



Comprehensive **ANNUAL FINANCIAL REPORT**



**Portland
Water
District**

For the year ended December 31, 2018

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

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**Comprehensive Annual
Financial Report**



**Portland Water District
Portland, Maine**

For The Year Ended December 31, 2018

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

Portland Water District • 225 Douglass Street • Portland, Maine

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INTRODUCTION



TRANSMITTAL LETTER

June 30, 2019

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, 2018.

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 2018 financial activities, the financial statements, and the auditor's report on the financial statements and schedules. Information on long-term financial planning can be found in our budget document on our website.
- 3 STATISTICAL SECTION**, which includes selected operational, demographic, and financial information, generally presented on a historical or regional basis.

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

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

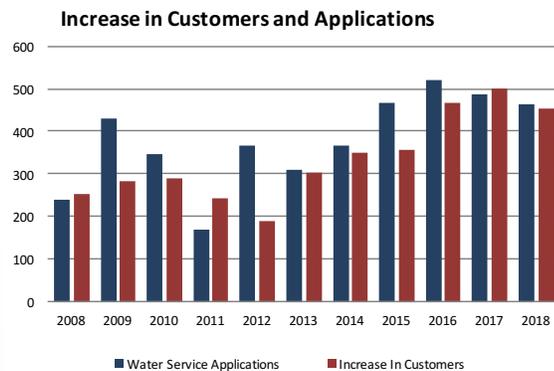
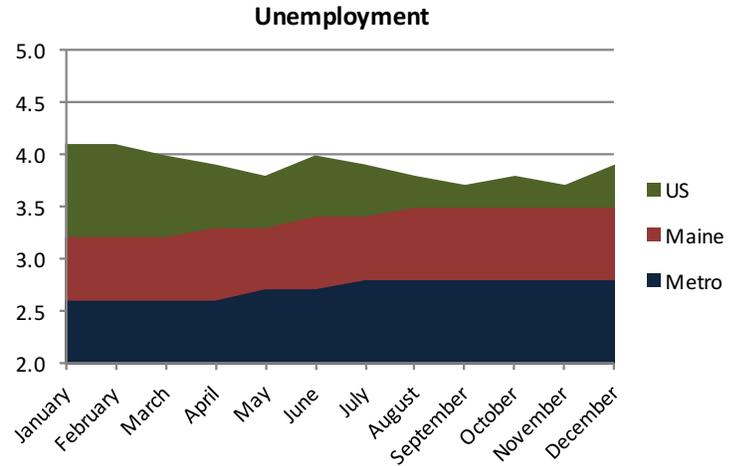
FACTORS AFFECTING FINANCIAL CONDITION

LOCAL ECONOMY

Maine's economy is the best it has been since the great recession of 2008 as we enter 2019 with a higher minimum wage, a Maine State budget surplus and a low unemployment rate, according to the Bangor Daily News.

Employment: Local unemployment remains consistently low and well below national and state levels, ending the year at a 2.8% unemployment rate in the Portland/South Portland metro market.

Housing Market: According to the Maine Association of Realtors, Maine set new records in the single-family existing homes real estate sector last year. Sales saw a 1.31 percent increase over 2017 and prices jumped a healthy 7.5 percent. As the state's largest real estate market, nearly a quarter of sales take place in Cumberland County.



New construction increased 3.9% statewide, as indicated through building permit data collected by the U.S. Census Bureau. Of the 4,526 statewide building permit units in 2018, nearly half were within the Portland/South Portland Metropolitan region.

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

Water Consumption: Water consumption is affected by several factors including the economy, weather, conservation efforts, and increasing sewer rates. Since 2000 the average residential household usage has declined by more than 16% which is consistent within the water utility sector nationwide.

Parts of Maine experienced abnormally dry periods in 2018, according to the U.S. Drought Monitor. USClimateData.com reports 10.72 inches of precipitation fell in Portland during June, July, and August of 2018 which is slightly above normal levels of 10.55 inches.

ECONOMIC OUTLOOK

Local economists expect continued growth in 2019 despite stock market fluctuations and a tight labor market.





COMPANY PROFILE

The Portland Water District is an independent, quasi-municipal organization that provides water, wastewater, and related environmental services to 11 Greater Portland communities. Governed by a publicly elected Board of Trustees, PWD maintains eight enterprise funds and two pension trust funds. The Water System Fund accounts for the distribution of water to Greater Portland communities.

The Wastewater Funds account for the collection and processing of wastewater for the seven communities served. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement No. 61, 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, effective 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 182 employees provide services to over 55,000 customers. PWD manages \$344 million in assets operating over approximately 140 square miles and an annual budget of \$43.6 million. Additionally, PWD manages a \$19.3 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.

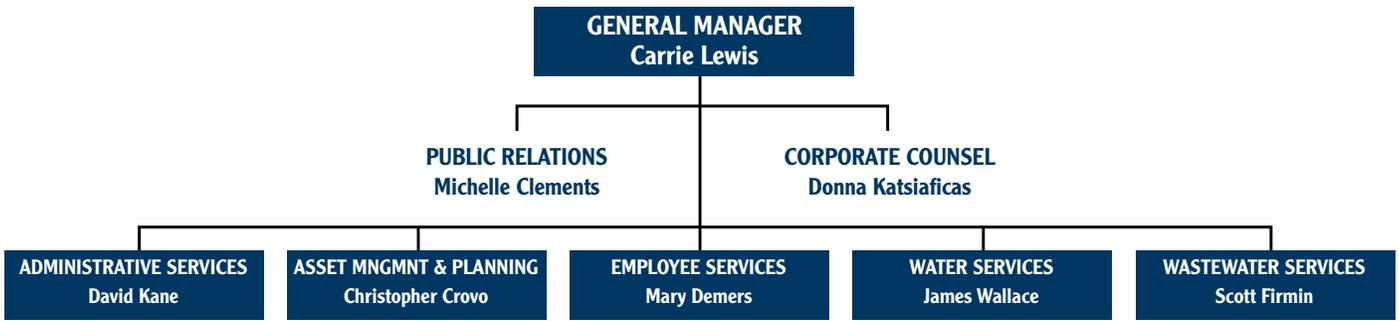
Openness, Respect, & Fair Treatment

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.

CORPORATE MANAGEMENT (AS OF 12/31/2018)



CORPORATE OFFICERS AND SENIOR MANAGEMENT



BOARD OF TRUSTEES





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 disinfection added.

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

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

2015 — Portland Water District was the first water utility in Maine to become exempt from certain PUC rules and regulations.

2018 IN REVIEW

ADMINISTRATION

WATER RATE INCREASE: Water rates increased 3.7% in 2018. The increase added about \$0.79 to the average household water bill.

ASSET MANAGEMENT, BILLING/CUSTOMER ENGAGEMENT PROJECTS: PWD continued work on significant projects to replace the Asset Management, Billing and Customer Engagement software systems. Implementation of billing and customer relations components are planned for mid-2020 and will be coordinated with the later rollout of a computerized maintenance management system.

CROSS CONNECTIONS: The Portland Water District made important updates to its Cross Connection Control Program. The Program now extends the requirement of backflow device installation to new residential construction, substantial renovations of buildings and internal plumbing systems, and fire sprinkler systems that are being upgraded.

WATER

SEBAGO LAKE BUOY: The Portland Water District deployed a real-time water quality buoy in Sebago Lake's Lower Bay. The buoy records and wirelessly transmits data on temperature, dissolved oxygen, chlorophyll, and water clarity to the Internet. The data will be studied by PWD scientists and Saint Joseph's College of Maine researchers, professors, and environmental science students. The Sebago Lake buoy joins the Global Lake Ecological Observation Network (GLEON), a worldwide network of instrumented buoys on lakes.



407 ZONE: Construction on the new Wards Hill Water Pump Station in Gorham was completed early in the fall, replacing the undersized and outdated Gorham Station. The new booster station provides increased flow capacity from 650 Gallons Per Minute (gpm) to 1,000 gpm. The increased capacity improves reliability and adds a much needed boost of supply for fire protection and economic development. The \$2 million project took 18 months to complete. This project is part of a larger phased improvement plan for Gorham and Windham.



2018 WATER MAIN REPLACEMENT PROJECTS: 29,000 FEET

COMMUNITY	STREET	FEET
PORTLAND	Powlsland Street, Mitton Street	3,000
	Walnut Street, Sheridan, Washington Ave to Cumberland	3,000
	Greenleaf	200
	Bedford Street, Durham Street, Baxter Blvd	4,000
SOUTH PORTLAND	Pleasantdale Neighborhood, Broadway	8,600
	Postal Service Way, Mussey Rd	2,000
CUMBERLAND	Middle Road	2,000
	Tuttle Road	1,100
WINDHAM	River Road	2,100
WESTBROOK	Maple St. Union St. McKinley Ave	3,000
TOTAL		29,000

WATER MAIN REPLACEMENT PROGRAM:

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

WASTEWATER

NUTRIENT REMOVAL: Committed to the health of Casco Bay and recognizing nutrient pollution as a nation-wide concern, the Portland Water District took several steps to reduce nitrogen in wastewater discharges from its plants. Most recently, a modernization at the East End Wastewater Treatment Plant enabled PWD to significantly adapt processes to reduce seasonal nitrogen. The goal of 20-40% reduction was achieved with a 72% reduction in the seasonal effluent entering Casco Bay in 2018, equating to a decrease in nitrogen levels from 2,437 lbs/day to 685 lbs/day.



ODOR CONTROL: PWD continued with its commitment to minimize odors released from facilities with additional odor control systems at the East End Wastewater Treatment Plant's influent pump station and the Peaks Island Wastewater Treatment Plant. Maintenance and refurbishment of the odor control systems is completed on an ongoing basis to allow the systems to reduce odors from the collection, pumping, and treatment of wastewater.



SOLIDS HANDLING: A 2018 replacement of the Westbrook/Gorham/Windham Regional Wastewater Treatment Plant's dewatering system has reduced the cost and volume of biosolids that are disposed from the treatment plant. Significant investment in the East End Wastewater Treatment Plant's solids management systems were made to keep the systems operating efficiently.

2019 BUDGET GOALS SUMMARY

GOAL 1 | PUBLIC HEALTH

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

- Continue to support the Partnership for Safe Water Assessment.
- Implement the updated Cross Connection Control Program.
- Explore options to improve water quality at storage facilities.
- Continue progress towards doubling the amount of land protected in the watershed to 25% by year 2033.

GOAL 2 | PUBLIC SAFETY

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

- Complete design of the Windham Tank to improve fire protection for Windham Center.
- Identify site improvements to utilize the portable drinking water back up pump.
- Implement testing to confirm ISO flows.

GOAL 3 | ENVIRONMENT

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

- Work with Windham in developing a decentralized wastewater system.
- Continue to work with Portland on the Integrated Plan.
- Complete transition of the Industrial Pretreatment program from the City of Portland to PWD.
- Meet 20-40% reduction in effluent nitrogen from EEWWTF. Monitor/optimize other plants.
- Complete Cape Elizabeth UV disinfection project.
- Continue to support Cape Elizabeth, Portland, and Westbrook combined sewer overflow initiatives.
- Complete upgrades as outlined in capital improvement plan.

GOAL 4 | RELIABILITY

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

- Work with Maine Water Company to connect the distribution systems for back-up water supply.
- Make progress toward successful implementation of the billing and customer service system.
- Complete the Fore River Pump Station project.
- Complete the Dana Court Pump Station CSO upgrade.
- Begin electrical upgrades at East End Wastewater Treatment Plant.
- Begin planning the update to the water and wastewater master plan in 2021.

GOAL 5 | AFFORDABILITY

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

- Expand testing on large meters.
- Implement steps to stabilize biosolids costs.
- Use CWSRF money to fund water main projects related to CSO.
- Upgrade emissions controls on a standby power generator at SLWTF

GOAL 6 | EMPLOYEES AND WORK ENVIRONMENT

The District will have well trained and satisfied employees who will work in a safe work environment conducive to productive work.

- Conduct an Employee Satisfaction Survey.
- Update the employee suggestions list.
- Strengthen employee recruitment and retention initiatives.
- Continue emphasis on safety in all aspects of PWD's work.
- Meet the goal of 80 hours average of training per employee.



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, 2017

Christopher P. Morill
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, 2017.

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*



INDEPENDENT AUDIT

PPWD's Charter requires an annual audit of the accounts. The independent accounting firm of Wipfli LLP was selected by PWD Trustees to conduct the audit for 2018. Wipfli LLP's report is included in the financial section of this report.

Sincerely,



Carrie Lewis
General Manager

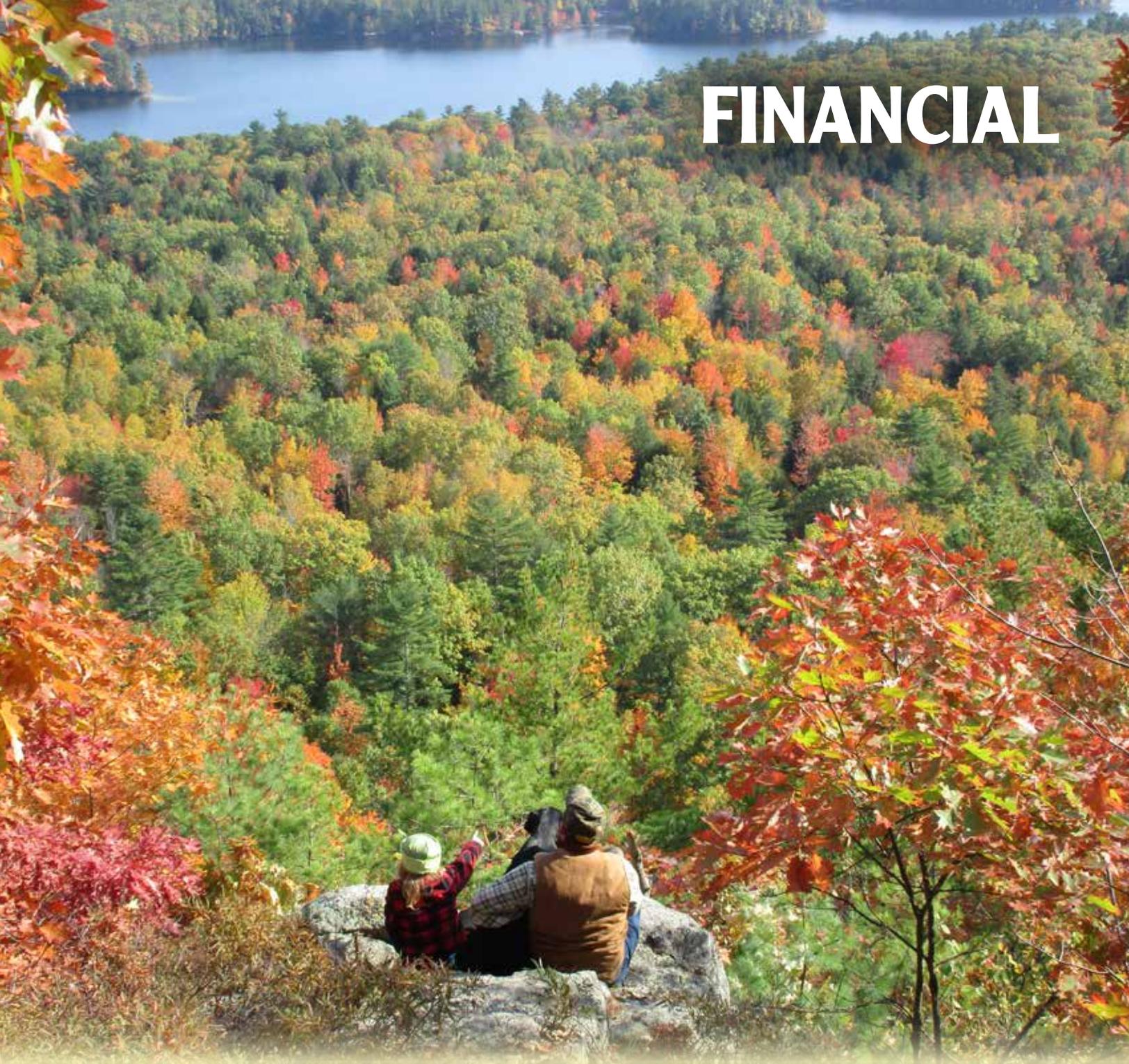


David M. Kane
Executive Director of Administration

Acknowledgements: This reports was prepared by the finance and public relations departments at the Portland Water District.

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FINANCIAL



Independent Auditor's 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, 2018, and the related notes to the financial statements, which collectively comprise Portland Water District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of Portland Water District, as of December 31, 2018, 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 13-27 and Schedules of Changes in the District's Net Pension Liability and Related Ratios - Bargaining and Non-Bargaining Unit Pension Plan, 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 68-71 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 basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic 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 30, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Portland Water District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Portland Water District's internal control over financial reporting and compliance.

Wipprei LLP

Augusta, Maine
April 30, 2019

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

The District's financial condition remained strong in 2018. Among the items of note:

Change in Net Position before Contributions – This item was a gain of \$5.73 million in 2018, net of the impact of the pension expense reduction (\$3.51 million) the gain was \$2.22 million.

Operating Revenues – These revenues increased \$1.49 million (3.5%) in 2018. Metered water revenue increased \$779k (3.7%) while Wastewater Assessments increased \$584k (3.2%). All other operating revenues were up \$128k.

Operating Expense – Operating Expense was down 6.0% (\$2.30 million) due to the negative pension expense, net of that total operating expense was up 4.4% or \$1.67 million. Operating expenses include a one-time recognition of costs related to a proposed upgrade to the asset management computer system that was abandoned (\$508k). Other expense increases included salaries and wages (\$362k or 3.5%), depreciation (\$241k or 2.5%) and contracted services (\$196k or 4.6%).

Net Capital Assets (\$291.13 million) had a net increase of 2.8% (\$7.91 million). Net asset additions included water distribution mains (\$4.07 million), water structures/equipment related to a new Ward's Hill water pump station (\$2.45 million) and treatment/pumping equipment in the Portland Wastewater fund (\$1.28 million).

The District's bonded debt increased \$5.60 million to \$91.61 million at the end of 2018. Overall, the District issued \$12.60 million in new debt while retiring \$6.90 million and receiving principal forgiveness on \$0.10 million.

The District's financial ratios remain strong with an overall current ratio of 2.81 and debt coverage ratio of 2.06.

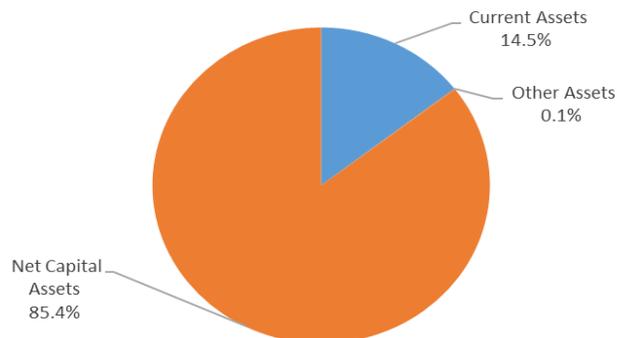
Comparison of Financial Statements for Current and Prior Years

Statement of Net Position (Condensed)

	<u>2018</u>	<u>2017*</u>	<u>Diff</u>	<u>Diff %</u>
Current Assets	\$ 49,497,651	\$ 45,809,639	\$ 3,688,012	8.1%
Net Capital Assets	291,125,757	283,217,822	7,907,935	2.8%
Other Assets	<u>129,258</u>	<u>448,674</u>	<u>(319,416)</u>	(71.2)%
Non-Current Assets	<u>291,255,015</u>	<u>283,666,496</u>	<u>7,588,519</u>	2.7%
Total Assets	340,752,666	329,476,135	11,276,531	3.4%
Deferred Outflows	3,474,631	1,618,467	1,856,164	114.7%
Total Assets and Deferred Outflows	<u>\$ 344,227,297</u>	<u>\$ 331,094,602</u>	<u>\$ 13,132,695</u>	4.0%
Current Liabilities	\$ 17,590,884	\$ 15,857,775	\$ 1,733,109	10.9%
Long-Term Debt/Payables	84,195,081	79,243,095	4,951,986	6.2%
Other Non-Current Liabilities	<u>8,814,122</u>	<u>9,181,359</u>	<u>(367,237)</u>	(4.0)%
Non Current Liabilities	<u>93,009,203</u>	<u>88,424,454</u>	<u>4,584,749</u>	5.2%
Total Liabilities	110,600,087	104,282,229	6,317,858	6.1%
Deferred Inflows	2,137,854	3,149,282	(1,011,428)	(32.1)%
Net Position				
Net Invested in Capital Assets	201,842,304	197,712,038	4,130,266	2.1%
Unrestricted	<u>29,647,052</u>	<u>25,951,054</u>	<u>3,695,998</u>	14.2%
Total Net Position	<u>231,489,356</u>	<u>223,663,092</u>	<u>7,826,264</u>	3.5%
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 344,227,297</u>	<u>\$ 331,094,603</u>	<u>\$ 13,132,694</u>	4.0%

* Not restated for change in accounting policy for Other Postemployment Benefits, see Note 4 page 67 for further discussion.

District Assets



Current Assets

Current Assets increased \$3.69 million (8.1%) in 2018. This growth was primarily the result of increased cash and investments (\$1.65 million) due to positive operating results and a \$1.66 million increase in trustee held funds due to new bond issues via the Maine State Revolving Fund for which the District has not fully drawn down the proceeds.

Net Capital Assets

Net Capital Assets increased \$7.91 million (2.8%) during 2018:

	<u>Additions</u>	<u>Reductions</u>	<u>Net Change</u>
Utility Property	\$ 16,912,381	\$ (2,680,211)	\$ 14,232,170
Construction Work in Progress	4,310,684	(2,445,655)	1,865,029
Allowance for Depreciation	<u>(10,615,663)</u>	<u>2,426,399</u>	<u>(8,189,264)</u>
	<u>\$ 10,607,402</u>	<u>\$ (2,699,467)</u>	<u>\$ 7,907,935</u>

The major additions to Utility Property for 2018 included:

- \$8.73 million, water distribution mains in various communities
- \$2.45 million, water structures and pumping equipment related to the Ward's Hill pump station
- \$1.53 million, treatment plant equipment for Gorham, Portland, Westbrook and Windham Wastewater funds

Construction Work in Progress (CWIP) increased by \$1.87 million in 2018. The increases included water main projects in the Water Fund as well upgrades to the Dana Court Wastewater Pump Station in Westbrook.

The Allowance for Depreciation grew 3.8% (\$8.19 million) in 2018. The change was in line with prior years.

For more detailed information, please refer to the Notes to the Financial Statements – Note 3 – Detailed Notes on All Funds – Capital Assets.

Other Assets

Other Assets, which decreased \$319,416 (71.2%) in 2018, consist of the long-term portion of notes receivable as well as the costs of studies the District amortizes over a number of years. The remaining balance on the notes receivable with the Town of Gorham from 2004 (\$196k) is payable in full during 2019 thus it became a Current Asset. In addition, remaining costs associated with studies relating to wastewater assets (\$93k) were moved to CWIP or were written off to operating expense.

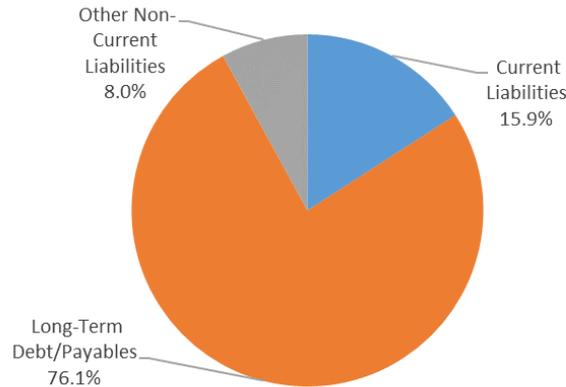
Deferred Outflows

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 2018 financials, the 114.7% (\$1.86 million) rise in Deferred Outflows occurred in the portion related to pensions. This increase was related to the decline in the market value of the pension investments. The portion of the Deferred Outflows related to bond refunded decreased due to the annual amortization.

