BANGOR WATER DISTRICT

FINANCIAL AND OPERATING REPORTS

DECEMBER 31, 2023

BANGOR WATER DISTRICT
Financial Report
December 31, 2023 and 2022

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Bangor Water District
Bangor, Maine

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activity of Bangor Water District (the District), which comprise the statements of net position as of December 31, 2023 and 2022, and the related statements of revenues, expenses and change in fund net position and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activity of the Bangor Water District as of December 31, 2023 and 2022, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11 and Schedules 2, 3, 4 and 5 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District’s basic financial statements. The accompanying Schedule 1 (schedules of operating and maintenance expenses), is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedule 1 is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2024, on our consideration of Bangor Water District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Bangor 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 Bangor Water District's internal control over financial reporting and compliance.

Haverlock, Estey & Curran

HAVERLOCK, ESTEY & CURRAN

October 14, 2024
Hampden, Maine

Bangor Water District
Management's Discussion and Analysis
Year Ending December 31, 2023

INTRODUCTION

The Bangor Water District, hereby referred to as the "District" is pleased to present its twentieth Annual Financial Report developed in compliance with the Statement of Government Accounting Standard No. 34, entitled "Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments" (hereafter "GASB 34"), and related standards. The Annual Financial Report is also available via the internet at www.bangorwater.org.

Mission

The mission of the Bangor Water District is to protect public health by providing the highest quality water for domestic use and fire protection while emphasizing customer service, innovation, and cost control.

Responsibility and Controls

The District has prepared and is responsible for the financial statements and related information included in this report. A system of internal accounting controls is maintained to provide reasonable assurance that assets are safeguarded and that the books and records reflect only authorized transactions. Limitations exist in any system of internal controls. However, based on recognition that the cost of the system should not exceed its benefits, management believes its system of internal accounting controls maintains an appropriate cost/benefit relationship.

The District's system of internal accounting controls is evaluated and tested on an annual basis by the District's independent external auditors to determine their auditing procedures for the purpose of expressing an opinion on the financials.

Management believes that its policies and procedures provide guidance and reasonable assurance that the District's operations are conducted according to management's intentions and to a high standard of business ethics. In management's opinion, the financial statements present fairly, in material respects, the financial position, results of operations and cash flows of the District in conformity with accounting principles generally accepted in the United States of America.

Audit Assurance

The unqualified opinion of our independent auditors, Haverlock, Estey, & Curran, Certified Public Accountants, is included in this report.

Financial Highlights

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the basic audited financial statements and supplementary information. The MD&A represents management's examination and analysis of the District's financial condition and performance. Summary financial data, key financial and operational indicators used in the District's strategic plan, budget, and other management tools were used for this analysis.

Two of the key financial ratios for analyzing the District's financial position are the Current Ratio and the Debt Coverage Ratio. The Current Ratio (Current Assets divided by Current Liabilities) measures an organization's ability to meet short-term obligations. The Current Ratio of the District was 0.97 for 2023 and 1.09 for 2022. The current ratio would be 1.39 for 2023 if we consider the interim financing as a long-term liability instead of a current liability since it will be refinanced in 2024 to a 20-year loan. The Debt Coverage Ratio (Net Operating Income plus Total Depreciation Expense/Total Debt Service) shows an organization's ability to meet debt service payments. The Debt Coverage Ratios of 1.05 for 2023 and 2.44 for 2022 show the District is able to support payments on its long-term debt.

Management plans to continue improving infrastructure which would be financed through utilizing the District's capital reserve funds, implementing modest rate increases, and the issuing of new debt.

Overview of Annual Financial Report

The financial statements report information about the District using full accrual accounting methods as utilized by similar business activities in the private sector. The financial statements include a statement of net position; a statement of revenues, expenses and changes in fund net position; a statement of cash flows; and notes to the financial statements.

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

The **Statement of Revenues, Expenses, and Changes in Fund Net Position** presents the results of the business activities over the course of the fiscal year and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The **Statement of Cash Flows** presents changes in cash and cash equivalents, resulting from operational, financing, and investing activities. This statement presents cash receipts and cash disbursement information.

The **Notes to the Basic Financial Statements** provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the District's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any. **Supplementary information** consists of the **Schedule of Operating and Maintenance Expenses. Required supplementary information** consists of the **Schedule of the District's Proportionate Share of the Net Pension Liability,** the **Schedule of the District's Contribution,** the **Schedule of the District's Changes in the Total Health Plan OPEB Liability and related Ratios,** and the **Schedule of the District's Proportionate Share of the Net OPEB Liability and Contributions.**

The District's staff prepared the financial statements from detailed books and records of the District. The financial statements were audited. The financial statements presented are comparative with 2022.

This section presents management's analysis of the District's financial condition and activities for the year. This information should be read in conjunction with the financial statements.

Current Assets

The overall increase in current assets by $1,269,588 was the result of increases in the following: Cash and cash equivalents $975,567; Accounts receivable $414,585; Current portion of lease receivables $13,809; Inventories $167,510; Investments $57,821 and decreases in the following: Cash sinking fund $25,554; Accrued utility revenue $11,622; Loan/grant reimbursements receivable $298,586; Prepaid expenses $23,942.

The net increase in cash and cash equivalents, including the cash sinking fund, was the result of a net increase from operations of $3,573,723 plus an increase in investment activities of $46,781 less a net cash decrease of $2,670,491 from capital and financing activities (please refer to the Statement of Cash Flows for details).

Capital Assets

Capital assets changed as follows**:**

	2023 Additions	2023 Retirements	2023 Net	2022 Additions	2022 Retirements	2022 Net
Utility Property	**$ 5,514,774**	**$ (164,027)**	**$ 5,350,747**	**$ 7,564,525**	**$ (91,440)**	**$ 7,473,085**
Allow. for Depreciation	**(1,806,353)**	**159,274**	**(1,647,079)**	**(1,615,652)**	**38,644**	**(1,577,008)**
Change in Construction in Progress	**3,012,654**	**(3,565,597)**	**(552,943)**	**3,532,729**	**(5,479,929)**	**(1,947,200)**
	$ 6,721,075	**$(3,570,350)**	**$ 3,150,725**	**$ 9,481,602**	**$(5,532,725)**	**$ 3,948,877**

Please refer to Notes to Basic Financial Statements # 6 for details.

Long-term Debt

In 2023, the District incurred additional debt under the Drinking Water State Revolving Fund totaling $3,633,676. The District also previously borrowed $3,854,780 from the Maine Municipal Bond Bank's SRF bond issue, of which $3,854,780 of remaining funds received an extension of time to use the funds. Existing long-term debt was reduced by $1,597,237 during the year. The balance of long-term debt net of current portion at the end of 2023 was $15,109,655.

Current Liabilities

Current liabilities were $2,978,286 higher at the end of 2023. Current portion of bonds payable increased by $2,553,929 (due to the additional debt incurred); Accounts payable decreased by $197,778; Advanced billing and payments increased by $620,424; all other current liabilities increased by $1,711. Current portion of bonds payable includes $3,277,575 of interim financing which will be refinanced to long term in 2024.

Noncurrent Liabilities

Noncurrent liabilities were $520,148 lower in 2023. Net pension liability increased by $5,497; Bonds payable decreased by $517,490; Customer advances increased by $21,124 and Net other post-employment benefit liability decreased by $29,279.

Net Position

Net position increased by $1,935,102 (please refer to the Statement of Revenues, Expenses and Change in Fund Net Position) in 2023. $1,607,134 was from income for the year, and $327,968 was from capital contributions.

