,524,563)	(1,251,739)	(108,345)	(15,452,437)
(5,321)	(185,823)	(2,386,120)	(524,180)	(51,333)	(9,817,405)
<u>5,299</u>	<u>525,915</u>	<u>3,499,552</u>	<u>913,217</u>	<u>195,590</u>	<u>15,527,130</u>
4,000,000	-	8,200,000	-	-	22,925,341
-	(303,069)	(1,602,354)	(326,170)	(100,885)	(5,460,437)
-	-	-	-	(13,240)	(13,240)
(4,000,000)	-	(8,200,000)	-	-	(14,016,148)
2,345,119	-	9,483,702	1,000,000	-	14,482,146
(20,998)	(82,308)	(339,963)	(129,308)	(33,641)	(1,946,899)
(2,345,121)	(47,068)	(9,207,188)	(184,943)	(2,502)	(20,668,033)
-	-	10,756	-	-	117,895
-	-	(144,414)	(27,200)	-	(171,614)
<u>(21,000)</u>	<u>(432,445)</u>	<u>(1,799,461)</u>	<u>332,379</u>	<u>(150,268)</u>	<u>(9,910,989)</u>
-	993,934	4,653,471	2,115,394	328,177	-
-	-	-	-	-	(22,278,101)
-	-	-	-	-	14,630,702
(17,710)	(1,193,859)	(6,653,564)	(3,446,227)	(406,247)	-
67	8,034	26,584	27,148	2,375	163,062
-	-	-	13,240	-	19,261
<u>(17,643)</u>	<u>(191,891)</u>	<u>(1,973,509)</u>	<u>(1,290,445)</u>	<u>(75,695)</u>	<u>(7,465,076)</u>
(33,344)	(98,421)	(273,418)	(44,849)	(30,373)	(1,848,935)
36,462	308,653	1,445,071	701,121	101,911	7,385,274
<u>\$ 3,118</u>	<u>\$ 210,232</u>	<u>\$ 1,171,653</u>	<u>\$ 656,272</u>	<u>\$ 71,538</u>	<u>\$ 5,536,339</u>
\$ 24,379	\$ 95,648	\$ 434,650	\$ 297,359	\$ 111,781	\$ 3,389,200
-	416,663	2,572,350	520,953	79,107	9,993,950
-	-	250	-	-	239,430
(16,202)	-	(315)	11,356	-	(507,652)
-	-	-	-	-	6,675
-	76	6,500	2,354	-	16,787
(2,878)	(5,657)	257,803	20,573	(1,015)	605,224
-	-	-	-	-	28,427
-	-	-	-	-	125,783
-	19,185	239,909	56,780	5,717	968,935
-	-	(11,595)	3,842	-	(224,700)
<u>\$ 5,299</u>	<u>\$ 525,915</u>	<u>\$ 3,499,552</u>	<u>\$ 913,217</u>	<u>\$ 195,590</u>	<u>\$ 15,527,130</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,488,658</u>

Statement of Fiduciary Net Position - Pension Trust Funds

December 31, 2016

ASSETS

Cash and cash equivalents	\$ 280,807
Investments	
Equity mutual funds	11,646,670
Common stock	3,183,306
Fixed income - mutual funds	3,853,352
	<u>18,683,328</u>
Interest receivable	<u>1,612</u>
Total Assets	<u><u>\$ 18,965,747</u></u>
Restricted for pension benefits	<u>18,965,747</u>
Total Net Position	<u><u>\$ 18,965,747</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, 2016

Additions:

Employer Contributions	<u>\$ 1,200,000</u>
Investment Income	
Interest and dividends	579,537
Net gain on sale of assets	36,446
Net appreciation of investments	<u>853,042</u>
Net Investment Income	<u>1,469,025</u>
Total Additions	2,669,025
Deductions:	
Benefits	<u>(1,205,997)</u>
Change in Net Position	1,463,028
Net Position - Beginning of Year	<u>17,502,719</u>
Net Position - End of Year	<u><u>\$ 18,965,747</u></u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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 partially regulated by the Maine Public Utilities Commission (PUC).

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

Measurement Focus, Basis of Accounting and Basis of Presentation

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

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

The District considers all highly liquid debt instruments purchased with an initial maturity of two years or less to be cash and cash equivalents.

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.

Credit Risk:

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

- U.S. government obligations and U.S. government agency obligations which have a liquid market with a readily determinable 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.

Concentration Credit Risk:

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

Custodial Credit Risk:

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

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 District's U.S. agency instruments are held by the District's bank in the District's name.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

Interest Rate Risk:

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

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

Investments - Pension Trust Funds

Method used to value investments:

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 rate.

Credit Risk/Concentration Credit Risk:

The pension plans' policy in regard to the allocation of invested assets is established and may be amended by the District's Board of Trustees. It is the policy of the District's Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plans' investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of December 31, 2016:

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

There were no changes to the allocation policy during 2016. As of December 31, 2016, the investment portfolio does not hold any investment in any one organization greater than 5% of either of the plan's fiduciary net position.

Rate of Return:

For the year ended December 31, 2016, the annual money-weighted rate of return on pension plan investments, net of pension expense, was 8.38% and 7.92% for the Bargaining and Non-Bargaining Units Plan, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Custodial Credit Risk:

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Investments - Pension Trust Funds - Continued

Interest Rate Risk:

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

Fair Value Measurements

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

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

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

For the year ended December 31, 2016, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

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

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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, 2016 was \$229,771. 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.

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounts Preliminary Surveys for Plant Expansion or Modification

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

Maintenance and Other Costs

Certain maintenance and other costs are capitalized and amortized on a straight-line basis over periods as approved by the Maine PUC which approximate methods and periods under GAAP. Amortization costs for 2016 were \$24,486.

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*.

Deferred Outflows & Inflows

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

These deferred outflows and inflows are related to the recognition of the net pension liability and a 2016 bond refunding. In the case of the pension, these items can include differences between expected and actual experience, change in assumptions, the net difference between projected and actual earnings on pension plan investments, and changes in proportion and differences between the District's contributions and proportionate share of contributions, and also District pension contributions subsequent to the measurement date. For the bond refunding, the deferred outflow is utilized to amortize the loss on the refund over the remaining life of the original bonds.

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.

Recent Accounting Pronouncements

Postemployment Benefits Other Than Pension

In June 2015, the GASB issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. This statement improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions. The new statement is effective for periods beginning after June 15, 2017. The District is currently evaluating the impact of adoption on its financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Recently Adopted Accounting Pronouncements

Fair Value Measurement and Application

In February 2015, the GASB issued GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses the measurement of investments at fair value using consistent definition and valuation techniques and expands fair value disclosures in the financial statements and was effective for periods beginning after June 15, 2015.

Pension

In March 2016, the GASB issued GASB Statement No. 82, *Pension Issues*. This statement improves accounting and financial reporting by state and local governments for certain issues with respect to pensions. This statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard for Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The new statement is effective for periods beginning after June 15, 2016, with early adoption permitted. The District has elected to early adopt this statement.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

An annual budget is prepared by management and approved by the elected Board of Trustees for each of the proprietary funds. The budget is prepared on a departmental basis. The budget is prepared according to GAAP, except that:

- The funding for capital acquisitions and debt principal payments are considered expenses in all funds.
- Depreciation is not considered expense.
- Contributions are not considered revenue.
- The funding of the pension is considered an expense.
- Gain/loss on disposal of capital assets.

NOTE 3 - DETAILED NOTES ON ALL FUNDS

Cash & Investments

The carrying amount of the District's deposits with financial institutions was \$5,535,039 at December 31, 2016 and the bank balance was \$6,419,035. The District held certificates of deposits carried at \$10,824,455. The total deposits were categorized as follows:

	Bank Balances	Certificates of Deposits	Total Deposits
Amount Insured	\$6,277,375	\$10,824,233	\$17,101,608
Amount Uninsured	<u>141,660</u>	<u>222</u>	<u>141,882</u>
	<u>\$6,419,035</u>	<u>\$10,824,455</u>	<u>\$17,243,490</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Cash & Investments - Continued

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	1,338
Carrying Value of Deposits	5,533,701
Certificates of Deposit	10,824,455
U.S. Agency Securities	749,325
U.S. Treasury Securities	<u>19,568,972</u>
	<u>\$36,679,091</u>

Fair value of assets measured on a recurring basis at December 31, 2016 are as follows:

	Total	Level 1	Level 2	Level 3
Certificates of Deposit	\$10,824,455	\$9,574,232	\$ 1,250,223	
U.S. Agency Securities	749,325	-	749,325	
U.S. Treasury Securities	<u>19,568,972</u>	<u>-</u>	<u>19,568,972</u>	
	<u>\$31,142,752</u>	<u>\$9,574,232</u>	<u>\$21,568,520</u>	

Investment Ratings - Pension Trust 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.

Notes Receivable

During the year, the District had two notes receivable, one in the Water Fund and the other to the Westbrook Wastewater Fund.

The Water Fund Note is due from the Town of Gorham. The Note has no interest and the terms 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 starting in 2008.

	<u>Dec. 31, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec. 31, 2016</u>	<u>Current</u>	<u>Non-Current</u>
Water Fund:						
Town of Gorham	\$210,642	\$ -	\$ (6,021)	\$204,261	\$ -	\$204,621
Westbrook Wastewater Fund:						
Windham Wastewater Fund	<u>172,120</u>	<u>-</u>	<u>(13,240)</u>	<u>158,880</u>	<u>13,240</u>	<u>145,640</u>
Total of all Notes	<u>\$382,762</u>	<u>\$ -</u>	<u>\$ (19,261)</u>	<u>\$363,501</u>	<u>\$13,240</u>	<u>\$350,261</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets

	<u>Dec. 31, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec. 31, 2016</u>
Water Fund:				
Operating Property, not being depreciated				
Land	\$ 3,268,578	\$ 24,624	\$ (28,762)	\$ 3,264,440
Land Rights	1,628,782	-	-	1,628,782
Plant Acquisition Adjustment	172,189	-	(17,000)	155,189
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>5,396,860</u>	<u>24,624</u>	<u>(45,762)</u>	<u>5,375,722</u>
Operating Property, being depreciated				
Distribution Mains	152,573,393	8,689,893	(346,572)	160,916,714
Services	31,901,258	979,501	-	32,880,759
Structures & Improvements	28,778,709	354,407	(230,676)	28,902,440
Water Treatment Equipment	14,222,532	92,228	-	14,314,760
Transmission Mains	13,430,881	-	-	13,430,881
Meters & Meter Installations	11,456,728	397,714	(86,147)	11,768,295
Reservoirs & Standpipes	11,090,541	-	-	11,090,541
Hydrants	9,937,939	466,467	(44,162)	10,360,244
Vehicles	3,055,441	393,965	(208,267)	3,241,139
Lake, River & Other Intakes	2,363,460	-	-	2,363,460
Communication Equipment	1,584,434	-	(317,948)	1,266,486
Pumping Equipment	1,574,291	-	-	1,574,291
Wells & Springs	989,248	-	-	989,248
Computer Equipment	840,717	100,971	(137,501)	804,187
Power Equipment	832,009	-	-	832,009
Office Furniture & Equipment	597,325	5,734	-	603,059
Shop Equipment	288,562	-	-	288,562
Garage Equipment	232,652	-	-	232,652
Radio Equipment	184,313	-	-	184,313
Laboratory Equipment	113,415	-	-	113,415
Stores Equipment	<u>59,161</u>	<u>-</u>	<u>-</u>	<u>59,161</u>
	<u>286,107,009</u>	<u>11,480,880</u>	<u>(1,371,273)</u>	<u>296,216,616</u>
Total Operating Property	<u>\$291,503,869</u>	<u>\$11,505,504</u>	<u>\$(1,417,035)</u>	<u>\$301,592,338</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets - Continued

	<u>Dec. 31, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec. 31, 2016</u>
Water Fund(continued):				
Less, accumulated depreciation for:				
Distribution Mains	\$ 41,700,828	\$2,224,453	\$ (118,923)	\$ 43,806,358
Services	16,819,637	704,099	-	17,523,736
Structures & Improvements	12,927,255	610,533	(179,822)	13,357,966
Transmission Mains	6,773,225	153,441	-	6,926,666
Reservoirs & Standpipes	4,496,066	199,273	-	4,695,339
Water Treatment Equipment	3,256,158	423,337	-	3,679,495
Hydrants	3,462,550	202,996	(23,868)	3,641,678
Meters	3,677,658	466,223	(35,165)	4,108,716
Vehicles	2,043,321	291,682	(208,267)	2,126,736
Intakes Suction Mains	1,775,413	24,813	-	1,800,226
Pumping Equipment	1,412,506	19,052	-	1,431,558
Communication Equipment	1,343,666	42,905	(311,221)	1,075,350
Power Equipment	650,523	34,304	-	684,827
Office Furniture & Equipment	468,430	61,231	-	529,661
Shop Equipment	258,214	3,477	-	261,691
Computer Equipment	264,362	48,435	(128,057)	184,740
Garage Equipment	224,763	6,576	-	231,339
Wells & Springs	146,945	19,643	-	166,588
Radio Equipment	128,894	10,148	-	139,042
Laboratory Equipment	83,612	4,080	-	87,692
Stores Equipment	39,751	995	-	40,746
	<u>101,953,777</u>	<u>5,551,696</u>	<u>(1,005,323)</u>	<u>106,500,150</u>
Construction in Progress	<u>755,699</u>	<u>417,140</u>	<u>(755,699)</u>	<u>417,140</u>
Net Capital Assets	<u>\$190,305,791</u>	<u>\$6,370,948</u>	<u>\$(1,167,411)</u>	<u>\$195,509,328</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets - Continued

	<u>Dec. 31, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec. 31, 2016</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	6,030,046	274,225	-	6,304,271
Treatment Plant Equipment	3,066,988	16,987	-	3,083,975
Pumping Station Equipment	2,689,216	766	-	2,689,982
Treatment Plant Structures	2,527,271	-	-	2,527,271
Pumping Station Structures	1,237,034	-	-	1,237,034
General Equipment	121,303	49,492	-	170,795
Interceptor Equipment	11,330	-	-	11,330
Solids Handling Equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>15,683,188</u>	<u>341,470</u>	<u>-</u>	<u>16,024,658</u>
Total Operating Property	<u>15,908,347</u>	<u>341,470</u>	<u>-</u>	<u>16,249,817</u>
Less, accumulated depreciation for:				
Interceptor Structures	3,745,433	123,423	-	3,868,856
Treatment Plant Equipment	2,038,743	175,374	-	2,214,117
Pumping Station Equipment	1,734,425	115,826	-	1,850,251
Treatment Plant Structures	1,683,711	63,768	-	1,747,479
Pumping Station Structures	860,793	23,211	-	884,004
General Equipment	60,618	12,346	-	72,964
Interceptor Equipment	958	147	-	1,105
Solids Handling Equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>10,124,681</u>	<u>514,095</u>	<u>-</u>	<u>10,638,776</u>
Construction in Progress	<u>33,333</u>	<u>4,459</u>	<u>(19,321)</u>	<u>18,471</u>
Net Capital Assets	<u>\$ 5,816,999</u>	<u>\$(168,166)</u>	<u>\$(19,321)</u>	<u>\$ 5,629,512</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets - Continued