For more detailed information, please refer to the Notes to the Financial Statements – Note 3 – Detailed Notes on All Funds – Deferred Outflow – Bond Refunding and Pension Plans.

District Liabilities



Current Liabilities

Description	2018	2017	Diff	Diff %
Accounts Payable & Accrued Payroll	\$ 8,094,517	\$ 7,234,565	\$ 859,952	11.9%
Accrued Interest	387,887	355,016	32,871	9.3%
Customer Deposits	280,065	348,521	(68,456)	(19.6)%
Construction Retainage	468,861	278,616	190,245	68.3%
Current Portion - Long-Term Debt	7,529,772	6,896,888	632,884	9.2%
All Other Current Liabilities	829,782	744,169	85,613	11.5%
	<u>\$ 17,590,884</u>	<u>\$ 15,857,775</u>	<u>\$ 1,733,109</u>	10.9%

Accounts Payable & Accrued Payroll rose 11.9% (\$860k) due to large 2018 invoices for capital projects (main renewals and the utility billing system project) that were received after December 31st. Construction Retainage increased \$190k due to balances held for the Pleasantdale and Bedford St main renewal projects. The Current Portion of Long-Term Debt increased 9.2% (\$633k) as new debt issued in 2018 outpaced the retirement of existing debt. These items were somewhat offset by an increase in Construction Retainage (\$190k) due to the completion of some large construction projects.

Long-Term Debt/Bond Rating

In 2018, the District issued bonds for the Water Fund. Moody's and Standard & Poor's (S&P), respectively assigned ratings of Aa3 and AA.

Long-Term Debt/Payables

Bonded Debt:	Beginning	Issued	Forgiven	Retired	Ending
Water	\$ 48,412,320	\$ 8,900,000	\$ (100,000)	\$ (3,764,669)	\$ 53,447,651
Wastewater:					
Cape Elizabeth	2,476,250	-	-	(165,600)	2,310,650
Cumberland	56,250	-	-	(6,250)	50,000
Falmouth	4,560,000	-	-	(238,000)	4,322,000
Gorham	3,133,608	308,000	-	(288,470)	3,153,138
Portland	22,540,498	500,000	-	(2,011,845)	21,028,653
Westbrook	3,716,573	2,866,000	-	(326,171)	6,256,402
Windham	1,112,084	26,000	-	(100,885)	1,037,199
Total Bonded Debt	86,007,583	12,600,000	(100,000)	(6,901,890)	91,605,693
(Less: current portion)	(6,896,888)				(7,529,772)
Non-Current	<u>\$ 79,110,695</u>				<u>\$ 84,075,921</u>
Notes Payable:	Beginning	Issued	Forgiven	Retired	Ending
Wastewater:					
Windham	\$ 145,640			\$ (13,240)	\$ 132,400
Total Notes Payable	145,640			(13,240)	132,400
(Less: current portion)	(13,240)				(13,240)
Non-Current	<u>132,400</u>				<u>119,160</u>
Non-Current LT Debt	<u>\$ 79,243,095</u>				<u>\$ 84,195,081</u>

This category consists of general revenue bonds and notes payable. During 2018, the balance of Long-Term Debt/Payables increased 6.2% or \$4.95 million. Issuances of \$12.60 million were partially offset by retirements/forgiven debt of \$7.00 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

	2018	2017	Diff	Diff %
Customer Advances & Other Liabilities	\$ 2,508,854	\$ 2,210,699	\$ 298,155	13.5%
Compensated Absences - Non Current	761,367	829,216	(67,849)	(8.2)%
Net Pension Liability	5,543,901	6,141,444	(597,543)	(9.7)%
	<u>\$ 8,814,122</u>	<u>\$ 9,181,359</u>	<u>\$ (367,237)</u>	<u>(4.0)%</u>

The net pension liability decreased 9.7% (\$598k) as the impact of the decline of the market value of the plan assets was reflected by the growth in the related Pension Deferred Outflow. This decrease was somewhat offset by a rise in deposits from developers as the local construction economy continues to grow. Unamortized bond premiums also increased as large premiums occurred as part of the \$12.60 million in bond issuances during the year.

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 decreased \$1.01 million, relate to the pension plan and were determined annually by an outside actuary. For more detailed information, please refer to the Notes to the Financial Statements – Note 3 – Detailed Notes on All Funds – Pension Plans.

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

	<u>2018</u>	<u>2017*</u>	<u>Diff</u>	<u>Diff %</u>
Operating Revenue	\$ 43,548,737	\$ 42,056,624	\$ 1,492,113	3.5%
Non-Operating Revenue	913,835	532,903	380,932	71.5%
Total Revenues	<u>44,462,572</u>	<u>42,589,527</u>	1,873,045	4.4%
Operating Expense	36,398,460	38,702,741	(2,304,281)	(6.0)%
Non-Operating Expense	<u>2,331,844</u>	<u>2,217,079</u>	114,765	5.2%
Total Expenses	38,730,304	40,919,820	(2,189,516)	(5.4)%
Change in Net Position before Capital Contributions	5,732,268	1,669,707	4,062,561	243.3%
Capital Contributions	<u>1,933,510</u>	<u>3,222,969</u>	(1,289,459)	(40.0)%
Change in Net Position	7,665,778	4,892,676	2,773,102	56.7%
Beginning Net Position	<u>223,823,578</u>	<u>218,770,416</u>	5,053,162	2.3%
Ending Net Position	<u>\$ 231,489,356</u>	<u>\$ 223,663,092</u>	<u>\$ 7,826,264</u>	3.5%

* Not restated for change in accounting policy for Other Postemployment Benefits, see Note 4 page 67 for further discussion.

Operating Revenue

	<u>2018</u>	<u>2017</u>	<u>Diff</u>	<u>Diff %</u>
Metered Water Revenue	\$ 21,624,774	\$ 20,845,675	\$ 779,099	3.7%
Wastewater Assessments	19,003,536	18,418,704	584,832	3.2%
Public & Private Fire Protection	2,431,933	2,340,570	91,363	3.9%
Other Operating Revenue	<u>488,494</u>	<u>451,675</u>	36,819	8.2%
Total Operating Revenue	<u>\$ 43,548,737</u>	<u>\$ 42,056,624</u>	<u>\$ 1,492,113</u>	3.5%

Metered Water Revenue (\$21.62 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. Since 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 2018, metered rates increased an average of 3.7% over the previous year. Consumption in 2018 was 8.50 million HCF, an increase of 0.2% from the previous year.

Wastewater Assessments (\$19.00 million) - These assessments were paid by the local municipalities to the District for providing wastewater services such as interception, treatment, and contracted billing and system maintenance services. The District's Board of Trustees sets assessments annually. Assessments were increased in four (4) of the seven (7) wastewater funds mostly due to capital projects in those areas.

Public and Private Fire Protection (\$2.43 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 2018, the rates increased an average of 3.8%. In addition, there was also a small increase in the number of Private Fire customers.

Operating Revenue - Continued

Other Operating Revenue (\$488k) – Revenue in this category includes charges to septage haulers for dumping at wastewater treatment facilities (\$221k), fees in the Water Fund for new customers (\$81k) and activations for customers whose service had been turned off due to delinquent bills (\$82k).

Operating Revenue by Fund

	<u>2018</u>	<u>2017</u>	<u>Diff</u>	<u>Diff %</u>
Water	\$ 24,285,206	\$ 23,380,552	\$ 904,654	3.9%
Wastewater:				
Cape Elizabeth	1,539,840	1,468,692	71,148	4.8%
Cumberland	905,364	844,584	60,780	7.2%
Falmouth	310,056	263,604	46,452	17.6%
Gorham	1,107,030	1,117,093	(10,063)	(0.9)%
Portland	12,458,070	11,983,597	474,473	4.0%
Westbrook	2,582,461	2,635,785	(53,324)	(2.0)%
Windham	360,710	362,717	(2,007)	(0.6)%
	<u>\$ 43,548,737</u>	<u>\$ 42,056,624</u>	<u>\$ 1,492,113</u>	3.5%

For the Water Fund, Operating Revenue primarily consists of metered water consumption and fire protection services. Metered Water sales grew \$779k (3.7%) due to the 3.7% rate increase that was effective in May and a 0.2% rise in consumption. Fire Protection revenue was up \$91k (3.9%) due to the 2018 rate increase of 3.8% and a small increase in number of private fire protection customers.

In the Wastewater (WW) Funds, the largest component of Operating Revenue was the wastewater assessments. The Cumberland and Falmouth funds had large increases related to costs involving the recently completed Mill Creek Wastewater Pump Station. Assessments also increased in Cape Elizabeth (4.8%) and Portland (3.4%) to cover increased debt service and/or operating costs.

In past years, the District has received income from septage haulers dumping loads at the District's wastewater treatment plants in Portland and Westbrook. Due to operational changes, the District stopped accepting septage at Westbrook. The result was an increase in revenue in Portland and a decrease in the three communities serviced by the Westbrook Wastewater Treatment Facility (Gorham, Westbrook and Windham).

Non-Operating Revenue

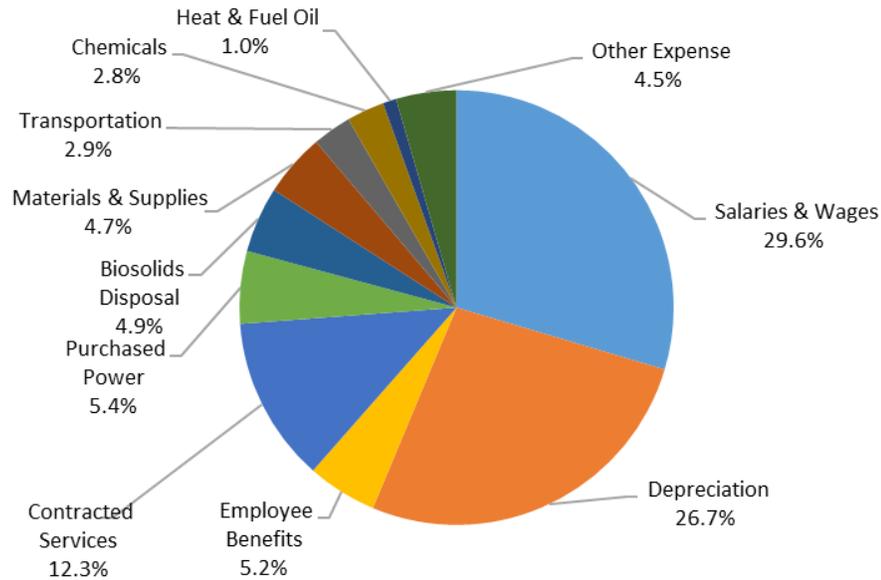
	<u>2018</u>	<u>2017</u>	<u>Diff</u>	<u>Diff %</u>
Interest Income	\$ 635,638	\$ 275,377	\$ 360,261	130.8%
Miscellaneous Income	278,197	257,526	20,671	8.0%
	<u>\$ 913,835</u>	<u>\$ 532,903</u>	<u>\$ 380,932</u>	71.5%

Interest Income increased \$360,261 (130.8%) in 2018. The principal objective of the District's investment policy is safety while attaining an appropriate rate of return. The income gain in 2018 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 2018 was attributable to a rise in income from timber harvested from District land as part of an ongoing forestry management plan.

Operating Expense

	<u>2018</u>	<u>2017</u>	<u>Diff</u>	<u>Diff %</u>
Salaries & Wages	\$ 10,785,763	\$ 10,423,555	\$ 362,208	3.5%
Depreciation	9,735,663	9,494,234	241,429	2.5%
Employee Benefits (Pension)	(3,505,367)	468,535	(3,973,902)	(848.2)%
Employee Benefits	5,397,419	5,356,874	40,545	0.8%
Contracted Services	4,464,667	4,268,301	196,366	4.6%
Purchased Power	1,950,747	1,836,535	114,212	6.2%
Biosolids Disposal	1,790,923	1,862,526	(71,603)	(3.8)%
Materials & Supplies	1,708,254	1,616,529	91,725	5.7%
Transportation	1,071,205	1,140,010	(68,805)	(6.0)%
Chemicals	1,012,613	1,016,025	(3,412)	(0.3)%
Heat & Fuel Oil	347,064	323,431	23,633	7.3%
Other Expense	1,639,509	896,186	743,323	82.9%
	<u>\$ 36,398,460</u>	<u>\$ 38,702,741</u>	<u>\$ (2,304,281)</u>	<u>(6.0)%</u>



Operating Expense Category Explanations

Salaries/Wages – Salaries and Wages expense increased by 3.5% (\$362,208). Regular wages increased \$486k (5.7%) due to an average pay rate increase of 3.0% and an increase in regular hours of 3.0% due to increasing authorized positions by four and fewer open positions. Premium time (overtime, doubletime and standby) was relatively flat while temporary employment was down \$65k. Also offsetting the regular pay increase was a decrease of \$106k in the actuarially determined sick time liability.

Depreciation Expense – This expense went from \$9.49 million in 2017 to \$9.74 million in 2018, an increase of 2.5%. The fund for Falmouth doubled because 2018 was the first year that the Falmouth Mill Creek pump station incurred depreciation for a full year. The same was true for the Portland East End Wastewater Treatment Plant aeration project. The Portland Fund also had \$2.36 million in additions that contributed to that funds increase. The Water fund showed an increase because of improvements done at Douglass St and the addition of the Wards Hill booster station. All the other funds experienced small reductions in expense as they had fewer asset additions and older assets became fully depreciated.

Operating Expense Category Explanations - Continued

Employee Benefits (Pension) – Pension expense is equal to the change in the net pension liability and the associated deferred outflows and inflows as calculated by the annual actuary study. The actuarially determined change between 2017 and 2018 was a reduction of \$3.97 million resulting in a large negative pension expense accounting for most of the reduction in this category.

Employee Benefits – This expense increased \$41k or 0.8%. Health insurance was up \$150k due to increases in rates and FICA expense was up \$35k due to higher labor expenses. These increases were mostly offset by a \$168k decrease in the 2018 pension contribution.

Contracted Services – This category, which is comprised of services provided to the District by outside vendors, increased 4.6% (\$196,366) in 2018. The Cumberland Fund has an agreement with the Town of Falmouth that includes costs of operating the treatment plant and its debt has increased \$131k due to the Mill Creek Pump Station coming into its first full year of operation in 2018. Additionally, the East End Wastewater Treatment Facility (EEWWTF) in Portland made use of temporary dewatering services in 2018. These expenses were somewhat offset by lower paving and outside construction services in the Water fund.

Purchased Power – Power costs increased 6.2% (\$114,212) in 2018. An increase in usage occurred in all electricity account categories: large, medium and small. Many weather changes occurred in 2018, such as a higher number of heating days, a hot summer, and higher precipitation than 2017 that would result in an uptick of electricity usage. The largest area of change was wastewater pump stations. The India Street Pump Station (ISPS) had an increase of \$43,307 while the other pump stations had a combined increase of \$25,875.

Biosolids Disposal – The District contracts with an outside vendor to remove and dispose of biosolids from its wastewater treatment facilities, these expenses were down \$71,603 or 3.8%. Expenses were lower at Portland's EEWWTF as the percent of solids in their biosolids production improved from 18.5% in 2017 to 19.3% in 2018. A higher percent lowers the weight, and cost of disposal. Costs at the EEWWTF were \$91k lower in 2018. Offsetting that was a \$20k increase in disposal costs at the Westbrook Wastewater Treatment Facility during the transition to a new dewatering system at the plant.

Materials/Supplies – Materials and supplies have increased \$91,725 or 5.7%. 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. Higher materials expenses occurred in the Windham Wastewater fund due to force main issues in that community but was somewhat offset by lower costs in most other areas.

Transportation – Transportation costs are based on vehicle usage and a predefined hourly rate for each class of vehicle. The sum of these charges equal the cost of operating the vehicle fleet as well as depreciation. In 2018, costs decreased by 6.0% (\$68,805) due to lower labor, benefits, and materials expenses.

Chemicals – Expenses were relatively flat with a slight decrease of \$3,412 or 0.3% compared to 2017. Expenses at the Sebago Lake Water Treatment Facility (SLWTF) were up \$22k in 2018 due to per unit cost increases for their chemicals as well as a rise in flows treated. To offset that, the wastewater chemicals decreased by \$27k mostly due to less polymer used compared to 2017. Polymer is used in the dewatering process for biosolids.

Heating & Fuel Oil – Heating costs increased by 7.3% or \$23,633 mainly due to higher per unit fuel costs particularly with regard to natural gas.

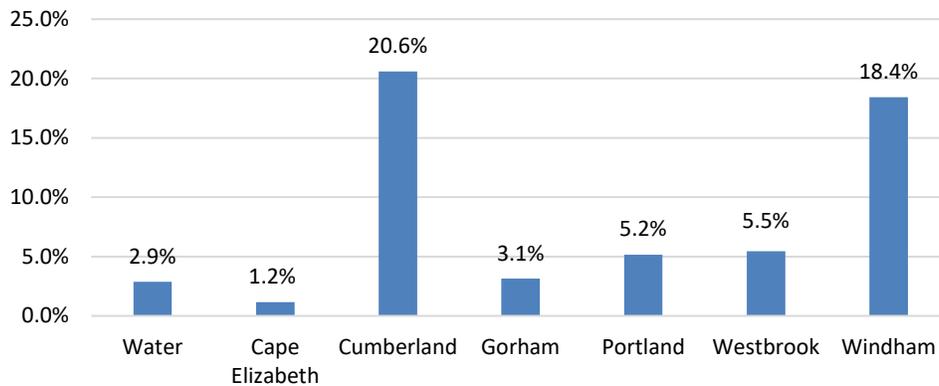
Other Expense – This category includes items such as other utilities (water, wastewater, telephone), training, insurance, and regulatory expenses. This category was up by \$743,323 or 82.9% in 2018. Costs recognized on the abandoned asset management computer system project (at \$508k) were the majority of this category's increase.

Operating Expense by Fund

	<u>2018</u>	<u>2017</u>	<u>Diff</u>	<u>Diff %</u>
Water	\$ 18,743,075	\$ 20,703,978	\$ (1,960,903)	(9.5)%
Wastewater:				
Cape Elizabeth	1,583,170	1,701,100	(117,930)	(6.9)%
Cumberland	1,074,189	931,854	142,335	15.3%
Falmouth	163,321	87,735	75,586	86.2%
Gorham	1,060,669	1,114,592	(53,923)	(4.8)%
Portland	11,293,281	11,634,916	(341,635)	(2.9)%
Westbrook	2,198,554	2,270,534	(71,980)	(3.2)%
Windham	282,201	258,032	24,169	9.4%
	<u>\$ 36,398,460</u>	<u>\$ 38,702,741</u>	<u>\$ (2,304,281)</u>	<u>(6.0)%</u>

Pension expenses (which are included above) were \$3.9 million lower in 2018 than the previous year. The Operating Expense by Fund without the pension decrease was:

Operating Expense Change Net of Pension Decrease



Water Fund (2.9% or \$584k) – Labor and benefit costs were relatively flat while contracted services were lower due to fewer expenses for paving and a drop in the usage of outside contractors for repair work. The asset management computer system cost was recognized in 2018 (\$323k).

Cape Elizabeth (1.2% or \$19k) – Increases to power and materials & supplies were mostly offset by lower maintenance and depreciation costs.

Cumberland (20.6% or \$191k) – Cumberland’s expense increase was from fees paid to the Town of Falmouth for debt service and capital expenses relating to the recently renovated Mill Creek Wastewater Pump Station.

Falmouth (86.2% or \$76k) – Depreciation expense increased (as noted in the previous comment) for the Mill Creek Wastewater Pump Station. This facility is the only operating asset in this fund thus why the impact of the depreciation for this one facility is so large.

Gorham (3.1% or \$35k) – Higher costs related to manhole repairs and materials related to wastewater force main problems were somewhat offset by lower depreciation expense.

Portland (5.2% or \$595k) – Operational issues with the biosolids disposal system resulted in a \$167k expense for temporary dewatering services. Other significant costs include higher power costs and recognizing costs related to the asset management computer system.

Operating Expense by Fund - Continued

Westbrook (5.5% or \$122k) – The new dewatering system installed in 2018 experienced considerable start up issues which resulted in higher labor, biosolids and chemical costs.

Windham (18.4% or \$47k) – There were several operational problems with a section of wastewater force main that resulted in higher materials and labor expenses. These costs were somewhat offset by lower depreciation expense.

Non-Operating Expense

Due to rising levels of debt, Interest/Amortization expense increased 1.9%. The Loss on Sale/Retirement recognizes the retirement of long-term assets that had not yet been fully depreciated. The 2018 results included mains and meters installed in the last 12 years that were retired well before they were fully depreciated.

	2018	2017	Diff	Diff %
Interest/Amortization Expense	\$ 2,124,897	\$ 2,084,740	\$ 40,157	1.9%
Loss on Sale/Retirement	206,947	132,339	74,608	56.4%
	<u>\$ 2,331,844</u>	<u>\$ 2,217,079</u>	<u>\$ 114,765</u>	5.2%

Contributions

Contributions are non-exchange transactions in which the District takes ownership of fixed assets constructed and/or paid for by outside parties. Water contributions for mains, services, meters and hydrants occur as developers install water infrastructure each year. The contributions for Other Water Assets were for the contribution of land received as part of a road reconstruction near the Sebago Lake Water Treatment Facility and principal forgiveness on debt issued for the construction of the Wards Hill Water Pump Station. The 2017 contributions in Wastewater were related to the Mill Creek Wastewater Pump Station (\$953k) and East End aeration projects (\$203k). The negative contribution was the result of the final value of the contribution for the Mill Creek project being slightly less than the estimate used in 2017.

	2018	2017	Diff	Diff %
Water Distribution Mains	\$ 1,207,854	\$ 1,392,413	\$ (184,559)	(13.3)%
Water Services	176,992	305,329	(128,337)	(42.0)%
Water Meters	214,998	257,259	(42,261)	(16.4)%
Hydrants	121,873	90,204	31,669	35.1%
Other Water Assets	221,257	21,000	200,257	953.6%
Wastewater - Falmouth	(9,464)	1,156,764	(1,166,228)	(100.8)%
	<u>\$ 1,933,510</u>	<u>\$ 3,222,969</u>	<u>\$ (1,289,459)</u>	(40.0)%

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 measures an organization's ability to meet short-term obligations.

	<u>2018</u>	<u>2017</u>
Water	2.60	2.70
Wastewater:		
Cape Elizabeth	2.56	2.53
Cumberland	4.52	5.19
Falmouth	0.20	0.45
Gorham	4.11	4.01
Portland	2.71	2.72
Westbrook	5.44	9.19
Windham	3.35	3.84
All Funds Combined	2.81	2.89

The Falmouth fund is almost entirely made up of the Mill Creek pump station and the related debt. The next year's bond principal payment is the majority of the current liability. The Town of Falmouth is legally obligated to fund the payment of the debt payments which they do through the next year's assessment.

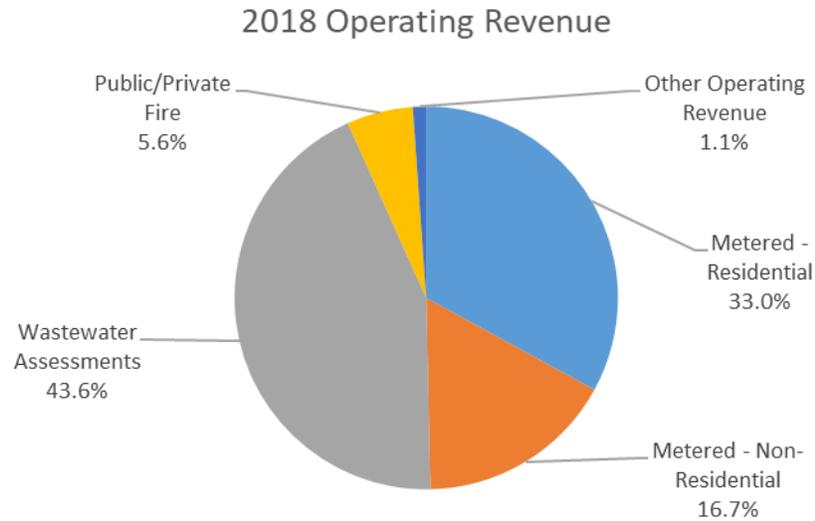
Debt Coverage Ratio by Fund

The Debt Coverage Ratio shows an organization's ability to meet debt service payments and should generally be above 1.0.