Restricted Net Position - Debt Service

Restricted net position – debt service decreased by $25,553 in 2023 which represents interest earned in addition to the net of accruals and withdrawals.

Restricted Net Position – Capital Projects

Restricted net position – capital projects represent funding for future standpipe maintenance and future distribution infrastructure renewals.

The components of net position restricted for capital projects at year end are as follows:

	2023	2022	2021
Standpipe maintenance	$ 697,785	$ 696,391	$ 695,000
Cash restricted for capital projects	1,769,387	1,049,740	1,150,875
Total Restricted Net Position-Capital Projects	$2,467,172	$1,746,131	$1,845,875

The activity was as follows for standpipe maintenance:

	2023	2022	2021
Balance 01/01	$ 696,391	$ 695,000	$ 639,670
Additions	-	-	54,000
Interest earned	1,394	1,391	1,330
Less standpipe maintenance	-	-	-
Balance at 12/31	$ 697,785	$ 696,391	$ 695,000

The activity was as follows for distribution infrastructure capital projects:

	2023	2022	2021
Balance 01/01	$1,049,740	$1,150,875	$ 815,098
Additions	1,319,708	713,904	665,953
Interest earned	3,324	2,741	1,656
Less distribution infrastructure	603,385	817,780	331,832
Balance at 12/31	$1,769,387	$1,049,740	$ 1,150,875

Condensed Statements of Net Position

	2023	2022	2021
Assets			
Capital assets	$60,273,505	$56,569,837	$50,673,810
Construction in progress	2,332,940	2,885,883	4,833,033
Other current and noncurrent assets	9,137,280	8,076,311	9,353,300
Total Assets	71,743,725	67,532,031	64,860,143
Deferred Outflows of Resources	203,919	310,481	367,304
Total Assets and Deferred Outflows of Resources	$71,947,644	$67,842,512	$65,227,447
Current liabilities	$ 8,522,935	$ 5,544,649	$ 4,662,260
Noncurrent liabilities	16,153,173	16,673,321	17,568,193
Total Liabilities	24,676,108	22,217,970	22,230,453
Deferred Inflows of Resources	2,084,581	2,372,689	3,172,817
Net Position			
Restricted or net invested in capital assets	41,504,701	40,689,001	35,991,718
Restricted for debt service	413,043	438,596	270,861
Restricted for capital projects	2,467,172	1,746,131	1,845,875
Unrestricted	802,039	378,125	1,715,723
Total Net Position	45,186,955	43,251,853	39,824,177
Total Liabilities, Deferred Inflows of Resources and Net Position	$71,947,644	$67,842,512	$65,227,447

Condensed Statements of Revenues, Expenses and Change in Fund Net Position

Year Ended December 31,	2023	2022	2021
Revenues:			
Water service revenues	$ 7,938,385	$ 7,761,905	$ 7,113,674
Other operating revenues	710,398	669,081	610,038
Total Operating Revenues	8,648,783	8,430,986	7,723,712
Nonoperating revenues	231,638	134,316	187,375
Total revenues	8,880,421	8,565,302	7,911,087
Expenses			
Operating, before depreciation	3,479,199	3,104,096	2,800,743
Depreciation	1,596,897	1,479,016	1,342,162
General, Administration and Customer service	1,769,835	1,619,846	1,366,250
Total Operating Expenses	6,845,931	6,202,958	5,509,155
Nonoperating expenses	427,356	487,808	394,525
Total expenses	7,273,287	6,690,766	5,903,680
Income Before Contributions	1,607,134	1,874,536	2,007,407
Capital Contributions			
Developer contributions of systems	327,968	1,553,140	144,365
Change in fund net position	1,935,102	3,427,676	2,151,772
Total Net Position - Beginning	43,251,853	39,824,177	37,672,405
Total Net Position - Ending	$45,186,955	$43,251,853	$39,824,177

Operating Revenue

Most of the $8,648,783 of operating revenue for 2023 comes from metered water revenue and public and private fire protection charges.

Metered water revenue for 2023 was $5,462,299. The District's metered customers are billed quarterly (monthly for largest customers) based on water consumption at rates that are regulated by the Maine Public Utilities Commission. During 2023, metered water revenue decreased 1% as a result of a rate increase of 9.8%, which took effect in January 2023, that was offset by the loss of the District's second largest customer.

Public and private fire protection for 2023 was $2,476,086. This revenue comes from charges to local municipalities for hydrants and private organizations for hydrants and sprinkler systems. Fire protection charges are also regulated by the Maine Public Utilities Commission.

Operating Expenses

Operating expenses consist of the following:

	2023	2022	Difference	% Change
Payroll and Fringe Benefits	$2,654,290	$2,529,584	$ 124,706	4.93%
Purchased Power	301,359	175,507	125,852	71.71%
Supplies & Chemicals	945,480	829,118	116,362	14.03%
Contractual Services	351987	284,898	67,089	23.55%
Transportation	247,378	240,552	6,826	2.84%
Insurance	485,563	479,546	6,017	1.25%
Miscellaneous	262,977	184,737	78,240	42.35%
Depreciation	1,596,897	1,479,016	117,881	7.97%
Totals	$6,845,931	$6,202,958	$ 642,973	10.37%

Payroll and fringe benefits were 4.93% higher in 2023 due to the District being fully staffed and more employees electing a stipend opposed to participating in the health insurance provided by the District. Purchased power was 71.71% higher due to higher rates and higher usage. Supplies and chemicals were 14.03% higher and Transportation expenses were 2.84% higher, both due to price inflation. Contractual services increased 23.55% due to increased IT maintenance. Insurance expense increased by just 1.25% due to savings from more employees opting out of the District's health insurance plan offset by higher workers compensation insurance costs. Miscellaneous expenses increased by 42.35% due to an increase in employee trainings and seminars and licenses, an increase in inventory adjustments due to writing off obsolete inventory, and an increase in communications costs.

Non-operating revenues (expenses) consist of the following:

	2023	2022
Interest and investment income (loss)	$ 104,599	$ (71,655)
Miscellaneous revenue	127,039	90,816
Interest expense	(300,691)	(276,840)
Miscellaneous expense	(126,665)	(95,813)
	$ (195,718)	$ (353,492)

Interest income was $1,700 lower in 2023. Cash is invested in insured cash money markets. Investment income was $177,954 higher in 2023.

Miscellaneous revenue was up $36,223 in 2023. Timber sales at Floods Pond were down $5,109 offset by gains on trading in fully depreciated vehicles higher than 2022 by $33,757 and other miscellaneous revenues up by $7,575.

Interest expense was up $23,851 in 2023.

Miscellaneous expenses were up $30,852 in 2023 due to an increase in timber management costs such as road repairs to access the timber.

Capital Contributions

Capital contributions occur when developers install water mains in new developments and then turn ownership over to the District to be maintained by the District. Capital contributions also include forgiveness of debt related to capital projects and capacity development grants. Capital contributions for 2023 were $327,968.

Summary of Organization and Business

An act of the Maine Legislature in 1957 created the Bangor Water District, which was approved in a City referendum. After formation of a Board of Trustees, the title to the City water system was handed to the new water district. In essence, the act authorized the District to control a number of ponds to supply water to Bangor and surrounding towns. Floods Pond in Otis was chosen following careful testing over a number of years by the District.

The pond lies 15 miles east of Bangor in a rocky, rugged area that was scoured by the retreating glaciers. The pond supplies an excellent source of water that is clear, soft and palatable year-round. The watershed has an area of about 8.7 square miles. The estimated dependable yield of Floods Pond is about 8.2 million gallons per day. Current pumpage averages about 4.3 million gallons per day. In order to protect the source of water, the District has purchased, over the years, several thousand acres of land in the watershed control area to control activities that could negatively impact water quality.