	<u>Dec. 31, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec. 31, 2016</u>
Cumberland Wastewater:				
Operating Property, not being depreciated				
Land	\$ <u>89,005</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>89,005</u>
Operating Property, being depreciated				
Interceptor Structures	5,589,695	-	-	5,589,695
Pumping Station Structures	1,041,213	-	-	1,041,213
Pumping Station Equipment	942,591	-	-	942,591
Treatment Plant Equipment	47,416	-	-	47,416
General Equipment	41,883	-	-	41,883
Interceptor Equipment	213	-	-	213
	<u>7,663,011</u>	<u>-</u>	<u>-</u>	<u>7,663,011</u>
Total Operating Property	<u>7,752,016</u>	<u>-</u>	<u>-</u>	<u>7,752,016</u>
Less, accumulated depreciation for:				
Interceptor Structures	3,276,760	111,794	-	3,388,554
Pumping Station Structures	724,913	14,450	-	739,363
Pumping Station Equipment	726,491	37,251	-	763,742
Treatment Plant Equipment	40,628	799	-	41,427
General Equipment	40,389	597	-	40,986
Interceptor Equipment	213	-	-	213
Solids Handling Equipment	-	-	-	-
	<u>4,809,394</u>	<u>164,891</u>	<u>-</u>	<u>4,974,285</u>
Construction in Progress	<u>-</u>	<u>24,928</u>	<u>-</u>	<u>24,928</u>
Net Capital Assets	<u>\$2,942,622</u>	<u>\$(139,963)</u>	<u>\$ -</u>	<u>\$2,802,659</u>
	<u>Dec. 31, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec. 31, 2016</u>
Falmouth Wastewater:				
Total Operating Property	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Less, accumulated depreciation for:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Construction in Progress	<u>-</u>	<u>2,733,370</u>	<u>-</u>	<u>2,733,370</u>
Net Capital Assets	<u>\$ -</u>	<u>\$2,733,370</u>	<u>\$ -</u>	<u>\$2,733,370</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets - Continued

	<u>Dec. 31, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec. 31, 2016</u>
Gorham Wastewater:				
Operating Property, not being depreciated				
Land	\$ 185,466	\$ -	\$ -	\$ 185,466
Land Rights	<u>157,770</u>	<u>-</u>	<u>-</u>	<u>157,770</u>
	<u>343,236</u>	<u>-</u>	<u>-</u>	<u>343,236</u>
Operating Property, being depreciated				
Interceptor Structures	11,495,137	-	-	11,495,137
Pumping Station Structures	1,966,330	-	-	1,966,330
Pumping Station Equipment	1,792,733	-	-	1,792,733
Treatment Plant Structures	1,014,980	-	-	1,014,980
Treatment Plant Equipment	954,163	-	-	954,163
General Equipment	32,549	10,443	-	42,992
Solids Handling Equipment	<u>5,517</u>	<u>-</u>	<u>-</u>	<u>5,517</u>
	<u>17,261,409</u>	<u>10,443</u>	<u>-</u>	<u>17,271,852</u>
Total Operating Property	<u>17,604,645</u>	<u>10,443</u>	<u>-</u>	<u>17,615,088</u>
Less, accumulated depreciation for:				
Interceptor Structures	4,646,299	229,904	-	4,876,203
Pumping Station Equipment	1,099,711	90,859	-	1,190,570
Treatment Plant Structures	707,831	19,014	-	726,845
Pumping Station Structures	703,811	44,741	-	748,552
Treatment Plant Equipment	585,175	31,390	-	616,565
General Equipment	31,014	614	-	31,628
Solids Handling Equipment	<u>5,285</u>	<u>141</u>	<u>-</u>	<u>5,426</u>
	<u>7,779,126</u>	<u>416,663</u>	<u>-</u>	<u>8,195,789</u>
Construction in Progress	<u>2,434</u>	<u>39,059</u>	<u>(2,434)</u>	<u>39,059</u>
Net Capital Assets	<u>\$ 9,827,953</u>	<u>\$(367,161)</u>	<u>\$ (2,434)</u>	<u>\$ 9,458,358</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets - Continued

	<u>Dec. 31, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec. 31, 2016</u>
Portland Wastewater:				
Operating Property, not being depreciated				
Land	\$ 199,555	\$ -	\$ -	\$ 199,555
Land Rights	233,013	-	-	233,013
	<u>432,568</u>	<u>-</u>	<u>-</u>	<u>432,568</u>
Operating Property, being depreciated				
Treatment Plant Structures	36,581,869	45,674	(209)	36,627,334
Interceptor Structures	28,115,458	-	-	28,115,458
Treatment Plant Equipment	15,357,659	3,992,605	(11,013)	19,339,251
Pumping Station Structures	9,480,939	109,063	(10,280)	9,579,722
Pumping Station Equipment	7,815,509	944,058	(406,192)	8,353,375
Communications Equip. - Collectors	655,872	-	-	655,872
Storm Drains	587,610	-	-	587,610
Solids Handling Equipment	348,478	-	-	348,478
General Equipment	175,813	82,476	(2,435)	255,854
Interceptor Equipment	63,080	-	-	63,080
	<u>99,182,287</u>	<u>5,173,876</u>	<u>(430,129)</u>	<u>103,926,034</u>
Total Operating Property	<u>99,614,855</u>	<u>5,173,876</u>	<u>(430,129)</u>	<u>104,358,602</u>
Less, accumulated depreciation for:				
Treatment Plant Structures	21,571,006	742,307	(208)	22,313,105
Interceptor Structures	16,909,566	559,608	-	17,469,174
Treatment Plant Equipment	10,587,027	652,182	(11,013)	11,228,196
Pumping Station Structures	5,191,727	205,886	(10,280)	5,387,333
Pumping Station Equipment	4,803,630	343,074	(406,192)	4,740,512
Communications Equip. - Collectors	385,891	46,095	-	431,986
Solids Handling Equipment	257,982	4,641	-	262,623
General Equipment	232,312	4,666	(2,435)	234,543
Storm Drains	175,030	11,752	-	186,782
Interceptor Equipment	60,941	2,139	-	63,080
	<u>60,175,112</u>	<u>2,572,350</u>	<u>(430,128)</u>	<u>62,317,334</u>
Construction in Progress	<u>1,610,505</u>	<u>4,787,916</u>	<u>(539,747)</u>	<u>5,858,674</u>
Net Capital Assets	<u>\$41,050,248</u>	<u>\$7,389,442</u>	<u>\$(539,748)</u>	<u>\$ 47,899,942</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets - Continued

	<u>Dec. 31, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec. 31, 2016</u>
Westbrook Wastewater:				
Operating Property, not being depreciated				
Land	\$ 162,263	\$ -	\$ -	\$ 162,263
Land Rights	139,144	-	-	139,144
	<u>301,407</u>	<u>-</u>	<u>-</u>	<u>301,407</u>
Operating Property, being depreciated				
Treatment Plant Equipment	4,799,105	23,783	-	4,822,888
Pumping Station Structures	4,272,896	-	-	4,272,896
Treatment Plant Structures	4,247,807	-	-	4,247,807
Interceptor Structures	3,721,975	52,855	-	3,774,830
Pumping Station Equipment	2,744,173	-	-	2,744,173
General Equipment	1,139,824	22,581	-	1,162,405
Communications Equip. - Collectors	92,831	-	-	92,831
Solids Handling Equipment	20,070	-	-	20,070
	<u>21,038,681</u>	<u>99,219</u>	<u>-</u>	<u>21,137,900</u>
Total Operating Property	<u>21,340,088</u>	<u>99,219</u>	<u>-</u>	<u>21,439,307</u>
Less, accumulated depreciation for:				
Treatment Plant Equipment	3,759,618	92,947	-	3,852,565
Treatment Plant Structures	2,966,704	83,819	-	3,050,523
Interceptor Structures	2,625,243	73,994	-	2,699,237
Pumping Station Structures	1,945,476	98,749	-	2,044,225
Pumping Station Equipment	1,593,080	128,107	-	1,721,187
General Equipment	138,503	20,371	-	158,874
Communications Equip. - Collectors	57,788	8,052	-	65,840
Solids Handling Equipment	19,228	514	-	19,742
	<u>13,105,640</u>	<u>506,553</u>	<u>-</u>	<u>13,612,193</u>
Construction in Progress	<u>19,262</u>	<u>102,158</u>	<u>(19,262)</u>	<u>102,158</u>
Net Capital Assets	<u>\$ 8,253,710</u>	<u>\$(305,176)</u>	<u>\$(19,262)</u>	<u>\$ 7,929,272</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets - Continued

	<u>Dec. 31, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec. 31, 2016</u>
Windham Wastewater:				
Operating Property, not being depreciated				
Land	\$ 129,656	\$ -	\$ -	\$ 129,656
Land Rights	13,296	-	-	13,296
	<u>142,952</u>	<u>-</u>	<u>-</u>	<u>142,952</u>
Operating Property, being depreciated				
Interceptor Structures	1,723,016	-	-	1,723,016
Pumping Station Structures	459,745	-	-	459,745
Pumping Station Equipment	374,668	-	-	374,668
Treatment Plant Equipment	152,151	-	-	152,151
Treatment Plant Structures	140,485	-	-	140,485
General Equipment	12,429	882	-	13,311
Solids Handling Equipment	683	-	-	683
	<u>2,863,177</u>	<u>882</u>	<u>-</u>	<u>2,864,059</u>
Total Operating Property	<u>3,006,129</u>	<u>882</u>	<u>-</u>	<u>3,007,011</u>
Less, accumulated depreciation for:				
Interceptor Structures	377,444	34,460	-	411,904
Pumping Station Equipment	249,219	27,323	-	276,542
Pumping Station Structures	118,829	10,845	-	129,674
Treatment Plant Equipment	115,692	3,237	-	118,929
Treatment Plant Structures	98,088	2,745	-	100,833
General Equipment	6,403	480	-	6,883
Solids Handling Equipment	654	17	-	671
	<u>966,329</u>	<u>79,107</u>	<u>-</u>	<u>1,045,436</u>
Construction in Progress	<u>205</u>	<u>1,826</u>	<u>(205)</u>	<u>1,826</u>
Net Capital Assets	<u>\$2,040,005</u>	<u>\$(76,399)</u>	<u>\$ (205)</u>	<u>\$1,963,401</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets - Continued

	<u>Dec. 31, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec. 31, 2016</u>
All Funds Combined:				
Operating Property, not being depreciated				
Land (Water)	\$ 3,268,578	\$ 24,624	\$ (28,762)	\$ 3,264,440
Land Rights (Water)	1,628,782	-	-	1,628,782
Land (Wastewater)	895,993	-	-	895,993
Land Rights (Wastewater)	638,334	-	-	638,334
Plant Acquisition Adjustment	172,189	-	(17,000)	155,189
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>6,931,187</u>	<u>24,624</u>	<u>(45,762)</u>	<u>6,910,049</u>
Operating Property, being depreciated				
Distribution Mains	152,573,393	8,689,893	(346,572)	160,916,714
Interceptor Structures	56,675,327	327,080	-	57,002,407
Treatment Plant Structures	44,512,412	45,674	(209)	44,557,877
Services	31,901,258	979,501	-	32,880,759
Structures & Improvements	28,778,709	354,407	(230,676)	28,902,440
Treatment Plant Equipment	24,377,482	4,033,375	(11,013)	28,399,844
Pumping Station Structures	18,458,157	109,063	(10,280)	18,556,940
Pumping Station Equipment	16,358,890	944,824	(406,192)	16,897,522
Water Treatment Equipment	14,222,532	92,228	-	14,314,760
Transmission Mains	13,430,881	-	-	13,430,881
Meters & Meter Installations	11,456,728	397,714	(86,147)	11,768,295
Reservoirs & Standpipes	11,090,541	-	-	11,090,541
Hydrants	9,937,939	466,467	(44,162)	10,360,244
Vehicles	3,055,441	393,965	(208,267)	3,241,139
Lake, River & Other Intakes	2,363,460	-	-	2,363,460
Communication Equipment	1,584,434	-	(317,948)	1,266,486
Pumping Equipment	1,574,291	-	-	1,574,291
General Equipment	1,523,801	165,874	(2,435)	1,687,240
Wells & Springs	989,248	-	-	989,248
Computer Equipment	840,717	100,971	(137,501)	804,187
Power Equipment	832,009	-	-	832,009
Communications Equip. - Collectors	748,703	-	-	748,703
Office Furniture & Equipment	597,325	5,734	-	603,059
Storm Drains	587,610	-	-	587,610
Shop Equipment	288,562	-	-	288,562
Solids Handling Equipment	374,748	-	-	374,748
Garage Equipment	232,652	-	-	232,652
Radio Equipment	184,313	-	-	184,313
Laboratory Equipment	113,415	-	-	113,415
Interceptor Equipment	74,623	-	-	74,623
Stores Equipment	59,161	-	-	59,161
	<u>449,798,762</u>	<u>17,106,770</u>	<u>(1,801,402)</u>	<u>465,104,130</u>
Total Operating Property	<u>\$456,729,949</u>	<u>\$17,131,394</u>	<u>\$(1,847,164)</u>	<u>\$472,014,179</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets - Continued

	<u>Dec. 31, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec. 31, 2016</u>
All Funds Combined (continued):				
Less, accumulated depreciation for:				
Distribution Mains	\$ 41,700,828	\$ 2,224,453	\$ (118,923)	\$ 43,806,358
Interceptor Structures	31,580,745	1,133,183	-	32,713,928
Treatment Plant Structures	27,027,340	911,653	(208)	27,938,785
Treatment Plant Equipment	17,126,883	955,929	(11,013)	18,071,799
Services	16,819,637	704,099	-	17,523,736
Structures & Improvements	12,927,255	610,533	(179,822)	13,357,966
Pumping Station Equipment	10,206,556	742,440	(406,192)	10,542,804
Pumping Station Structures	9,545,549	397,882	(10,280)	9,933,151
Transmission Mains	6,773,225	153,441	-	6,926,666
Reservoirs & Standpipes	4,496,066	199,273	-	4,695,339
Water Treatment Equipment	3,256,158	423,337	-	3,679,495
Hydrants	3,462,550	202,996	(23,868)	3,641,678
Meters & Meter Installations	3,677,658	466,223	(35,165)	4,108,716
Vehicles	2,043,321	291,682	(208,267)	2,126,736
Lake, River & Other Intakes	1,775,413	24,813	-	1,800,226
Pumping Equipment	1,412,506	19,052	-	1,431,558
Communication Equipment	1,343,666	42,905	(311,221)	1,075,350
Power Equipment	650,523	34,304	-	684,827
Office Furniture & Equipment	468,430	61,231	-	529,661
General Equipment	509,239	39,074	(2,435)	545,878
Communications Equip. - Collectors	443,679	54,147	-	497,826
Solids Handling Equipment	283,149	5,313	-	288,462
Shop Equipment	258,214	3,477	-	261,691
Computer Equipment	264,362	48,435	(128,057)	184,740
Garage Equipment	224,763	6,576	-	231,339
Wells & Springs	146,945	19,643	-	166,588
Radio Equipment	128,894	10,148	-	139,042
Laboratory Equipment	83,612	4,080	-	87,692
Storm Drains	175,030	11,752	-	186,782
Stores Equipment	39,751	995	-	40,746
Interceptor Equipment	62,112	2,286	-	64,398
	<u>198,914,059</u>	<u>9,805,355</u>	<u>(1,435,451)</u>	<u>207,283,963</u>
Construction in Progress	<u>2,421,438</u>	<u>8,110,856</u>	<u>(1,336,668)</u>	<u>9,195,626</u>
Net Capital Assets	<u>\$260,237,328</u>	<u>\$15,436,895</u>	<u>\$(1,748,381)</u>	<u>\$273,925,842</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	\$5,551,696	\$(730,000)	\$4,821,696
Wastewater Funds:			
Cape Elizabeth	514,095	-	514,096
Cumberland	164,891	-	164,891
Gorham	416,663	-	416,663
Portland	2,572,350	-	2,572,351
Westbrook	506,553	-	506,553
Windham	79,107	-	79,107
Total	<u>\$9,805,355</u>	<u>\$(730,000)</u>	<u>\$9,075,355</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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:

General Revenue bonds:

Dec 31, 2015	Increases	Decreases	Dec 31, 2016	Current	Non-Current
<u>\$71,439,508</u>	<u>\$22,925,341</u>	<u>\$(10,620,437)</u>	<u>\$83,744,412</u>	<u>\$6,378,828</u>	<u>\$77,365,584</u>

Long-term debt outstanding as of December 31, 2016, consisted of the following general revenue 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-05	\$ 900,000	2025	3.00% to 5.00%	\$ 405,000		
Oct-06	1,500,000	2026	3.00% to 6.00%	750,000		
Sep-07	10,000,000	2027	4.25%	510,000		
Oct-08	1,500,000	2028	2.075% to 5.575%	900,000		
Apr-09	1,598,500	2028	1.050%	959,100		
May-09	4,700,000	2029	2.080% to 5.580%	3,055,000		
Aug-09	4,254,094	2029	0%	1,944,193		
Aug-09	253,075	2029	0%	106,569		
May-10	500,000	2030	2.060% to 5.746%	350,000		
Nov-10	950,000	2030	1.00%	631,750		
Oct-11	2,300,000	2031	0.5% to 5.5%	1,725,000		
May-12	1,130,000	2032	1.00%	904,000		
Oct-12	2,000,000	2032	1.480% to 3.706%	1,600,000		
May-13	3,000,000	2032	1.00%	2,400,000		
May-13	1,428,000	2033	.600% to 3.700%	1,213,800		
Nov-13	8,000,000	2034	2.00% to 4.25%	7,200,000		
Nov-13	1,072,000	2033	1.07%	911,200		
Jun-14	2,541,000	2034	2.70%	2,280,000		
Jun-14	2,000,000	2034	2.70%	1,600,000		
May-15	459,000	2034	0.15%	413,717		
June-15	3,730,000	2034	3.00%	1,800,000		
June-15	2,000,000	2025	3.00%	3,540,000		
Dec-15	270,000	2035	1.00%	256,500		
Jun-16	385,000	2036	3.00 to 4.00%	385,000		
Jun-16	1,830,000	2036	3.00 to 4.00%	1,830,000		
Jun-16	1,830,000	2036	3.00 to 4.00%	1,830,000		
Jun-16	4,955,000	2036	3.00 to 4.00%	4,915,000		
Sep-16	1,158,979	2036	1.00%	1,158,979		
Sep-16	566,362	2036	1.00%	566,362		
				<u>\$46,141,170</u>	<u>\$3,328,850</u>	<u>\$42,812,320</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Long-Term Debt - Continued

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%	\$ 57,000		
Dec-11	2,700,000	2031	1.00%	1,822,500		
Oct-12	160,000	2032	1.480% to 3.706%	128,000		
May-15	240,000	2035	0.35-3.89%	<u>228,000</u>		
				<u>\$2,235,500</u>	<u>\$146,250</u>	<u>\$2,089,250</u>

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%	<u>\$62,500</u>	<u>\$6,250</u>	<u>\$56,250</u>

Falmouth 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>
May-16	\$4,000,000	2036	1.00%	<u>\$4,000,000</u>	<u>\$200,000</u>	<u>\$3,800,000</u>

Gorham Wastewater Fund:

<u>Issue Date</u>	<u>Original Amount</u>	<u>Maturities Through</u>	<u>Interest Rate Range</u>	<u>Amount</u>	<u>Current</u>	<u>Non-Current</u>
Apr-03	\$ 78,120	2022	1.80%	\$ 22,900		
Nov-03	73,185	2023	2.10%	25,461		
Dec-05	252,000	2025	1.63%	113,400		
Jul-07	146,000	2017	1.00%	14,600		
May-08	50,400	2028	2.00% to 5.50%	30,240		
Oct-08	474,672	2029	2.075% to 5.575%	308,537		
Jan-09	4,258,208	2028	1.44%	2,580,732		
Feb-09	253,475	2028	1.00%	152,085		
May-09	233,954	2029	2.080% to 5.580%	152,070		
Nov-10	52,360	2030	1.00%	<u>36,652</u>		
				<u>\$3,436,677</u>	<u>\$303,069</u>	<u>\$3,133,608</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Long-Term Debt - Continued

Portland 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-97	1,100,000	2017	5.38%	\$ 55,000		
Oct-01	2,785,000	2021	2.10%	696,250		
Nov-01	1,250,000	2021	2.10%	312,500		
Apr-03	1,615,500	2020	1.66%	354,261		
Apr-03	5,200,000	2022	1.80%	1,524,301		
Nov-03	1,230,000	2023	2.11%	422,350		
Nov-03	2,000,000	2023	2.11%	698,722		
Dec-04	2,115,000	2024	1.33%	846,000		
Dec-05	1,900,000	2025	1.63%	855,000		
Apr-09	5,700,000	2028	1.470%	3,371,928		
Nov-10	752,200	2030	1.00%	526,540		
Nov-11	400,000	2031	0.5% to 5.5%	300,000		
Nov-13	3,000,000	2033	3.00% to 4.00%	2,550,000		
Dec-15	2,000,000	2035	1.00%	1,900,000		
Jun-16	7,000,000	2036	1.00%	7,000,000		
Jun-16	1,200,000	2036	1.00%	<u>1,200,000</u>		
				<u>\$22,612,852</u>	<u>\$1,967,354</u>	<u>\$20,645,498</u>

Westbrook 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>
Apr-03	\$ 284,208	2022	1.80%	\$ 83,311		
Nov-03	266,254	2023	2.10%	92,630		
Dec-05	1,316,800	2025	1.63%	592,560		
May-08	183,360	2028	2.00% to 5.50%	110,016		
Oct-08	2,384,641	2029	2.075% to 5.575%	1,550,017		
Feb-09	974,927	2028	1.00%	584,955		
Nov-10	113,220	2030	1.00%	79,254		
Dec-15	1,000,000	2035	1.00%	<u>950,000</u>		
				<u>\$4,042,743</u>	<u>\$326,170</u>	<u>\$3,716,573</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Long-Term Debt - Continued

Windham 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>
Apr-03	\$ 9,672	2022	1.80%	\$ 2,835		
Nov-03	9,061	2023	2.10%	3,152		
Dec-05	31,200	2025	1.63%	14,040		
May-08	6,240	2028	2.00% to 5.50%	3,744		
Oct-08	40,687	2029	2.075% to 5.575%	26,447		
Jan-09	1,681,800	2028	1.44%	1,019,268		
Feb-09	21,592	2028	1.00%	12,960		
May-09	196,045	2029	2.080% to 5.580%	127,430		
Nov-10	4,420	2030	1.00% to 1.5789%	3,094		
				<u>\$1,212,970</u>	<u>\$100,885</u>	<u>\$1,112,085</u>
Total Long-Term Debt				\$83,744,412		
Less Current Portion				<u>6,378,828</u>		
Total Long-Term Portion of Debt				<u>\$77,365,584</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.

Deferred Outflow - Bond Refunding

During 2016, the District refunded \$5,160,000 in bonds in the Water Fund and incurred a \$247,093 loss on the refunding. The loss was recorded as a Deferred Outflow and will be amortized for the remaining life of the original bonds:

	<u>Beginning Balance</u>	<u>Allocated Reduction</u>	<u>Ending Balance</u>
2016	\$ 247,093	\$ (22,393)	\$ 224,700
2017	224,700	(44,700)	180,000
2018	180,000	(39,600)	140,400
2019	140,400	(34,700)	105,700
2020	105,700	(29,800)	75,900
2021	75,900	(24,800)	51,100
2022	51,100	(20,000)	31,100
2023	31,100	(15,100)	16,000
2024	16,000	(10,100)	5,900
2025	5,900	(5,400)	500
2026	500	<u>(500)</u>	0
		<u>\$(247,093)</u>	

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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
2017	\$ 3,328,850	\$ 146,250	\$ 6,250	\$ 200,000	\$ 303,069	\$ 1,967,354	\$ 326,170	\$ 100,885	\$ 6,378,828
2018	3,384,669	146,250	6,250	200,000	288,469	1,912,109	326,170	100,885	6,364,802
2019	3,350,494	146,250	6,250	200,000	288,458	1,909,490	326,128	100,884	6,327,954
2020	3,361,327	146,250	6,250	200,000	288,366	1,901,021	325,795	100,873	6,329,882
2021	3,377,167	146,250	6,250	200,000	288,255	1,808,271	325,389	100,859	6,252,441
2022 - 2026	16,063,754	731,250	31,250	1,000,000	1,402,785	6,252,179	1,466,922	499,528	27,447,668
2027 - 2031	9,280,641	717,000	-	1,000,000	577,275	4,112,428	746,169	209,056	16,642,569
2032 - 2036	3,994,268	56,000	-	1,000,000	-	2,750,000	200,000	-	8,000,268
	<u>\$46,141,170</u>	<u>\$2,235,500</u>	<u>\$62,500</u>	<u>\$4,000,000</u>	<u>\$3,436,677</u>	<u>\$22,612,852</u>	<u>\$4,042,743</u>	<u>\$1,212,970</u>	<u>\$83,744,412</u>

Interest Due:

	-----WASTEWATER SYSTEMS-----								
	WATER	CAPE ELIZABETH	CUMBERLAND	FALMOUTH	GORHAM	PORTLAND	WESTBROOK	WINDHAM	TOTAL
2017	\$ 1,309,608	\$ 31,081	\$ 888	\$ 40,000	\$ 64,470	\$ 371,187	\$108,487	\$ 21,999	\$ 1,947,720
2018	1,212,850	29,287	799	38,000	58,601	315,183	98,489	20,045	1,773,254
2019	1,118,239	27,657	710	36,000	53,635	282,301	92,494	18,151	1,629,187
2020	916,618	25,938	621	34,000	44,073	253,847	84,561	12,707	1,372,365
2021	837,942	24,063	533	32,000	38,906	225,896	75,479	11,070	1,245,889
2022 - 2026	3,191,244	90,777	1,331	130,000	132,227	795,096	235,103	44,642	4,620,420
2027 - 2031	1,323,484	39,934	-	80,000	14,946	376,364	42,227	4,508	1,881,463
2032 - 2036	281,921	4,938	-	30,000	-	89,500	5,000	-	411,359
	<u>\$10,191,906</u>	<u>\$273,675</u>	<u>\$4,882</u>	<u>\$420,000</u>	<u>\$406,858</u>	<u>\$2,709,374</u>	<u>\$741,840</u>	<u>\$133,122</u>	<u>\$14,881,657</u>

Total Debt Service Due:

	-----WASTEWATER SYSTEMS-----								
	WATER	CAPE ELIZABETH	CUMBERLAND	FALMOUTH	GORHAM	PORTLAND	WESTBROOK	WINDHAM	TOTAL
2017	\$ 4,638,458	\$ 177,331	\$ 7,138	\$ 240,000	\$ 367,539	\$ 2,338,541	\$ 434,657	\$ 122,884	\$ 8,326,548
2018	4,597,519	175,537	7,049	238,000	347,070	2,227,292	424,659	120,930	8,138,056
2019	4,468,733	173,907	6,960	236,000	342,093	2,191,791	418,622	119,035	7,957,141
2020	4,277,945	172,188	6,871	234,000	332,439	2,154,868	410,356	113,580	7,702,247
2021	4,215,109	170,313	6,783	232,000	327,161	2,034,167	400,868	111,929	7,498,330
2022 - 2026	19,254,998	822,027	32,581	1,130,000	1,535,012	7,047,275	1,702,025	544,170	32,068,088
2027 - 2031	10,604,125	756,934	-	1,080,000	592,221	4,488,792	788,396	213,564	18,524,032
2032 - 2036	4,276,189	60,938	-	1,030,000	-	2,839,500	205,000	-	8,411,627
	<u>\$56,333,076</u>	<u>\$2,509,175</u>	<u>\$67,382</u>	<u>\$4,420,000</u>	<u>\$3,843,535</u>	<u>\$25,322,226</u>	<u>\$4,784,583</u>	<u>\$1,346,092</u>	<u>\$98,626,069</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec. 31, 2016</u>	<u>Current</u>	<u>Non-Current</u>
2008 Note	\$ 172,120	\$ -	\$ (13,240)	\$ 158,880	\$ 13,240	\$ 145,640
	<u>\$ 172,120</u>	<u>\$ -</u>	<u>\$ (13,240)</u>	<u>\$ 158,880</u>	<u>\$ 13,240</u>	<u>\$ 145,640</u>

The annual debt service requirements to amortize notes payable are as follows:

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 13,240	\$ 6,983	\$ 20,223
2018	13,240	6,401	19,641
2019	13,240	5,819	19,059
2020	13,240	5,237	18,477
2021	13,240	4,655	17,895
2022 - 2026	66,200	14,547	80,747
2027 - 2028	<u>26,480</u>	<u>1,746</u>	<u>28,226</u>
	<u>\$158,880</u>	<u>\$45,388</u>	<u>\$204,268</u>

Compensated Absences

District employees can be paid out up to 400 hours of sick time upon retirement. The actuary hired by the District determined the value of that liability. 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, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec. 31, 2016</u>	<u>Current</u>	<u>Non-Current</u>
Sick	\$ 852,076	\$ 86,861	\$ (90,650)	\$ 848,287	\$203,439	\$644,848
Vacation	<u>634,217</u>	<u>700,708</u>	<u>(668,492)</u>	<u>666,433</u>	<u>493,931</u>	<u>172,502</u>
	<u>\$1,486,293</u>	<u>\$787,569</u>	<u>\$ (759,142)</u>	<u>\$1,514,720</u>	<u>\$697,370</u>	<u>\$817,350</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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, 2016, the District was committed on signed, but incomplete, construction and other contracts with a remaining balance of \$4,246,992, which is broken down by funds as follows:

Water Fund	\$1,729,797
Portland Wastewater	\$2,224,557
Westbrook Wastewater	\$196,638
All Wastewater Funds	\$96,000

Water Fund - Commitments and Contingencies:

In January 2017, Golf Traditions filed a complaint in the Cumberland County Superior Court. The complaint had three counts, breach of warranty, breach of contract and negligence. Traveler's Insurance Company is defending the case on behalf of the District. Maximum exposure on the negligence claim is \$5,000. Exposure on the other two claims is presumed to be zero, but is unknown at this time. If the case moves forward to court, it would be tried sometime in 2018 or 2019. The potential outcome of the action is unknown and the majority of the plaintiff's claim of \$350,000 might be covered by the District's insurance carrier (except for the deductible noted previously).