	<u>2018</u>	<u>2017</u>
Water	2.31	1.87
Wastewater:		
Cape Elizabeth	2.32	1.66
Cumberland	1.03	1.33
Falmouth	1.01	0.98
Gorham	1.36	1.18
Portland	1.88	1.42
Westbrook	2.21	2.06
Windham	1.25	1.44
All Funds Combined	2.06	1.64

Revenue Stability

Most of the District's Operating Revenue (98.9% in 2018 and 2017), came from three sources: Metered Water Revenue, Wastewater Assessments, and Public/Private Fire Protection charges.



Metered Water Revenue (49.7%) – 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 53,002 metered customers at the end of 2018; the largest ten customers only represented 8.9% of water revenues.

Wastewater Assessments (43.6%) - 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 (5.6%) - Public Fire charges are paid by the eleven municipalities served by the District, Private Fire has 2,391 customers.

Significant Changes to Individual Funds

Pension Trust Funds

Statement of Net Position

	<u>2018</u>		<u>2017</u>	<u>Diff</u>	<u>Diff %</u>
Bargaining Unit:					
Cash and cash equivalents	\$ 11,351,452 *		\$ 274,324	\$ 11,077,128	4038.0%
Investments					
Fixed Income	-		2,419,869	(2,419,869)	(100.0)%
Domestic & International Equities	<u>51,138</u>		<u>9,481,212</u>	<u>(9,430,074)</u>	(99.5)%
	51,138		11,901,081	(11,849,943)	(99.6)%
Interest Receivable	<u>1,972</u>		<u>992</u>	<u>980</u>	98.8%
Total Assets	<u>\$ 11,404,562</u>		<u>\$ 12,176,397</u>	<u>\$ (771,835)</u>	(6.3)%
Non-Bargaining Unit:					
Cash and cash equivalents	\$ 10,048,226 *		\$ 235,552	\$ 9,812,674	4165.8%
Investments					
Fixed Income	-		2,346,152	(2,346,152)	(100.0)%
Domestic & International Equities	<u>49,259</u>		<u>8,435,764</u>	<u>(8,386,505)</u>	(99.4)%
	49,259		10,781,916	(10,732,657)	(99.5)%
Interest Receivable	<u>1,641</u>		<u>908</u>	<u>733</u>	80.7%
Total Assets	<u>\$ 10,099,126</u>		<u>\$ 11,018,376</u>	<u>\$ (919,250)</u>	(8.3)%

* As of December 31, 2018, funds were in the process of being reinvested and were temporarily held in cash. Shortly thereafter the funds were invested in accordance with the Plan's investment policy.

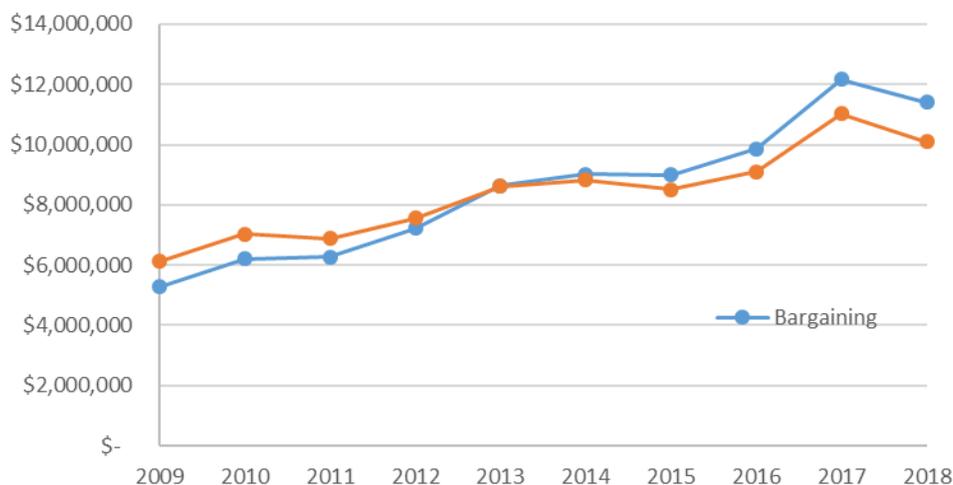
Statement of Revenues, Expenses & Changes in Net Position

	<u>2018</u>		<u>2017</u>	<u>Diff</u>	<u>Diff %</u>
Bargaining Unit:					
Employer Contributions	\$ 817,528		\$ 870,877	\$ (53,349)	(6.1)%
Net Investment Income	<u>(889,719)</u>		<u>2,067,151</u>	<u>(2,956,870)</u>	(143.0)%
Total Additions	(72,191)		2,938,028	(3,010,219)	(102.5)%
Benefit Payments	<u>699,644</u>		<u>631,191</u>	<u>68,453</u>	10.8%
Net Increase in Position	(771,835)		2,306,837	(3,078,672)	(133.5)%
Beginning Year	<u>12,176,397</u>		<u>9,869,559</u>	<u>2,306,838</u>	23.4%
Ending Year	<u>\$ 11,404,562</u>		<u>\$ 12,176,396</u>	<u>\$ (771,834)</u>	(6.3)%
Non-Bargaining Unit:					
Employer Contributions	\$ 596,920		\$ 712,137	\$ (115,217)	(16.2)%
Net Investment Income	<u>(805,757)</u>		<u>1,867,678</u>	<u>(2,673,435)</u>	(143.1)%
Total Additions	(208,837)		2,579,815	(2,788,652)	(108.1)%
Benefit Payments	<u>710,413</u>		<u>657,627</u>	<u>52,786</u>	8.0%
Net Increase in Position	(919,250)		1,922,188	(2,841,438)	(147.8)%
Beginning Year	<u>11,018,376</u>		<u>9,096,188</u>	<u>1,922,188</u>	21.1%
Ending Year	<u>\$ 10,099,126</u>		<u>\$ 11,018,376</u>	<u>\$ (919,250)</u>	(8.3)%

Statement of Revenues, Expenses & Changes in Net Position - Continued

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

	<u>Bargaining</u>	<u>Diff</u>	<u>Diff %</u>	<u>Non-Bargaining</u>	<u>Diff</u>	<u>Diff %</u>
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	881,042	9.8%	9,096,188	581,986	6.8%
2017	12,176,397	2,306,838	23.4%	11,018,376	1,922,188	21.1%
2018	11,404,562	(771,835)	(6.3)%	10,099,126	(919,250)	(8.3)%



The combined employer contribution of \$1.41 million was \$0.17 million higher than 2017. Investment income went from \$3.93 million in 2017 to a loss of \$1.69 million in 2018. Benefit payments rose from \$1.29 million in 2017 to \$1.41 million in 2018.

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 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, PO Box 3553, Portland, ME 04104-3553.

Statement of Net Position - Proprietary Funds

December 31, 2018

ASSETS

	<u>Water Systems</u>	<u>Cape Elizabeth</u>	<u>Cumberland</u>	<u>Falmouth</u>
Current Assets				
Cash and cash equivalents	\$ 5,093,534	\$ 253,074	\$ 162,748	\$ 12,269
Investments	18,199,409	904,469	581,656	43,847
Accounts receivable, net allowance for doubtful accounts of \$203,000 for water systems	3,618,184	12,916	6,922	-
Notes receivable, current	196,438	-	-	-
Inventories	1,463,010	-	-	-
Prepaid expenses	459,814	7,782	-	-
Trustee held funds	1,223,830	-	-	-
Total Current Assets	<u>30,254,219</u>	<u>1,178,241</u>	<u>751,326</u>	<u>56,116</u>
Non-Current Assets				
Capital Assets:				
Operating property	326,496,404	16,485,753	7,851,472	5,703,963
Accumulated depreciation	(117,045,340)	(11,617,916)	(5,287,937)	(226,815)
Net operating property	209,451,064	4,867,837	2,563,535	5,477,148
Construction in progress	2,215,569	114,070	-	-
Net Capital Assets	<u>211,666,633</u>	<u>4,981,907</u>	<u>2,563,535</u>	<u>5,477,148</u>
Charges and Other Assets:				
Notes receivable	-	-	-	-
Maintenance and other costs	-	-	-	-
Total Charges & Other Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Non-Current Assets	<u>211,666,633</u>	<u>4,981,907</u>	<u>2,563,535</u>	<u>5,477,148</u>
Total Assets	<u>241,920,852</u>	<u>6,160,148</u>	<u>3,314,861</u>	<u>5,533,264</u>
Deferred Outflows:				
Deferred outflows of pension resources	2,108,873	114,986	42,902	-
Deferred outflows on bond refunding	140,400	-	-	-
	<u>2,249,273</u>	<u>114,986</u>	<u>42,902</u>	<u>-</u>
Total Assets and Deferred Outflows	<u>\$ 244,170,125</u>	<u>\$ 6,275,134</u>	<u>\$ 3,357,763</u>	<u>\$ 5,533,264</u>

See independent auditor's report.

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

Wastewater Funds

<u>Gorham</u>	<u>Portland</u>	<u>Westbrook</u>	<u>Windham</u>	<u>TOTAL</u>
\$ 305,706	\$ 1,998,909	\$ 1,111,289	\$ 106,394	\$ 9,043,923
1,092,577	7,144,007	3,756,931	380,247	32,103,143
2,060	45,206	4,718	-	3,690,006
-	-	13,240	-	209,678
-	-	-	-	1,463,010
-	53,984	11,671	-	533,251
75,971	-	1,148,426	6,413	2,454,640
<u>1,476,314</u>	<u>9,242,106</u>	<u>6,046,275</u>	<u>493,054</u>	<u>49,497,651</u>
17,847,998	113,465,386	20,505,916	3,025,956	511,382,848
<u>(8,885,304)</u>	<u>(68,127,230)</u>	<u>(12,988,597)</u>	<u>(1,147,854)</u>	<u>(225,326,993)</u>
8,962,694	45,338,156	7,517,319	1,878,102	286,055,855
38,656	743,339	1,955,005	3,263	5,069,902
<u>9,001,350</u>	<u>46,081,495</u>	<u>9,472,324</u>	<u>1,881,365</u>	<u>291,125,757</u>
-	-	119,160	-	119,160
-	-	10,098	-	10,098
-	-	<u>129,258</u>	-	<u>129,258</u>
9,001,350	46,081,495	9,601,582	1,881,365	291,255,015
<u>10,477,664</u>	<u>55,323,601</u>	<u>15,647,857</u>	<u>2,374,419</u>	<u>340,752,666</u>
73,164	800,236	175,518	18,552	3,334,231
-	-	-	-	140,400
<u>73,164</u>	<u>800,236</u>	<u>175,518</u>	<u>18,552</u>	<u>3,474,631</u>
<u>\$ 10,550,828</u>	<u>\$ 56,123,837</u>	<u>\$ 15,823,375</u>	<u>\$ 2,392,971</u>	<u>\$ 344,227,297</u>

Statement of Net Position - Proprietary Funds - Continued

December 31, 2018

LIABILITIES AND NET POSITION

	<u>Water Systems</u>	<u>Cape Elizabeth</u>	<u>Cumberland</u>	<u>Falmouth</u>
Current Liabilities				
Accounts payable and accrued payroll	\$ 5,598,720	\$ 288,265	\$ 149,993	\$ 34,028
Accrued interest	277,261	6,414	59	7,203
Customer deposits	270,065	-	10,000	-
Construction retainage	374,095	-	-	-
Current portion - compensated absences	816,542	-	-	-
Current portion - notes payable	-	-	-	-
Current portion - bonds	4,320,229	165,600	6,250	238,000
Total Current Liabilities	<u>11,656,912</u>	<u>460,279</u>	<u>166,302</u>	<u>279,231</u>
Non-Current Liabilities				
Customer advances and other liabilities	2,373,561	-	-	-
Compensated absences - non-current	761,367	-	-	-
Net pension liability	3,412,100	206,342	72,262	-
Total other non-current liabilities	<u>6,547,028</u>	<u>206,342</u>	<u>72,262</u>	<u>-</u>
Long-term debt - notes payable	-	-	-	-
Long-term debt - bonds	49,127,422	2,145,050	43,750	4,084,000
Total long-term debt - notes and bonds	<u>49,127,422</u>	<u>2,145,050</u>	<u>43,750</u>	<u>4,084,000</u>
Total Non-Current Liabilities	55,674,450	2,351,392	116,012	4,084,000
Total Liabilities	67,331,362	2,811,671	282,314	4,363,231
Deferred Inflows				
Deferred inflows of pension resources	<u>1,327,404</u>	<u>78,951</u>	<u>30,311</u>	<u>-</u>
Net Position				
Invested in Capital Assets	159,442,812	2,671,257	2,513,535	1,155,148
Unrestricted	<u>16,068,547</u>	<u>713,255</u>	<u>531,603</u>	<u>14,885</u>
Total Net Position	<u>175,511,359</u>	<u>3,384,512</u>	<u>3,045,138</u>	<u>1,170,033</u>
Total Liabilities, Deferred Inflows & Net Position	<u>\$ 244,170,125</u>	<u>\$ 6,275,134</u>	<u>\$ 3,357,763</u>	<u>\$ 5,533,264</u>

See independent auditor's report.

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

Wastewater Funds

<u>Gorham</u>	<u>Portland</u>	<u>Westbrook</u>	<u>Windham</u>	<u>TOTAL</u>
\$ 42,826	\$ 1,309,686	\$ 647,950	\$ 23,049	\$ 8,094,517
12,916	56,006	19,504	8,524	387,887
-	-	-	-	280,065
-	9,930	84,836	-	468,861
-	-	-	-	816,542
-	-	-	13,240	13,240
<u>303,858</u>	<u>2,034,226</u>	<u>359,429</u>	<u>102,180</u>	<u>7,529,772</u>
<u>359,600</u>	<u>3,409,848</u>	<u>1,111,719</u>	<u>146,993</u>	<u>17,590,884</u>
-	67,700	67,593	-	2,508,854
-	-	-	-	761,367
<u>119,019</u>	<u>1,367,621</u>	<u>339,299</u>	<u>27,258</u>	<u>5,543,901</u>
<u>119,019</u>	<u>1,435,321</u>	<u>406,892</u>	<u>27,258</u>	<u>8,814,122</u>
-	-	-	119,160	119,160
<u>2,849,280</u>	<u>18,994,427</u>	<u>5,896,973</u>	<u>935,019</u>	<u>84,075,921</u>
2,849,280	18,994,427	5,896,973	1,054,179	84,195,081
2,968,299	20,429,748	6,303,865	1,081,437	93,009,203
3,327,899	23,839,596	7,415,584	1,228,430	110,600,087
<u>38,669</u>	<u>527,339</u>	<u>123,389</u>	<u>11,791</u>	<u>2,137,854</u>
5,924,183	25,052,842	4,364,348	718,179	201,842,304
<u>1,260,077</u>	<u>6,704,060</u>	<u>3,920,054</u>	<u>434,571</u>	<u>29,647,052</u>
<u>7,184,260</u>	<u>31,756,902</u>	<u>8,284,402</u>	<u>1,152,750</u>	<u>231,489,356</u>
<u>\$ 10,550,828</u>	<u>\$ 56,123,837</u>	<u>\$ 15,823,375</u>	<u>\$ 2,392,971</u>	<u>\$ 344,227,297</u>

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

Year Ended December 31, 2018

	Water Systems	Cape Elizabeth	Cumberland	Falmouth
Operating Revenues				
Water revenues	\$ 24,056,707	\$ -	\$ -	\$ -
Wastewater assessments	-	1,539,840	905,364	310,056
Other operating revenues	228,499	-	-	-
Total Operating Revenues	<u>24,285,206</u>	<u>1,539,840</u>	<u>905,364</u>	<u>310,056</u>
Operating Expenses				
Operations	5,174,791	663,541	587,702	-
Maintenance	5,364,309	97,973	180,178	-
Customer accounting and collections	871,309	29,511	15,818	12,174
Administrative and general	2,282,363	308,611	136,079	-
Taxes on operating property	57,073	-	-	-
Depreciation not allocated elsewhere	4,993,230	483,534	154,412	151,147
Total Operating Expenses	<u>18,743,075</u>	<u>1,583,170</u>	<u>1,074,189</u>	<u>163,321</u>
Operating Income (Loss)	5,542,131	(43,330)	(168,825)	146,735
Non-Operating Revenues (Expenses)				
Interest income	349,239	19,687	12,664	2,335
Miscellaneous	283,206	(2,569)	(1,377)	-
Loss on sale/disposal of operating property	(195,993)	-	-	-
Interest and amortization expense	(1,390,302)	(46,771)	(1,143)	(59,183)
Net Non-Operating Revenues (Expenses)	<u>(953,850)</u>	<u>(29,653)</u>	<u>10,144</u>	<u>(56,848)</u>
Change in Net Position Before Contributions	4,588,281	(72,983)	(158,681)	89,887
Capital Contributions	<u>1,942,974</u>	<u>-</u>	<u>-</u>	<u>(9,464)</u>
Change in Net Position	6,531,255	(72,983)	(158,681)	80,423
Net Position, Beginning of Year, as Restated	<u>168,980,104</u>	<u>3,457,495</u>	<u>3,203,819</u>	<u>1,089,610</u>
Net Position, End of Year	<u>\$ 175,511,359</u>	<u>\$ 3,384,512</u>	<u>\$ 3,045,138</u>	<u>\$ 1,170,033</u>

See independent auditor's report.

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

Wastewater Funds

<u>Gorham</u>	<u>Portland</u>	<u>Westbrook</u>	<u>Windham</u>	<u>TOTAL</u>
\$ -	\$ -	\$ -	\$ -	\$ 24,056,707
1,106,148	12,248,424	2,533,176	360,528	19,003,536
882	209,646	49,285	182	488,494
<u>1,107,030</u>	<u>12,458,070</u>	<u>2,582,461</u>	<u>360,710</u>	<u>43,548,737</u>
355,601	5,416,978	1,079,695	115,929	13,394,237
72,207	240,564	78,861	27,797	6,061,889
22,802	196,448	54,315	1,081	1,203,458
214,420	2,410,693	525,090	68,884	5,946,140
-	-	-	-	57,073
395,639	3,028,598	460,593	68,510	9,735,663
<u>1,060,669</u>	<u>11,293,281</u>	<u>2,198,554</u>	<u>282,201</u>	<u>36,398,460</u>
46,361	1,164,789	383,907	78,509	7,150,277
26,286	136,641	80,338	8,448	635,638
(410)	(883)	230	-	278,197
(499)	(8,571)	(1,822)	(62)	(206,947)
(73,405)	(408,615)	(114,639)	(30,839)	(2,124,897)
<u>(48,028)</u>	<u>(281,428)</u>	<u>(35,893)</u>	<u>(22,453)</u>	<u>(1,418,009)</u>
(1,667)	883,361	348,014	56,056	5,732,268
-	-	-	-	1,933,510
(1,667)	883,361	348,014	56,056	7,665,778
7,185,927	30,873,541	7,936,388	1,096,694	223,823,578
<u>\$ 7,184,260</u>	<u>\$ 31,756,902</u>	<u>\$ 8,284,402</u>	<u>\$ 1,152,750</u>	<u>\$ 231,489,356</u>

Statement of Cash Flows - Proprietary Funds

For the Year Ended December 31, 2018

	Water Systems	Cape Elizabeth	Cumberland	Falmouth
Cash flows from operating activities				
Receipts from customers	\$ 24,146,686	\$ 1,542,409	\$ 906,740	\$ 310,056
Payments to suppliers	(7,637,509)	(855,872)	(799,103)	(139,093)
Payments to employees	(6,551,610)	(364,786)	(148,516)	(5,553)
Net cash flows from operating activities	9,957,567	321,751	(40,879)	165,410
Cash flows from capital and related financing activities				
Proceeds from bonds	8,900,000	-	-	-
Bond principal forgiven	(100,000)	-	-	-
Principal payments bonds	(3,764,671)	(165,600)	(6,250)	(238,000)
Notes payable payments	-	-	-	-
Transfer from trustee funds	3,786,099	-	-	150,989
New trustee funds	(5,000,000)	-	-	-
Interest paid	(1,355,179)	(47,080)	(1,151)	(59,580)
Acquisitions and construction of operating property	(12,670,942)	(118,730)	(4,900)	-
Proceeds from sale of operating property	12,217	-	-	-
Payments for preliminary plant survey	-	-	-	-
Net cash flows from capital and related financing activities	(10,192,476)	(331,410)	(12,301)	(146,591)
Cash flows from investing activities				
Investments - transfer to water	(13,984,035)	986,168	674,557	30,046
Investments - purchases	(18,914,613)	-	-	-
Investments - sales	20,527,123	-	-	-
Investments - transfer from water	13,903,734	(904,469)	(581,656)	(43,847)
Interest income received	349,239	19,687	12,664	2,335
Payments on notes receivable	2,415	-	-	-
Net cash flows from investing activities	1,883,863	101,386	105,565	(11,466)
Net change in cash	1,648,954	91,727	52,385	7,353
Cash and cash equivalents - beginning of year	3,444,580	161,347	110,363	4,916
Cash and cash equivalents - end of year	\$ 5,093,534	\$ 253,074	\$ 162,748	\$ 12,269
Reconciliation of operating income to net cash flows from operating activities				
Operating income (loss)	\$ 5,542,131	\$ (43,330)	\$ (168,825)	\$ 146,735
Depreciation	4,993,230	483,534	154,412	151,147
Depreciation allocated	880,000	-	-	-
Amortization	17,000	-	-	-
Miscellaneous income (expense)	283,206	(2,569)	(1,377)	-
Changes in assets and liabilities:				
Accounts receivable	(138,520)	2,569	1,376	-
Inventories	(26,872)	-	-	-
Prepays	(10,990)	(1,849)	-	-
Accounts payable and accrued payroll	277,962	(2,207)	13,505	(132,472)
Compensated absences	17,764	-	-	-
Customer deposits	(68,456)	-	-	-
Net pension liability and deferred inflows (outflows)	(2,248,764)	(120,233)	(42,064)	-
Bond refunding deferred outflow	39,600	-	-	-
Customer advances and other liabilities	400,276	5,836	2,094	-
Net cash flows from operating activities	\$ 9,957,567	\$ 321,751	\$ (40,879)	\$ 165,410
Noncash investing, capital and financing activities				
Capital contributions	\$ 1,942,974	\$ -	\$ -	\$ (9,464)

See independent auditor's report.