There are approximately 11,000 services (direct water connections), which provide service to approximately 10,919 domestic accounts, and 570 fire protection services. Domestic water customers are charged based on the amount of water use measured by water meters. Fire protection is provided through 1,098 public hydrants and 292 private hydrants. The District also provides water directly to customers in sections of Clifton, Eddington, Hermon, Orrington, Hampden, and Veazie as well as to the Hampden Water District.

The District monitors the water quality for bacteriological contamination each working day in its own certified laboratory to ensure its purity.

Requests for Information

This financial report is designed to provide a general overview of the Bangor Water District’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Holli Silva, Finance Manager, Bangor Water District, PO Box 1129, Bangor, Maine 04402-1129, or holli@bangorwater.org.

BANGOR WATER DISTRICT
Statements of Net Position
December 31, 2023 and 2022

Assets and Deferred Outflows of Resources

	2023	2022
Current Assets		
Cash and cash equivalents	$ 3,087,668	$ 2,112,101
Cash sinking fund	413,048	438,602
Accounts receivable - Net - Note 1	966,647	552,062
Accrued utility revenue	693,078	704,700
Grant and loan reimbursement receivable	471,076	769,662
Current portion of lease receivable	204,644	190,835
Inventories	834,395	666,885
Investments - Note 3	563,273	505,452
Prepaid expenses	74,476	98,418
Total Current Assets	7,308,305	6,038,717
Noncurrent Assets		
Capital assets	96,914,290	92,116,486
Less accumulated depreciation	34,307,845	32,660,766
Net Capital Assets - Note 6	62,606,445	59,455,720
Other Noncurrent Assets		
Lease receivable - Net of current portion	1,744,132	1,928,035
Unamortized costs - Net - Note 1	84,843	109,559
Total Other Noncurrent Assets	1,828,975	2,037,594
Total Assets	71,743,725	67,532,031
Deferred Outflows of Resources		
Deferred outflows from retirement plan - Note 7	136,226	220,837
Deferred outflows from other post employment benefits - Note 10	67,693	89,644
Total Deferred Outflows of Resources	203,919	310,481
Total Assets and Deferred Outflows of Resources	$ 71,947,644	$ 67,842,512

The accompanying notes are an integral part of these statements.

BANGOR WATER DISTRICT
Statements of Net Position
December 31, 2023 and 2022

Liabilities, Deferred Inflows of Resources and Net Position

	2023	2022
Current Liabilities		
Accounts payable	$ 214,687	$ 231,908
Accounts payable - Construction	892,372	1,072,929
Accrued vacation and payroll deductions	167,140	168,321
Accrued sick leave	46,435	70,260
Jobbing deposits	1,697	1,708
Accrued interest	110,706	84,534
Advanced billings and payments	620,424	-
Accrued sales tax	6,309	5,753
Current portion of bonds payable	6,463,165	3,909,236
Total Current Liabilities	8,522,935	5,544,649
Noncurrent Liabilities		
Customer advances - Note 8	212,075	190,951
Net pension liability - Note 7	423,337	417,840
Net other post-employment benefit liability - Note 10	408,106	437,385
Bonds payable - Net of current portion - Note 4	15,109,655	15,627,145
Total Noncurrent Liabilities	16,153,173	16,673,321
Total Liabilities	24,676,108	22,217,970
Deferred Inflows of Resources		
Deferred inflows from leases	1,833,408	2,035,538
Deferred inflows from retirement plan - Note 7	122,402	213,195
Deferred inflows from other post employment benefits - Note 10	128,771	123,956
Total Deferred Inflows of Resources	2,084,581	2,372,689
Net Position		
Net investment in capital assets	41,504,701	40,689,001
Restricted for debt service - Expendable	413,043	438,596
Restricted for capital projects - Expendable	2,467,172	1,746,131
Unrestricted	802,039	378,125
Total Net Position - Exhibit B	45,186,955	43,251,853
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 71,947,644	$ 67,842,512

The accompanying notes are an integral part of these statements.

BANGOR WATER DISTRICT
Statements of Revenues, Expenses and Change in Fund Net Position
For the Years Ended December 31, 2023 and 2022

	2023	2022
Operating Revenues		
Water service revenues	$ 7,938,385	$ 7,761,905
Tower lease revenues - Note 9	210,449	211,041
Other operating revenues	499,949	458,040
Total Operating Revenues	8,648,783	8,430,986
Operating and Maintenance Expenses - Schedule 1		
Pumping	265,252	206,311
Water treatment	1,320,745	1,139,727
Transmission and distribution	1,893,202	1,758,058
Customer accounts	223,839	211,327
Administrative and general	1,545,996	1,408,519
Depreciation	1,596,897	1,479,016
Total Operating and Maintenance Expenses	6,845,931	6,202,958
Operating Income - Exhibit C	1,802,852	2,228,028
Non-Operating Revenues (Expenses)		
Interest income	28,778	30,478
Investment income	13,377	13,022
Realized and unrealized gain (loss) on investments	62,444	(115,155)
Gain on disposal of equipment	57,547	23,790
Other revenues	69,492	67,026
Interest expense	(300,691)	(276,840)
Miscellaneous expenses	(126,665)	(95,813)
Total Non-Operating Revenues (Expenses)	(195,718)	(353,492)
Income before Contributions	1,607,134	1,874,536
Capital Contributions	327,968	1,553,140
Change in Fund Net Position	1,935,102	3,427,676
Net Position - Beginning of Year	43,251,853	39,824,177
Net Position - End of Year - Exhibit A	$ 45,186,955	$ 43,251,853

The accompanying notes are an integral part of these statements.

BANGOR WATER DISTRICT
Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Receipts from customers	$ 8,903,689	$ 8,255,250
Payments to employees	(2,522,482)	(2,314,606)
Payments to suppliers	(2,807,484)	(2,410,186)
Net Cash Provided by Operating Activities	3,573,723	3,530,458
Cash Flows from Capital and Related Financing Activities		
Acquisition and construction of capital assets	(5,052,388)	(5,652,068)
Proceeds from asset disposals	62,300	75,974
Capital contributions	769,662	731,903
Unamortized costs incurred	-	(9,655)
Interest paid on debt	(274,519)	(260,142)
Proceeds from bonds	3,162,599	1,316,854
Repayment of bonds	(1,338,145)	(1,295,598)
Net Cash Used by Capital and Related Financing Activities	(2,670,491)	(5,092,732)
Cash Flows from Investing Activities		
Interest and investment income	42,155	43,500
Investments purchased and income reinvested	(13,374)	(13,035)
Transfers from investment funds	18,000	37,500
Net Cash Provided by Investing Activities	46,781	67,965
Increase (Decrease) in Cash and Cash Equivalents	950,013	(1,494,309)
Cash and Cash Equivalents - Beginning of Year	2,550,703	4,045,012
Cash and Cash Equivalents - End of Year	$ 3,500,716	$ 2,550,703
Reconciliation of Cash and Cash Equivalents		
Cash and cash equivalents - Exhibit A	$ 3,087,668	$ 2,112,101
Cash sinking fund - Exhibit A	413,048	438,602
Cash and Cash Equivalents - End of Year	$ 3,500,716	$ 2,550,703

The accompanying notes are an integral part of these statements.