In February 2016, the District's Board of Trustees authorized the issuance of up to \$8.0 million in bonds for various Water infrastructure. From that authorization, the District may be issuing a 20-year bond in the amount of \$1.31 million for water main renewals during 2017.

Cumberland Wastewater - Commitments and Contingencies:

The Town of Falmouth provides wastewater treatment services to the Cumberland Wastewater fund. In 2007, the Town issued a 20-year bond to finance an upgrade at their treatment plant. The District agreed the Cumberland fund would pay 30% of the debt service payments. As of December 31, 2016, the total remaining debt payments to be paid by the Cumberland fund was \$1,425,041.

In 2016, the Falmouth Wastewater fund issued a bond for \$4.0 million for the replacement/upgrade of the Mill Creek wastewater pump station and force main. The Cumberland Wastewater fund agreed to pay 43.7% of the debt service payments. As of December 31, 2016, the total remaining debt payments for the Cumberland fund was \$1,931,540.

Falmouth Wastewater - Commitments and Contingencies:

In March 2016 the District's Board of Trustees authorized the issuance of up to \$6.14 million in bonds for renewal of the Mill Creek Wastewater Pump Station in the Falmouth wastewater fund. From that authorization, the District issued a 20-year bond in the amount of \$0.88 million on March 21, 2017.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 4 - OTHER INFORMATION - CONTINUED

Commitments and Contingencies - Continued

Portland Wastewater - Commitments and Contingencies:

Future Bond Issuances: In March of 2015, the District's Board of Trustees authorized the issuance of up to \$12.0 million in bonds for an aeration project at the East End Wastewater Treatment Facility in Portland. From that authorization, the District will be issuing a 20-year bond in the amount of \$1.8 million during 2017.

Wastewater Funds - Commitments and Contingencies:

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

- 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 December 2014 for the next 5 years. The plan is currently estimated to cost \$22 million and calls for District capital costs of \$5.7 million from 2015 to 2019.
- The Town of Cape Elizabeth, the City of South Portland and the District submitted a draft plan for the Ottawa Rd. CSO in 2011. Because the combined sewer overflow is impacted by flow from the City of South Portland, the City of South Portland is also a party to the agreement. 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.

In 2006, the District entered into a biosolids management agreement with New England Organics (now Casella Organics). Casella agreed to provide for the transportation and processing of wastewater treatment plant residual called biosolids for a period of five years from the contract date and was extended for five more years in 2010. In April 2015, the District and Casella agreed to an additional five year extension for service until the end of 2020. In addition, there are two additional five-year mutual extension options. It is estimated that payments of approximately \$1,451,816 will be made to Casella in 2017.

All Funds - Commitments and Contingencies:

The District has contracts with Constellation NewEnergy to provide electricity. Contracts are in place through the end of 2019 for Water and Portland Wastewater Treatment plants and India Street Pump station accounts. Rates vary based on the season and time of day with a range between 2.4 and 9.1 cents per kilowatt. Contracts for all other accounts are fixed through November 2018 with price of 7.84 cents per kilowatt in 2017 and 7.79 cents per kilowatt in 2018. The estimated cost of electricity in 2017 is \$987,004.

On November 7, 2016, union employees received a 2.5% pay rate increase and they are scheduled to receive a 3.0% increase on November 6, 2017. The result will be additional labor expense of \$216,511 in 2017.

NOTES TO FINANCIAL STATEMENTS**December 31, 2016****NOTE 4 - OTHER INFORMATION - CONTINUED****Trustee Held Funds**

The District participates in the State of Maine's revolving loan fund program. The program administrators retained the bond proceeds until the District expended the funds and requested reimbursement. During 2016, the District issued permanent financing in the Water and three Wastewater Funds. The majority of the dollars for these issues were received during 2016; however, as of December 31, 2016, five of the projects had not been completed and the funds were still being held by the issuer.

	<u>Dec. 31, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec. 31, 2016</u>
Water	\$ -	\$ 1,816,148	\$ (1,653,325)	\$ 162,823
Falmouth Wastewater	-	4,000,000	(2,345,119)	1,654,881
Portland Wastewater	2,000,000	8,200,000	(9,483,702)	716,298
Westbrook Wastewater	<u>1,000,000</u>	-	<u>(1,000,000)</u>	-
Total	<u>\$3,000,000</u>	<u>\$14,016,148</u>	<u>\$(14,482,146)</u>	<u>\$2,534,002</u>

Pension Plans

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

	<u>As of July 1, 2015</u>		<u>As of May 1, 2016</u>	
	<u>Bargaining</u>	<u>Non-Bargaining</u>	<u>Bargaining</u>	<u>Non-Bargaining</u>
	<u>Unit</u>	<u>Unit</u>	<u>Unit</u>	<u>Unit</u>
Active employees included in plan	85	36	82	32
Retired employees and beneficiaries	72	40	75	42
Terminated employees with vested rights	<u>37</u>	<u>15</u>	<u>33</u>	<u>13</u>
	<u>194</u>	<u>91</u>	<u>190</u>	<u>87</u>

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

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. The assets of each plan are legally restricted for the payment of benefits for only members of their respective plan.

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 Deferred Compensation Plan).

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 4 - OTHER INFORMATION - CONTINUED

Pension Plans - Continued

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

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

Bargaining Unit Participants: Effective November 7, 2016, the monthly pension benefit is computed based on a \$36.75 rate for pay grades A through E and a \$37.75 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 \$1,653.75 for employees in pay grades A through E and \$1,698.75 for employees in pay grades F through L.

Both plans allow early retirement 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.

Benefits payable may be increased annually, at the discretion of the Board of Trustees, up to the 50% of the consumer price index or 5%, whichever is lower. The authority to establish and amend benefit provisions for both plans 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.

Administrative Expenses: All administrative expenses are paid by the District and allocated to the individual funds. Such expenses were \$104,888 for the year ended December 31, 2016.

Funding Policy: The District's policy is to contribute at least the actuarially determined contribution to the plans or \$1,000,000, whichever is higher. No employee contributions are required by the plans. The District's Board authorizes the specific contribution annually. For the year ended December 31, 2016, a total contribution of \$1,200,000 was made with a contribution of \$684,363 and \$515,637 to the bargaining and non-bargaining units, respectively. The contributions represented 17.0% and 19.9% of the respective plan's covered compensation.

Net Pension Liability: The liability as of December 31, 2016 is based an actuarial valuation as of May 1, 2016 that was updated through December 31, 2016. Balances as of December 31, 2016 are as follows:

	<u>Bargaining Unit</u>	<u>Non-Bargaining Unit</u>	<u>Total</u>
Pension Liabilities	\$13,813,294	\$12,337,566	\$26,150,860
Net Fiduciary Position (Pension Assets)	<u>9,869,559</u>	<u>9,096,188</u>	<u>18,965,747</u>
Subtotal	3,943,735	3,241,378	7,185,113
Deferred Outflows of Resources Related to Pension	(434,473)	(437,831)	(872,304)
Deferred Inflows of Resources Related to Pension	<u>666,651</u>	<u>305,273</u>	<u>971,924</u>
Net Pension Liability	<u>\$ 4,175,913</u>	<u>\$ 3,108,820</u>	<u>\$ 7,284,733</u>
Pension Expense	<u>\$ 541,926</u>	<u>\$ 427,009</u>	<u>\$ 968,935</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 4 - OTHER INFORMATION - CONTINUED

Pension Plans - Continued

Changes in the Net Pension Liability: The changes in each of the pension plans for the year ending December 31, 2016 are listed below:

Bargaining Unit

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at 12/31/15	<u>\$13,834,428</u>	<u>\$8,988,517</u>	<u>\$4,845,911</u>
Service Cost	169,601	-	169,601
Interest	958,787	-	958,787
Changes in benefit terms	94,108	-	94,108
Difference between expected and actual experience	(154,202)	-	(154,202)
Changes in assumptions	(504,440)	-	(504,440)
Benefit payments	(584,988)	-	(584,988)
Contributions - employer	-	684,363	(684,363)
Net investment income	-	781,667	(781,667)
Benefit payments	-	(584,988)	584,988
Net change	<u>(21,134)</u>	<u>881,042</u>	<u>(902,176)</u>
Balance at 12/31/16	<u>\$13,813,294</u>	<u>\$9,869,559</u>	<u>\$3,943,735</u>

Plan fiduciary net position as a percentage of total pension liability 71%

Non-Bargaining Unit

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at 12/31/15	<u>\$12,249,004</u>	<u>\$8,514,202</u>	<u>\$3,734,802</u>
Service Cost	214,157	-	214,157
Interest	849,544	-	849,544
Difference between expected and actual experience	(29,531)	-	(29,531)
Changes in assumptions	(324,599)	-	(324,599)
Benefit payments	(621,009)	-	(621,009)
Contributions - employer	-	515,637	(515,637)
Net investment income	-	687,358	(687,358)
Benefit payments	-	(621,009)	621,009
Net change	<u>88,562</u>	<u>581,986</u>	<u>(493,424)</u>
Balance at 12/31/16	<u>\$12,337,566</u>	<u>\$9,096,188</u>	<u>\$3,241,378</u>

Plan fiduciary net position as a percentage of total pension liability 74%

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 4 - OTHER INFORMATION - CONTINUED

Pension Plans - Continued

Additional information from the May 1, 2016 actuarial valuation is listed below. The valuation was updated and rolled forward to the December 31, 2016 measurement date.

	<u>Bargaining Unit</u>	<u>Non-Bargaining Unit</u>
Valuation date	May 1, 2016	May 1, 2016
Measurement Date	December 31, 2016	December 31, 2016
Actuarial cost method	Entry age	Entry age
Amortization method- Investment	5-Year Period	5-Year Period
Amortization method- Liability	Expected Future Service	Expected Future Service
Amortization method-Assumption	Expected Future Service	Expected Future Service
Amortization method-Benefit Change	Current Year	Current Year
Asset valuation method	5-year smoothed market	5-year smoothed market.
Actuarial assumptions:		
Investment rate of return	7.0%	7.0%
Projected salary increases	3.0%	3.0%
Inflation rate	2.5%	2.5%
COLA (post-retirement)	1.5%	1.5%
Retirement Age	Graded by age based on past experience	Graded by age based on past experience
Mortality	RP-2014 Total Dataset Mortality with Scale MP-2015	RP-2014 Total Dataset Mortality with Scale MP-2015

Long-Term Expected Rate of Return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
U.S. Equities Large	25%	8.7%
U.S. Equities Small	15%	9.7%
International Developed Market Equities	15%	8.8%
International Emerging Market Equities	10%	9.9%
Core Bonds	20%	4.5%
High Yield Bonds	5%	7.9%
REIT's	5%	7.7%
Natural Resources	5%	4.3%

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 4 - OTHER INFORMATION - CONTINUED

Pension Plans - Continued

Discount Rate: The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed the District contributions will be made at the rate equal to the actuarially determined contribution or \$1,000,000, whichever is higher. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the District, calculated using the discount rate of 7%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6 percent) or 1-percentage-point higher (8 percent) than the current rate:

	<u>1% Decrease (6%)</u>	<u>Current Discount Rate (7%)</u>	<u>1% Increase (8%)</u>
Bargaining Unit net pension liability	\$5,492,907	\$3,943,735	\$2,627,642
Non-Bargaining Unit net pension liability	4,578,842	3,241,378	2,102,857

Pension Expense and Deferred Outflow of Resources and Deferred Inflows of Resources related to Pensions. For the year ended December 31, 2016, the District recognized pension expense for the bargaining and non-bargaining unit of \$541,926 and \$427,009, respectively. At December 31, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>			<u>Deferred Inflows of Resources</u>		
	<u>Bargaining</u>	<u>Non-Bargaining</u>	<u>Total</u>	<u>Bargaining</u>	<u>Non-Bargaining</u>	<u>Total</u>
Difference between Expected and Actual Expense	\$ -	\$ 36,969		\$180,730	\$ 20,093	
Difference between Expected and Actual Returns	434,473	400,862		103,071	64,350	
Impact of Assumption Changes	-	-		<u>328,850</u>	<u>220,830</u>	
	<u>\$434,473</u>	<u>\$437,831</u>	<u>\$872,304</u>	<u>\$666,651</u>	<u>\$305,273</u>	<u>\$971,924</u>

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

Years ending December 31:

	<u>Bargaining Unit</u>	<u>Non-Bargaining Unit</u>
2017	\$ (65,430)	\$ 25,647
2018	(65,430)	19,968
2019	(75,551)	103,032
2020	<u>(25,767)</u>	<u>(16,089)</u>
	<u>\$(232,178)</u>	<u>\$132,558</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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%. Employees can also elect to receive a 150% match on an additional 1.5% of regular wages beyond the mandatory 3.0%.

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

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, 2015, nine current retirees were participating in the plan and 166 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 the 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 4 - OTHER INFORMATION - CONTINUED

Other Postemployment Benefits (OPEB) - Healthcare Benefits - Continued

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	\$ 26,667
Interest on net OPEB obligation	3,990
Adjustment to annual required contribution	<u>(15,621)</u>
Annual OPEB cost (expense)	15,036
Contributions made	<u>-</u>
Increase in net OPEB obligation	15,036
Net OPEB obligation – beginning of year	<u>132,997</u>
Net OPEB obligation – end of year	<u>\$148,033</u>

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

Percentage of Annual Year Ended <u>December 31,</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2014	\$23,411	62.92%	\$108,980
2015	\$24,017	0.0%	\$132,997
2016	\$15,036	0.0%	\$148,033

The net OPEB obligation is included in customer advances and other liabilities in the accompanying financial statements.

Funded Status and Funding Progress: As of July 1, 2015, the most recent actuarial valuation date, the plan was not funded. The unfunded actuarial accrued liability (UAAL) was \$196,148.

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 4 - OTHER INFORMATION - CONTINUED

Other Postemployment Benefits (OPEB) - Healthcare Benefits - Continued

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 includes 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, 2015 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:	2016 7.5%, 2017 7.0%, 2018 6.5%, 2019 6.0%, 2020 5.5%, 2021 (and beyond) 5.0%
Amortization period:	15 years
Incidence of retirement:	16.5% at 62, 10.0% at 63 and 64, 100.0% at 65 and beyond

Restatement of Net Position

Effective January 1, 2016, the District considered Falmouth Wastewater Fund to be a major fund. The effect of this change in net position for December 31, 2015 was an increase of \$19,713 from \$214,574,290 to \$214,594,003.