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

Wastewater Funds

<u>Gorham</u>	<u>Portland</u>	<u>Westbrook</u>	<u>Windham</u>	<u>TOTAL</u>
\$ 1,107,440	\$ 12,453,323	\$ 2,583,323	\$ 360,710	\$ 43,410,687
(486,358)	(6,433,403)	(808,699)	(132,781)	(17,292,818)
(229,087)	(2,501,038)	(543,236)	(77,989)	(10,421,815)
<u>391,995</u>	<u>3,518,882</u>	<u>1,231,388</u>	<u>149,940</u>	<u>15,696,054</u>
308,000	500,000	2,866,000	26,000	12,600,000
-	-	-	-	(100,000)
(288,469)	(2,011,845)	(326,170)	(100,885)	(6,901,890)
-	-	-	(13,240)	(13,240)
232,029	637,509	1,717,574	19,587	6,543,787
(308,000)	-	(2,866,000)	(26,000)	(8,200,000)
(73,270)	(411,211)	(112,966)	(31,589)	(2,092,026)
(163,059)	(1,582,771)	(1,987,901)	(21,993)	(16,550,296)
-	-	-	-	12,217
-	(242)	-	-	(242)
<u>(292,769)</u>	<u>(2,868,560)</u>	<u>(709,463)</u>	<u>(148,120)</u>	<u>(14,701,690)</u>
1,093,812	7,181,063	3,608,996	409,393	-
-	-	-	-	(18,914,613)
-	-	-	-	20,527,123
(1,092,577)	(7,144,007)	(3,756,931)	(380,247)	-
26,286	136,641	80,338	8,448	635,638
-	-	13,240	-	15,655
<u>27,521</u>	<u>173,697</u>	<u>(54,357)</u>	<u>37,594</u>	<u>2,263,803</u>
126,747	824,019	467,568	39,414	3,258,167
178,959	1,174,890	643,721	66,980	5,785,756
<u>\$ 305,706</u>	<u>\$ 1,998,909</u>	<u>\$ 1,111,289</u>	<u>\$ 106,394</u>	<u>\$ 9,043,923</u>
\$ 46,361	\$ 1,164,789	\$ 383,907	\$ 78,509	\$ 7,150,277
395,639	3,028,598	460,593	68,510	9,735,663
-	-	-	-	880,000
-	7,453	14,400	-	38,853
(410)	(883)	230	-	278,197
410	(4,747)	863	-	(138,049)
-	-	-	-	(26,872)
-	(9,947)	(1,996)	-	(24,782)
26,206	128,257	526,304	22,398	859,953
-	-	-	-	17,764
-	-	-	-	(68,456)
(79,572)	(824,112)	(169,660)	(20,330)	(3,504,735)
-	-	-	-	39,600
3,361	29,474	16,747	853	458,641
<u>\$ 391,995</u>	<u>\$ 3,518,882</u>	<u>\$ 1,231,388</u>	<u>\$ 149,940</u>	<u>\$ 15,696,054</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,933,510</u>

Statement of Fiduciary Net Position - Pension Trust Funds

December 31, 2018

ASSETS

Cash and cash equivalents	<u>\$ 21,399,678</u>
Investments	
Equity mutual funds	<u>100,397</u>
Interest receivable	<u>3,613</u>
Total Assets	<u><u>\$ 21,503,688</u></u>
Restricted for pension benefits	<u>\$ 21,503,688</u>
Total Net Position	<u><u>\$ 21,503,688</u></u>

See independent auditor's report.

Statement of Changes in Fiduciary Net Position - Pension Trust Funds

Year Ended December 31, 2018

Additions:

Employer Contributions	<u>\$ 1,414,448</u>
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Investment Income

Interest and dividends	1,015,160
------------------------	-----------

Net gain on sale of assets	(812,014)
----------------------------	-----------

Net depreciation of investments	<u>(1,888,789)</u>
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Net Investment Income	<u>(1,685,643)</u>
------------------------------	--------------------

Total Additions	(271,195)
------------------------	-----------

Deductions:

Benefits	(1,410,058)
----------	-------------

Fees/Other Expenses	<u>(9,833)</u>
---------------------	----------------

Total Deductions	<u>(1,419,891)</u>
-------------------------	--------------------

Change in Position	(1,691,086)
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Net Position - Beginning of Year	<u>23,194,772</u>
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Net Position - End of Year	<u><u>\$ 21,503,688</u></u>
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NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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 Financial Accounting Standards Board and American Institute of Certified Public Accountants 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, 2018

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. In addition, money market mutual funds held in an overnight cash sweep arrangement are considered 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 sweep funds are invested in a money market mutual fund which is made up of U.S. government and agency instruments, held by the District's Bank in the Bank's name. Overnight repurchase agreement funds are invested in U.S. government backed obligations of U.S. government agencies and corporations, held by the District's Bank in the District's name.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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, 2018:

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 2018. As of December 31, 2018, the investment portfolio does not hold any investment in any one organization greater than 5% of either of the plan's fiduciary net positions.

Rate of Return:

For the year ended December 31, 2018, the annual money-weighted rate of return on pension plan investments, net of pension expense, was (7.16) % and (7.26) % 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, 2018

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, 2018, 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.

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, 2018 was \$203,000. The District has the ability to place a lien on property with past due balances.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 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

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

Preliminary Surveys for Plant Expansion or Modification

Expenses incurred for preliminary surveys for plant expansion 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 2018 were \$14,400.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 bond.

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

Debt

In April 2018, the GASB issued GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this statement are effective for reporting periods beginning after June 15, 2018. Management is currently evaluating the impact of adoption on its financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Recent Accounting Pronouncements - Continued

Leases

In June 2017, the GASB issued GASB Statement No. 87, *Leases*. This statement establishes a single model for lease accounting by requiring the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows or outflows of resources based on the payment provisions of the contract. A lessee will be required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of resources. This statement is effective for reporting periods beginning after December 15, 2019. Management is currently evaluating the impact of adoption on its financial statements.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

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

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

NOTE 3 - DETAILED NOTES ON ALL FUNDS

Cash & Investments

The carrying amount of the District's deposits with financial institutions was \$1,050,686 at December 31, 2018 and the bank balance was \$1,955,701. The District held certificates of deposit carried at \$12,819,192. Total deposits were categorized as follows:

	Bank Balances	Certificates of Deposit	Total Deposits
Amount Insured	\$ 1,590,413	\$ 12,812,607	\$ 14,403,020
Amount Uninsured	<u>365,288</u>	<u>6,585</u>	<u>371,873</u>
	<u>\$ 1,955,701</u>	<u>\$ 12,819,192</u>	<u>\$ 14,774,893</u>

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

Cash on Hand	\$ 1,300
Investment Account Cash	7,863
Carrying Value of Deposits	1,042,823
Money Market Mutual Funds	<u>7,991,937</u>
Total cash and cash equivalents	<u>\$ 9,043,923</u>
Certificates of Deposit	\$ 12,819,192
U.S. Agency Securities	2,832,647
U.S. Treasury Securities	<u>16,451,304</u>
Total investments	<u>\$ 32,103,143</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Cash & Investments - Continued

Shares in the overnight money market mutual funds sweep arrangement are held in the Bank's name and not in the name of the District. These funds are secured by the underlying securities of the mutual funds.

Fair value of assets measured on a recurring basis at December 31, 2018 are as follows:

	Total	Level 1	Level 2	Level 3
Money Market Mutual Funds \$	7,991,937	\$ 7,991,937	\$ -	
Certificates of Deposit	12,819,192	12,562,607	256,585	
U.S. Agency Securities	2,832,647	-	2,832,647	
U.S Treasury Securities	<u>16,451,304</u>	<u>-</u>	<u>16,451,304</u>	
	<u>\$ 40,095,080</u>	<u>\$ 20,554,544</u>	<u>\$ 19,540,536</u>	

Investment Ratings - Pension Trust Funds

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 originated in 2008 and has an average annual interest rate of 4.395% with a 20-year term starting in 2008.

	<u>Dec 31, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2018</u>	<u>Current</u>	<u>Non-Current</u>
Water Fund:						
Town of Gorham	\$ 198,853	\$ -	\$ (2,415)	\$ 196,438	\$ 196,438	\$ -
Westbrook Wastewater Fund:						
Windham Wastewater Fund	<u>145,640</u>	<u>-</u>	<u>(13,240)</u>	<u>132,400</u>	<u>13,240</u>	<u>119,160</u>
Total of all Notes	<u>\$ 344,493</u>	<u>\$ -</u>	<u>\$ (15,655)</u>	<u>\$ 328,838</u>	<u>\$ 209,678</u>	<u>\$ 119,160</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets

	<u>Dec 31, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2018</u>
Water Fund:				
Operating Property, not being depreciated				
Land	\$ 3,691,850	\$ 529,598	\$ -	\$ 4,221,448
Land Rights	1,628,782	-	-	1,628,782
Plant Acquisition Adjustment	138,189	-	(17,000)	121,189
Organization	173,472	-	-	173,472
Non-Utility Property	103,935	-	-	103,935
Franchises	26,161	-	-	26,161
Forestation of Land	16,318	-	-	16,318
Property Held for Future Use	7,425	-	-	7,425
	<u>5,786,132</u>	<u>529,598</u>	<u>(17,000)</u>	<u>6,298,730</u>
Operating Property, being depreciated				
Distribution Mains	169,000,508	8,729,925	(329,223)	177,401,210
Services	34,624,808	745,702	-	35,370,510
Structures & Improvements	28,990,458	1,235,301	-	30,225,759
Water Treatment Equipment	14,358,653	48,389	-	14,407,042
Transmission Mains	13,430,883	-	-	13,430,883
Meters & Meter Installations	12,128,370	429,578	(150,094)	12,407,854
Reservoirs & Standpipes	11,090,541	-	-	11,090,541
Hydrants	10,826,488	415,285	(84,730)	11,157,043
Vehicles	3,381,613	317,186	(332,096)	3,366,703
Lake, River & Other Intakes	2,363,460	-	-	2,363,460
Communication Equipment	1,266,485	144,899	-	1,411,384
Pumping Equipment	1,586,273	1,213,237	-	2,799,510
Wells & Springs	989,248	-	-	989,248
Computer Equipment	936,974	247,398	-	1,184,372
Power Equipment	832,009	8,500	-	840,509
Office Furniture & Equipment	617,404	122,446	-	739,850
Shop Equipment	288,562	-	-	288,562
Garage Equipment	232,652	-	-	232,652
Radio Equipment	326,190	-	(8,184)	318,006
Laboratory Equipment	113,415	-	-	113,415
Stores Equipment	59,161	-	-	59,161
	<u>307,444,155</u>	<u>13,657,846</u>	<u>(904,327)</u>	<u>320,197,674</u>
Total Operating Property	<u>\$ 313,230,287</u>	<u>\$ 14,187,444</u>	<u>\$ (921,327)</u>	<u>\$ 326,496,404</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets - Continued

	<u>Dec 31, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2018</u>
Water Fund (continued):				
Less, accumulated depreciation for:				
Distribution Mains	\$ 46,124,058	\$ 2,420,108	\$ (269,644)	\$ 48,274,522
Services	18,269,100	783,088	-	19,052,188
Structures & Improvements	13,970,273	623,461	-	14,593,734
Transmission Mains	7,080,107	153,441	-	7,233,548
Reservoirs & Standpipes	4,894,613	198,731	-	5,093,344
Water Treatment Equipment	4,107,192	493,719	(66,618)	4,534,293
Hydrants	3,805,252	219,637	(35,837)	3,989,052
Meters	4,548,018	426,855	-	4,974,873
Vehicles	2,147,471	220,568	(315,833)	2,052,206
Intakes Suction Mains	1,825,039	24,813	-	1,849,852
Pumping Equipment	1,450,910	49,676	-	1,500,586
Communication Equipment	1,116,307	50,632	-	1,166,939
Power Equipment	715,824	28,115	-	743,939
Office Equipment	590,495	62,526	-	653,021
Shop Equipment	263,429	73,600	-	337,029
Computer Equipment	240,785	-	-	240,785
Garage Equipment	238,915	6,357	-	245,272
Wells & Springs	186,231	19,643	-	205,874
Radio Equipment	153,160	13,835	-	166,995
Laboratory Equipment	91,122	3,430	-	94,552
Stores Equipment	41,741	995	-	42,736
	<u>111,860,042</u>	<u>5,873,230</u>	<u>(687,932)</u>	<u>117,045,340</u>
Construction Work in Progress	<u>1,604,161</u>	<u>1,820,664</u>	<u>(1,209,256)</u>	<u>2,215,569</u>
Net Capital Assets	<u>\$ 202,974,406</u>	<u>\$ 10,134,878</u>	<u>\$ (1,442,651)</u>	<u>\$ 211,666,633</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets - Continued

	<u>Dec 31, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2018</u>
Cape Elizabeth Wastewater:				
Operating Property, not being depreciated				
Land	\$ 130,048	\$ -	\$ -	\$ 130,048
Land Rights	95,111	-	-	95,111
	<u>225,159</u>	<u>-</u>	<u>-</u>	<u>225,159</u>
Operating Property, being depreciated				
Interceptor Structures	6,304,273	-	-	6,304,273
Treatment Plant Equipment	3,081,587	-	-	3,081,587
Pumping Station Equipment	2,722,003	182,979	-	2,904,982
Treatment Plant Structures	2,538,921	-	-	2,538,921
Pumping Station Structures	1,237,034	11,632	-	1,248,666
General Equipment	170,835	-	-	170,835
Interceptor Equipment	11,330	-	-	11,330
	<u>16,065,983</u>	<u>194,611</u>	<u>-</u>	<u>16,260,594</u>
Total Operating Property	<u>16,291,142</u>	<u>194,611</u>	<u>-</u>	<u>16,485,753</u>
Less, accumulated depreciation for:				
Interceptor Structures	3,995,022	126,166	-	4,121,188
Treatment Plant Equipment	2,385,664	169,952	-	2,555,616
Pumping Station Equipment	1,961,176	116,478	-	2,077,654
Treatment Plant Structures	1,798,071	36,937	-	1,835,008
Pumping Station Structures	905,373	19,753	-	925,126
General Equipment	87,823	14,101	-	101,924
Interceptor Equipment	1,253	147	-	1,400
	<u>11,134,382</u>	<u>483,534</u>	<u>-</u>	<u>11,617,916</u>
Construction Work in Progress	<u>189,951</u>	<u>99,911</u>	<u>(175,792)</u>	<u>114,070</u>
Net Capital Assets	<u>\$ 5,346,711</u>	<u>\$ (189,012)</u>	<u>\$ (175,792)</u>	<u>\$ 4,981,907</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets - Continued

	<u>Dec 31, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2018</u>
Cumberland Wastewater:				
Operating Property, not being depreciated				
Land	\$ 89,005	\$ -	\$ -	\$ 89,005
Operating Property, being depreciated				
Interceptor Structures	5,589,695	-	-	5,589,695
Pumping Station Structures	1,041,213	-	-	1,041,213
Pumping Station Equipment	978,358	63,691	-	1,042,049
Treatment Plant Equipment	47,416	-	-	47,416
General Equipment	41,881	-	-	41,881
Interceptor Equipment	213	-	-	213
	<u>7,698,776</u>	<u>63,691</u>	<u>-</u>	<u>7,762,467</u>
Total Operating Property	<u>7,787,781</u>	<u>63,691</u>	<u>-</u>	<u>7,851,472</u>
Less, accumulated depreciation for:				
Interceptor Structures	3,500,349	111,793	-	3,612,142
Pumping Station Structures	753,814	14,174	-	767,988
Pumping Station Equipment	795,341	27,348	-	822,689
Treatment Plant Equipment	42,225	799	-	43,024
General Equipment	41,583	298	-	41,881
Interceptor Equipment	213	-	-	213
	<u>5,133,525</u>	<u>154,412</u>	<u>-</u>	<u>5,287,937</u>
Construction Work in Progress	<u>58,791</u>	<u>-</u>	<u>(58,791)</u>	<u>-</u>
Net Capital Assets	<u>\$ 2,713,047</u>	<u>\$ (90,721)</u>	<u>\$ (58,791)</u>	<u>\$ 2,563,535</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets - Continued

	<u>Dec 31, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2018</u>
Falmouth Wastewater:				
Operating Property, not being depreciated				
Land	\$ 10,527	\$ -	\$ -	\$ 10,527
Operating Property, being depreciated				
Pumping Station Structures	2,226,400	-	-	2,226,400
Pumping Station Equipment	1,242,600	-	-	1,242,600
Interceptor Structures	2,233,900	-	(9,464)	2,224,436
	<u>5,702,900</u>	<u>-</u>	<u>(9,464)</u>	<u>5,693,436</u>
Total Operating Property	<u>5,713,427</u>	<u>-</u>	<u>(9,464)</u>	<u>5,703,963</u>
Less, accumulated depreciation for:				
Pumping Station Structures	22,264	44,528	-	66,792
Pumping Station Equipment	31,065	62,130	-	93,195
Interceptor Structures	22,339	44,489	-	66,828
	<u>75,668</u>	<u>151,147</u>	<u>-</u>	<u>226,815</u>
Net Capital Assets	<u>\$ 5,637,759</u>	<u>\$ (151,147)</u>	<u>\$ (9,464)</u>	<u>\$ 5,477,148</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets - Continued

	<u>Dec 31, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2018</u>
Gorham Wastewater:				
Operating Property, not being depreciated				
Land	\$ 185,466	\$ -	\$ -	\$ 185,466
Land Rights	157,770	-	-	157,770
	<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	1,810,295	54,073	-	1,864,368
Treatment Plant Structures	1,014,980	-	(146)	1,014,834
Treatment Plant Equipment	958,158	269,624	(112,198)	1,115,584
General Equipment	42,992	-	-	42,992
Solids Handling Equipment	5,517	-	-	5,517
	<u>17,293,409</u>	<u>323,697</u>	<u>(112,344)</u>	<u>17,504,762</u>
Total Operating Property	<u>17,636,645</u>	<u>323,697</u>	<u>(112,344)</u>	<u>17,847,998</u>
Less, accumulated depreciation for:				
Interceptor Structures	5,106,107	229,904	-	5,336,011
Pumping Station Equipment	1,270,537	72,467	-	1,343,004
Treatment Plant Structures	745,859	19,012	(141)	764,730
Pumping Station Structures	793,268	43,950	-	837,218
Treatment Plant Equipment	646,937	28,955	(111,704)	564,188
General Equipment	33,286	1,351	-	34,637
Solids Handling Equipment	5,516	-	-	5,516
	<u>8,601,510</u>	<u>395,639</u>	<u>(111,845)</u>	<u>8,885,304</u>
Construction Work in Progress	<u>199,295</u>	<u>12,669</u>	<u>(173,308)</u>	<u>38,656</u>
Net Capital Assets	<u>\$ 9,234,430</u>	<u>\$ (59,273)</u>	<u>\$ (173,807)</u>	<u>\$ 9,001,350</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets - Continued

	<u>Dec 31, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2018</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	36,647,243	124,511	-	36,771,754
Interceptor Structures	28,115,458	-	-	28,115,458
Treatment Plant Equipment	26,265,358	653,546	(34,470)	26,884,434
Pumping Station Structures	9,579,721	46,711	-	9,626,432
Pumping Station Equipment	8,926,393	629,838	-	9,556,231
Communications Equip.- Collectors	753,873	-	-	753,873
Storm Drains	587,610	20,296	-	607,906
Solids Handling Equipment	397,795	-	-	397,795
General Equipment	255,855	-	-	255,855
Interceptor Equipment	63,080	-	-	63,080
	<u>111,592,386</u>	<u>1,474,902</u>	<u>(34,470)</u>	<u>113,032,818</u>
Total Operating Property	<u>112,024,954</u>	<u>1,474,902</u>	<u>(34,470)</u>	<u>113,465,386</u>
Less, accumulated depreciation for:				
Treatment Plant Structures	23,056,264	744,478	-	23,800,742
Interceptor Structures	18,028,784	559,608	-	18,588,392
Treatment Plant Equipment	12,095,336	1,051,322	(25,900)	13,120,758
Pumping Station Structures	5,594,312	207,354	-	5,801,666
Pumping Station Equipment	5,097,974	385,558	-	5,483,532
Communications Equip.- Collectors	479,286	51,829	-	531,115
Solids Handling Equipment	268,496	7,107	-	275,603
General Equipment	242,466	9,387	-	251,853
Storm Drains	198,534	11,955	-	210,489
Interceptor Equipment	63,080	-	-	63,080
	<u>65,124,532</u>	<u>3,028,598</u>	<u>(25,900)</u>	<u>68,127,230</u>
Construction Work in Progress	<u>621,099</u>	<u>569,429</u>	<u>(447,189)</u>	<u>743,339</u>
Net Capital Assets	<u>\$ 47,521,521</u>	<u>\$ (984,267)</u>	<u>\$ (455,759)</u>	<u>\$46,081,495</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets – Continued

	<u>Dec 31, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2018</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	4,831,527	583,020	(1,557,270)	3,857,277
Pumping Station Structures	4,272,896	-	-	4,272,896
Treatment Plant Structures	4,247,807	-	(747)	4,247,060
Interceptor Structures	3,774,830	21,819	-	3,796,649
Pumping Station Equipment	2,744,173	-	-	2,744,173
General Equipment	1,162,405	-	-	1,162,405
Communications Equip. - Collectors	103,231	-	-	103,231
Storm Drains	748	-	-	748
Solids Handling Equipment	20,070	-	-	20,070
	<u>21,157,687</u>	<u>604,839</u>	<u>(1,558,017)</u>	<u>20,204,509</u>
Total Operating Property	<u>21,459,094</u>	<u>604,839</u>	<u>(1,558,017)</u>	<u>20,505,916</u>
Less, accumulated depreciation for:				
Treatment Plant Equipment	3,943,726	84,609	(1,555,473)	2,472,862
Treatment Plant Structures	3,134,340	83,805	(722)	3,217,423
Interceptor Structures	2,774,288	75,270	-	2,849,558
Pumping Station Structures	2,142,974	98,661	-	2,241,635
Pumping Station Equipment	1,814,113	88,205	-	1,902,318
General Equipment	181,503	22,554	-	204,057
Storm Drains	5	10	-	15
Solids Handling Equipment	20,070	-	-	20,070
Communications Equip. - Collectors	73,180	7,479	-	80,659
	<u>14,084,199</u>	<u>460,593</u>	<u>(1,556,195)</u>	<u>12,988,597</u>
Construction Work in Progress	<u>487,109</u>	<u>1,804,673</u>	<u>(336,777)</u>	<u>1,955,005</u>
Net Capital Assets	<u>\$ 7,862,004</u>	<u>\$ 1,948,919</u>	<u>\$ (338,599)</u>	<u>\$ 9,472,324</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets - Continued

	<u>Dec 31, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2018</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	40,436	-	415,104
Treatment Plant Equipment	152,488	22,761	(44,565)	130,684
Treatment Plant Structures	140,485	-	(24)	140,461
General Equipment	13,311	-	-	13,311
Solids Handling Equipment	683	-	-	683
	<u>2,864,396</u>	<u>63,197</u>	<u>(44,589)</u>	<u>2,883,004</u>
Total Operating Property	<u>3,007,348</u>	<u>63,197</u>	<u>(44,589)</u>	<u>3,025,956</u>
Less, accumulated depreciation for:				
Interceptor Structures	446,364	34,460	-	480,824
Pumping Station Equipment	303,273	17,234	-	320,507
Pumping Station Structures	140,493	10,696	-	151,189
Treatment Plant Equipment	122,028	2,886	(44,504)	80,410
Treatment Plant Structures	103,578	2,745	(23)	106,300
General Equipment	7,452	489	-	7,941
Solids Handling Equipment	683	-	-	683
	<u>1,123,871</u>	<u>68,510</u>	<u>(44,527)</u>	<u>1,147,854</u>
Construction Work in Progress	<u>44,467</u>	<u>3,338</u>	<u>(44,542)</u>	<u>3,263</u>
Net Capital Assets	<u>\$ 1,927,944</u>	<u>\$ (1,975)</u>	<u>\$ (44,604)</u>	<u>\$ 1,881,365</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets - Continued