BANGOR WATER DISTRICT
Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	2023	2022
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Operating income - Exhibit B	$ 1,802,852	$ 2,228,028
Depreciation and amortization	1,831,067	1,640,124
Other non-operating revenues	69,492	67,026
Miscellaneous non-operating expenses	(126,665)	(95,813)
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Inventories	(167,510)	(140,629)
Accounts receivable	(414,585)	392,961
Prepaid expenses	23,942	(37,704)
Lease receivable and related deferred inflows of resources	(32,036)	(32,832)
Accrued utility revenue	11,622	(38,540)
Increase (decrease) in liabilities:		
Advanced billings and payments and accrued sales tax	620,980	(560,489)
Accounts payable	(17,221)	144,393
Jobbing deposits	(11)	(1,716)
Accrued payroll and compensated absences	(25,006)	8,702
Pension obligation and related deferred outflows and inflows of resources	(685)	(42,524)
OPEB liability and related deferred outflows and inflows of resources	(2,513)	(529)
Net Cash Provided by Operating Activities	$ 3,573,723	$ 3,530,458
Supplemental Disclosures of Cash Flow Information		
Noncash Financing Transactions:		
Contribution to capital from developer activity	$ 68,877	$ 51,575
Customer advance from developer activity	$ 45,000	$ -
Forgiveness of debt	$ 259,092	$ -

The accompanying notes are an integral part of these statements.

1. Summary of Significant Accounting Policies

Nature of the Entity

The Bangor Water District (the District) is a quasi-municipal corporation located in Bangor, Maine, and established to operate a facility to provide water to the City of Bangor.

The accounting policies of the District conform to generally accepted governmental accounting principles. The operations of the District are accounted for as an enterprise type proprietary fund which is similar to a business enterprise.

Financial Reporting Entity

The District's combined financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in its own name)
- the District holds the corporate powers of the organization
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

Measurement Focus, Basis of Accounting and Basis of Presentation

The District uses proprietary funds to report on its financial position and the results of its operations.

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.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's proprietary funds are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, all highly liquid investments with a maturity of three months or less are considered to be cash equivalents.

1. Summary of Significant Accounting Policies - continued

Accounts Receivable

Accounts receivable are stated net of a reserve for uncollectable accounts. The District estimates the reserve based on an analysis of specific customers, taking into consideration the age of past due accounts and an assessment of the customer's ability to pay. The reserve for uncollectable accounts was $10,697 and $8,639 at December 31, 2023 and 2022, respectively.

Grant Reimbursements Receivable

Grant reimbursements receivable represents reimbursements due to the District for expenditures that have been incurred but have not yet been reimbursed by the grantor.

Inventories

Inventories of material and supplies are stated at average cost, which is lower than net realizable value.

Capital Assets

Property, plant and equipment are recorded at cost. Major improvements are capitalized, while maintenance and repairs are expensed as incurred. Depreciation is provided on the straight-line method using rates prescribed by the Maine Public Utilities Commission. Estimated useful lives are as follows:

Buildings	33-50 years
Infrastructure	10-77 years
Equipment and furniture	5-20 years

Long-Term Debt

All long-term debt to be repaid from business-type resources is reported as liabilities in proprietary fund statements. The long-term debt consists primarily of notes or bonds payable.

Accrued Utility Revenue

The District records accrued utility revenue for water delivered to customers but not yet billed at year end.

Unamortized Costs

Unamortized costs consist of rate case charges and various long-term planning studies involving water quality and supply and environmental issues. These costs are being amortized evenly over periods of three to twenty years and are included in unamortized costs on the statements of net position. Amortization expense was $24,715 and $24,472 for the years ended December 31, 2023 and 2022, respectively.

1. Summary of Significant Accounting Policies - continued

Vacation, Compensated Time and Sick Leave

Under terms of personnel policies, vacation, sick leave and comp time are granted in varying amounts according to length of service. In some cases, employees are entitled to payment for unused vacation, comp time and a percentage of sick leave upon termination or retirement. Accumulated vacation cost accrued was $100,496 for 2023 and $101,153 for 2022. Accumulated sick time was $46,435 for 2023 and $70,260 for 2022. Accumulated comp time was $7,449 for 2023 and $3,030 for 2022.

Customers' Advances for Construction

The District invests in a water main extension in the form of potential future payments to the developer each time a permanent customer is connected to the extension. The amount of the investment per customer is determined pursuant to section 1(F), Chapter 65 of the Maine Public Utilities Commission (MPUC) Rules and Regulations at the time the first customer is connected and remains unchanged over the next ten-year period. Construction advances thus made are accounted for as obligations of the District during the first ten years the new main is in operation. Payments are made to a maximum of one-half of the original cost of the extension and the construction advance account is correspondingly reduced. At the end of the ten years, any remaining balance in the construction advance account is transferred to contributions in aid of construction.

Contractual Appropriation of Income

In accordance with the terms of the Bond Resolutions, the District is required to annually appropriate and transfer to the sinking fund monies from current operating revenues to be used by the sinking fund for the purpose of retiring principal on long-term debt and related interest costs.

Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. It is the District's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

1. Summary of Significant Accounting Policies - continued

Leases

A lease is a contract that conveys control of the right to use another entity's nonfinancial asset for a period of time in an exchange or exchange-like transaction. The determination of whether an arrangement is a lease is made at the lease's inception.

A short-term lease is a contract with a maximum possible lease term of 12 months or less, including any options to extend the term of the agreement. However, periods for which both the lessor and the lessee have an option to terminate the lease without permission from the other party are excluded from the lease term. The District recognizes short-term leases as either lease income or expense in the period to which they relate.

As a lessor, at the commencement date of a lease that is not considered short-term, the District recognizes a lease receivable valued at the present value of its lease payments and a deferred inflow of resources for the same amount. In determining the discount rate used to measure the lease receivables and the deferred inflows of resources, the District uses its incremental borrowing rate.

The deferred inflows are recognized on a straight-line basis over the lease terms as other operating revenues in the statement of revenues, expenses and changes in fund net position.

Lessors also recognize interest revenues on the amortization of the discount on the lease receivables.

Certain lease agreements include rental payments based on changes in the consumer price index (CPI). These lease receivables are measured using the rate in effect at lease inception. The receivables are not remeasured as a result of later changes in CPI; instead, the changes are treated as variable lease revenues and are reported in the period to which the adjustments relate.

Income Taxes

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

2. Stewardship, Compliance and Accountability

An annual budget is prepared by management and approved, but not legally adopted by the Board. Therefore, in absence of a legally adopted budget, budgetary comparisons have not been included in the basic financial statements or as required supplementary information.

3. Deposits and Investments

Custodial credit risk exists when there is a possibility the issuer or other counterparty to a deposit or investment may be unable to fulfill its obligations. The District does not have a deposit policy for custodial credit risk. The District's deposits are covered by federal depository insurance.

At December 31, cash on deposit consisted of the following:

	2023		2022	
	Carrying Amount	Bank Balance	Carrying Amount	Bank Balance
Checking, savings and ICS accounts	$3,500,716	$3,504,631	$2,550,703	$2,670,314

Investments

Maine statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, and certain corporate stocks and bonds. With respect to reserves and other funds these statutes also authorize the municipal officers to enter into a formal agreement with a financial institution which can invest the funds pursuant to an investment management agreement. In accordance with this provision the District has entered into an investment management agreement with a financial institution.

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect the fair value of debt instruments. As part of the District's investment policy to mitigate this risk, the District has established target asset allocations, guidelines for other types of acceptable investments, and a quarterly review of investment performance to adjust allocations as deemed necessary.

Investments of the District are all measured at fair value using Level 1 measurements, which are based on the closing price reported in the active market where the individual securities are traded.