Subsequent Events

On February 27, 2017 the District's Board of Trustees authorized the issuance of up to \$450,000 in bonds to finance security, head works and alkalinity feeding systems at the Cape Elizabeth Wastewater Treatment Facility.

On March 27, 2017, the District's Board of Trustees approved a 1.0% rate increase that would generate additional revenue of \$212,998. The effective date of the rate change will be May 1, 2017.

On April 24, 2017, the District's Board of Trustees authorized the issuance of up to \$8,000,000 in bonds to finance the installation and renewal of water mains and Gorham/Windham 407 Zone improvements.

On April 24, 2017, the District's Board of Trustees authorized staff to execute a purchase and sale agreement for the purchase of land for watershed protection purposes near the District's water treatment plant. The cost of acquisition will be \$425,000.

REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2016

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

	2014	2015	2016
Total Pension Liability			
Service cost	\$ 168,163	\$ 195,241	\$ 169,601
Interest	784,769	918,080	958,787
Changes in benefit terms	-	-	94,108
Difference between expected and actual expense	1,635,699	(115,154)	(154,202)
Changes in assumptions	-	-	(504,440)
Benefit payments	<u>(507,918)</u>	<u>(564,678)</u>	<u>(584,988)</u>
Net change in total pension liability	2,080,713	433,489	(21,134)
Net pension liability – beginning	<u>11,320,226</u>	<u>13,400,939</u>	<u>13,834,428</u>
Total pension liability – ending (a)	<u>\$13,400,939</u>	<u>\$13,834,428</u>	<u>\$13,813,294</u>
Plan fiduciary net position			
Contribution - employer	\$ 502,000	\$ 609,851	\$ 684,363
Net investment income	377,415	(73,698)	781,667
Benefit payments	(507,918)	(564,679)	(584,988)
Administrative expenses	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	371,497	(28,526)	881,042
Plan fiduciary of net position – beginning	<u>8,645,546</u>	<u>9,017,043</u>	<u>8,988,517</u>
Plan fiduciary of net position – ending (b)	<u>\$ 9,017,043</u>	<u>\$ 8,988,517</u>	<u>\$ 9,869,559</u>
Net pension liability – ending (a)-(b)	<u>\$ 4,383,896</u>	<u>\$ 4,845,911</u>	<u>\$ 3,943,735</u>
Plan fiduciary net position as a percent of the total pension liability	67%	65%	71%
Covered-employee payroll	\$ 4,198,147	\$ 4,048,574	\$ 4,026,235
District's net pension liability as a percentage of covered-employee payroll	104%	120%	98%

Information is only available starting with the adoption of GASB 67 in 2014; additional years information will be displayed as it becomes available.

Schedule of Investment Returns

	2014	2015	2016
Annual money-weighted rate of return, net of investment return	4.27%	(0.97%)	8.38%

REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED

December 31, 2016

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

	2014	2015	2016
Total Pension Liability			
Service cost	\$ 205,440	\$ 229,085	\$ 214,157
Interest	672,086	802,879	849,544
Changes in benefit terms	-	-	-
Difference between expected and actual expense	1,809,303	79,616	(29,531)
Changes in assumptions	-	-	(324,599)
Benefit payments	<u>(587,753)</u>	<u>(651,317)</u>	<u>(621,009)</u>
Net change in total pension liability	2,099,076	460,263	88,562
Net pension liability – beginning	<u>9,689,665</u>	<u>11,788,741</u>	<u>12,249,004</u>
Total pension liability – ending (a)	<u>\$11,788,741</u>	<u>\$12,249,004</u>	<u>\$12,337,566</u>
Plan fiduciary net position			
Contribution - employer	\$ 424,000	\$ 390,149	\$ 515,637
Net investment income	375,587	(47,726)	687,358
Benefit payments	(587,753)	(651,317)	(621,009)
Administrative expenses	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	211,834	(308,894)	581,986
Plan fiduciary of net position – beginning	<u>8,611,262</u>	<u>8,823,096</u>	<u>8,514,202</u>
Plan fiduciary of net position – ending (b)	<u>\$ 8,823,096</u>	<u>\$ 8,514,202</u>	<u>\$ 9,096,188</u>
Net pension liability – ending (a)-(b)	<u>\$ 2,965,645</u>	<u>\$ 3,734,802</u>	<u>\$ 3,241,378</u>
Plan fiduciary net position as a percent of the total pension liability	75%	70%	74%
Covered-employee payroll	\$ 2,855,590	\$ 2,753,837	\$ 2,584,837
District's net pension liability as a percentage of covered-employee payroll	104%	136%	125%

Information is only available starting with the adoption of GASB 67 in 2014; additional years information will be displayed as it becomes available.

Schedule of Investment Returns

	2014	2015	2016
Annual money-weighted rate of return, net of investment return	4.29%	(0.95%)	7.92%

REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED

December 31, 2016

Schedule of District's Contributions

Fiscal year ending	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
Bargaining Unit					
2014	\$451,021	\$502,000	\$(50,979)	\$4,198,147	12.0%
2015	\$560,263	\$609,581	\$(49,588)	\$4,048,574	15.1%
2016	\$672,450	\$684,363	\$(11,913)	\$4,026,235	17.0%
Non-Bargaining Unit					
2014	\$405,542	\$424,000	\$(18,458)	\$2,855,590	14.9%
2015	\$358,425	\$390,149	\$(31,724)	\$2,753,837	14.2%
2016	\$503,724	\$515,637	\$(11,913)	\$2,584,837	19.9%

The required supplementary information is intended to show information for ten years, and that additional years' information will be displayed as it becomes available.

The actuarial determined rate was determined using the May 1, 2016 actuarial valuation report.

Additional information from the May 1, 2016 actuarial valuation follows:

	<u>Bargaining Unit</u>	<u>Non-Bargaining Unit</u>
Valuation date	May 1, 2016	May 1, 2016
Measurement Date	December 31, 2016	December 31, 2016
Actuarial cost method	Entry age	Entry age
Amortization method- Investment	5-Year Period	5-Year Period
Amortization method- Liability	Expected Future Service	Expected Future Service
Amortization method-Assumption	Expected Future Service	Expected Future Service
Amortization method-Benefit Change	3-Year Period	3-Year Period
Asset valuation method	5-year smoothed market	5-year smoothed market
Actuarial assumptions:		
Investment rate of return	7.0%	7.0%
Projected salary increases	3.0%	3.0%
Inflation rate	2.5%	2.5%
COLA (post-retirement)	1.5%	1.5%
Retirement Age	Graded by age based on past experience	Graded by age based on past experience
Mortality	RP-2014 Total Dataset Mortality with Scale MP-2015	RP-2014 Total Dataset Mortality with Scale MP-2015

Schedule of Investment Returns

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

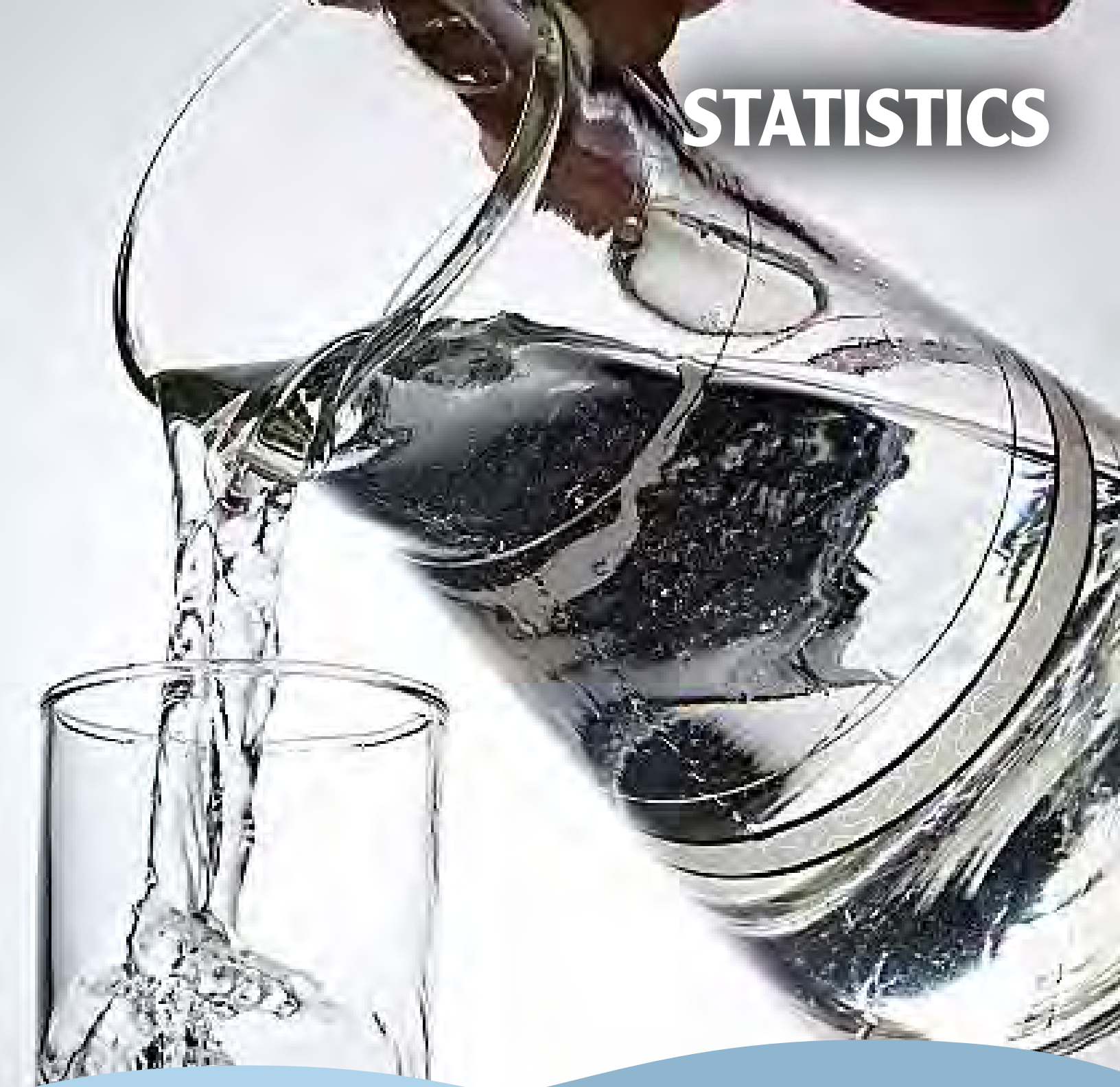
	Bargaining Unit	Non-Bargaining Unit
2014	4.27%	4.29%
2015	(0.97)%	(0.95)%
2016	8.38%	7.92%

REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED**December 31, 2016****Schedules of Funding Progress for the OPEB Plan (Unaudited)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (AAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UALL as a Percentage of Covered ((b-a)/c)
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
July 1, 2015	\$0	\$196,148	\$196,148	0%	n/a	n/a

The required supplementary information is intended to show information for ten years, and that additional years' information will be displayed as it becomes available.

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 71 to 73

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

NET POSITION BY COMPONENT

Last Ten Fiscal Years

Fiscal Year	Invested in capital assets	Unrestricted	TOTAL NET POSITION
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	\$26,344,637	\$215,493,967
2014	\$190,834,740	\$25,737,197	\$216,571,937
2015	\$189,204,269	\$25,370,021	\$214,574,290
2016	\$191,714,552	\$27,055,864	\$218,770,416

CHANGE IN NET POSITION

Last Ten Fiscal Years

Fiscal Year	Operating Revenue	Operating Expense	Operating Income	Non-Operating Income (Expense)	Income (loss) Before Contributions	Total Contributions	Change in Net Position
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	\$3,209,284
2014	\$38,191,819	\$34,884,395	\$3,307,424	(\$4,256,936)	(\$949,512)	\$2,069,800	\$1,120,288
2015	\$39,396,921	\$35,169,923	\$4,226,998	(\$1,596,533)	\$2,630,465	\$2,721,429	\$5,351,894
2016	\$41,304,624	\$37,915,424	\$3,389,200	(\$1,701,445)	\$1,687,755	\$2,488,658	\$4,176,413

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
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
2014	\$12,385,913	\$6,149,574	\$1,227,986	\$876,736	\$16,972,320	\$579,290	\$38,191,819
2015	\$13,106,427	\$6,401,387	\$1,270,959	\$915,884	\$17,116,284	\$585,980	\$39,396,921
2016	\$13,955,172	\$6,981,949	\$1,318,921	\$964,618	\$17,529,312	\$554,652	\$41,304,624

** 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
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	\$34,301,284
2014	\$9,699,724	\$8,713,697	\$4,662,451	\$3,491,349	\$1,699,980	\$1,599,296	\$1,462,622	\$1,086,724	\$2,468,552	\$34,884,395
2015	\$9,832,283	\$8,845,225	\$3,819,319	\$4,078,652	\$1,750,431	\$1,607,479	\$1,518,633	\$991,814	\$2,726,087	\$35,169,923
2016	\$10,114,266	\$9,075,357	\$5,907,182	\$4,376,286	\$1,728,375	\$1,855,522	\$1,518,719	\$1,029,538	\$2,310,179	\$37,915,424

* 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 (loss) on Sale of Operating Property	Interest & Amortization Expense	TOTAL
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	\$24,810	(\$409,482)	(\$1,623,325)	(\$1,934,970)
2014	\$86,684	\$62,509	(\$2,535,831)	(\$1,870,298)	(\$4,256,936)
2015	\$118,826	\$152,728	\$3,320	(\$1,871,407)	(\$1,596,533)
2016	\$163,062	\$239,430	(\$129,711)	(\$1,974,226)	(\$1,701,445)

* Miscellaneous Income includes jobbing revenue and grant monies.

ANNUAL CONTRIBUTIONS BY SOURCE

Last Ten Fiscal Years

Fiscal Year	Water Distribution Mains	Water Services	Hydrants	Water Meters	Other Water	Wastewater Equipment	TOTAL
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
2014	\$1,358,398	\$205,879	\$70,983	\$134,540	\$300,000	\$0	\$2,069,800
2015	\$2,104,408	\$291,423	\$171,710	\$116,476	\$37,412	\$0	\$2,721,429
2016	\$1,993,427	\$226,657	\$117,670	\$150,904	\$0	\$0	\$2,488,658

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
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%
2014	7,890,697	6,308,749	1,581,948	20.0%
2015	7,698,285	6,402,335	1,295,950	16.8%
2016	8,044,650	6,709,373	1,335,277	16.6%

Note: Gallons are presented in thousands.