All Funds Combined:	Dec 31, 2017	Increases	Decreases	Dec 31, 2018
Operating Property, not being depreciated				
Land (Water)	\$ 3,691,850	\$ 529,598	\$ -	\$ 4,221,448
Land Rights (Water)	1,628,782	-	-	1,628,782
Land (Wastewater)	906,520	-	-	906,520
Land Rights (Wastewater)	638,334	-	-	638,334
Plant Acquisition Adjustment	138,189	-	(17,000)	121,189
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>7,330,986</u>	<u>529,598</u>	<u>(17,000)</u>	<u>7,843,584</u>
Operating Property, being depreciated				
Distribution Mains	169,000,508	8,729,925	(329,223)	177,401,210
Interceptor Structures	59,236,309	21,819	(9,464)	59,248,664
Treatment Plant Structures	44,589,436	124,511	(917)	44,713,030
Services	34,624,808	745,702	-	35,370,510
Structures & Improvements	28,990,458	1,235,301	-	30,225,759
Treatment Plant Equipment	35,336,534	1,528,951	(1,748,503)	35,116,982
Pumping Station Structures	20,783,339	58,343	-	20,841,682
Pumping Station Equipment	18,798,490	971,017	-	19,769,507
Water Treatment Equipment	14,358,653	48,389	-	14,407,042
Transmission Mains	13,430,883	-	-	13,430,883
Meters & Meter Installations	12,128,370	429,578	(150,094)	12,407,854
Reservoirs & Standpipes	11,090,541	-	-	11,090,541
Hydrants	10,826,488	415,285	(84,730)	11,157,043
Vehicles	3,381,613	317,186	(332,096)	3,366,703
Lake, River & Other Intakes	2,363,460	-	-	2,363,460
Communication Equipment	1,266,485	144,899	-	1,411,384
Pumping Equipment	1,586,273	1,213,237	-	2,799,510
General Equipment	1,687,279	-	-	1,687,279
Wells & Springs	989,248	-	-	989,248
Computer Equipment	936,974	247,398	-	1,184,372
Power Equipment	832,009	8,500	-	840,509
Communications Equip.- Collectors	857,104	-	-	857,104
Office Furniture & Equipment	617,404	122,446	-	739,850
Storm Drains	588,358	20,296	-	608,654
Shop Equipment	288,562	-	-	288,562
Solids Handling Equipment	424,065	-	-	424,065
Garage Equipment	232,652	-	-	232,652
Radio Equipment	326,190	-	(8,184)	318,006
Laboratory Equipment	113,415	-	-	113,415
Interceptor Equipment	74,623	-	-	74,623
Stores Equipment	59,161	-	-	59,161
	<u>489,819,692</u>	<u>16,382,783</u>	<u>(2,663,211)</u>	<u>503,539,264</u>
Total Operating Property	<u>\$ 497,150,678</u>	<u>\$ 16,912,381</u>	<u>\$ (2,680,211)</u>	<u>\$ 511,382,848</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets - Continued

	<u>Dec 31, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2018</u>
All Funds Combined (continued):				
Less, accumulated depreciation for:				
Distribution Mains	\$ 46,124,058	\$ 2,420,108	\$ (269,644)	\$ 48,274,522
Interceptor Structures	33,873,253	1,181,690	-	35,054,943
Treatment Plant Structures	28,838,112	886,977	(886)	29,724,203
Treatment Plant Equipment	19,235,916	1,338,523	(1,737,581)	18,836,858
Services	18,269,100	783,088	-	19,052,188
Structures & Improvements	13,970,273	623,461	-	14,593,734
Pumping Station Equipment	11,273,479	769,420	-	12,042,899
Pumping Station Structures	10,352,498	439,116	-	10,791,614
Transmission Mains	7,080,107	153,441	-	7,233,548
Reservoirs & Standpipes	4,894,613	198,731	-	5,093,344
Water Treatment Equipment	4,107,192	493,719	(66,618)	4,534,293
Hydrants	3,805,252	219,637	(35,837)	3,989,052
Meters & Meter Installations	4,548,018	426,855	-	4,974,873
Vehicles	2,147,471	220,568	(315,833)	2,052,206
Lake, River & Other Intakes	1,825,039	24,813	-	1,849,852
Pumping Equipment	1,450,910	49,676	-	1,500,586
Communication Equipment	1,116,307	50,632	-	1,166,939
Power Equipment	715,824	28,115	-	743,939
Office Furniture & Equipment	590,495	62,526	-	653,021
General Equipment	594,113	48,180	-	642,293
Communications Equip.- Collectors	552,466	59,308	-	611,774
Solids Handling Equipment	294,765	7,107	-	301,872
Shop Equipment	263,429	73,600	-	337,029
Computer Equipment	240,785	-	-	240,785
Garage Equipment	238,915	6,357	-	245,272
Wells & Springs	186,231	19,643	-	205,874
Radio Equipment	153,160	13,835	-	166,995
Laboratory Equipment	91,122	3,430	-	94,552
Storm Drains	198,539	11,965	-	210,504
Stores Equipment	41,741	995	-	42,736
Interceptor Equipment	64,546	147	-	64,693
	<u>217,137,729</u>	<u>10,615,663</u>	<u>(2,426,399)</u>	<u>225,326,993</u>
Construction Work in Progress	<u>3,204,873</u>	<u>4,310,684</u>	<u>(2,445,655)</u>	<u>5,069,902</u>
Net Capital Assets	<u>\$ 283,217,822</u>	<u>\$ 10,607,402</u>	<u>\$ (2,699,467)</u>	<u>\$ 291,125,757</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital Assets - Continued

Depreciation expense for each of the funds is noted below. Please note that \$880,000 in the Water Fund was allocated as part of operating expense.

	Gross Depreciation	Allocated	Depreciation not allocated elsewhere
Water	\$ 5,873,230	\$ (880,000)	\$ 4,993,230
Wastewater Funds:			
Cape Elizabeth	483,534	-	483,534
Cumberland	154,412	-	154,412
Falmouth	151,147	-	151,147
Gorham	395,639	-	395,639
Portland	3,028,598	-	3,028,598
Westbrook	460,593	-	460,593
Windham	68,510	-	68,510
Total	<u>\$ 10,615,663</u>	<u>\$ (880,000)</u>	<u>\$ 9,735,663</u>

Depreciation related to vehicles (\$320,000) and the main office (\$360,000) was allocated to operating expenses based on vehicles hours and office space occupied. Depreciation related to technology (\$200,000) was allocated to the funds based on their percentage of total expenditures.

Long-Term Debt - Bonds

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

General Revenue bonds:

Dec 31, 2017	Increases	Decreases	Dec 31, 2018	Current	Non-Current
<u>\$ 86,007,583</u>	<u>\$ 12,600,000</u>	<u>\$ (7,001,890)</u>	<u>\$ 91,605,693</u>	<u>\$ 7,529,772</u>	<u>\$ 84,075,921</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Long-Term Debt - Bonds - Continued

Long-term debt outstanding as of December 31, 2018, 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	3.0% to 5.0%	\$ 315,000		
Oct-06	1,500,000	2026	3.0% to 5.0%	600,000		
Oct-08	1,500,000	2028	2.1% to 5.6%	750,000		
Apr-09	1,598,500	2028	1.050%	799,250		
May-09	4,519,800	2029	2.1% to 5.6%	2,485,890		
May-09	180,200	2029	2.1% to 5.6%	99,110		
Aug-09	2,991,066	2029	0.0%	1,645,086		
Aug-09	163,953	2029	0.0%	90,174		
May-10	400,000	2030	2.1% to 5.7%	300,000		
Nov-10	902,500	2030	1.0%	541,500		
Oct-11	2,300,000	2031	0.5% to 5.5%	1,495,000		
May-12	1,130,000	2032	1.0%	791,000		
Oct-12	2,000,000	2032	1.5% to 3.7%	1,400,000		
May-13	2,850,000	2032	1.0%	2,100,000		
May-13	1,428,000	2033	0.6% to 3.7%	1,071,000		
Nov-13	8,000,000	2034	2.0% to 4.3%	6,400,000		
Nov-13	1,072,000	2033	1.1%	804,000		
Jun-14	2,541,000	2034	2.7%	2,020,000		
Jun-14	2,000,000	2024	2.7%	1,200,000		
May-15	459,000	2034	0.2%	368,297		
Jun-15	2,000,000	2025	3.0%	1,400,000		
Jun-15	3,230,000	2035	3.0%	2,735,000		
Jun-15	500,000	2035	3.0%	425,000		
Dec-15	270,000	2035	1.0%	229,500		
Jun-16	385,000	2036	3.0% to 4.0%	345,000		
Jun-16	1,830,000	2026	3.0% to 4.0%	1,460,000		
Jun-16	1,830,000	2036	3.0% to 4.0%	1,640,000		
Jun-16	1,734,250	2036	3.0% to 4.0%	1,522,500		
Jun-16	185,813	2036	3.0% to 4.0%	163,125		
Jun-16	3,034,938	2036	3.0% to 4.0%	2,664,375		
Sep-16	1,158,979	2036	1.0%	1,053,182		
Sep-16	566,362	2036	1.0%	514,662		
Jul-17	3,725,000	2037	3.0% to 5.0%	3,537,500		
Jul-17	1,875,000	2027	3.0% to 5.0%	1,687,500		
Mar-18	1,900,000	2038	1.00%	1,895,000		
Aug-18	1,000,000	2038	5.00%	1,000,000		
Aug-18	900,000	2038	3.0% to 5.0%	900,000		
Aug-18	2,000,000	2028	5.00%	2,000,000		
Nov-18	3,000,000	2038	1.00%	3,000,000		
				\$ 53,447,651	\$ 4,320,229	\$ 49,127,422

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Long-Term Debt - Bonds - Continued

Cape Elizabeth Wastewater Fund:

Issue Date	Original Amount	Maturities Through	Interest Rate Range	Amount	Current	Non-Current
Oct-08	\$ 95,000	2028	2.1% to 5.6%	\$ 47,500		
Dec-11	2,430,000	2031	1.0%	1,579,500		
Oct-12	160,000	2032	1.5% to 3.7%	112,000		
May-15	240,000	2035	0.4% to 3.9%	204,000		
May-17	315,000	2037	1.3% to 3.9%	299,250		
Nov-17	72,000	2037	1.4% to 4.1%	68,400		
				<u>\$ 2,310,650</u>	<u>\$ 165,600</u>	<u>\$ 2,145,050</u>

Cumberland Wastewater Fund:

Issue Date	Original Amount	Maturities Through	Interest Rate Range	Amount	Current	Non-Current
Dec-06	\$ 125,000	2026	1.4%	\$ 50,000	\$ 6,250	\$ 43,750

Falmouth Wastewater Fund:

Issue Date	Original Amount	Maturities Through	Interest Rate Range	Amount	Current	Non-Current
May-16	\$ 4,000,000	2036	1.0%	\$ 3,600,000		
Mar-17	760,000	2037	1.0%	722,000		
				<u>\$ 4,322,000</u>	<u>\$ 238,000</u>	<u>\$ 4,084,000</u>

Gorham Wastewater Fund:

Issue Date	Original Amount	Maturities Through	Interest Rate Range	Amount	Current	Non-Current
Apr-03	\$ 78,120	2022	1.8%	\$ 15,087		
Nov-03	73,185	2023	2.1%	18,143		
Dec-05	252,000	2025	1.6%	88,200		
May-08	50,400	2028	2.0% to 5.5%	25,200		
Oct-08	474,672	2029	2.1% to 5.6%	261,070		
Jan-09	4,258,208	2028	1.4%	2,150,610		
Feb-09	253,475	2028	1.0%	126,737		
May-09	233,954	2029	2.1% to 5.6%	128,675		
Nov-10	52,360	2030	1.0%	31,416		
Mar-18	308,000	2038	1.0%	308,000		
				<u>\$ 3,153,138</u>	<u>\$ 303,858</u>	<u>\$ 2,849,280</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Long-Term Debt - Bonds - Continued

Portland Wastewater Fund:

Issue Date	Original Amount	Maturities Through	Interest Rate Range	Amount	Current	Non-Current
Oct-01	\$ 2,785,000	2021	2.1%	\$ 417,750		
Nov-01	1,250,000	2021	2.1%	187,500		
Apr-03	1,615,500	2023	1.7%	174,761		
Apr-03	5,200,000	2023	1.9%	1,004,301		
Nov-03	1,230,000	2023	2.1%	299,596		
Nov-03	2,000,000	2023	2.1%	498,721		
Dec-04	375,000	2024	1.3%	112,500		
Dec-04	1,740,000	2024	1.3%	522,000		
Dec-05	1,900,000	2025	1.6%	665,000		
Apr-09	5,700,000	2029	1.5%	2,809,940		
Nov-10	752,200	2030	1.0%	451,320		
Oct-11	400,000	2031	0.5% to 5.5%	260,000		
Nov-13	3,000,000	2033	3.0% to 4.0%	2,250,000		
Dec-15	2,000,000	2035	1.0%	1,700,000		
Jul-16	7,000,000	2036	1.0%	6,300,000		
Jul-16	1,200,000	2036	1.0%	1,080,000		
May-17	1,900,000	2037	1.0%	1,795,264		
May-18	500,000	2038	1.9% to 4.0%	500,000		
				<u>\$ 21,028,653</u>	<u>\$ 2,034,226</u>	<u>\$ 18,994,427</u>

Westbrook Wastewater Fund:

Issue Date	Original Amount	Maturities Through	Interest Rate Range	Amount	Current	Non-Current
Apr-03	\$ 284,208	2023	1.8%	\$ 54,890		
Nov-03	266,254	2023	2.1%	66,005		
Dec-05	1,316,800	2025	1.6%	460,880		
May-08	183,360	2028	2.0% to 5.5%	91,680		
Oct-08	2,384,641	2028	2.1% to 5.6%	1,311,552		
Feb-09	974,925	2029	1.0%	487,463		
Nov-10	113,220	2030	1.0%	67,932		
Dec-15	1,000,000	2035	1.0%	850,000		
Mar-18	666,000	2038	1.0%	666,000		
Sep-18	2,200,000	2038	1.0%	2,200,000		
				<u>\$ 6,256,402</u>	<u>\$ 359,429</u>	<u>\$ 5,896,973</u>

Windham Wastewater Fund:

Issue Date	Original Amount	Maturities Through	Interest Rate Range	Amount	Current	Non-Current
Apr-03	\$ 9,672	2023	1.8%	\$ 1,868		
Nov-03	9,061	2023	2.1%	2,246		
Dec-05	31,200	2025	1.6%	10,920		
May-08	6,240	2028	2.0% to 5.5%	3,120		
Oct-08	40,687	2028	2.1% to 5.6%	22,378		
Jan-09	1,681,792	2029	1.4%	849,390		
Feb-09	21,600	2029	1.0%	10,800		
May-09	196,046	2029	2.1% to 5.6%	107,825		
Nov-10	4,420	2030	1.0%	2,652		
Mar-18	26,000	2038	1.0%	26,000		
				<u>\$ 1,037,199</u>	<u>\$ 102,180</u>	<u>\$ 935,019</u>

Total Long-Term Debt

<u>\$ 91,605,693</u>	<u>\$ 7,529,772</u>	<u>\$ 84,075,921</u>
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NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Long-Term Debt -Bonds - Continued

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 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. The loss was recorded as Deferred Outflow and will be amortized for the remaining life of the original bonds:

	Beginning		Ending
	<u>Balance</u>	<u>Reduction</u>	<u>Balance</u>
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	(500)	-
		<u>\$ (180,000)</u>	

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Long-Term Debt

Principal Payments Due: -----WASTEWATER SYSTEMS-----

	Cape								
	<u>Water</u>	<u>Elizabeth</u>	<u>Cumberland</u>	<u>Falmouth</u>	<u>Gorham</u>	<u>Portland</u>	<u>Westbrook</u>	<u>Windham</u>	<u>Total</u>
2019	\$ 4,320,229	\$ 165,600	\$ 6,250	\$ 238,000	\$ 303,858	\$ 2,034,226	\$ 359,429	\$ 102,180	\$ 7,529,772
2020	4,331,063	165,600	6,250	238,000	303,766	2,025,757	469,095	102,173	7,641,704
2021	4,346,903	165,600	6,250	238,000	303,655	1,933,008	468,689	102,159	7,564,264
2022	4,312,757	165,600	6,250	238,000	303,589	1,728,050	468,451	102,151	7,324,848
2023	4,308,612	165,600	6,250	238,000	299,883	1,482,041	454,969	101,692	7,057,047
2024-2028	18,311,226	828,000	18,750	1,190,000	1,443,720	5,912,455	2,012,215	501,565	30,217,931
2029-2033	9,861,446	553,250	-	1,190,000	117,667	4,058,905	1,097,054	18,779	16,897,101
2034-2038	3,655,415	101,400	-	752,000	77,000	1,854,211	816,500	6,500	7,263,026
2039-2044	-	-	-	-	-	-	110,000	-	110,000
	<u>\$ 53,447,651</u>	<u>\$ 2,310,650</u>	<u>\$ 50,000</u>	<u>\$ 4,322,000</u>	<u>\$ 3,153,138</u>	<u>\$ 21,028,653</u>	<u>\$ 6,256,402</u>	<u>\$ 1,037,199</u>	<u>\$ 91,605,693</u>

Interest Due: -----WASTEWATER SYSTEMS-----

	Cape								
	<u>Water</u>	<u>Elizabeth</u>	<u>Cumberland</u>	<u>Falmouth</u>	<u>Gorham</u>	<u>Portland</u>	<u>Westbrook</u>	<u>Windham</u>	<u>Total</u>
2019	\$ 1,594,538	\$ 38,283	\$ 710	\$ 43,030	\$ 58,760	\$ 315,885	\$ 103,575	\$ 18,584	\$ 2,173,365
2020	1,310,196	36,289	621	40,650	46,999	285,926	134,399	12,954	1,868,034
2021	1,193,022	34,108	533	38,270	41,678	256,439	102,373	11,304	1,677,727
2022	1,136,644	31,845	444	35,890	39,899	228,308	91,436	12,699	1,577,165
2023	1,014,363	29,515	355	33,510	34,514	204,920	80,457	11,082	1,408,716
2024-2028	3,227,754	110,315	533	131,850	87,760	725,757	244,331	26,634	4,554,934
2029-2033	1,214,073	47,161	-	72,350	6,252	310,607	75,559	528	1,726,530
2034-2038	184,770	8,958	-	15,040	2,310	48,346	28,495	195	288,114
2039-2044	-	-	-	-	-	-	367	-	367
	<u>\$ 10,875,360</u>	<u>\$ 336,474</u>	<u>\$ 3,196</u>	<u>\$ 410,590</u>	<u>\$ 318,172</u>	<u>\$ 2,376,188</u>	<u>\$ 860,992</u>	<u>\$ 93,980</u>	<u>\$ 15,274,952</u>

Total Debt Service Due: -----WASTEWATER SYSTEMS-----

	Cape								
	<u>Water</u>	<u>Elizabeth</u>	<u>Cumberland</u>	<u>Falmouth</u>	<u>Gorham</u>	<u>Portland</u>	<u>Westbrook</u>	<u>Windham</u>	<u>Total</u>
2019	\$ 5,914,767	\$ 203,883	\$ 6,960	\$ 281,030	\$ 362,618	\$ 2,350,111	\$ 463,004	\$ 120,764	\$ 9,703,137
2020	5,641,259	201,889	6,871	278,650	350,765	2,311,683	603,494	115,127	9,509,738
2021	5,539,925	199,708	6,783	276,270	345,333	2,189,447	571,062	113,463	9,241,991
2022	5,449,401	197,445	6,694	273,890	343,488	1,956,358	559,887	114,850	8,902,013
2023	5,322,975	195,115	6,605	271,510	334,397	1,686,961	535,426	112,774	8,465,763
2024-2028	21,538,980	938,315	19,283	1,321,850	1,531,480	6,638,212	2,256,546	528,199	34,772,865
2029-2033	11,075,519	600,411	-	1,262,350	123,919	4,369,512	1,172,613	19,307	18,623,631
2034-2038	3,840,185	110,358	-	767,040	79,310	1,902,557	844,995	6,695	7,551,140
2039-2044	-	-	-	-	-	-	110,367	-	110,367
	<u>\$ 64,323,011</u>	<u>\$ 2,647,124</u>	<u>\$ 53,196</u>	<u>\$ 4,732,590</u>	<u>\$ 3,471,310</u>	<u>\$ 23,404,841</u>	<u>\$ 7,117,394</u>	<u>\$ 1,131,179</u>	<u>\$ 106,880,645</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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.

	<u>Dec 31, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2018</u>	<u>Current</u>	<u>Non-Current</u>
Windham Wastewater Fund:						
2008 Note	\$ 145,640	\$ -	\$ (13,240)	\$ 132,400	\$ 13,240	\$ 119,160

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

Years Ending December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 13,240	\$ 5,819	\$ 19,059
2020	13,240	5,237	18,477
2021	13,240	4,655	17,895
2022	13,240	4,073	17,313
2023	13,240	3,491	16,731
2024-2028	66,200	8,728	74,928
	<u>\$ 132,400</u>	<u>\$ 32,003</u>	<u>\$ 164,403</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.

	<u>Dec 31, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec 31, 2018</u>	<u>Current</u>	<u>Non-Current</u>
Sick	\$ 903,585	\$ 100,378	\$ (112,608)	\$ 891,355	\$ 291,027	\$ 600,328
Vacation	656,560	750,770	(720,776)	686,554	525,515	161,039
	<u>\$ 1,560,145</u>	<u>\$ 851,148</u>	<u>\$ (833,384)</u>	<u>\$ 1,577,909</u>	<u>\$ 816,542</u>	<u>\$ 761,367</u>

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.

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 4 - OTHER INFORMATION - CONTINUED

Operating Leases

The District, as a lessor, entered into two cell tower lease agreements during 2013. The lease terms are five years with automatic extension for four additional five year terms unless terminated by the lessee. Annual rent was \$30,000 a year and rent for each year after the first lease year shall increase by three percent over the rent for each preceding year. Rental income for the year ended December 31, 2018 was \$67,530.

Commitments and Contingencies

At December 31, 2018, the District was committed on signed, but incomplete, construction and other contracts with a remaining balance of \$4,061,347, which is broken down by funds as follows:

Water Fund	\$2,913,833
Cape Elizabeth Wastewater	447,248
Portland Wastewater	249,180
Westbrook Wastewater	451,086

Bond Commitments:

As of December 31, 2018, the District’s Board of Trustees approved resolutions for the issuance of the following bonds that have yet to be issued as of the date of this report:

Water Fund – Commitments and Contingencies:

<u>Resolution</u>	<u>Fund</u>	<u>Project</u>	<u>Principal</u>	<u>Full Debt Service</u>
18-002	Cape Elizabeth WW	Treatment Plan HVAC	\$ 275,000	\$ 320,023
18-002	Portland WW	Treatment Plan HVAC	425,000	494,582
18-002	Westbrook WW	Dana Court WW Pump Station	2,200,000	2,560,188
18-002	Water/Portland WW	Asset/Billing Computer System	2,400,000	2,760,000
18-007	Water Fund	Wards Hill Water Tank	3,000,000	3,563,438
18-016	Cape Elizabeth WW	Treatment Plan UV Treatment	875,000	1,015,219
18-016	Portland WW	Fore River WW Pump Station *	2,500,000	2,900,625
18-017	Water Fund	Water Mains	7,500,000	9,975,300
			<u>\$ 19,175,000</u>	<u>\$ 23,589,375</u>

* See subsequent events disclosure for additional information

On December 17, 2018, the District’s Board of Trustees approved Order 18-042 which authorized a contribution of up to \$345,000 to the Trust for Public Land towards the purchase and conservation of land within Sebago Lake’s watershed. Sebago Lake is the source of the District’s drinking water supply.

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, 2018, the total remaining debt payments to be paid by the Cumberland fund were \$1,120,609.

The Falmouth Wastewater fund has issued two bonds, \$4.0 million in 2016 and \$0.76 million in 2017, 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, 2018, the total remaining debt payments for the Cumberland fund through 2037 were \$2,171,636.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 4 - OTHER INFORMATION - CONTINUED

Commitments and Contingencies - Continued

Wastewater Funds - Commitments and Contingencies:

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

- 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. These plans are updated every year and the City of Portland is currently developing an Integrated Plan that will include an update to 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 originally called for District capital costs of \$5.7 million from 2015 to 2019. The District has substantially completed an upgrade to the Dana Court Pump Station as part of its requirement under the plan. The City of Westbrook has been working to complete its projects and is on schedule to meet the requirements of the current plan. The 5-year plan will be updated in 2020.
- The Town of Cape Elizabeth, the City of South Portland and the District submitted a draft plan for the Ottawa Road 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 5-year plan was 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. Both the Town and City have completed projects to remove extraneous flow from the system. The flow reductions from these projects will be quantified and the District will complete an upgrade to increase the discharge flow capacity of the Ottawa Road Pump Station in 2019.