At December 31, investments consisted of the following:

	2023			2022		
	Fair Value	Credit Quality	Weighted Average Maturity (years)	Fair Value	Credit Quality	Weighted Average Maturity (years)
Money Market Funds	$ 48,425	Not Rated	-	$ 15,371	Not Rated	-
Mutual Funds – Equities	283,540	N/A	N/A	255,907	N/A	N/A
Mutual Funds – International Equities	81,511	N/A	N/A	71,814	N/A	N/A
Mutual Funds – International Fixed Income	30,327	Not Rated	0.70	29,127	Not Rated	0.70
Mutual Funds – Fixed Income	119,470	Not Rated	5.38	133,233	Not Rated	5.38
Total – Exhibit A	$563,273			$505,452		

4. Bonds Payable

All bonds payable were issued to improve water quality and efficiency of the water supplied to the City of Bangor and other towns served. Bonds payable consist of the following at December 31, 2023 and 2022:

	2023	2022
Maine Municipal Bond Bank – Series L $1,677,000 revenue bond, issued 2006, due to mature 2026; annual principal payments are payable November 1st; interest is payable semi-annually on May 1st and November 1st at a rate of 1.90 – 5.50%	$ 359,986	$ 468,739
Maine Municipal Bond Bank – Drinking Water State Revolving Fund $946,679 revenue bond, issued 2009, due to mature 2029; semi-annual principal payments of $23,667 are payable April 1st and October 1st; interest at 0%	284,004	331,338
Maine Municipal Bond Bank – American Recovery and Reinvestment Act $1,140,111 revenue bond, issued 2009, due to mature 2029; semi-annual principal payments of $12,852 are payable April 1st and October 1st; interest at 0%	154,222	179,926
Maine Municipal Bond Bank – Series S $1,047,843 revenue bond, issued 2015, due to mature 2034; annual principal payments are payable October 1st; interest is payable semi-annually on April 1st and October 1st at a rate of 0.05%	577,610	629,963
Maine Municipal Bond Bank – 2016 FR $834,942 revenue bond, issued 2016, due to mature 2036; annual principal payments are payable April 1st; interest is payable semi-annually on April 1st and October 1st at 1.0%	533,340	571,579
Maine Municipal Bond Bank – 2016 C $1,200,000 revenue bond, issued 2016, due to mature 2036; annual principal payments are payable November 1st; interest is payable semi- annually on May 1st and November 1st at a rate of 1.16 - 3.40%	780,000	840,000
Maine Municipal Bond Bank – 2016 FR 2 $1,072,481 revenue bond, issued 2017, due to mature 2036; annual principal payments are payable October 1st; interest is payable semi-annually on April 1st and October 1st at a rate of 1.0%	685,074	734,193

4. Bonds Payable - continued

	2023	2022
Maine Municipal Bond Bank – Drinking Water State Revolving Fund $2,153,800 revenue bond, issued 2012, due to mature 2031; annual principal payments are payable November 1st; interest is payable semi-annually on May 1st and November 1st at a rate of 1.0%	$ 996,202	$ 1,115,243
Maine Municipal Bond Bank – 2018S $846,380 revenue bond, issued 2019, due to mature 2038; annual principal payments are payable October 1st; interest is payable semi-annually on April 1st and October 1st at a rate of 1.0%	650,304	690,304
Maine Municipal Bond Bank – 2019 SSR $1,810,930 revenue bond, issued 2020, due to mature 2039; annual principal payments are payable October 1st; interest is payable semi-annually on April 1st and October 1st at a rate of 1.0%	1,476,987	1,561,723
Maine Municipal Bond Bank – Series T $2,681,602 revenue bond, issued 2015, due to mature 2035; annual principal payments are payable May 1st; interest is payable semi-annually on May1st and November 1st at a rate of 0.25%	1,625,003	1,758,235
Maine Municipal Bond Bank – 2017 SFR $1,293,355 revenue bond, issued 2017, due to mature 2037; annual principal payments are payable April 1st; interest is payable semi-annually on April 1st and October 1st at a rate of 1.0%	885,397	944,045
Maine Municipal Bond Bank – Drinking Water State Revolving Fund $379,211 revenue bond, issued 2014, due to mature 2034; annual principal payments are payable April 1st; interest is payable semi-annually on April 1st and October 1st at a rate of 0.74%	191,886	208,570
Maine Municipal Bond Bank – Series Q $2,250,382 revenue bond, issued 2012, due to mature 2032; annual principal payments are payable November 1st; interest is payable semi-annually on May 1st and November 1st at a rate of 1.480 – 3.706%	1,012,672	1,125,191
Maine Municipal Bond Bank – 2024 LSL $471,076 revenue bond, issued 2023, due to mature 2042; annual principal payments are payable January 1st; interest at 0.0%	211,984	-

4. Bonds Payable – continued

	2023	2022
Maine Municipal Bond Bank – Drinking Water State Revolving Fund $2,192,337 revenue bond, issued 2011, due to mature 2031; annual principal payments are payable April 1st; interest is payable semi-annually on April 1st and October 1st at a rate of 1.0%	$ 726,550	$ 813,369
Maine Municipal Bond Bank – 2019A $2,249,780 revenue bond, issued 2019, due to mature 2039; annual principal payments are payable November 1st; interest is payable semi-annually on May 1st and November 1st at a variable rate of 1.72% - 3.76%	1,799,824	1,912,313
Maine Municipal Bond Bank – Interim Financing $2,849,780 bond anticipation note, issued 2020, due to mature 2024; interest to be paid at closing on revenue bond at a rate of 1.0%	1,813,694	1,813,694
Maine Municipal Bond Bank – Interim Financing $1,263,000 bond anticipation note, issued 2020, refinanced 2023; interest to be paid at closing on revenue bond at a rate of 1.0%	-	637,546
Maine Municipal Bond Bank – Interim Financing $1,005,000 bond anticipation note, issued 2020, due to mature 2024; interest to be paid at closing on revenue bond at a rate of 1.0%	150,417	150,417
Maine Municipal Bond Bank – Interim Financing $3,500,000 bond anticipation note, issued 2023, due to mature 2024; interest to be paid at closing on revenue bond at a rate of 1.0%	3,127,098	-
Maine Municipal Bond Bank – 2020 FR2 $673,048 revenue bond, issued 2023, due to mature 2042; annual principal payments are payable October 1st; interest is payable semi-annually on April 1st and October 1st at a 1.0%	642,481	-

4. Bonds Payable – continued

	2023	2022
Maine Municipal Bond Bank – 2019 FR $2,342,690 revenue bond, issued 2021, due to mature 2040; annual principal payments are payable October 1st; interest is payable semi-annually on April 1st and October 1st at a rate of 1.0%	$ 2,020,306	$ 2,128,838
Maine Municipal Bond Bank – 2017 FFR $1,188,869 revenue bond, issued 2018, due to mature 2038; annual principal payments are payable October 1st; interest is payable semi-annually on April 1st and October 1st at a rate of 1.0%	867,779	921,155
Total Bonds Payable	21,572,820	19,536,381
Less current portion	6,463,165	3,909,236
Bonds Payable – Net of Current Portion – Exhibit A	$15,109,655	$15,627,145

Future maturities of bonds payable are as follows:

Year Ending December 31	Principal	Interest	Total
2024	$ 6,463,165	$ 260,414	$ 6,723,579
2025	1,384,903	241,783	1,626,686
2026	1,398,214	222,899	1,621,113
2027	1,279,696	206,793	1,486,489
2028	1,287,153	191,775	1,478,928
2029-2033	5,692,854	684,060	6,376,914
2034-2038	3,453,662	267,858	3,721,520
2039-2043	613,173	20,057	633,230
Total	$21,572,820	$ 2,095,639	$23,668,459

4. Bonds Payable – continued

The following is a summary of the District's bonds payable transactions for the years ended December 31, 2023 and 2022:

Payable at January 1, 2022	$19,515,125
Debt incurred - 2022	1,316,854
Debt forgiven - 2022	-
Debt retired - 2022	(1,295,598)
Payable at December 31, 2022	19,536,381
Debt incurred - 2023	3,633,676
Debt forgiven - 2023	(259,092)
Debt retired - 2023	(1,338,145)
Payable at December 31, 2023	$21,572,820

5. Commitments

With the consent of the Board of Trustees, management executed contracts to replace and update infrastructure. At December 31, 2023, the District had approximately $4,710,400 of contracted project costs remaining on one contracts.