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

Debt Capacity - Page 73

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
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	\$331	0.9%
2014	\$66,616,415	\$185,360	\$66,801,775	\$323	0.8%
2015	\$71,439,509	\$172,120	\$71,611,629	\$344	0.9%
2016	\$83,744,412	\$158,880	\$83,903,292	n/a	n/a

Revenue Capacity - Pages 74 - 78

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

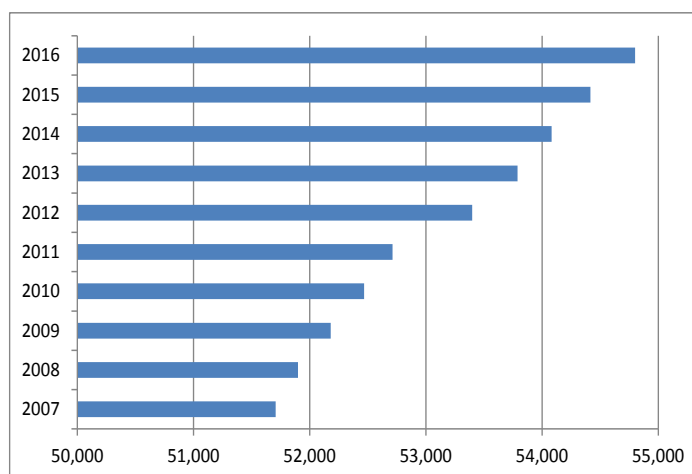
TEN LARGEST WATER CUSTOMERS

Current Year (2016) & Ten Years Ago (2007)			
Ten Years Ago (2007):			
Customer Name	Customer Location	Consumption HCF*	Water Revenue
Calpine	Wesbrook	709,427	\$495,612
Texas Instruments (National Semiconductor) [1]	So. Portland	365,396	\$306,456
Sappi Fine Paper	Westbrook	199,173	\$177,602
Portland Housing Authority	Portland	70,261	\$143,886
Yarmouth Water District	Yarmouth	186,330	\$137,932
Fairchild Semiconductor	So. Portland	174,460	\$134,208
Maine Medical Center	Portland	58,036	\$123,049
B&G Foods	Portland	137,696	\$87,315
Ecomaine	Portland	118,685	\$82,290
Barber Foods	Portland	<u>69,704</u>	<u>\$63,784</u>
		2,089,168	\$1,752,134
TOTAL SALES		8,913,481	\$17,812,549
PERCENT OF TOTAL SALES		23.4%	9.8%
Current Year (2016):			
Customer Name	Customer Location	Consumption HCF*	Water Revenue
Calpine	Wesbrook	672,274	\$634,798
Texas Instruments	So. Portland	349,257	\$317,271
Sappi Fine Paper	Westbrook	273,371	\$327,709
Fairchild Semiconductor	So. Portland	159,988	\$152,441
Yarmouth Water District	Yarmouth	153,671	\$176,709
Ecomaine	Portland	120,148	\$119,882
Maine Medical Center	Portland	104,224	\$182,431
B&G Foods	Portland	78,884	\$82,462
Portland Housing Authority	Portland	56,567	\$127,660
Shipyard Brewing	Portland	<u>42,220</u>	<u>\$46,543</u>
		2,010,604	\$2,167,906
TOTAL SALES		8,969,750	\$23,220,660
PERCENT OF TOTAL SALES		22.4%	9.3%
* = Hundreds of Cubic Feet			
[1] = Texas Instruments acquired National Semiconductor in 2011			

NET GROWTH IN CUSTOMERS

Last Ten Fiscal Years

Metered & Private Fire Customers				
Fiscal Year	Beginning Number	Ending Number	Net Increase	Pecent Increase
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%
2014	53,789	54,081	292	0.5%
2015	54,081	54,415	334	0.6%
2016	54,415	54,800	385	0.7%



NUMBER OF WATER CUSTOMERS BY TYPE

Last Ten Fiscal Years

Metered Customers							
Fiscal Year	Residential	Commerical	Industrial	Public Authorities	Total Metered	Private Fire	TOTAL
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
2014	47,621	3,771	131	497	52,020	2,061	54,081
2015	47,891	3,796	135	487	52,309	2,106	54,415
2016	48,145	3,890	140	491	52,666	2,134	54,800

WATER RATES

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:

- | | |
|------------------------|------------------------|
| - 01/01/07 to 12/31/07 | - 05/01/13 to 04/30/14 |
| - 01/01/08 to 12/31/08 | - 05/01/14 to 04/30/15 |
| - 01/01/09 to 04/30/10 | - 05/01/15 to 12/31/15 |
| - 05/01/10 to 04/30/11 | - 05/01/16 to 12/31/16 |
| - 05/01/11 to 04/30/13 | |

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

	Effective 01/01/07 to 12/31/07		Effective 01/01/08 to 12/31/08		Effective 01/01/09 to 04/30/10	
	Member Rate	Non-member Rate	Member Rate	Non-member Rate	Member Rate	Non-member Rate
Private Fire						
2	35.01	40.26	35.01	40.26	36.06	41.47
3	78.30	90.04	78.30	90.04	80.65	92.74
4	139.81	160.78	139.81	160.78	144.00	165.60
6	333.95	384.04	333.95	384.04	343.97	395.56
8	559.24	643.12	559.24	643.12	576.02	662.41
10	873.87	1,004.96	873.87	1,004.96	900.09	1,035.11
12	1,258.30	1,447.04	1,258.30	1,447.04	1,296.05	1,490.45
16	2,236.96	2,572.51	2,236.96	2,572.51	2,304.07	2,649.69
General Water						
Minimum Monthly Charges						
5/8	7.19	8.26	7.37	8.48	7.75	8.91
3/4	8.50	9.78	8.70	10.01	9.13	10.49
1	11.24	12.93	11.41	13.12	11.87	13.65
1 1/2	16.82	19.35	17.56	20.19	18.74	21.55
2	24.07	27.68	25.20	28.98	26.99	31.03
3	38.23	43.97	43.01	49.46	48.97	56.31
4	57.86	66.55	64.89	74.62	73.70	84.75
6	108.65	124.94	123.79	142.36	142.39	163.75
8	168.65	193.96	194.02	223.12	224.83	258.55
10	239.64	275.58	278.64	320.44	325.53	374.36
12	377.41	434.02	398.97	458.79	430.91	495.55
Low Income	1.81	2.08	1.85	2.13	1.95	2.24
Seasonal Water *1						
Minimum Seasonal Charges						
5/8	157.70	178.08	172.28	196.49	191.77	220.53
3/4	214.06	242.90	226.11	258.40	244.33	280.97
1	279.63	318.31	284.55	325.60	296.89	341.42
1 1/2	471.61	539.08	466.03	534.30	472.09	542.90
2	701.37	803.30	683.51	784.41	682.33	784.68
3	1,190.53	1,365.84	1,201.69	1,380.31	1,242.98	1,429.43
4	1,774.27	2,037.14	1,801.37	2,069.94	1,873.71	2,154.77
6	3,162.10	3,633.15	3,350.28	3,851.19	3,625.74	4,169.60
8	4,822.23	5,542.29	5,206.34	5,985.66	5,728.18	6,587.41
10	8,545.09	9,823.58	9,803.77	11,272.71	11,334.68	13,034.88
12	12,919.90	14,854.62	15,069.18	17,327.93	17,641.98	20,288.28
Volume Charges						
Four Blocks (Step 5)						
Monthly						
First 100 Cf	minimum	minimum	minimum	minimum	minimum	minimum
Next 2,900 Cf	1.81	2.08	1.85	2.13	1.95	2.24
Next 7,000 Cf	1.34	1.55	1.42	1.63	1.53	1.76
Next 40,000 Cf	1.06	1.22	1.18	1.36	1.34	1.55
Over 50,000 Cf	0.69	0.78	0.72	0.83	0.77	0.89
Seasonal						
Over Min to 90,000 Cf	1.81	2.08	1.85	2.13	1.95	2.24
Over 90,000 Cf	1.06	1.22	1.18	1.36	1.34	1.55
Seasonal Surcharge *1						
Surface Main Surcharge	30.75	32.41	31.91	35.21	34.00	39.10

*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

	Effective 05/01/10 to 04/30/11		Effective 05/01/11 to 04/30/13		Effective 05/01/13 to 04/30/14	
	Member Rate	Non-member Rate	Member Rate	Non-member Rate	Member Rate	Non-member Rate
Private Fire						
2	37.32	42.92	38.07	43.78	38.64	44.40
3	83.47	95.99	85.14	97.91	86.40	99.36
4	149.04	171.40	152.02	174.83	154.32	177.48
6	356.01	409.40	363.13	417.59	368.64	423.84
8	596.18	685.59	608.10	699.30	617.28	709.80
10	931.59	1,071.34	950.22	1,092.77	964.44	1,109.16
12	1,341.41	1,542.62	1,368.24	1,573.47	1,388.76	1,597.08
16	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	8.01	9.21	8.15	9.37	8.25	9.48
3/4	9.44	10.85	9.60	11.03	9.72	11.16
1	12.27	14.11	12.48	14.35	12.63	14.52
1 1/2	19.49	22.41	19.99	22.98	20.35	23.40
2	28.07	32.27	28.79	33.09	29.31	33.69
3	50.93	58.56	52.23	60.05	53.18	61.14
4	76.65	88.14	78.60	90.39	80.03	92.04
6	148.09	170.30	151.87	174.64	154.64	177.82
8	233.82	268.89	239.78	275.75	244.15	280.78
10	338.55	389.33	347.18	399.26	353.51	406.54
12	448.15	515.37	459.58	528.51	467.96	538.14
Low Income	2.02	2.32	2.05	2.36	2.07	2.39
Seasonal Water						
Minimum Seasonal Charges						
5/8	198.48	228.25	202.45	232.82	205.49	236.31
3/4	252.88	290.80	257.94	296.62	261.81	301.07
1	307.28	353.37	313.43	360.44	318.13	365.85
1 1/2	488.61	561.90	498.38	573.14	505.86	581.74
2	706.21	812.14	720.33	828.38	731.13	840.81
3	1,286.48	1,479.46	1,312.21	1,509.05	1,331.89	1,531.69
4	1,939.29	2,230.19	1,978.08	2,274.79	2,007.75	2,308.91
6	3,752.64	4,315.54	3,827.69	4,401.85	3,885.11	4,467.88
8	5,928.67	6,817.97	6,047.24	6,954.33	6,137.95	7,058.64
10	11,731.74	13,491.10	11,966.02	13,760.92	12,145.51	13,967.33
12	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
Next 2,900 Cf	2.02	2.32	2.05	2.36	2.07	2.39
Next 7,000 Cf	1.59	1.83	1.63	1.88	1.66	1.91
Next 40,000 Cf	1.39	1.61	1.43	1.65	1.46	1.68
Over 50,000 Cf	0.80	0.92	0.82	0.94	0.83	0.96
Seasonal						
Over Min to 90,000 Cf	2.02	2.32	2.06	2.37	2.07	2.39
Over 90,000 Cf	1.39	1.60	1.42	1.63	1.46	1.68
Seasonal Surcharge *1						
Surface Main Surcharge	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

WATER RATE SCHEDULE

Last Ten Fiscal Years

	Effective 05/01/14 to 04/30/15		Effective 05/01/15 to 04/30/16		Effective 05/01/16 to 12/31/16	
	Member Rate	Non-member Rate	Member Rate	Non-member Rate	Member Rate	Non-member Rate
Private Fire						
2	39.84	45.72	41.40	47.52	42.84	49.20
3	89.40	102.36	92.40	106.20	95.88	110.16
4	158.88	182.76	164.88	189.72	171.12	196.80
6	379.80	436.68	394.20	453.24	408.96	470.16
8	635.88	731.04	660.00	758.88	684.36	787.08
10	993.36	1,143.00	1,031.16	1,186.44	1,069.56	1,230.72
12	1,430.40	1,645.08	1,484.76	1,707.60	1,540.20	1,771.32
16	2,542.92	2,924.40	2,639.52	3,035.52	2,738.04	3,148.80
General Water						
Minimum Monthly Charges						
5/8	8.46	9.73	8.74	10.05	9.03	10.38
3/4	9.97	11.45	10.30	11.83	10.64	12.22
1	12.93	14.90	13.36	15.39	13.80	15.90
1 1/2	21.14	24.31	22.19	25.51	23.29	26.77
2	30.45	35.00	31.96	36.73	33.54	38.55
3	55.25	63.52	57.98	66.66	60.85	69.96
4	83.15	95.63	87.27	100.36	91.59	105.33
6	160.67	184.75	168.62	193.90	176.97	203.50
8	253.67	291.73	266.23	306.17	279.41	321.33
10	367.30	422.40	385.48	443.31	404.56	465.25
12	486.21	559.13	510.28	586.81	535.54	615.86
Low Income	2.12	2.45	2.19	2.53	2.26	2.61
Seasonal Water						
Minimum Seasonal Charges						
5/8	211.65	243.40	219.69	252.65	227.88	262.07
3/4	269.66	310.10	279.91	321.88	290.35	333.89
1	327.67	376.83	340.12	391.15	352.81	405.74
1 1/2	521.04	599.19	540.84	621.96	561.01	645.16
2	753.06	866.03	781.68	898.94	810.84	932.47
3	1,371.85	1,577.64	1,423.98	1,637.59	1,477.09	1,698.67
4	2,067.98	2,378.18	2,146.56	2,468.55	2,226.63	2,560.63
6	4,001.66	4,601.92	4,153.72	4,776.79	4,308.65	4,954.96
8	6,322.09	7,270.40	6,562.33	7,546.68	6,807.10	7,828.17
10	12,509.88	14,386.35	12,985.26	14,933.03	13,469.61	15,490.03
12	19,508.65	22,434.96	20,249.98	23,287.49	21,005.30	24,156.11
Volume Charges						
Four Blocks (Step 5)						
Monthly						
First 100 Cf	minimum	minimum	minimum	minimum	minimum	minimum
Next 2,900 Cf	2.12	2.45	2.19	2.53	2.26	2.61
Next 7,000 Cf	1.72	1.98	1.81	2.08	1.90	2.18
Next 40,000 Cf	1.52	1.75	1.60	1.84	1.68	1.93
Over 50,000 Cf	0.86	1.00	0.90	1.05	0.94	1.10
Seasonal						
Over Min to 90,000 Cf	2.12	2.45	2.19	2.45	2.26	2.61
Over 90,000 Cf	1.52	1.75	1.58	1.75	1.64	1.89
Seasonal Surcharge *1						
Surface Main Surcharge	37.52	43.16	38.95	44.80	40.40	46.47