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 addition 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 \$1,674,962 will be made to Casella in 2019.

All Funds - Commitments and Contingencies:

The District has contracts with Constellation New Energy to provide electricity. Contracts are in place through November 2020 for the Water Fund's treatment plant and through October 2020 for the Portland Fund's wastewater East End Treatment plant and India Street Pump Station. Rates for these facilities vary based on the season and time of day with a range between 2.7 and 7.0 cents per kilowatt. Contracts for all other accounts are fixed through December 2021 with prices ranging from 4.3 to 6.6 cents per kilowatt. The estimated cost of electricity in 2019 is \$844,086.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 4 - OTHER INFORMATION - CONTINUED

Trustee Held Funds

The District participates in the State of Maine’s revolving loan fund program. The program administrator retains the bond proceeds until the District expends the funds and requests reimbursement. During 2018, the District issued bonds through this program in the Water, Gorham, Westbrook and Windham funds.

	<u>Dec. 31, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec. 31, 2018</u>
Water Fund	\$ 9,929	\$ 5,000,000	\$ (3,786,099)	\$ 1,223,830
Falmouth Wastewater	150,989	-	(150,989)	-
Gorham Wastewater	-	308,000	(232,029)	75,971
Portland Wastewater	637,509	-	(637,509)	-
Westbrook Wastewater	-	2,866,000	(1,717,574)	1,148,426
Windham Wastewater	-	26,000	(19,587)	6,413
Total	<u>\$ 798,427</u>	<u>\$ 8,200,000</u>	<u>\$ (6,543,787)</u>	<u>\$ 2,454,640</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 May 1, 2017</u>		<u>As of May 1, 2018</u>	
	<u>Bargaining Unit</u>	<u>Non-Bargaining Unit</u>	<u>Bargaining Unit</u>	<u>Non-Bargaining Unit</u>
Active employees included in plan	75	28	70	26
Retired employees and beneficiaries	85	44	86	45
Terminated employees with vested rights	<u>46</u>	<u>14</u>	<u>45</u>	<u>16</u>
	<u>206</u>	<u>86</u>	<u>201</u>	<u>87</u>

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

Eligibility for each plan requires the participants to be eighteen 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 Trustees of the District elected to freeze eligibility for newly hired bargaining unit and non-bargaining unit employees as of December 31, 2010 and December 31, 2011, respectively. Those employees receive a contribution to the deferred compensation plan (see Deferred Compensation Plan). Employees hired before those dates and transferred between units are required to participate in the deferred compensation plan unless they make a one-time irrevocable decision to continue participation in the defined benefit plan.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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.

Employees 55 or older and vested in the plan may retire. Benefits are actuarially reduced if an employee retires before turning 65 unless the employee is 62 or older with 30 years or more of service.

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 District's Board of Trustees. 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 \$94,494 for the year ended December 31, 2018.

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, 2018, a total contribution of \$1,414,448 was made with a contribution of \$817,528 and \$596,920 to the bargaining and non-bargaining units, respectively. The contributions represented 24.3% and 28.5% of the respective plan's covered compensation.

Net Pension Liability: The liability as of December 31, 2018 is based an actuarial valuation as of May 1, 2018 that was updated through December 31, 2018. Balances as of December 31, 2018 are as follows:

	<u>Bargaining Unit</u>	<u>Non-Bargaining Unit</u>	<u>Total</u>
Pension Liabilities	\$ 15,389,802	\$ 12,854,164	\$ 28,243,966
Net Fiduciary Position (Pension Assets)	11,404,562	10,099,126	21,503,688
Subtotal	3,985,240	2,755,038	6,740,278
Deferred Outflows of resources related to Pension	(1,778,555)	(1,555,676)	(3,334,231)
Deferred Inflows of resources related to Pension	1,138,878	998,976	2,137,854
Net Pension Liability	<u>\$ 3,345,563</u>	<u>\$ 2,198,338</u>	<u>\$ 5,543,901</u>
Pension Expense	<u>\$ (1,647,191)</u>	<u>\$ (1,858,176)</u>	<u>\$ (3,505,367)</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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, 2018 are listed below:

Bargaining Unit

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at 12/31/2017	\$ 15,100,057	\$ 12,176,397	\$ 2,923,660
Service cost	160,841		160,841
Interest	966,881		966,881
Difference between expected and actual experience	(138,333)		(138,333)
Benefit payments	(699,644)		(699,644)
Contribution - employer		817,528	(817,528)
Net investment income		(889,719)	889,719
Benefit payments		(699,644)	699,644
Net Change	<u>289,745</u>	<u>(771,835)</u>	<u>1,061,580</u>
Balance at 12/31/2018	<u>\$ 15,389,802</u>	<u>\$ 11,404,562</u>	<u>\$ 3,985,240</u>

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

Non-Bargaining Unit

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at 12/31/2017	\$ 12,525,345	\$ 11,018,376	\$ 1,506,969
Service cost	192,284		192,284
Interest	803,360		803,360
Difference between expected and actual experience	43,588		43,588
Benefit payments	(710,413)		(710,413)
Contribution - employer		596,920	(596,920)
Net investment income		(805,757)	805,757
Benefit payments		(710,413)	710,413
Net Change	<u>328,819</u>	<u>(919,250)</u>	<u>1,248,069</u>
Balance at 12/31/2018	<u>\$ 12,854,164</u>	<u>\$ 10,099,126</u>	<u>\$ 2,755,038</u>

Plan fiduciary net position as a percentage of total pension liability 79%

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 4 - OTHER INFORMATION - CONTINUED

Pension Plans - Continued

Additional information from the May 1, 2018 actuarial valuation is listed below. The valuation was updated and rolled forward to the December 31, 2018 measurement date.

	<u>Bargaining Unit</u>	<u>Non-Bargaining Unit</u>
Valuation date	May 1, 2018	May 1, 2018
Measurement date	December 31, 2018	December 31, 2018
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	6.5%	6.5%
Projected salary increases	3.0%	3.0%
Inflation rate	1.5%	1.5%
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 Adjusted to 2006 Blue Collar Mortality with Scale MP-2018	RP-2014 Adjusted to 2006 White Collar Mortality with Scale MP-2018

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, 2018 (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>Annual Return Estimate 7- & 20-Year Horizon</u>
U.S. Equities Large	25%	4.1%/9.2%
U.S. Equities Small	15%	4.8%/10.3%
International Developed Market Equities	15%	5.7%/8.8%
International Emerging Market Equities	10%	6.4%/11.4%
Core Bonds	20%	3.3%/5.3%
High Yield Bonds	5%	3.5%/6.9%
REIT's	5%	5.9%/8.0%
Natural Resources	5%	3.4%/4.4%

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 4 - OTHER INFORMATION - CONTINUED

Pension Plans - Continued

Discount Rate: The discount rate used to measure the total pension liability was 6.5%. 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 6.5%, 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 (5.5%) or 1-percentage-point higher (7.5 %) than the current rate:

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
Bargaining Unit Net Pension Liability	\$5,656,225	\$3,985,240	\$2,565,201
Non-Bargaining Unit Net Pension Liability	\$4,146,458	\$2,755,038	\$1,572,248

Pension Expense and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions: For the year ended December 31, 2018, the District recognized pension expense for the bargaining and non-bargaining unit of \$(1,647,191) and \$(1,858,176), respectively. At December 31, 2018, 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>		
	Bargaining	Non-Bargaining	Total	Bargaining	Non-Bargaining	Total
Difference between Expected and Actual Expense	\$ 46,738	\$ 43,955	\$ 90,693	\$ 110,633	\$ 210,381	\$ 321,014
Difference between Expected and Actual Returns	1,510,393	1,362,259	2,872,652	855,921	757,154	1,613,075
Impact of Assumption Changes	221,424	149,462	370,886	172,324	31,441	203,765
	<u>\$1,778,555</u>	<u>\$ 1,555,676</u>	<u>\$ 3,334,231</u>	<u>\$ 1,138,878</u>	<u>\$ 998,976</u>	<u>\$ 2,137,854</u>

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

Year Ending December 31:	Bargaining Unit	Non-Bargaining Unit
2019	\$ 215,895	\$ 126,606
2020	9,126	57,437
2021	73,265	65,500
2022	341,391	307,157
	<u>\$ 639,677</u>	<u>\$ 556,700</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 4 - OTHER INFORMATION - CONTINUED

Pension Plans - 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 with a District match 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.

Restatement of Net Position

In a change to accounting policy, the District decided the liability for the implicit rate subsidy for Other Postemployment Benefits (OPEB) involving health care benefits under GASB Statement 75 was not material. The plan, which allows retirees and their spouses between the ages of 62 to 65 to pay 100% of the plan premiums, only had one participant as of December 31, 2018. The effect of the change was an increase of \$160,486 in the Total Net Position for December 31, 2017 from \$223,663,092 to \$223,823,578.

Subsequent Events

On March 25, 2019, the District's Board of Trustees authorized the issuance of a \$3.5 million bond for the upgrade of the Fore River Pump Station located in Portland. This authorization adds \$1.0 million to a \$2.5 million bond authorized in 2018 by Resolution 18-016 which is listed in NOTE 4 - OTHER INFORMATION - Commitments and Contingencies. The total additional debt service approved in this action was \$1,160,250.

On March 25, 2019, the District's Board of Trustees approved a 4.4% rate increase that would generate additional revenue of \$1,052,079. The effective date of the rate change will be May 1, 2019.

On March 25, 2019, the District's Board of Trustees approved the \$277,500 purchase of a property with frontage on the District's water source (Sebago Lake) for the purpose of watershed protection.

REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2018

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

	2014	2015	2016	2017	2018
Total Pension Liability					
Service cost	\$ 168,163	\$ 195,241	\$ 169,601	\$ 168,310	\$ 160,841
Interest	784,769	918,080	958,787	955,116	966,881
Change in benefit terms	-	-	94,108	13,576	-
Difference between expected and actual experience	1,635,699	(115,154)	(154,202)	136,114	(138,333)
Changes in assumptions	-	-	(504,440)	644,838	-
Benefit payments	(507,918)	(564,678)	(584,988)	(631,191)	(699,644)
Net change in total pension liability	2,080,713	433,489	(21,134)	1,286,763	289,745
Net pension liability - beginning	11,320,226	13,400,939	13,834,428	13,813,294	15,100,057
Total pension liability - ending (a)	\$ 13,400,939	\$ 13,834,428	\$ 13,813,294	\$ 15,100,057	\$ 15,389,802
Plan fiduciary net position					
Contribution - employer	\$ 502,000	\$ 609,851	\$ 684,363	\$ 870,877	817,528
Net investment income	377,415	(73,698)	781,667	2,067,152	(889,719)
Benefit payments	(507,918)	(564,679)	(584,988)	(631,191)	(699,644)
Net change in plan fiduciary net position	371,497	(28,526)	881,042	2,306,838	(771,835)
Plan fiduciary of net position - beginning	8,645,546	9,017,043	8,988,517	9,869,559	12,176,397
Plan fiduciary of net position - ending (b)	\$ 9,017,043	\$ 8,988,517	\$ 9,869,559	\$ 12,176,397	\$ 11,404,562
Net pension liability - ending (a)-(b)	\$ 4,383,896	\$ 4,845,911	\$ 3,943,735	\$ 2,923,660	\$ 3,985,240
Plan fiduciary net position as a percentage of total pension liability	67%	65%	71%	81%	74%
Covered payroll	\$ 4,198,147	\$ 4,048,574	\$ 4,026,235	\$ 3,825,166	\$ 3,367,434
District's net pension liability as a percentage of covered-employee payroll	104%	120%	98%	76%	118%

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	2017	2018
Annual money-weighted rate of return, net of investment return	4.27%	(0.97%)	8.38%	19.98%	(7.16%)

REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED**December 31, 2018****Schedules of Changes in the District's Net Pension Liability and Related Ratios – Non-Bargaining Unit Pension Plan**

	2014	2015	2016	2017	2018
Total Pension Liability					
Service cost	\$ 205,440	\$ 229,085	\$ 214,157	\$ 196,096	\$ 192,284
Interest	672,086	802,879	849,544	852,297	803,360
Change in benefit terms	-	-	-	10,063	-
Difference between expected and actual experience	1,809,303	79,616	(29,531)	(746,340)	43,588
Changes in assumptions	-	-	(324,599)	533,290	-
Benefit payments	(587,753)	(651,317)	(621,009)	(657,627)	(710,413)
Net change in total pension liability	<u>2,099,076</u>	<u>460,263</u>	<u>88,562</u>	<u>187,779</u>	<u>328,819</u>
Net pension liability - beginning	<u>9,689,665</u>	<u>11,788,741</u>	<u>12,249,004</u>	<u>12,337,566</u>	<u>12,525,345</u>
Total pension liability - ending (a)	<u>\$ 11,788,741</u>	<u>\$ 12,249,004</u>	<u>\$ 12,337,566</u>	<u>\$ 12,525,345</u>	<u>\$ 12,854,164</u>
Plan fiduciary net position					
Contribution - employer	\$ 424,000	\$ 390,149	\$ 515,637	\$ 712,137	\$ 596,920
Net investment income	375,587	(47,726)	687,358	1,867,678	(805,757)
Benefit payments	(587,753)	(651,317)	(621,009)	(657,627)	(710,413)
Net change in plan fiduciary net position	<u>211,834</u>	<u>(308,894)</u>	<u>581,986</u>	<u>1,922,188</u>	<u>(919,250)</u>
Plan fiduciary of net position - beginning	<u>8,611,262</u>	<u>8,823,096</u>	<u>8,514,202</u>	<u>9,096,188</u>	<u>11,018,376</u>
Plan fiduciary of net position - ending (b)	<u>\$ 8,823,096</u>	<u>\$ 8,514,202</u>	<u>\$ 9,096,188</u>	<u>\$ 11,018,376</u>	<u>\$ 10,099,126</u>
Net pension liability - ending (a)-(b)	<u>\$ 2,965,645</u>	<u>\$ 3,734,802</u>	<u>\$ 3,241,378</u>	<u>\$ 1,506,969</u>	<u>\$ 2,755,038</u>
Plan fiduciary net position as a percentage of total pension liability	75%	70%	74%	88%	79%
Covered payroll	\$ 2,855,590	\$ 2,753,837	\$ 2,584,837	\$ 2,238,080	\$ 2,094,659
District's net pension liability as a percentage of covered-employee payroll	104%	136%	125%	67%	132%

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	2017	2018
Annual money-weighted rate of return, net of investment return	4.29%	(0.95%)	7.92%	19.85%	(7.26%)

REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED

December 31, 2018

Schedule of District's Contributions

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, 2018 actuarial valuation report.

Additional information from the May 1, 2018 actuarial valuation follows:

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	\$ (49,318)	\$ 4,048,574	15.1%
2016	\$ 672,450	\$ 684,363	\$ (11,913)	\$ 4,026,235	17.0%
2017	\$ 870,877	\$ 870,877	\$ -	\$ 3,825,166	22.8%
2018	\$ 817,528	\$ 817,528	\$ -	\$ 3,367,434	24.3%
Non-Bargaining Unit					
2014	\$ 405,542	\$ 424,000	\$ (18,458)	\$ 2,855,590	14.8%
2015	\$ 358,425	\$ 390,149	\$ (31,724)	\$ 2,753,837	14.2%
2016	\$ 503,724	\$ 515,637	\$ (11,913)	\$ 2,584,837	19.9%
2017	\$ 712,137	\$ 712,137	\$ -	\$ 2,238,080	31.8%
2018	\$ 596,920	\$ 596,920	\$ -	\$ 2,094,659	28.5%

	<u>Bargaining Unit</u>	<u>Non-Bargaining Unit</u>
Valuation date	May 1, 2018	May 1, 2018
Measurement date	December 31, 2018	December 31, 2018
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	6.5%	6.5%
Projected salary increases	3.0%	3.0%
Inflation rate	1.5%	1.5%
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 Adjusted to 2006 Blue Collar Mortality with Scale MP-2018	RP-2014 Adjusted to 2006 White Collar Mortality with Scale MP-2018

REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED

December 31, 2018

Schedule of Investment Returns

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

	Bargaining Unit	Non-Bargaining Unit
2018	(7.16%)	(7.26%)
2017	19.98%	19.85%
2016	8.38%	7.92%
2015	(0.97%)	(0.95%)
2014	4.27%	4.29%

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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 73 to 75

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		TOTAL NET POSITION
	assets	Unrestricted	
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
2017	\$197,712,038	\$25,951,054	\$223,663,092
2018	\$201,842,304	\$29,647,052	\$231,489,356

CHANGE IN NET POSITION

Last Ten Fiscal Years

Fiscal Year	Operating Revenue	Operating Expense	Operating Income	Non-Operating Income (Expense)	Income Before Contributions	Total Contributions	Change in Net Position
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
2017	\$42,056,624	\$38,702,741	\$3,353,883	(\$1,684,176)	\$1,669,707	\$3,222,969	\$4,892,676
2018	\$43,548,737	\$36,398,460	\$7,150,277	(\$1,418,009)	\$5,732,268	\$1,933,510	\$7,665,778

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
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
2017	\$13,966,491	\$6,879,184	\$1,344,507	\$996,063	\$18,418,704	\$451,675	\$42,056,624
2018	\$14,353,230	\$7,271,544	\$1,381,691	\$1,050,242	\$19,003,536	\$488,494	\$43,548,737

** 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	Biosolids Disposal	Materials/Supplies	Chemicals	Other Expenses*	TOTAL
2009	\$9,365,350	\$8,013,190	\$3,442,520	\$2,847,314	\$2,227,075	\$1,456,767	\$1,512,834	\$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	\$1,244,405	\$1,320,100	\$904,444	\$2,660,996	\$32,569,955
2011	\$9,268,982	\$8,286,124	\$4,293,696	\$3,089,153	\$2,348,734	\$1,237,173	\$1,389,315	\$817,722	\$2,734,892	\$33,465,791
2012	\$9,476,819	\$8,236,258	\$4,390,669	\$3,511,719	\$1,871,944	\$1,174,262	\$1,508,787	\$980,640	\$2,580,148	\$33,731,246
2013	\$9,580,869	\$8,400,409	\$4,625,209	\$3,425,181	\$1,879,630	\$1,351,703	\$1,587,846	\$967,730	\$2,482,707	\$34,301,284
2014	\$9,699,724	\$8,713,697	\$4,662,451	\$3,491,349	\$1,699,980	\$1,462,622	\$1,599,296	\$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	\$1,518,633	\$1,607,479	\$991,814	\$2,726,087	\$35,169,923
2016	\$10,114,266	\$9,075,357	\$5,907,182	\$4,376,286	\$1,728,375	\$1,518,719	\$1,855,522	\$1,029,538	\$2,310,179	\$37,915,424
2017	\$10,423,555	\$9,494,234	\$5,825,409	\$4,268,301	\$1,836,535	\$1,862,526	\$1,616,529	\$1,016,025	\$2,359,627	\$38,702,741
2018	\$10,785,763	\$9,735,663	\$1,892,052	\$4,464,667	\$1,950,747	\$1,790,923	\$1,708,254	\$1,012,613	\$3,057,778	\$36,398,460

* Other Expenses include transportation, heat/fuel oil, telephone and other utilities, insurance, and regulatory costs.

NON-OPERATING REVENUES (EXPENSES)

Last Ten Fiscal Years

Fiscal Year	Interest Income	Miscellaneous Income*	Gain on Sale of Operating Property	Interest & Amortization Expense	TOTAL
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)
2017	\$275,377	\$257,526	(\$132,339)	(\$2,084,740)	(\$1,684,176)
2018	\$635,638	\$278,197	(\$206,947)	(\$2,124,897)	(\$1,418,009)

* Miscellaneous Income includes jobbing revenue and grant monies.

ANNUAL CONTRIBUTIONS BY SOURCE

Last Ten Fiscal Years

Fiscal Year	Water Distribution		Water		Other	Wastewater	TOTAL
	Mains	Services	Hydrants	Meters	Water	Equipment	
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
2017	\$1,392,413	\$305,329	\$90,204	\$257,259	\$21,000	\$1,156,764	\$3,222,969
2018	\$1,207,854	\$176,992	\$121,873	\$214,998	\$221,257	(\$9,464)	\$1,933,510

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	Unaccounted for Water
2009	7,430,388	6,338,800	1,091,588	14.7%	10.7%
2010	8,022,997	6,777,344	1,245,653	15.5%	11.1%
2011	7,673,583	6,465,814	1,207,769	15.7%	11.0%
2012	7,950,235	6,481,135	1,469,100	18.5%	14.5%
2013	7,954,573	6,417,923	1,536,650	19.3%	10.2%
2014	7,890,697	6,308,749	1,581,948	20.0%	14.2%
2015	7,698,285	6,402,335	1,295,950	16.8%	14.8%
2016	8,044,650	6,594,427	1,450,223	18.0%	14.2%
2017	7,914,329	6,348,462	1,565,867	19.8%	15.0%
2018	7,539,164	6,361,346	1,177,818	15.6%	13.6%

Note: Gallons are presented in thousands.