6. Capital Assets

Capital asset activity for the years ended December 31, 2023 and 2022 was as follows:

	Balance 1/1/23	Additions	(Retirements)	Balance 12/31/23
Capital Assets Not Being Depreciated:				
Land	$ 1,640,892	$ -	$ -	$ 1,640,892
Construction in progress	2,885,883	3,012,654	3,565,597	2,332,940
Total Capital Assets Not Being Depreciated	4,526,775	3,012,654	3,565,597	3,973,832
Depreciable Capital Assets				
Structures	21,076,214	93,983	-	21,170,197
Intake, suction, distribution and transmission mains	39,219,544	4,074,506	-	43,294,050
Meters, hydrants and services	9,788,822	416,880	-	10,205,702
Reservoirs, dams, tanks and standpipes	4,115,653	27,590	-	4,143,243
Electric pumping and purification systems	8,705,289	7,499	-	8,712,788
Transportation and other equipment	4,684,189	894,316	164,027	5,414,478
Total Depreciable Capital Assets	87,589,711	5,514,774	164,027	92,940,458
Total Capital Assets	92,116,486	8,527,428	3,729,624	96,914,290
Less accumulated depreciation	32,660,766	1,806,353	159,274	34,307,845
Net Capital Assets – Exhibit A	$59,455,720	$ 6,721,075	$ 3,570,350	$62,606,445

6. Capital Assets - continued

	Balance 1/1/22	Additions	(Retirements)	Balance 12/31/22
Capital Assets Not Being Depreciated:				
Land	$ 1,640,892	$ -	$ -	$ 1,640,892
Construction in progress	4,833,083	3,532,729	5,479,929	2,885,883
Total Capital Assets Not Being Depreciated	6,473,975	3,532,729	5,479,929	4,526,775
Depreciable Capital Assets				
Structures	19,469,183	1,611,951	4,920	21,076,214
Intake, suction, distribution and transmission mains	38,752,283	467,261	-	39,219,544
Meters, hydrants and services	9,464,741	324,081	-	9,788,822
Reservoirs, dams, tanks and standpipes	4,115,653	-	-	4,115,653
Electric pumping and purification systems	3,754,483	4,950,806	-	8,705,289
Transportation and other equipment	4,560,283	210,426	86,520	4,684,189
Total Depreciable Capital Assets	80,116,626	7,564,525	91,440	87,589,711
Total Capital Assets	86,590,601	11,097,254	5,571,369	92,116,486
Less accumulated depreciation	31,083,758	1,615,652	38,644	32,660,766
Net Capital Assets – Exhibit A	$55,506,843	$ 9,481,602	$ 5,532,725	$59,455,720

7. Defined Benefit Pension Plan

Social Security

Employees of the District are covered by the Social Security program of the federal government. The District's cost for such coverage for the years ended December 31, 2023 and 2022 was $157,656 and $145,225 based upon eligible payroll of $2,542,845 and $2,342,338, respectively.

Maine State Retirement System

General Information about the Pension Plan

Plan Description

The District’s eligible employees are provided with pension benefits through Maine Public Employees Retirement System (The Plan). The Plan is a cost-sharing, multiple-employer defined benefit pension plan administered by MainePERS. MainePERS issues publicly available financial reports that detail information about the Plan’s fiduciary net position and can be obtained at www.mainepers.org.

7. Defined Benefit Pension Plan - continued

Maine State Retirement System - continued

Benefits Provided

Benefit terms are established by an advisory group, established by Maine statute, which reviews the terms of the Plan and periodically makes recommendations to the Legislature to amend the terms. The Plan provides pension benefits to retired employees generally based on the average final compensation and service credits earned as of retirement. Plans A and B are available for District employees to participate in and vary in terms of contribution rates and the calculation of benefits. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. Normal retirement age is 60, if you became a member prior to June 30, 2014 and 65, if you became a member after June 30, 2014. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The Plan also provides for disability and death benefits which are established by contract under applicable statutory provisions. Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with State statute.

Member and Employer Contributions

Member contribution rates are defined by law or Board rule. Employer contribution rates are determined through actuarial valuations.

	2023 Plan BC	2022 Plan BC
Covered payroll	$2,226,561	$2,076,408
Number of covered employees	29	29
Employee contribution rates (based on retirement age groups)		
Percentage (Age 60; Age 65 Plan)		
January to June	4.1%; 3.35%	4.6%; 3.85%
July to December	4.2%; 3.45%	4.1%; 3.35%
Amount	$ 83,810	$ 83,861
Employer contribution rates		
Percentage		
January to June	5.6%	6.1%
July to December	5.3%	5.6%
Amount	$ 121,425	$ 121,449
Employee and employer contributions payable included in accounts payable	$ 14,487	$ 18,641

7. Defined Benefit Pension Plan - continued

Maine State Retirement System - continued

Pension (Assets) Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources related to Pensions

At December 31, 2023 and 2022 the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 and 2022. The District's portion of the net pension liability is based on the percentage of the District's actual contributions to the Plan's total contributions for the fiscal year. At June 30, 2023 and 2022 the District's proportion was 0.1326% or $423,337 and 0.1572% or $417,840, respectively, which was an increase (decrease) of (0.025) and (0.062), from their proportion measured as of June 30, 2022 and 2021, respectively.

For the years ended December 31, 2023 and 2022, the District recognized pension expense of $119,378 and $78,921, respectively. At December 31, 2023 and 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	$ 78,594	$ -	$ 77,653	$ -
Change in assumptions	-	-	84,807	-
Net difference between projected and actual earnings on Plan investments	-	71,838	-	175,370
Changes in proportion and differences between District contributions and proportionate share of contributions	-	50,564	-	37,825
District contributions subsequent to the measurement date	57,632	-	58,377	-
Total – Exhibit A	$136,226	$122,402	$220,837	$213,195

The $57,632 and $58,377 of deferred outflows of resources resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the years ending December 31, 2024 and 2023, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2023, will be recognized in pension expense as follows:

7. Defined Benefit Pension Plan – continued

Maine State Retirement System – continued

Year ending December 31	
2024	$ (33,381)
2025	(86,630)
2026	72,863
2027	3,340
	(43,808)

Actuarial Assumptions – The total pension liability in the June 30, 2023 and 2022 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment Rate of Return	6.50% and 6.50%, respectively, per year, compounded annually, net of Plan investment expense
Salary Increase, Merit and Inflation	2.75% - 11.48% and 2.75% - 11.48%, respectively, per year
Cost of Living Benefit Increases	1.91% and 1.91%, respectively, per year

Mortality rates for 2022 and 2023 were based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.