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

Operating Information - Page 79 to 80

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**

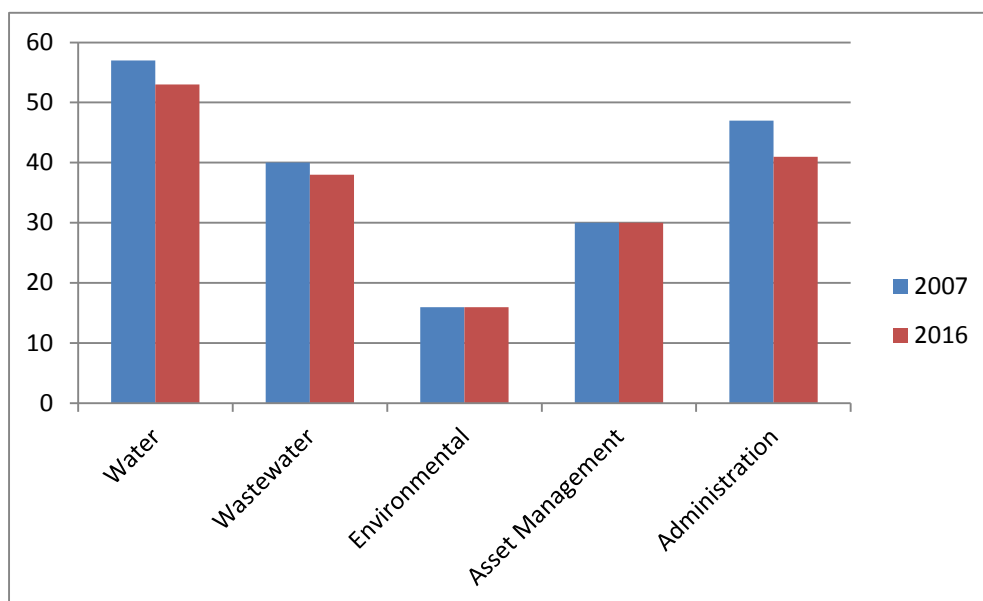
Water Assets										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Services	55,536	55,883	55,942	56,089	56,256	56,389	56,252	53,643	54,022	54,370
Meters	49,704	49,860	50,125	50,381	50,614	51,818	52,275	53,071	53,958	53,132
Hydrants	4,790	4,833	4,870	4,896	4,912	4,954	4,985	5,003	5,048	5,079
Gate Valves	10,471	10,520	10,614	11,140	11,187	11,270	11,294	11,458	11,542	11,671
Distribution Mains (miles)	945.4	949.9	954.9	957.9	958.6	961.7	945.3	947.2	949.6	952.5
Transmission Mains (miles)	40.5	40.5	41.4	41.4	41.4	41.4	41.4	40.7	40.7	41.1
Wastewater Assets										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Interceptors (miles)	44.3	46.7	46.9	46.9	46.9	46.9	48.1	48.1	45.3	45.3
Foremains (miles)	18.4	21.4	21.4	21.8	21.9	21.9	22.3	22.5	25.6	25.6
Collectors (miles)	25.1	24.9	24.9	25.3	25.3	25.7	25.7	26.1	34.4	34.4
Storm Drains (miles)	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.8	1.9	1.9
Manholes	2,191	2,353	2,384	2,342	2,348	2,387	2,436	2,442	2,523	2,523
Combined Sewer Overflows	28	28	28	28	28	28	28	28	28	28
Wastewater Flow Treated*										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
East End (Portland)	16.54	19.05	17.30	18.15	18.04	18.00	17.22	18.92	16.38	16.41
Westbrook/Gorham	3.04	3.92	3.74	3.29	3.52	3.13	3.01	3.25	2.54	2.47
Cape Elizabeth	0.26	0.34	0.33	0.28	0.30	0.28	0.26	0.30	0.23	0.24
Little Falls (Windham) ***	0.02	0.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Peaks Island (Portland)	0.08	0.13	0.11	0.09	0.10	0.09	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**										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
East End (Portland)	45.59	50.75	51.33	45.20	43.54	38.66	45.17	48.18	50.28	47.37
Westbrook/Gorham	11.72	12.24	11.61	10.67	11.80	12.38	12.96	13.96	14.23	15.99
Cape Elizabeth	0.43	0.43	0.65	0.57	0.59	0.48	0.60	0.59	0.66	0.71
Little Falls (Windham) ***	0.14	0.17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Peaks Island (Portland)	0.09	0.07	0.03	0.07	0.12	0.12	0.12	0.12	0.13	0.15
** 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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Water Operations:										
Water Distribution	27	27	25	25	25	24	24	23	22	22
Water Utility Services	16	16	15	13	13	13	13	14	15	15
Water Treatment	11	11	11	11	11	11	11	11	11	11
Administrative/Other	3	3	4	4	4	5	5	5	5	5
	57	57	55	53	53	53	53	53	53	53
Wastewater Operations:										
Wastewater Treatment	26	26	26	26	26	25	24	25	25	24
Water/Wastewater Systems	11	11	12	12	12	12	13	13	13	13
Administrative/Other	3	3	1	1	1	2	2	1	1	1
	40	40	39	39	39	39	39	39	39	38
Environmental Services:										
Environmental Services	8	8	8	8	8	8	8	8	8	9
Laboratory	8	8	8	8	7	7	7	7	7	7
	16	16	16	16	15	15	15	15	15	16
Asset Management & Planning:										
Planning & Design	14	14	15	16	17	17	17	17	17	17
Facilities Services	12	12	12	11	10	10	10	10	10	10
Instrumentation	4	4	3	3	3	3	3	3	3	3
	30	30	30	30	30	30	30	30	30	30
Administration:										
Customer Service	20	16	14	14	14	14	14	14	14	14
Executive Office	8	10	7	8	9	9	8	8	8	9
Financial Services	9	9	9	8	8	8	9	9	9	8
Information Services	7	7	7	7	7	7	7	7	7	7
Employee Services	3	3	3	3	3	3	3	3	3	3
	47	45	40	40	41	41	41	41	41	41
	190	188	180	178	178	178	178	178	178	178

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



Demographic and Economic Information - Page 81

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
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	203,338	\$7,673,493	\$26,882	4.6%
2014	207,103	\$7,966,091	\$27,680	3.8%
2015	208,449	\$8,346,665	\$28,784	2.8%
2016	n/a	n/a	n/a	2.6%

The population shown is equal to the population of the eleven communities served by the District. The income and unemployment figures are that of Cumberland County. The unemployment rate is as of December of each year and is not seasonally adjusted.

All of the District's operations are within Cumberland County and the total population of the communities served by the District equals 72% 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	Business Description
Maine Health	8,001 to 8,500	General Medical & Surgical Hospitals
L.L. Bean, Inc.	4,001 to 4,500	Mail-Order Houses
Unum Provident	3,001 to 3,500	Direct Life Insurance Carriers
Hannaford Bros Co	2,501 to 3,000	Supermarkets & Other Grocery Stores
Mercy Hospital	1,501 to 2,000	General Medical & Surgical Hospitals
Mid Coast Hospital	1,001 to 1,500	General Medical & Surgical Hospitals
Wal Mart/Sam's Club	1,001 to 1,500	Discount Department Stores
Bowdoin College	1,001 to 1,500	Colleges & Universities
TD Bank NA	1,001 to 1,500	Commercial Banking
Idexx Laboratories	1,001 to 1,500	Pharmaceutical Preparation Manufacturing

Source: State of Maine, Center for Workforce Research and Information

Note: Prior data was not available

* Data on total employment limited to the District's service area was not available. The data above is for all of Cumberland County, the population in the areas served by the District represent 72% of the County's total population. In addition, three (3) of the employers shown (L.L. Bean, Bowdoin College & Mid-Coast Hospital have the most (if not all) of their operations outside of the District.

Other Information - Pages 82 to 94

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
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
2014 (g)	\$12,385,913	\$3,552,801	\$1,690,206	\$740,640	\$1,227,986	\$876,736	\$165,927	\$20,640,209
2015 (h)	\$13,106,427	\$3,824,946	\$1,630,601	\$750,107	\$1,270,959	\$915,884	\$195,733	\$21,694,657
2016	\$13,955,172	\$4,221,468	\$1,749,763	\$834,010	\$1,318,921	\$964,617	\$176,709	\$23,220,660

(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%.

(g) - Effective May 2014 metered water rates increased an average of 2.9% and public and private fire protection increased 3.0%.

(h) - Effective May 2015 metered water rates, public and private fire rates were increased an average of 3.8%.

WASTEWATER ASSESSMENTS (AMOUNTS EXPRESSED IN THOUSANDS OF DOLLARS)

YEAR	Cape Elizabeth	Cumberland	Falmouth	Gorham	Portland	Westbrook	Windham	TOTAL
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	\$14,508	\$924,732	\$9,951,852	\$1,800,540	\$214,320	\$14,719,240
2009	\$1,049,052	\$564,232	\$15,016	\$1,021,008	\$10,250,412	\$2,208,971	\$331,848	\$15,440,539
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
2014	\$1,377,252	\$731,784	n/a	\$1,106,148	\$10,872,204	\$2,533,176	\$351,756	\$16,972,320
2015	\$1,412,112	\$731,784	n/a	\$1,106,148	\$10,981,308	\$2,533,176	\$351,756	\$17,116,284
2016	\$1,443,408	\$750,072	\$36,012	\$1,106,148	\$11,308,740	\$2,533,176	\$351,756	\$17,529,312

Water Statistics

2016 WATER PRODUCTION (AVERAGE MILLION GALLONS PER DAY)

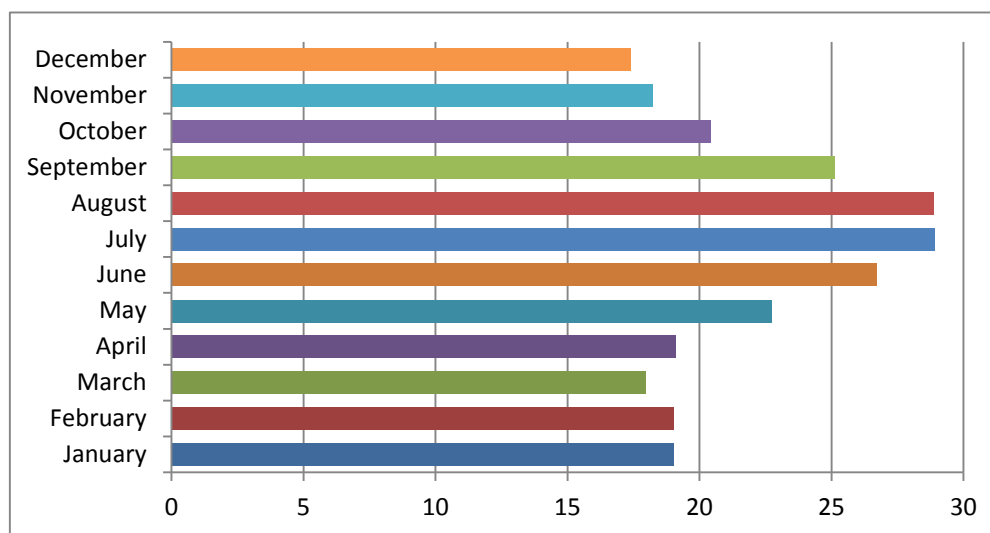
MONTH	Sebago Lake Surface Water	Steep Falls Wells	TOTAL SYSTEM	Gorham Boosted	N. Windham Boosted	Prides Corner Boosted	Standish Boosted	Winn Rd. Boosted
January	19.001	0.033	19.034	0.360	0.421	0.564	0.166	0.367
February	18.997	0.036	19.032	0.358	0.354	0.563	0.167	0.395
March	17.925	0.036	17.960	0.355	0.310	0.571	0.179	0.377
April	19.089	0.033	19.122	0.368	0.350	0.597	0.164	0.363
May	22.715	0.032	22.746	0.486	0.475	0.721	0.188	0.566
June	26.702	0.040	26.743	0.593	0.632	0.850	0.203	0.862
July	28.885	0.044	28.929	0.651	0.661	0.816	0.216	1.006
August	28.821	0.047	28.868	0.587	0.641	0.792	0.218	0.889
September	25.065	0.044	25.109	0.519	0.562	0.711	0.196	0.677
October	20.388	0.040	20.428	0.427	0.435	0.605	0.171	0.483
November	18.201	0.039	18.240	0.445	0.367	0.587	0.167	0.337
December	17.361	0.039	17.400	0.432	0.493	0.592	0.123	0.389
Averages	21.929	0.038	21.968	0.465	0.475	0.664	0.180	0.559

2016 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
	8,030,614	14,036	8,044,650	169,988	173,628	242,577	65,653	204,692

2016 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 Standish System	Cumberland Wells	N. Windham Wells	Steep Falls Wells	TOTAL	Metered	Difference	Gorham Village	North Windham	Prides Corner	Standish	West Falmouth	Total Boosted	Percentage Boosted to Total
	Greater Portland System														
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	21.049	0.173	0.357	0.664	0.601	0.088	0.379	2.089	9.84%
2014	21.569	0.000	0.000	0.000	0.037	21.606	17.284	4.321	0.431	0.702	0.654	0.124	0.574	2.484	11.50%
2015	21.036	0.000	0.000	0.000	0.042	21.078	17.541	3.537	0.421	0.604	0.640	0.123	0.580	2.368	11.23%
2016	21.929	0.000	0.000	0.000	0.038	21.968	18.382	3.586	0.465	0.475	0.664	0.180	0.559	2.343	10.67%

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

2016 WATER SERVICES SUMMARY

COMMUNITY	# of Services	# of Meters	# of Hydrants	# of Gate Valves	Distribution Mains (miles)
Cape Elizabeth	3,621	3,642	326	757	71.1
Cumberland	1,862	1,848	271	452	49.9
Falmouth	3,416	3,260	394	753	83.4
Gorham	2,825	2,716	320	747	60.8
Portland	18,694	18,208	1471	3,913	249.2
Raymond	42	41	24	16	2.7
Scarborough	5,277	5,261	660	1,177	113.6
South Portland	8,566	8,221	565	1,668	122.8
Standish	748	736	146	213	26.8
Westbrook	5,951	5,715	562	1,218	88.6
Windham	3,368	3,452	340	757	83.6
TOTAL	54,370	53,100	5,079	11,671	952.5

2016 NUMBER OF WATER SERVICES BY TYPE

COMMUNITY	Surface	Brass	Copper	Plastic	Galvanized	Ductile Iron	Cement Lined	TOTAL
Cape Elizabeth	124	1	3,350	103	6	21	16	3,621
Cumberland	25	5	1,725	58	1	42	6	1,862
Falmouth	68	2	3,175	66	3	86	16	3,416
Gorham	29	0	2,588	89	4	102	13	2,825
Portland	1,405	7	15,889	349	25	667	352	18,694
Raymond	0	0	37	0	0	5	0	42
Scarborough	183	0	4,561	266	4	250	13	5,277
South Portland	387	1	7,541	198	19	292	128	8,566
Standish	42	0	674	18	1	8	5	748
Westbrook	228	0	5,333	134	1	237	18	5,951
Windham	53	0	2,952	275	0	79	9	3,368
TOTAL	2,544	16	47,825	1,556	64	1,789	576	54,370