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

Debt Capacity - Page 75

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 Revenue Bonds	Notes Payable	Total Outstanding Debt	Debt Per Capita	Debt % of Personal Income
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	\$399	1.0%
2017	\$86,007,583	\$145,640	\$86,153,223	\$405	0.9%
2018	\$91,605,693	\$132,400	\$91,738,093	n/a	n/a

Revenue Capacity - Pages 76 - 80

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 (2018) & Ten Years Ago (2009)			
Ten Years Ago (2009):			
Customer Name	Customer Location	Consumption HCF*	Water Revenue
Calpine	Wesbrook	758,546	\$592,027
National Semiconductor [1]	So. Portland	291,042	\$250,129
Sappi Fine Paper	Westbrook	165,967	\$187,414
Fairchild Semiconductor [2]	So. Portland	159,199	\$132,206
Ecomaine	Portland	117,108	\$95,164
Yarmouth Water District	Yarmouth	115,805	\$122,578
B&G Foods	Portland	110,788	\$85,168
Maine Medical Center	Portland	74,895	\$163,436
Portland Housing Authority	Portland	70,167	\$162,313
Barber Foods	Portland	<u>63,461</u>	<u>\$67,886</u>
		1,926,978	\$1,858,320
TOTAL SALES		8,474,332	\$18,742,595
PERCENT OF TOTAL SALES		22.7%	9.9%
Current Year (2018):			
Customer Name	Customer Location	Consumption HCF*	Water Revenue
Calpine	Wesbrook	513,373	\$518,991
Sappi Fine Paper	Westbrook	294,920	\$369,625
Texas Instruments	So. Portland	294,283	\$303,683
Yarmouth Water District	Yarmouth	157,140	\$189,139
ON Semiconductor	So. Portland	150,135	\$161,085
Ecomaine	Portland	111,403	\$118,373
Maine Medical Center	Portland	109,613	\$200,880
B&G Foods	Portland	76,535	\$85,100
Portland Housing Authority	Portland	51,197	\$126,516
Oakhurst Dairy	Portland	<u>49,535</u>	<u>\$70,335</u>
		1,808,134	\$2,143,726
TOTAL SALES		8,504,473	\$24,056,707
PERCENT OF TOTAL SALES		21.3%	8.9%

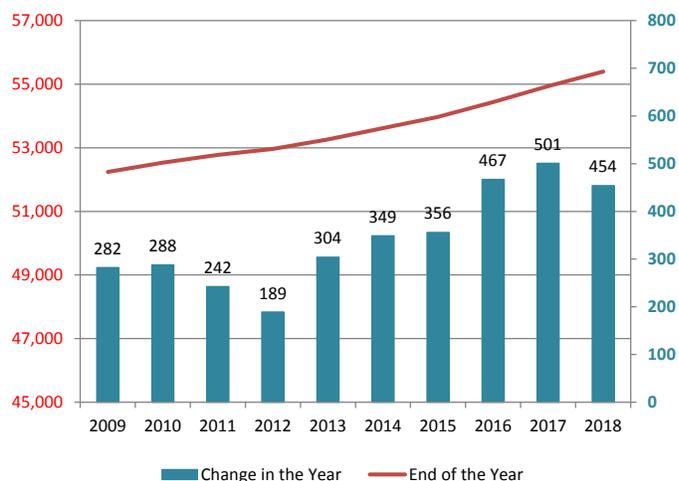
* = Hundreds of Cubic Feet

[1] = Texas Instruments acquired National Semiconductor in 2011

[2] = ON Semiconductor acquired Fairchild Semiconductor in 2016

CUSTOMER GROWTH

Metered & Private Fire Customers				
Fiscal Year	Beginning Number	Ending Number	Net Increase	Pecent Increase
2009	51,961	52,243	282	0.5%
2010	52,243	52,531	288	0.6%
2011	52,531	52,773	242	0.5%
2012	52,773	52,962	189	0.4%
2013	52,962	53,266	304	0.6%
2014	53,266	53,615	349	0.7%
2015	53,615	53,971	356	0.7%
2016	53,971	54,438	467	0.9%
2017	54,438	54,939	501	0.9%
2018	54,939	55,393	454	0.8%



NUMBER OF WATER CUSTOMERS BY TYPE

Last Ten Fiscal Years

Fiscal Year	Metered Customers						TOTAL
	Residential	Commerical	Industrial	Public Authorities	Total Metered	Private Fire	
2009	46,101	3,499	87	492	50,179	2,064	52,243
2010	46,327	3,522	86	502	50,437	2,094	52,531
2011	46,525	3,543	93	507	50,668	2,105	52,773
2012	46,680	3,553	94	508	50,835	2,127	52,962
2013	46,925	3,572	95	509	51,101	2,165	53,266
2014	47,241	3,573	95	513	51,422	2,193	53,615
2015	47,566	3,580	94	506	51,746	2,225	53,971
2016	47,912	3,653	98	507	52,170	2,268	54,438
2017	48,257	3,750	100	513	52,620	2,319	54,939
2018	48,602	3,800	95	505	53,002	2,391	55,393

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:

- | | |
|------------------------|------------------------|
| - 01/01/08 to 12/31/08 | - 05/01/14 to 04/30/15 |
| - 01/01/09 to 04/30/10 | - 05/01/15 to 04/30/16 |
| - 05/01/10 to 04/30/11 | - 05/01/16 to 04/30/17 |
| - 05/01/11 to 04/30/13 | - 05/01/17 to 04/30/18 |
| - 05/01/13 to 04/30/14 | - 05/01/18 to 12/31/18 |

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 01/01/09 to 04/30/10		Effective 05/01/10 to 04/30/11		Effective 05/01/11 to 04/30/13	
	Member Rate	Non-member Rate	Member Rate	Non-member Rate	Member Rate	Non-member Rate
Private Fire						
2	36.06	41.47	37.32	42.92	38.07	43.78
3	80.65	92.74	83.47	95.99	85.14	97.91
4	144.00	165.60	149.04	171.40	152.02	174.83
6	343.97	395.56	356.01	409.40	363.13	417.59
8	576.02	662.41	596.18	685.59	608.10	699.30
10	900.09	1,035.11	931.59	1,071.34	950.22	1,092.77
12	1,296.05	1,490.45	1,341.41	1,542.62	1,368.24	1,573.47
16	2,304.07	2,649.69	2,384.71	2,742.43	2,432.40	2,797.28
General Water						
Minimum Monthly Charges						
5/8	7.75	8.91	8.01	9.21	8.15	9.37
3/4	9.13	10.49	9.44	10.85	9.60	11.03
1	11.87	13.65	12.27	14.11	12.48	14.35
1 1/2	18.74	21.55	19.49	22.41	19.99	22.98
2	26.99	31.03	28.07	32.27	28.79	33.09
3	48.97	56.31	50.93	58.56	52.23	60.05
4	73.70	84.75	76.65	88.14	78.60	90.39
6	142.39	163.75	148.09	170.30	151.87	174.64
8	224.83	258.55	233.82	268.89	239.78	275.75
10	325.53	374.36	338.55	389.33	347.18	399.26
12	430.91	495.55	448.15	515.37	459.58	528.51
Low Income	1.95	2.24	2.02	2.32	2.05	2.36
Seasonal Water *1						
Minimum Seasonal Charges						
5/8	191.77	220.53	198.48	228.25	202.45	232.82
3/4	244.33	280.97	252.88	290.80	257.94	296.62
1	296.89	341.42	307.28	353.37	313.43	360.44
1 1/2	472.09	542.90	488.61	561.90	498.38	573.14
2	682.33	784.68	706.21	812.14	720.33	828.38
3	1,242.98	1,429.43	1,286.48	1,479.46	1,312.21	1,509.05
4	1,873.71	2,154.77	1,939.29	2,230.19	1,978.08	2,274.79
6	3,625.74	4,169.60	3,752.64	4,315.54	3,827.69	4,401.85
8	5,728.18	6,587.41	5,928.67	6,817.97	6,047.24	6,954.33
10	11,334.68	13,034.88	11,731.74	13,491.10	11,966.02	13,760.92
12	17,641.98	20,288.28	18,259.45	20,998.37	18,624.64	21,418.34
Volume Charges						
Four Blocks (Step 5)						
Monthly						
First 100 Cf	minimum	minimum	minimum	minimum	minimum	minimum
Next 2,900 Cf	1.95	2.24	2.02	2.32	2.05	2.36
Next 7,000 Cf	1.53	1.76	1.59	1.83	1.63	1.88
Next 40,000 Cf	1.34	1.55	1.39	1.61	1.43	1.65
Over 50,000 Cf	0.77	0.89	0.80	0.92	0.82	0.94
Seasonal						
Over Min to 90,000 Cf	1.95	2.24	2.02	2.32	2.06	2.37
Over 90,000 Cf	1.34	1.55	1.39	1.60	1.42	1.63
Seasonal Surcharge *1						
Surface Main Surcharge	34.00	39.10	35.19	40.47	35.89	41.28

*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 05/01/13 to 04/30/14		Effective 05/01/14 to 04/30/15		Effective 05/01/15 to 04/30/16	
	Member Rate	Non-member Rate	Member Rate	Non-member Rate	Member Rate	Non-member Rate
Private Fire						
2	38.64	44.40	39.84	45.72	41.40	47.52
3	86.40	99.36	89.40	102.36	92.40	106.20
4	154.32	177.48	158.88	182.76	164.88	189.72
6	368.64	423.84	379.80	436.68	394.20	453.24
8	617.28	709.80	635.88	731.04	660.00	758.88
10	964.44	1,109.16	993.36	1,143.00	1,031.16	1,186.44
12	1,388.76	1,597.08	1,430.40	1,645.08	1,484.76	1,707.60
16	2,468.88	2,839.20	2,542.92	2,924.40	2,639.52	3,035.52
General Water						
Minimum Monthly Charges						
5/8	8.25	9.48	8.46	9.73	8.74	10.05
3/4	9.72	11.16	9.97	11.45	10.30	11.83
1	12.63	14.52	12.93	14.90	13.36	15.39
1 1/2	20.35	23.40	21.14	24.31	22.19	25.51
2	29.31	33.69	30.45	35.00	31.96	36.73
3	53.18	61.14	55.25	63.52	57.98	66.66
4	80.03	92.04	83.15	95.63	87.27	100.36
6	154.64	177.82	160.67	184.75	168.62	193.90
8	244.15	280.78	253.67	291.73	266.23	306.17
10	353.51	406.54	367.30	422.40	385.48	443.31
12	467.96	538.14	486.21	559.13	510.28	586.81
Low Income	2.07	2.39	2.12	2.45	2.19	2.53
Seasonal Water						
Minimum Seasonal Charges						
5/8	205.49	236.31	211.65	243.40	219.69	252.65
3/4	261.81	301.07	269.66	310.10	279.91	321.88
1	318.13	365.85	327.67	376.83	340.12	391.15
1 1/2	505.86	581.74	521.04	599.19	540.84	621.96
2	731.13	840.81	753.06	866.03	781.68	898.94
3	1,331.89	1,531.69	1,371.85	1,577.64	1,423.98	1,637.59
4	2,007.75	2,308.91	2,067.98	2,378.18	2,146.56	2,468.55
6	3,885.11	4,467.88	4,001.66	4,601.92	4,153.72	4,776.79
8	6,137.95	7,058.64	6,322.09	7,270.40	6,562.33	7,546.68
10	12,145.51	13,967.33	12,509.88	14,386.35	12,985.26	14,933.03
12	18,904.01	21,739.62	19,508.65	22,434.96	20,249.98	23,287.49
Volume Charges						
Four Blocks (Step 5)						
Monthly						
First 100 Cf	minimum	minimum	minimum	minimum	minimum	minimum
Next 2,900 Cf	2.07	2.39	2.12	2.45	2.19	2.53
Next 7,000 Cf	1.66	1.91	1.72	1.98	1.81	2.08
Next 40,000 Cf	1.46	1.68	1.52	1.75	1.60	1.84
Over 50,000 Cf	0.83	0.96	0.86	1.00	0.90	1.05
Seasonal						
Over Min to 90,000 Cf	2.07	2.39	2.12	2.45	2.19	2.45
Over 90,000 Cf	1.46	1.68	1.52	1.75	1.58	1.75
Seasonal Surcharge *1						
Surface Main Surcharge	36.43	41.90	37.52	43.16	38.95	44.80

*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 05/01/16 to 04/30/17		Effective 05/01/17 to 04/30/17		Effective 05/01/18 to 12/31/18	
	Member Rate	Non-member Rate	Member Rate	Non-member Rate	Member Rate	Non-member Rate
Private Fire						
2	42.84	49.20	43.32	49.68	45.00	51.60
3	95.88	110.16	96.84	111.36	100.44	115.44
4	171.12	196.80	172.80	198.72	179.28	206.16
6	408.96	470.16	413.04	474.84	428.52	492.72
8	684.36	787.08	691.56	795.00	717.48	824.76
10	1,069.56	1,230.72	1,080.24	1,242.96	1,120.80	1,289.64
12	1,540.20	1,771.32	1,555.56	1,788.96	1,613.88	1,856.04
16	2,738.04	3,148.80	2,765.40	3,180.24	2,869.08	3,299.52
General Water						
Minimum Monthly Charges						
5/8	9.03	10.38	9.11	10.47	9.40	10.81
3/4	10.64	12.22	10.74	12.33	11.08	12.72
1	13.80	15.90	13.92	16.04	14.37	16.55
1 1/2	23.29	26.77	23.60	27.13	24.73	28.43
2	33.54	38.55	33.99	39.07	35.62	40.95
3	60.85	69.96	61.67	70.90	64.63	74.30
4	91.59	105.33	92.83	106.75	97.29	111.87
6	176.97	203.50	179.36	206.25	187.97	216.15
8	279.41	321.33	283.18	325.67	296.77	341.30
10	404.56	465.25	410.02	471.53	429.70	494.16
12	535.54	615.86	542.77	624.17	568.82	654.13
Low Income	2.26	2.61	2.28	2.63	2.36	2.77
Seasonal Water						
Minimum Seasonal Charges						
5/8	227.88	262.07	216.90	249.44	225.03	258.79
3/4	290.35	333.89	293.25	337.33	304.25	349.88
1	352.81	405.74	356.34	409.80	369.70	425.17
1 1/2	561.01	645.16	566.62	651.61	587.87	676.05
2	810.84	932.47	818.95	941.79	849.66	977.11
3	1,477.09	1,698.67	1,491.86	1,715.66	1,547.80	1,780.00
4	2,226.63	2,560.63	2,248.90	2,586.24	2,333.23	2,683.22
6	4,308.65	4,954.96	4,351.74	5,004.51	4,514.93	5,192.18
8	6,807.10	7,828.17	6,875.17	7,906.45	7,132.99	8,202.94
10	13,469.61	15,490.03	13,604.31	15,644.93	14,114.47	16,231.61
12	21,005.30	24,156.11	21,215.35	24,397.67	22,010.92	25,312.58
Volume Charges						
Four Blocks (Step 5)						
Monthly						
First 100 Cf	minimum	minimum	minimum	minimum	minimum	minimum
Next 2,900 Cf	2.26	2.61	2.28	2.63	2.35	2.71
Next 7,000 Cf	1.90	2.18	1.93	2.21	2.02	2.33
Next 40,000 Cf	1.68	1.93	1.70	1.96	1.78	2.04
Over 50,000 Cf	0.94	1.10	0.95	1.11	1.00	1.15
Seasonal						
Over Min to 90,000 Cf	2.26	2.61	2.28	2.63	2.35	2.71
Over 90,000 Cf	1.64	1.89	1.66	1.91	1.78	2.04
Seasonal Surcharge *1						
Surface Main Surcharge	40.40	46.47	40.80	46.93	42.33	48.69

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

Operating Information - Page 81 to 82

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										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Services	55,942	56,089	56,256	56,389	56,252	53,643	54,022	54,370	54,912	55,245
Meters	50,125	50,381	50,614	51,818	52,275	53,071	53,958	53,132	53,589	53,859
Hydrants	4,870	4,896	4,912	4,954	4,985	5,003	5,048	5,079	5,085	5,123
Gate Valves	10,614	11,140	11,187	11,270	11,294	11,458	11,542	11,671	11,821	11,971
Distribution Mains (miles)	954.9	957.9	958.6	961.7	945.3	947.2	949.6	952.5	958.7	961.3
Transmission Mains (miles)	41.4	41.4	41.4	41.4	41.4	40.7	40.7	41.1	41.1	41.1

Wastewater Assets										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Interceptors (miles)	46.9	46.9	46.9	46.9	48.1	48.1	45.3	45.3	43.1	43.1
Foremains (miles)	21.4	21.8	21.9	21.9	22.3	22.5	25.6	25.6	30.6	30.6
Collectors (miles)	24.9	25.3	25.3	25.7	25.7	26.1	34.4	34.4	41.1	41.3
Storm Drains (miles)	1.7	1.7	1.7	1.7	1.7	1.8	1.9	1.9	1.9	1.9
Manholes	2,384	2,342	2,348	2,387	2,436	2,442	2,523	2,523	2,609	2,616
Combined Sewer Overflows	28	28	28	28	28	28	28	28	28	28

Wastewater Flow Treated*										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
East End (Portland)	17.30	18.15	18.04	18.00	17.22	18.92	16.38	16.41	17.55	17.55
Westbrook/Gorham	3.74	3.29	3.52	3.13	3.01	3.25	2.54	2.47	3.04	3.31
Cape Elizabeth	0.33	0.28	0.30	0.28	0.26	0.30	0.23	0.24	0.27	0.28
Peaks Island (Portland)	0.11	0.09	0.10	0.09	0.09	0.10	0.09	0.09	0.10	0.11

* Daily average in millions of gallons

Wastewater Biosolids Disposal**										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
East End (Portland)	51.33	45.20	43.54	38.66	45.17	48.18	50.28	47.37	63.20	58.25
Westbrook/Gorham	11.61	10.67	11.80	12.38	12.96	13.96	14.23	15.99	14.39	15.09
Cape Elizabeth	0.65	0.57	0.59	0.48	0.60	0.59	0.66	0.71	1.30	0.75
Peaks Island (Portland)	0.03	0.07	0.12	0.12	0.12	0.12	0.13	0.15	0.19	0.12

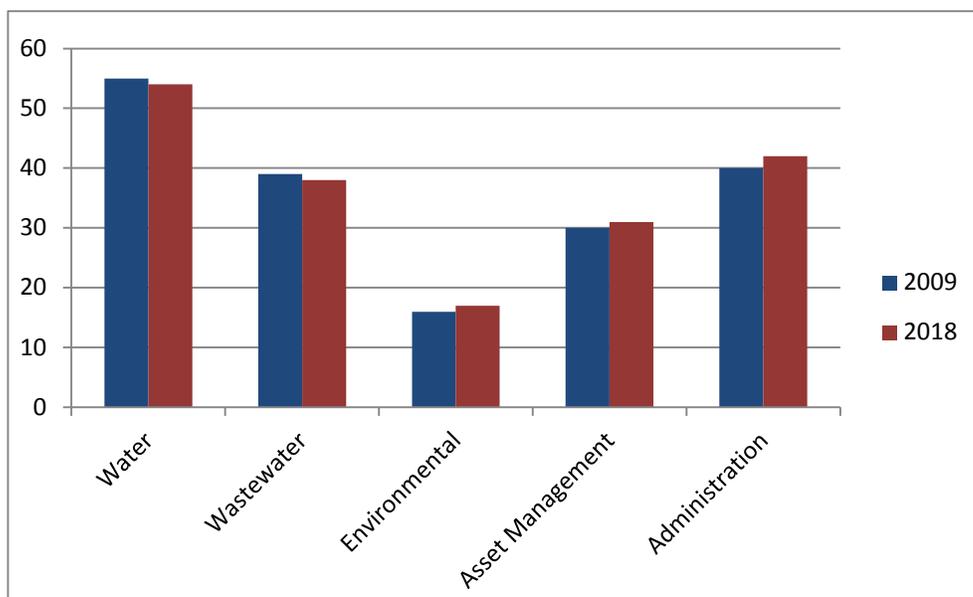
** Daily average in wet tons

NUMBER OF EMPLOYEES BY ACTIVITY - Actual Approved Full Time Headcount

Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Water Operations:										
Water Distribution	25	25	25	24	24	23	22	22	22	22
Water Utility Services	15	13	13	13	13	14	15	15	15	16
Water Treatment	11	11	11	11	11	11	11	11	11	11
Administrative/Other	4	4	4	5	5	5	5	5	5	5
	55	53	53	53	53	53	53	53	53	54
Wastewater Operations:										
Wastewater Treatment	26	26	26	25	24	25	25	24	25	23
Water/Wastewater Systems	12	12	12	12	13	13	13	13	13	13
Administrative/Other	1	1	1	2	2	1	1	1	1	2
	39	39	39	39	39	39	39	38	39	38
Environmental Services:										
Environmental Services	8	8	8	8	8	8	8	9	9	9
Laboratory	8	8	7	7	7	7	7	7	7	8
	16	16	15	15	15	15	15	16	16	17
Asset Management & Planning:										
Planning & Design	15	16	17	17	17	17	17	17	16	18
Facilities Services	12	11	10	10	10	10	10	10	10	10
Instrumentation	3	3	3	3	3	3	3	3	4	3
	30	30	30	30	30	30	30	30	30	31
Administration:										
Customer Service	14	14	14	14	14	14	14	14	13	14
Executive Office	7	8	9	9	8	8	8	9	9	10
Financial Services	9	8	8	8	9	9	9	8	8	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
	40	40	41	41	41	41	41	41	40	42
	180	178	178	178	178	178	178	178	178	182

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



Demographic and Economic Information - Page 83

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
2009	199,279	\$6,950,973,595	\$24,815	6.5%
2010	202,712	\$7,049,674,200	\$25,028	6.0%
2011	202,751	\$7,275,762,709	\$25,626	5.3%
2012	202,930	\$7,469,552,460	\$26,309	5.5%
2013	203,338	\$7,673,493,274	\$26,882	4.6%
2014	207,103	\$7,966,090,650	\$27,680	3.8%
2015	208,449	\$8,346,665,460	\$28,784	2.8%
2016	210,072	\$8,730,810,106	\$29,896	2.6%
2017	212,828	\$9,175,965,847	\$31,371	1.9%
2018	n/a	n/a	n/a	2.5%

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.

PRINCIPAL EMPLOYERS

Current Year

Ten Largest Employers*

Employer Name	Employees	Business Description
Maine Health	10,501 to 11,000	General Medical & Surgical Hospitals
Unum Provident	2,501 to 3,000	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
Idexx Laboratories	1,501 to 2,000	Pharmaceutical Preparation Manufacturing
Wal Mart/Sam's Club	1,501 to 2,000	Discount Department Stores
TD Bank NA	1,501 to 2,000	Commercial Banking
WEX LLC	501 to 1,000	Financial Transaction Processing
Shaw's Supermarkets	501 to 1,000	Supermarkets & Other Grocery Stores
Martin's Point Health	501 to 1,000	Outpatient Care Services

* 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.

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

Note: Prior data was not available

Other Information - Pages 84 to 98

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	Other Revenue	TOTAL
2009 (a)	\$11,380,763	\$3,186,785	\$1,439,469	\$720,772	\$1,124,781	\$767,447	\$122,578	\$98,551	\$18,841,146
2010 (b)	\$12,162,204	\$3,435,999	\$1,646,460	\$745,569	\$1,151,027	\$789,395	\$138,473	\$104,687	\$20,173,814
2011 (c)	\$12,170,613	\$3,424,326	\$1,650,656	\$734,420	\$1,178,853	\$820,766	\$146,389	\$106,976	\$20,232,999
2012	\$12,163,820	\$3,470,397	\$1,736,216	\$688,760	\$1,187,433	\$832,535	\$141,273	\$125,348	\$20,345,782
2013 (d)	\$12,190,428	\$3,466,827	\$1,668,340	\$657,014	\$1,198,678	\$843,912	\$168,032	\$108,416	\$20,301,647
2014 (e)	\$12,385,913	\$3,552,801	\$1,690,206	\$740,640	\$1,227,986	\$876,736	\$165,927	\$98,749	\$20,738,958
2015 (f)	\$13,106,427	\$3,824,946	\$1,630,601	\$750,107	\$1,270,959	\$915,884	\$195,733	\$94,201	\$21,788,858
2016 (g)	\$13,955,172	\$4,221,468	\$1,749,763	\$834,010	\$1,318,921	\$964,617	\$176,709	\$81,227	\$23,301,887
2017 (h)	\$13,886,799	\$4,292,372	\$1,583,041	\$841,069	\$1,344,507	\$996,063	\$162,703	\$79,691	\$23,186,245
2018 (i)	\$14,353,230	\$4,427,787	\$1,679,774	\$837,927	\$1,381,691	\$1,050,242	\$189,139	\$136,917	\$24,056,707

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

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

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

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

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

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

(g) - Effective May 2016 metered water rates, public and private fire rates were increased an average of 3.7%.

(h) - Effective May 2017 metered water rates, public and private fire rates were increased an average of 1.0%.

(i) - Effective May 2018 metered water rates increased an average of 3.8%, public and private fire rates increased an average of 3.75%.

WASTEWATER ASSESSMENTS (AMOUNTS EXPRESSED IN THOUSANDS OF DOLLARS)

YEAR	Cape Elizabeth	Cumberland	Falmouth (a)	Gorham	Portland	Westbrook	Windham	TOTAL
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
2017	\$1,468,692	\$844,584	\$263,604	\$1,106,148	\$11,841,972	\$2,533,176	\$360,528	\$18,418,704
2018	\$1,539,840	\$905,364	\$310,056	\$1,106,148	\$12,248,424	\$2,533,176	\$360,528	\$19,003,536

(a) = Falmouth assessment increased in 2017 due to support of debt service relating to the upgrade of the Mill Creek Wastewater Pump Station.