The actuarial assumptions used for the year ended June 30, 2023, were based on the results of an actuarial experience study for the period of July 1, 2015 through June 30, 2020.

There were no changes to the actuarial assumptions for the District during 2023.

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 class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30 are summarized in the following table.

7. Defined Benefit Pension Plan - continued

Maine State Retirement System - continued

Asset Class	2023 Long-Term Expected Real Rate of Return	2022 Long-Term Expected Real Rate of Return
Public Equities	6.0%	6.0%
US Government	2.6%	2.3%
Private Equity	7.6%	7.6%
Real Assets:		
Real Estate	5.2%	5.2%
Infrastructure	5.3%	5.3%
Natural Resources	5.0%	5.0%
Traditional Credit	3.2%	3.2%
Alternative Credit	7.4%	7.4%
Diversifiers	5.0%	5.9%

Discount Rate – The discount rate used to measure the collective total pension liability was 6.50% and 6.50% for June 30, 2023 and 2022, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to 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 District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.50% as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	2023		2022	
	Discount Rate	District's Proportionate Share of Net Pension (Asset) Liability	Discount Rate	District's Proportionate Share of Net Pension (Asset) Liability
1% decrease	5.50%	$1,159,974	5.50%	$1,234,818
Current discount rate	6.50%	$ 423,337	6.50%	$ 417,840
1% increase	7.50%	$ (184,329)	7.50%	$ (257,091)

7. Defined Benefit Pension Plan - continued

Maine State Retirement System - continued

The following is a summary of the District's net pension liability for the years ended December 31, 2023 and 2022:

Net Pension (Asset) Liability at December 31, 2021	$ (52,507)
2022 - Increases	-
2022 - Decreases	470,347
Net Pension Liability at December 31, 2022 – Exhibit A	417,840
2023 – Increases	5,497
2023 – Decreases	-
Net Pension Liability at December 31, 2023 – Exhibit A	$ 423,337

8. Customer Advances

The following is a summary of the District's customer advance transactions for the years ended December 31, 2023 and 2022:

Advances at January 1, 2022	$ 223,859
Advances from customers - 2022	-
Expiration of advances - 2022	(32,908)
Advances used - 2022	-
Advances at December 31, 2022 - Exhibit A	190,951
Advances from customers - 2023	45,000
Expiration of advances - 2023	(23,876)
Advances used - 2023	-
Advances at December 31, 2023 - Exhibit A	$ 212,075

9. Lease Activity

The District leases the use of its towers to four customers. Lease terms are for five years with renewal options ranging from 4 to 5 additional five-year terms. Lease terms vary in calling for fixed annual increases of 3%, 3.5%, a minimum increase of 3% or variable increases based on changes to CPI. Fixed annual increases are factored into the measurement of the leases receivable.

	2023	2022
Lease revenues	$ 202,129	$ 202,129
Variable lease revenues	8,320	8,912
Total Lease Revenues	$ 210,449	$ 211,041
Interest Income on Lease Receivable	$ 21,445	$ 22,694

10. Other Post-Employment Benefits (OPEB)

General Information about the OPEB Plan

The District participates in a cost sharing multiple-employer defined benefit OPEB plan administered by the Maine Public Employees Retirement System (MainePERS). The MainePERS Board of Trustees has the authority to establish and amend the benefit terms and financing requirements for the plan. MainePERS issues publicly available financial reports, available at www.mainepers.org.

Additionally, the District participates in the Maine Municipal Employees Health Trust (MMEHT), a single-employer defined benefit OPEB plan. The Board of Trustees has the authority to establish and amend benefit terms to the Plan. The Plan does not issue stand-alone financial reports. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions.*

Benefits Provided

Under the MainePERS basic group life insurance plan benefits are provided during retirement to retirees who participated in the plan prior to retirement for a minimum of 10 years. The level of coverage is initially set to an amount equal to the retiree's average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or $2,500.

The Plan provides healthcare, vision, and dental benefits (dental is only available to new retirees who retired on or after January 1, 2017) for retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of the benefits is covered by the Plan. The Plan also provides for a $2,000 life insurance benefit to all retirees participating in the retiree medical plan through a third-party insurer.

10. Other Post-Employment Benefits (OPEB) - continued

Benefits Provided - continued

Eligible retirees consist of all individuals who are:

1. *Current active members* of MMEHT and must have met the minimum age requirement of age 55 with at least 5 years of service at retirement or
2. If *not a current active member* of MMEHT, the individual must meet the age requirement of age 55 with at least 5 *consecutive* years of service to be eligible.

Employees Covered - At December 31, 2023, the following employees were covered by the Health Plan benefit terms:

Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	None
Active employees	25

MainePERS Group Life Insurance OPEB Plan

Contributions

For the group life insurance benefit, the District is required to remit a premium of $0.46 per $1,000 of coverage per month during the post-employment retirement period. Premium rates for the plan are determined by the MainePERS Board of Trustees to be actuarially sufficient to pay anticipated claims. Contributions to the OPEB plan from the District were $15,204 and $13,663 for the years ended December 31, 2023 and 2022, respectively. Employees are not required to contribute to the group life insurance plan.

Group Life Insurance Plan Actuarial assumptions and other inputs

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study conducted for the period of June 30, 2015 to June 30, 2020.

The net OPEB liability for the Group Life Insurance Plan in the June 30, 2023 and 2022 actuarial valuations for the plan were determined using the following assumptions:

	2023	2022
Investment rate of return, per annum, compounded annually	6.50%	6.50%
Inflation rate	2.75%	2.75%
Salary increases, per year	2.75% - 11.48%	2.75% - 11.48%

In 2022 and 2023, mortality rates were based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.

10. Other Post-Employment Benefits (OPEB) – continued

MainePERS Group Life Insurance OPEB Plan - continued

Group Life Insurance Plan Actuarial assumptions and other inputs – continued

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

Asset Class	Long-term Expected Real Rate of Return
Public equities	6.0%
Real estate	5.2%
Traditional credit	3.2%
US Government securities	2.3%

Discount Rate

The rate used to measure the total Group Life Insurance OPEB liability for the plan was 6.50% for 2023 for each plan. The projection of cash flows used to determine the discount rate assumed that plan members contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the District's Proportionate Share of the Net Group Life Insurance OPEB Liability to Changes in the Discount Rate:

The following presents the District's proportionate share of the net group life insurance OPEB plan liability calculated using the discount rate of 6.50%, as well as what the District's proportionate share of the liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease 5.50%	Discount Rate 6.50%	1% Increase 7.50%
Total OPEB Liability	$117,797	$ 84,930	$ (58,510)

10. Other Post-Employment Benefits (OPEB) – continued

MainePERS Group Life Insurance OPEB Plan - continued

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

The District's net Group Life Insurance OPEB liability were measured as of June 30, 2023, and the total Group Life Insurance OPEB liabilities used to calculate the net Group Life Insurance OPEB liability was determined by actuarial valuations as of that date. The District's proportion of the net Group Life Insurance OPEB liability was based on a projection of the District's long-term share of contributions to the plan relative to the projected contributions of all participating employers, actuarially determined.

At December 31, 2023, the District reported a liability of $84,930 for its proportionate share of the net Group Life Insurance OPEB liability. At December 31, 2023, the District's proportion was 0.6224% which is an increase of 0.047% compared to the prior year. For the year ended December 31, 2023, the District recognized a net Group Life Insurance OPEB loss of $3,127.