WATER QUALITY ANALYSIS

(AS TESTED ON FEBRUARY 2, 2016, 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	Westbrook Sewer District (Distribution)	Steep Falls Untreated	Steep Falls Treated	MCL (for comparison only) ¹
Physical							
Color	CU	<5	<5	<5	<5	5	15
Conductivity	µS	42	57	58	185	185	**
Total Residue	mg/L	38	34	9	108	106	500
Turbidity	NTU	0.28	0.25	0.29	0.09	0.10 ²	1
Inorganic Non-metals							
Residual chlorine ³	mg/L	0	2.3	1.8	0	1.2	4
Alkalinity (as CaCO ₃)	mg/L	4.8	7.7	8.5	13.1	22	**
Carbon dioxide	mg/L	1.8	0.6	0.5	14.2	1.8	**
Ammonia – N	mg/L	<0.01	0.52	0.49	0.05	<0.01	**
Nitrite – N	mg/L	0.003	0.003	0.004	0.002	0.004	1
Nitrate – N	mg/L	<0.23	<0.23	<0.23	1.83	1.79	10
Chloride	mg/L	7	10	10	45	42	250
Dissolved Oxygen	mg/L	12.5	21.1	19.9	6.2	11.1	**
Fluoride	mg/L	0.07	0.67	0.70	0.08	0.61	4
Hardness (as CaCO ₃)	mg/L	22.9	20.4	8.2	26.4	25.0	150
pH ³	SU	6.8	8.5	8.1	6.5	7.8	8.5
Silica	mg/L	4.3	3.6	4	10.9	11.7	**
Phosphorus	mg/L	0.02	0.35	0.36	0.03	0.04	**
Sulfate ⁴	mg/L	NA	3	NA	NA	6.4	250
Inorganic Metals							
Arsenic	mg/L	<0.0056	<0.0056	<0.0056	<0.0056	<0.0056	0.05
Barium	mg/L	0.0041	0.0039	0.0039	0.0066	0.0089	2
Cadmium	mg/L	<0.00077	<0.00077	<0.00077	<0.00077	<0.00077	0.005
Calcium	mg/L	8.2	7.2	2.9	7.6	7.2	**
Chromium	mg/L	<0.0011	<0.0011	<0.0011	<0.0011	<0.0011	0.1
Copper ⁵	mg/L	<0.0025	<0.0025	0.017	0.08	0.035	1.3
Iron ⁵	mg/L	0.032	0.03	0.054	0.032	0.247	0.3
Lead ⁵	mg/L	<0.0024	<0.0024	<0.0024	<0.0024	<0.0024	0.015
Magnesium	mg/L	0.59	0.59	0.59	1.8	1.7	**
Manganese ⁴	mg/L	NA	<0.005	NA	NA	<0.03	0.05
Mercury ⁴	mg/L	NA	<0.0001	NA	NA	<0.0004	0.002
Nickel	mg/L	<0.011	<0.011	<0.011	<0.011	<0.011	0.1
Potassium	mg/L	0.49	0.49	0.50	1.9	1.7	**
Selenium ⁴	mg/L	NA	<0.001	NA	NA	<0.001	0.05
Silver	mg/L	<0.00046	<0.00046	<0.00046	<0.00046	<0.00046	0.05
Sodium	mg/L	5	28	9	28	28	100
Zinc	mg/L	0.028	0.120	0.126	0.021	0.042	5
Aggregate Organic							
Carbon, total organic	mg/L	2.3	2.2	2.2	<0.5	<0.5	**
Pesticide/Herbicide⁶							
	µg/L	NA	ND	NA	NA	ND	
Asbestos⁷							
(million fibers/L)	10 ⁶ f/L	NA	<0.12	NA	NA	NA	7
Radionuclides⁸							
Gross alpha	pCi/L	NA	2.5	NA	NA	5	15

WATER QUALITY ANALYSIS - SUPPLEMENTAL INFORMATION

CONTAMINANT	MCL ¹ (MG/L)		GREATER PORTLAND	STEEP FALLS
ORGANIC				
VOLATILE ORGANICS (EPA 524.2) Collected in June 2015 (Greater Portland) and June 2014 (Steep Falls)				
BENZENE	0.005		<0.0005	<0.0005
CARBON TETRACHLORIDE	0.005		<0.0005	<0.0005
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	<0.001
METHYL TERT-BUTYL ETHER (State req.)	0.035		<0.0005	<0.0005
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	<0.001
ETHYLBENZENE	0.7		<0.0005	<0.0005
CHLOROBENZENE	0.1		<0.0005	<0.0005
STYRENE	0.1		<0.0005	<0.001
TETRACHLOROETHENE	0.005		<0.0005	<0.0005
TOLUENE	0.1		<0.0005	<0.001
XYLENES	10		<0.001	<0.003
DICHLOROMETHANE	0.005		<0.0005	<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 ²		STWV ²	STWV ²
ETHYLENE DIBROMIDE	STWV ²		STWV ²	STWV ²
SYNTHETIC ORGANIC-PESTICIDES (EPA 525.2) Collected in September 2014				
ATRAZINE	0.003		<0.0002	STWV ²
ALACHLOR (LASSO)	0.002		<0.00025	STWV ²
BENZO(A)PYRENE	0.0002		<0.0002	STWV ²
BHC GAMMA (LINDANE)	0.0002		<0.0002	STWV ²
BIS (2-ETHYLHEXYL) ADIPATE	0.4		<0.001	STWV ²
BIS (2-ETHYLHEXYL) PHTHALATE	0.001		<0.001	STWV ²
ENDRIN	0.002		<0.0002	STWV ²
HEPTACHLOR	0.0004		<0.0001	STWV ²
HEPTACHLOR EPOXIDE	0.0002		<0.0002	STWV ²
HEXACHLOROBENZENE	0.001		<0.0002	STWV ²
HEXACHLOROCYCLOPENTADIENE	0.05		<0.0002	STWV ²
METHOXYCHLOR	0.04		<0.0002	STWV ²
SIMAZINE	0.004		<0.0002	STWV ²
PESTICIDES/PCB'S (EPA 508.1) Collected in September 2014				
CHLORDANE	0.002		<0.00052	STWV ²
POLYCHLORINATED BIPHENYLS, TOTAL	0.0005		<0.0001	STWV ²
TOXAPHENE	0.003		<0.00052	STWV ²
CARBAMATES (EPA 531.1) Collected in September 2014				
ALDICARB	NO MCL		<0.002	STWV ²
ALDICARB SULFONE	NO MCL		<0.002	STWV ²
ALDICARB SULFOXIDE	NO MCL		<0.002	STWV ²
CARBOFURAN	0.04		<0.002	STWV ²
OXAMYL	0.2		<0.002	STWV ²
SYNTHETIC ORGANICS - HERBICIDES (EPA 515.3) Collected in September 2014				
2,4-D	0.07		<0.0001	STWV ²
2,4,5 TP (SILVEX)	0.05		<0.0004	STWV ²
DALAPON	0.2		<0.001	STWV ²
DINOSEB	0.007		<0.0005	STWV ²
PENTACHLOROPHENOL	0.001		<0.0001	STWV ²
PICLORAM	0.5		<0.00075	STWV ²

FOOTNOTES and DEFINITIONS:

¹MCL = Maximum Contaminant

Level. The highest level of a contaminant that is allowed or recommended in drinking water.

²STWV-State waiver, no testing required.

³Chlorine and pH vary throughout the distribution system so values at your tap may differ from this locale.

⁴Sulfate, manganese, mercury and selenium sampled in June 2015 for Greater Portland and June 2014 for Steep Falls.

⁵Copper, iron and lead can be affected by the condition of distribution system pipes and interior plumbing.

⁶Pesticide/Herbicide sampled in June and September 2014 for Greater Portland and June 2008 for Steep Falls.

⁷Asbestos sampled in June 2011 in the Cumberland area.

⁸Gross alpha sampled in June 2015 for both Greater Portland and Steep Falls.

** - MCL does not exist for these constituents

NA – 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.

2016 ACTIVE FIRE SERVICES

DIVISION	1"	1.5"	2"	4"	6"	8"	10"	12"	16"	TOTAL
Cape Elizabeth	0	0	2	3	7	8	0	0	0	20
Cumberland	0	0	1	0	14	9	0	0	0	24
Falmouth	0	1	79	6	53	12	1	4	0	156
Gorham	0	0	24	8	55	30	0	0	0	117
Portland	0	17	95	95	515	175	11	5	1	914
Raymond	0	0	0	0	2	2	0	0	0	4
Scarborough	1	2	26	28	133	66	2	1	0	259
South Portland	0	0	11	12	174	104	14	7	0	322
Standish	0	0	0	0	9	0	1	0	0	10
Westbrook	1	0	16	19	119	69	5	2	1	232
Windham	0	0	9	6	45	12	1	2	0	75
TOTAL	2	20	263	177	1,126	487	35	21	2	2,133

2016 METERS IN SERVICE

DIVISION	5/8"	3/4"	1"	1.5"	2"	3"	4"	6"	8"	10"	TOTAL	Percent
Cape Elizabeth	3,436	77	69	22	28	6	2	1	1	0	3,642	6.9%
Cumberland	1,684	67	58	17	13	5	2	0	1	1	1,848	3.5%
Falmouth	2,867	128	146	44	56	10	1	5	3	0	3,260	6.1%
Gorham	2,534	51	47	29	40	12	2	0	1	0	2,716	5.1%
Portland	15,864	680	628	389	477	100	35	29	6	0	18,208	34.3%
Raymond	25	1	4	5	6	0	0	0	0	0	41	0.1%
Scarborough	4,791	84	168	90	89	17	6	13	3	0	5,261	9.9%
South Portland	7,559	104	165	129	191	33	12	23	4	1	8,221	15.5%
Standish	696	12	16	3	5	0	2	2	0	0	736	1.4%
Westbrook	5,224	116	154	75	94	27	8	10	3	4	5,715	10.8%
Windham	3,209	69	73	47	40	5	3	6	0	0	3,452	6.5%
Yarmouth	31	1	0	0	0	0	0	0	0	0	32	0.1%
TOTAL	47,920	1,390	1,528	850	1,039	215	73	89	22	6	53,132	100.0%

METERED WATER (IN THOUSANDS OF GALLONS)

YEAR	Residential	Commercial	Industrial	Public Authorities	For Resale	TOTAL
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
2014	3,197,526	1,387,342	1,316,962	287,820	119,099	6,308,749
2015	3,288,896	1,484,304	1,209,994	293,177	125,964	6,402,335
2016	3,394,347	1,533,185	1,241,991	424,904	114,946	6,709,373

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

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
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
2014	0.906	18.036	2,230	485	48.18	Wet Tons	93	95
2015	0.452	15.923	2,230	485	50.28	Wet Tons	93	94
2016	0.488	15.923	2,393	123	48.36	Wet Tons	92	92

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
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
2014	3.251	2,864	672	13.96	Wet Tons	94	96	78.377	18.713	2.910
2015	2.540	2,490	721	14.23	Wet Tons	96	96	80.930	15.850	3.220
2016	2.466	2,638	729	16.03	Wet Tons	97	97	80.920	15.830	3.250

*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
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
2014	0.295	0.59	Wet Tons	92	96
2015	0.226	0.66	Wet Tons	94	97
2016	0.242	0.60	Wet Tons	95	96

PEAKS ISLAND WASTEWATER TREATMENT FACILITY

	Flow Treated (average million gallons/day)	Biosolids Disposal (average/day)		% Removals	
YEAR	Secondary Treatment	TOTAL	Units	BOD	TSS
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
2014	0.104	0.12	Wet Tons	94	97
2015	0.087	0.13	Wet Tons	93	94
2016	0.094	0.16	Wet Tons	94	95

EAST END WASTEWATER TREATMENT FACILITY

SLUDGE CAKE METALS (MG/DRY KG)

YEAR	MONTH	Cadmium	Copper	Chromium	Lead	Nickel	Zinc	Mercury
2016	January	2.6	200	14	26	11	430	0.3
	February	2.9	190	22	35	14	430	0.4
	March	2.7	200	20	38	14	430	0.2
	April	2.4	200	14	33	11	430	0.6
	May	2.6	240	22	76	19	500	0.4
	June	2.2	230	16	42	10	530	0.6
	July	1.9	220	23	62	15	530	0.3
	August	1.8	250	17	32	10	620	0.5
	September	1.6	220	11	22	8	490	0.5
	October	1.7	210	15	29	9	460	0.7
	November	2.6	250	9	29	10	460	0.3
	December	2.3	190	16	26	11	380	0.2
Annual Average		2.3	217	17	38	12	474	0.4

HISTORICAL SLUDGE CAKE METALS AVERAGES (MG/DRY KG)

YEAR	Cadmium	Copper	Chromium	Lead	Nickel	Zinc	Mercury
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
2014	2.1	240	16	37	12	509	0.4
2015	2.2	237	15	36	11	488	0.5
2016	2.3	217	17	38	12	474	0.4

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
2016	January	2.9	330	34	33	54	620	0.2
	April	2.9	350	38	30	51	600	0.3
	July	2.3	350	43	25	39	810	0.3
	October	1.9	360	47	16	31	680	0.7
Annual Average		2.5	348	41	26	44	678	0.4

* Based on regulations and the quantity of biosolids produced at the plant, quarterly testing is required for the Westbrook Facility.

HISTORICAL SLUDGE CAKE METALS AVERAGES (MG/DRY KG)

YEAR	Cadmium	Copper	Chromium	Lead	Nickel	Zinc	Mercury
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
2014	1.9	387	71	29	62	753	0.2
2015	2.3	403	57	23	65	740	0.5
2016	2.5	348	41	26	44	678	0.4

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	72,161 feet			
	Force Mains	17,392 feet			
Peaks Island	Estimated population served	500			
	Treatment plant design flow:				
	average / peak wet weather	0.2 mgd average / .61 mgd peak			
	Pump stations	4			
	Collectors	23,775 feet			
	Interceptors	4,220 feet			
	Force Mains	5,437 feet			
	Storm Drains	10,160 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	26,707 feet	9,764	16,943	
	Force Mains	16,750 feet	4,589	12,161	
	Percentage Flow			78.377%	18.713% 2.910%
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	feet			
	Force Mains	feet			
Cape - South	Estimated population served	3,100			34,848 Force main (both)
	Treatment plant design flow:				51,834 Interceptor (both)
	average / peak wet weather	0.52 mgd average / 2.75 mgd peak			
	Pump stations	10			
	Interceptors	feet			
	Force Mains	feet			
Cumberland					
	Estimated population served	2,200			
	Treatment contracted to Falmouth				
	System Design Flow	0.47 mgd			
	Pump stations	13			
	Interceptors	41,032 feet			
	Collectors	81,295 feet			
	Force Mains	32,121 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	11			
	Interceptors	27,550 feet			
	Collectors	89,977 feet			
	Force Mains	23,445 feet			
Little Falls System *4					
	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	6	3	1	2
	Interceptors/Collectors	24,606 feet	14,215	7,008	3,383
	Force Mains	16,364 feet	12,291	3,578	495
	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	9.8	6.6	0.0	0.0	16.4	275	1
Cumberland	7.8	5.7	14.9	0.0	28.4	593	0
Gorham	7.6	5.1	15.0	0.0	27.7	658	0
Windham	0.6	0.5	0.0	0.0	1.1	32	0
Portland	14.5	4.3	4.5	1.9	25.3	832	22
Westbrook	5.1	3.4	0.0	0.0	8.5	133	5
TOTAL	45.3	25.6	34.4	1.9	107.3	2,523	28