Water Statistics

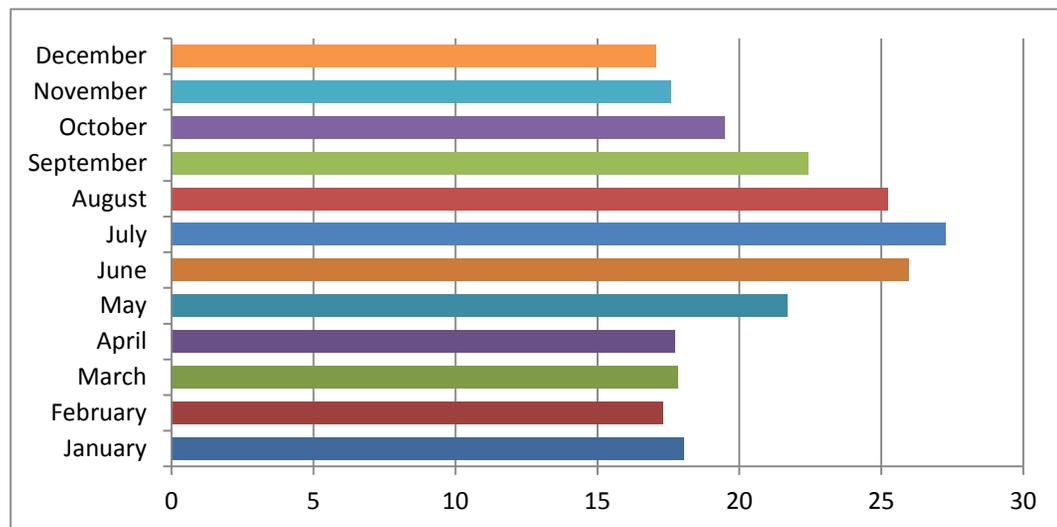
2018 WATER PRODUCTION (AVERAGE MILLION GALLONS PER DAY)

MONTH	Sebago Lake Surface Water	Steep Falls Wells	TOTAL SYSTEM	Gorham Boosted	N. Windham Boosted	Prides Corner Boosted	Standish Boosted	Winn Rd. Boosted	Wards Hill Boosted
January	18.010	0.035	18.045	0.491	0.475	0.650	0.103	0.364	
February	17.277	0.034	17.311	0.487	0.449	0.634	0.106	0.341	
March	17.777	0.040	17.817	0.476	0.404	0.627	0.110	0.359	
April	17.679	0.041	17.719	0.483	0.431	0.648	0.100	0.344	
May	21.642	0.050	21.691	0.636	0.544	0.752	0.128	0.556	
June	25.918	0.053	25.971	0.752	0.666	0.878	0.154	0.805	
July	27.206	0.051	27.256	0.652	0.661	0.837	0.163	0.790	
August	25.199	0.040	25.238	0.492	0.575	0.735	0.144	0.611	0.729
September	22.390	0.034	22.424	0.003	0.564	0.720	0.132	0.584	0.628
October	19.435	0.038	19.473	0.001	0.498	0.632	0.099	0.415	0.509
November	17.522	0.050	17.572	0.001	0.431	0.597	0.087	0.396	0.466
December	17.021	0.035	17.056	0.002	0.525	0.613	0.083	0.413	0.490
Averages	20.589	0.042	20.631	0.373	0.519	0.694	0.117	0.498	0.564

2018 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	Wards Hill Boosted
	7,523,951	15,213	7,539,164	136,064	189,453	253,283	42,753	182,151	66,698

2018 WATER PRODUCTION BY MONTH (MILLIONS OF GALLONS PER DAY, MGD)



HISTORICAL SOURCE WATER PRODUCTION (MILLION GALLONS PER DAY)

YEAR	Source Water									Boosted Water							Percentage	
	Sebago Lake		Cumberland Wells	N. Windham Wells	Steep Falls Wells	TOTAL	Metered	Difference	Gorham Village	North Windham	Prides Corner	Standish	West Falmouth	Wards Hill	Total Boosted	Booster to Total		
	Greater Portland System	Sebago Lake Standish System																
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	0.462	0.475	0.664	0.180	0.559		2.343	10.67%		
2017	21.635	0.000	0.000	0.000	0.038	21.673	17.393	4.280	0.537	0.627	0.619	0.119	0.514		2.416	11.15%		
2018	20.589	0.000	0.000	0.000	0.042	20.631	17.428	3.203	0.373	0.519	0.694	0.117	0.498	0.564	2.765	13.40%		

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

2018 WATER SERVICES SUMMARY

COMMUNITY	# of Services	# of Meters	# of Hydrants	# of Gate Valves	Distribution Mains (miles)
Cape Elizabeth	3,645	3,682	328	762	71.3
Cumberland	1,919	1,901	281	461	51.2
Falmouth	3,466	3,314	395	755	82.7
Gorham	2,956	2,833	323	795	62.1
Portland	18,845	18,300	1465	4,027	250.1
Raymond	45	44	25	17	2.7
Scarborough	5,412	5,372	666	1,220	115.7
South Portland	8,638	8,268	579	1,697	122.5
Standish	795	775	148	226	26.8
Westbrook	6,062	5,799	568	1,242	89.3
Windham	3,462	3,529	345	769	86.8
TOTAL	55,245	53,859	5,123	11,971	961.3

2018 NUMBER OF WATER SERVICES BY TYPE

COMMUNITY	Surface	Brass	Copper	Plastic	Galvanized	Ductile Iron	Cement Lined	TOTAL
Cape Elizabeth	122	1	3,376	104	4	23	15	3,645
Cumberland	24	5	1,774	60	1	49	6	1,919
Falmouth	68	2	3,222	66	3	89	16	3,466
Gorham	29	0	2,708	91	4	111	13	2,956
Portland	1,356	8	16,009	345	21	763	343	18,845
Raymond	0	0	40	0	0	5	0	45
Scarborough	176	0	4,673	267	4	279	13	5,412
South Portland	374	1	7,609	192	14	324	124	8,638
Standish	21	0	743	17	0	9	5	795
Westbrook	224	0	5,438	131	1	251	17	6,062
Windham	50	0	3,057	258	0	88	9	3,462
TOTAL	2,444	17	48,649	1,531	52	1,991	561	55,245

WATER QUALITY ANALYSIS

(AS TESTED ON APRIL 10, 2017, UNLESS OTHERWISE NOTED)

Compound	Units	Greater Portland Untreated	Greater Portland Treated	Greater Portland Distribution ¹	Steep Falls Untreated	Steep Falls Treated	MCL ² (for comparison only)
Physical							
Color	SU	<5	<5	<5	5	5	15
Conductivity	µS	58.6	74.0	74.8	249.2	236.7	**
Total Residue	mg/L	48	43	40	132	84	500
Turbidity	NTU	0.25	0.20	0.20 ³	0.13	0.13	1
Inorganic Non-metals							
Residual chlorine ⁴	mg/L	NA	2.11	1.60	NA	1.18	4
Alkalinity (as CaCO ₃)	mg/L	5.2	9.4	9.0	11.5	18.9	**
Carbon dioxide	mg/L	1.7	0.4	0.1	9.7	1.0	**
Ammonia – N	mg/L	<0.01	0.53	0.53	<0.01	<0.01	**
Nitrite – N	mg/L	0.004	0.004	0.004	<0.002	0.003	1
Nitrate – N	mg/L	<0.23	<0.23	<0.23	1.68	1.43	10
Chloride	mg/L	8.2	10	10	50	49	250
Dissolved Oxygen	mg/L	13	21	14	7.4	12	**
Fluoride	mg/L	0.07	0.68	0.65	0.10	0.75	4
Hardness (as CaCO ₃)	mg/L	8.9	10.3	9.5	25.1	24.2	150
pH ⁴	SU	6.4	8.4	7.8	6.7	7.6	8.5
Silica	mg/L	4.0	4.1	3.5	9.6	10.6	**
Phosphorus	mg/L	0.01	0.38	0.38	0.03	0.03	**
Sulfate ⁵	mg/L	NA	3	NA	NA	<1	250
Inorganic Metals							
Arsenic	mg/L	<0.0030	0.0043	<0.0030	0.0149	<0.0030	0.05
Barium	mg/L	0.0035	0.0046	0.0037	0.0070	0.0073	2
Cadmium	mg/L	<0.00065	<0.00065	<0.00065	<0.00065	<0.00065	0.005
Calcium	mg/L	2.66	3.06	2.88	7.16	6.87	**
Chromium	mg/L	<0.0032	<0.0032	<0.0032	<0.0032	<0.0032	0.1
Copper ⁶	mg/L	<0.0047	<0.0047	0.0062	0.118	0.0104	1.3
Iron ⁶	mg/L	<0.058	0.32	<0.058	<0.058	0.129	0.3
Lead ⁶	mg/L	<0.0042	0.0048	0.0066	<0.0042	<0.0042	0.015
Magnesium	mg/L	0.540	0.648	0.555	1.75	1.71	**
Manganese ⁵	mg/L	NA	<0.005	NA	NA	<0.005	0.05
Mercury ⁵	mg/L	NA	<0.0001	NA	NA	<0.0001	0.002
Nickel	mg/L	<0.0034	0.0080	<0.0034	<0.0034	<0.0034	0.1
Potassium	mg/L	0.443	0.518	0.464	1.94	1.7	**
Selenium ⁵	mg/L	NA	<0.001	NA	NA	<0.001	0.05
Silver	mg/L	<0.0005	<0.0005	<0.0005	<0.0005	<0.0005	0.05
Sodium	mg/L	4.87	9.38	8.73	31.4	31.5	100
Zinc	mg/L	0.0076	0.130	0.116	0.0248	0.0373	5
Aggregate Organic							
Carbon, total organic	mg/L	2.6	2.6	2.5	<1.0	<1.0	**
Pesticide/Herbicide⁷							
	µg/L	NA	ND	NA	NA	ND	**
Asbestos⁸							
(million fibers/L)	10 ⁶ /L	NA	<0.12	NA	NA	NA	7
Radionuclides⁹							
Gross alpha	pCi/L	NA	2.5	NA	NA	5.0	15

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.

WATER QUALITY ANALYSIS - SUPPLEMENTAL INFORMATION

COMPOUND	MCL ² (MG/L)	GREATER PORTLAND	STEEP FALLS
VOLATILE ORGANICS (EPA 524.2) Collected in June 2017 (Greater Portland and 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	<0.0005	<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 ¹⁰	STWV ¹⁰	STWV ¹⁰
ETHYLENE DIBROMIDE	STWV ¹⁰	STWV ¹⁰	STWV ¹⁰
SYNTHETIC ORGANIC-PESTICIDES (EPA 525.2)			
Collected in June 2017 (Greater Portland) and September 2017 (Greater Portland and Steep Falls)			
ATRAZINE	0.003	<0.001	<0.001
ALACHLOR (LASSO)	0.002	<0.001	<0.001
BENZO(A)PYRENE	0.0002	<0.0002	<0.0002
BHC GAMMA (LINDANE)	0.0002	<0.0002	<0.0002
BIS (2-ETHYLHEXYL) ADIPATE	0.4	<0.001	<0.001
BIS (2-ETHYLHEXYL) PHTHALATE	0.001	<0.001	<0.001
ENDRIN	0.002	<0.001	<0.001
HEPTACHLOR	0.0004	<0.0004	<0.0004
HEPTACHLOR EPOXIDE	0.0002	<0.0002	<0.0002
HEXACHLOROBENZENE	0.001	<0.001	<0.001
HEXACHLOROCYCLOPENTADIENE	0.05	<0.001	<0.001
METHOXYCHLOR	0.04	<0.001	<0.001
SIMAZINE	0.004	<0.001	<0.001
PESTICIDES/PCB'S (EPA 508.1)			
Collected in June 2017 (Greater Portland) and September 2017 (Greater Portland and Steep Falls)			
CHLORDANE	0.002	<0.0005	<0.0005
POLYCHLORINATED BIPHENYLS, TOTAL	0.0005	<0.0005	<0.0005
TOXAPHENE	0.003	<0.002	<0.002
CARBAMATES (EPA 531.1)			
Collected in June 2017 (Greater Portland) and September 2017 (Greater Portland and Steep Falls).			
ALDICARB	NO MCL	<0.0005	<0.0005
ALDICARB SULFONE	NO MCL	<0.0005	<0.0005
ALDICARB SULFOXIDE	NO MCL	<0.0005	<0.0005
CARBOFURAN	0.04	<0.0005	<0.0005
OXAMYL	0.2	<0.0005	<0.0005
SYNTHETIC ORGANICS - HERBICIDES (EPA 515.3)			
Collected in June 2017 (Greater Portland) and September 2017 (Greater Portland and Steep Falls)			
2,4-D	0.07	<0.005	<0.005
2,4,5 TP (SILVEX)	0.05	<0.005	<0.005
DALAPON	0.2	<0.001	<0.001
DINOSEB	0.007	<0.005	<0.005
PENTACHLOROPHENOL	0.001	<0.001	<0.001
PICLORAM	0.5	<0.001	<0.001

FOOTNOTES and DEFINITIONS:

- ¹ Distribution Sample collected at 334 Cottage Rd., South Portland
- ² MCL= Maximum Contaminant Level. The highest level of a contaminant that is allowed or recommended in drinking water.
- ³ Greater Portland Treated Turbidity measured on 4/9/18.
- ⁴ Chlorine and pH vary throughout the distribution system so values at your tap may differ from these locations.
- ⁵ Sulfate, manganese, mercury and selenium sampled in June 2017 for both Greater Portland and Steep Falls.
- ⁶ Copper, iron and lead can be affected by the condition of distribution system pipes and interior plumbing.
- ⁷ Pesticide/herbicide analyzed in June and September 2017 (Greater Portland) and September 2017 (Steep Falls).
- ⁸ Asbestos analyzed in July 2011 in Cumberland area.
- ⁹ Gross alpha sampled in June 2015 for both Greater Portland and Steep Falls.
- ¹⁰ STWV-State waiver, no testing required.
- ** - 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.

2018 ACTIVE FIRE SERVICES

DIVISION	1"	1.5"	2"	4"	6"	8"	10"	12"	16"	TOTAL	Percent
Cape Elizabeth	0	0	2	3	9	8	0	0	0	22	0.9%
Cumberland	0	0	1	0	21	9	0	0	0	31	1.3%
Falmouth	0	1	79	6	56	12	1	4	0	159	6.7%
Gorham	0	0	29	8	59	33	0	0	0	129	5.5%
Portland	0	17	120	122	550	193	11	5	1	1,019	43.3%
Raymond	0	0	0	0	2	2	0	0	0	4	0.2%
Scarborough	1	2	30	32	145	73	2	1	0	286	12.1%
South Portland	0	0	17	16	183	113	14	6	0	349	14.8%
Standish	0	0	0	5	10	0	1	0	0	16	0.7%
Westbrook	1	0	32	25	123	73	5	2	1	262	11.1%
Windham	0	0	9	6	47	14	1	2	0	79	3.4%
TOTAL	2	20	319	223	1,205	530	35	20	2	2,356	100.0%

2018 METERS IN SERVICE

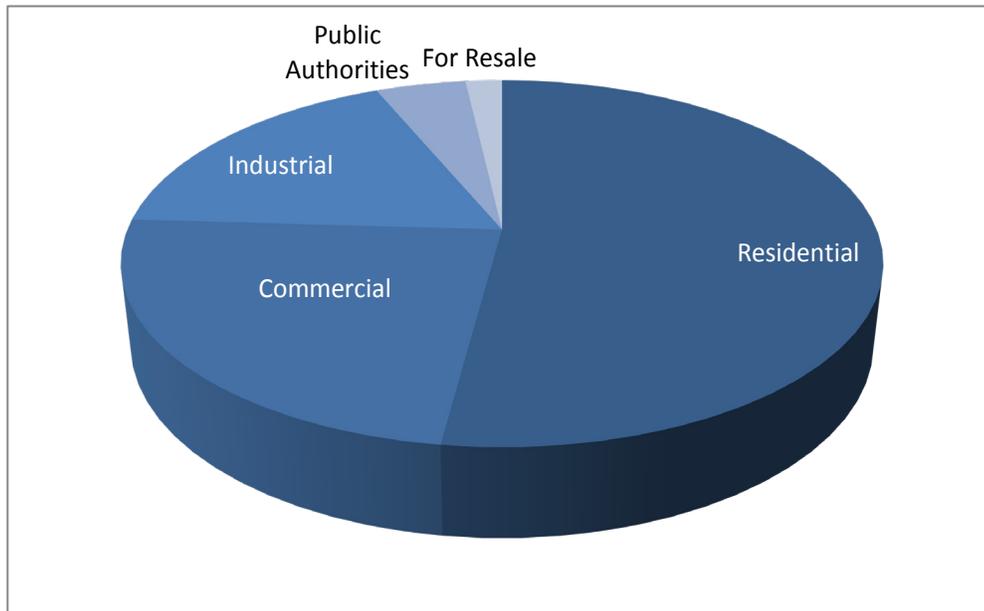
DIVISION	5/8"	3/4"	1"	1.5"	2"	3"	4"	6"	8"	10"	TOTAL	Percent
Cape Elizabeth	3,460	86	75	22	29	6	2	1	1	0	3,682	6.8%
Cumberland	1,718	70	64	29	11	5	2	0	1	1	1,901	3.5%
Falmouth	2,889	133	172	45	56	10	0	6	3	0	3,314	6.2%
Gorham	2,635	55	56	31	41	12	2	0	1	0	2,833	5.3%
Portland	15,867	680	698	402	480	101	35	30	7	0	18,300	34.0%
Raymond	27	1	6	4	6	0	0	0	0	0	44	0.1%
Scarborough	4,888	86	175	94	87	19	6	12	5	0	5,372	10.0%
South Portland	7,596	101	165	146	186	34	12	23	4	1	8,268	15.4%
Standish	718	12	34	2	5	0	2	2	0	0	775	1.4%
Westbrook	5,290	117	153	92	95	27	8	9	4	4	5,799	10.8%
Windham	3,274	71	80	48	41	6	3	6	0	0	3,529	6.6%
Yarmouth	41	1	0	0	0	0	0	0	0	0	42	0.1%
TOTAL	48,403	1,413	1,678	915	1,037	220	72	89	26	6	53,859	100.0%

METERED WATER (IN THOUSANDS OF GALLONS)

YEAR	Residential	Commercial	Industrial	Public Authorities	For Resale	TOTAL
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	6,417,923
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	309,958	114,946	6,594,427
2017	3,304,462	1,528,336	1,112,456	300,677	102,531	6,348,462
2018	3,316,570	1,513,182	1,123,108	290,945	117,541	6,361,346

To convert "Thousand of Gallons (TOG)" to "Hundred Cubic Feet (HCF)" divide TOG by 748, for example the 2018 volume of 6,361,346 TOG equals 8,504,473 HCF

**METERED WATER
(IN THOUSANDS OF GALLONS)**



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
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
2017	0.376	17.172	3,354	44	63.20	Wet Tons	97	97
2018	0.696	16.850	4,985	229	58.25	Wet Tons	96	95

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
2009 *1	3.742	1,384	515	11.61	Wet Tons	95	96	88.863	8.732	2.405
2010 *2	3.291	2,077	263	10.67	Wet Tons	96	97	88.033	9.727	2.240
2011 *3	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
2017	3.035	1,533	657	14.39	Wet Tons	95	93	83.710	13.380	2.910
2018	3.313	75	491	15.09	Wet Tons	94	94	84.180	12.760	3.050

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

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

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

CAPE ELIZABETH WASTEWATER TREATMENT FACILITY

YEAR	Flow Treated (average million gallons/day)	Biosolids Disposal (average/day)		% Removals	
	Secondary Treatment	TOTAL	Units	BOD	TSS
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	0.6	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
2017	0.266	1.30	Wet Tons	93	94
2018	0.277	0.75	Wet Tons	94	95

PEAKS ISLAND WASTEWATER TREATMENT FACILITY

YEAR	Flow Treated (average million gallons/day)	Biosolids Disposal (average/day)		% Removals	
	Secondary Treatment	TOTAL	Units	BOD	TSS
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
2017	0.095	0.19	Wet Tons	90	90
2018	0.105	0.12	Wet Tons	90	91

EAST END WASTEWATER TREATMENT FACILITY

SLUDGE CAKE METALS (MG/DRY KG)

YEAR	MONTH	Cadmium	Copper	Chromium	Lead	Nickel	Zinc	Mercury
2018	January	2.2	220	16	21	12	391	0.4
	February	2.6	174	18	25	13	359	0.3
	March	2.8	195	19	21	14	349	0.2
	April	2.1	175	17	27	12	351	0.5
	May	2.2	214	10	42	10	420	0.3
	June	2.7	219	18	54	12	509	1.0
	July	2.4	256	8	36	14	406	0.3
	August	2.4	287	19	34	13	541	0.6
	September	1.9	256	19	28	14	490	0.4
	October	2.8	260	13	23	13	470	0.3
	November	2.5	205	14	42	13	360	0.3
	December	2.9	182	15	27	11	384	0.4
Annual Average		2.5	220	15	32	12	419	0.4

HISTORICAL SLUDGE CAKE METALS AVERAGES (MG/DRY KG)

YEAR	Cadmium	Copper	Chromium	Lead	Nickel	Zinc	Mercury
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
2017	2.6	218	15	26	11	472	0.4
2018	2.5	220	15	32	12	419	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
2018	January	2.0	271	40	15	48	548	0.3
	April	2.2	250	32	27	37	489	0.2
	July	1.9	373	50	23	88	924	0.7
	October	1.8	290	51	10	45	590	0.2
Annual Average		2.0	296	43	19	54	638	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
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
2017	2.4	337	39	18	38	701	0.3
2018	2.0	296	43	19	54	638	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					
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 (66.6%)		3.02 mgd average / 10.46 mgd peak				
				<u>Joint Use</u>	<u>Westbrook Only</u>	<u>Gorham Only</u>	<u>Windham Only</u>
	Pump stations	3	1	2			
	Interceptors	26,707 feet	9,764	16,943			
	Force Mains	16,750 feet	4,589	12,161			
	Percentage Flow			81.00%	15.75%	3.25%	
	Cape Elizabeth System *3						
Cape - North	Estimated population served	4,000					
	Treatment contracted to South Portland						
	System design flow	0.72 mgd					
Cape - South	Pump stations	16		38,612 Force main (both)			
	Estimated population served	3,100		51,693 Interceptor (both)			
	Treatment plant design flow:						
	average / peak wet weather		0.52 mgd average / 2.75 mgd peak				
Cumberland	Pump stations	10					
	Estimated population served	2,200					
	Treatment contracted to Falmouth						
	System Design Flow	0.47 mgd					
	Pump stations	13					
	Interceptors	41,032 feet					
Gorham Village	Collectors	82,172 feet					
	Force Mains	34,961 feet					
	Estimated population served	6,000					
	Gorham allocated average treatment plant flow (30.8%)		1.4 mgd average / 4.84 mgd peak				
Little Falls System *4	Pump stations	11					
	Interceptors	27,550 feet					
	Collectors	89,977 feet					
	Force Mains	23,445 feet					
	Estimated population served	1,000					
	Windham allocated average treatment plant flow (2.6%)		0.12 mgd average / .41 mgd peak				
			<u>Joint Use</u>	<u>Gorham Only</u>	<u>Windham Only</u>		
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			27.50%	72.50%			

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 mainland treatment plant for final dewatering and sludge disposal.

*2 - The Westbrook System has one treatment plant that processes wastewater for the city of Westbrook/Gorham Village and the Windham/Gorham Little Falls area. Wastewater from Gorham Village is pumped to the Westbrook Regional Wastewater Treatment Facility for processing. Gorham reimburses Westbrook for all joint use costs incurred in transporting and processing the wastewater. Through the Little Falls Conveyance System the Westbrook Regional Wastewater Treatment Facility, as of 2008, has also processed Windham and Gorham Little Falls’ wastewater. Windham and Gorham Little Falls 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 contains wastewater from an area located within two separate communities. Residents in the towns of Windham and Gorham share in the costs of the Little Falls System. Flows from the Windham and Gorham Little Falls area go to the Westbrook Regional Wastewater Treatment Facility for processing.

WASTEWATER PIPELINE LENGTH (MILES)

COMMUNITY	Interceptors	Forcemains	Collectors	Storm Drains	TOTAL	# of Manholes	# of CSOs
Cape Elizabeth	9.8	7.3	0.0	0.0	17.1	305	1
Cumberland	7.8	6.6	15.6	0.0	30.0	630	0
Gorham	6.0	7.4	20.8	0.0	34.2	705	0
Windham	0.0	0.1	0.4	0.0	0.5	15	0
Portland	14.5	4.3	4.5	1.9	25.2	833	22
Westbrook	5.0	4.9	0.0	0.0	9.9	128	5
TOTAL	43.1	30.6	41.3	1.9	116.9	2,616	28