At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,508	$ 665
Changes in assumptions	4,151	18,767
Net difference between expected and actual investment earnings	2,734	-
Changes in proportion	9,111	7,920
Total	$ 17,504	$ 27,352

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in Group Life Insurance OPEB expense as follows:

Year ending December 31:	
2024	$ (6,578)
2025	(9,122)
2026	4,951
2027	(546)
2028	1,447
Total	$ (9,848)

MMEHT Health Insurance OPEB Plan

Contributions

Retirees and/or their spouses participating in the Health Plan are responsible for 100% of the premium for the coverage selected.

10. Other Post-Employment Benefits (OPEB) – continued

MMEHT Health Insurance OPEB Plan - continued

Health Plan Actuarial assumptions and other inputs

The District's total Health Plan OPEB liability was measured as of January 1, 2023 and was determined by actuarial valuation as of that date. The actuarial assumptions used in the January 1, 2023 valuation were based on the assumptions that were adopted by the Maine State Retirement consolidated Plan for Participating Local Districts as of June 30, 2021 and based on the experience study covering the period from June 30, 2016 through June 30, 2020.

The total Health Plan OPEB liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.72% per annum in 2023 and 2.06% per annum in 2022
Healthcare cost trend rates	
Pre-Medicare medical	7.90%
Pre-Medicare drug	8.15%
Medicare medical	4.80%
Medicare drug	8.15%
Administrative and claims expenses	3% per annum
Salary increase rate	2.75% per annum

The mortality rates are based on 112.1% and 118.5% of 2010 public plan- General Benefits-Weighted Healthy Retiree mortality table, respectively, for males and females.

Discount Rate

Since the plan is pay-as-you-go and is not funded, the discount rate was based on a 20-year, tax-exempt general obligation municipal bond index. This rate is assumed to be an index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher, for pay-as-you-go plans.

Sensitivity of the total OPEB liability to changes in the Discount Rate:

The following presents the total OPEB liability of the District if it were calculated using a discount rate that is 1% higher or lower than the current discount rate.

	1% Decrease 2.72%	Discount Rate 3.72%	1% Increase 4.72%
Total OPEB Liability	$371,920	$323,176	$283,193

10. Other Post-Employment Benefits (OPEB) – continued

MMEHT Health Insurance OPEB Plan – continued

Sensitivity of the total OPEB liability to changes in the Healthcare Cost Trend Rates:

The following presents the total OPEB liability of the District if it were calculated using a healthcare cost trend rate that is 1% higher or lower than the current healthcare cost trend rate.

	1% Decrease	Healthcare Trend Rates	1% increase
Total OPEB Liability	$278,069	$323,176	$380,205

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

Changes in the Total Health Plan OPEB Liability

	Total Health Plan OPEB Liability (a)
Balance at December 31, 2022	$354,065
Charges for the year:	
Service cost	12,966
Interest	7,421
Changes of benefits	-
Difference between expected and actual experience	-
Changes of assumptions	(37,592)
Benefit payments	(13,684)
Net changes for the year	(30,889)
Balance at December 31, 2023	$323,176

Changes of assumptions reflects a change in the discount rate from 2.06% to 3.72%.

For the year ended December 31, 2023, the District recognized Health Plan OPEB expense of $614. At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to the Health Plan OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 637	$ 59,541
Changes in assumptions	49,552	41,878
Total	$ 50,189	$101,419

10. Other Post-Employment Benefits (OPEB) – continued

MMEHT Health Insurance OPEB Plan – continued

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

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Health Plan OPEB will be recognized in Health Plan OPEB expense as follows:

Year ending December 31:	
2024	$ (6,083)
2025	(13,446)
2026	(8,952)
2027	(8,956)
2028	(3,259)
Thereafter	(10,534)
Total	$ (51,230)

BANGOR WATER DISTRICT
Schedules of Operating and Maintenance Expenses
For the Years Ended December 31, 2023 and 2022

	2023	2022
Pumping		
General operations	$ 265,252	$ 204,082
Pumping maintenance	-	2,229
Total Pumping	265,252	206,311
Water Treatment		
General operations	1,220,234	1,045,425
Maintenance	100,511	94,302
Total Water Treatment	1,320,745	1,139,727
Transmission and Distribution		
General operations	1,249,645	1,203,169
Maintenance		
Repairs to standpipe	37,182	18,578
Repairs to distribution mains	381,695	352,226
Repairs to services	112,076	104,518
Repairs to meters	33,008	29,782
Repairs to hydrants	79,596	49,785
Total Transmission and Distribution	1,893,202	1,758,058
Customer Accounts		
Customer billing	86,434	85,493
Meter reading	11,370	14,001
Collecting	126,035	111,833
Total Customer Accounts	223,839	211,327
Administrative and General	1,545,996	1,408,519
Depreciation	1,596,897	1,479,016
Total Operating and Maintenance Expenses - Exhibit B	$ 6,845,931	$ 6,202,958

BANGOR WATER DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years

	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
District's proportion of the net pension liability	0.1327%	0.1572%	0.1634%	0.1858%	0.1904%	0.1894%	0.2069%	0.2069%	0.2030%	0.1786%
District's proportionate share of the net pension liability	$ 423,337	$ 417,840	$ (52,507)	$ 738,096	$ 581,962	$ 518,422	$ 847,170	$1,078,341	$ 592,699	$ 274,618
District's covered-employee payroll	$2,226,561	$2,076,408	$1,844,816	$1,588,893	$1,920,157	$1,711,826	$1,654,070	$1,603,317	$1,587,935	$1,554,995
District's proportionate share of the net pension liability as percentage of its covered employee payroll	19.0130%	20.1232%	-2.8462%	46.4535%	30.3080%	30.2847%	51.2173%	67.2569%	37.3251%	17.6604%
Plan fiduciary net position as a percentage of the total pension liability	92.3401%	93.2590%	100.8641%	90.6204%	90.6204%	91.1427%	86.4275%	81.6132%	88.2744%	94.1034%

BANGOR WATER DISTRICT
Schedule of the District's Contribution
Last 10 Fiscal Years

	12/31/2023	12/31/2022	12/31/2021	13/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Actuarially required contribution	$ 121,425	$ 121,449	$ 116,162	$ 114,183	$ 123,401	$ 108,359	$ 105,307	$ 99,716	$ 85,533	$ 69,789
Contribution in relation to the actuarially required contribution	(121,425)	(121,449)	(116,162)	(114,183)	(123,401)	(108,359)	(105,307)	(99,716)	(85,533)	(69,789)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 2,226,561	$ 2,076,408	$ 1,844,816	$1,588,893	$1,920,157	$1,711,826	$1,654,070	$1,603,317	$1,587,935	$1,554,995
Contribution as a percentage of covered-employee payroll	5.4535%	5.8490%	6.2967%	7.1863%	6.4266%	6.3300%	6.3665%	6.2194%	5.3864%	4.4881%

Notes to Required Supplementary Information, Maine Public Employees Retirement System

Changes of Benefit Terms - None

Changes of Assumptions

	12/31/2023	12/31/2022	12/31/2021	13/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Discount Rate	6.500%	6.500%	6.500%	6.750%	6.750%	6.750%	6.875%	6.875%	7.125%	7.250%
Investment Rate of Return	6.500%	6.500%	6.500%	6.750%	6.750%	6.750%	6.875%	6.875%	7.125%	7.250%
Salary Increase, Merit and Inflation	2.75% - 11.48%	2.75% - 11.48%	2.75% - 11.48%	2.75% - 9.0%	2.75% - 9.0%	2.75% - 9.0%	2.75% - 9.0%	2.75% - 9.0%	3.5% - 9.5%	3.5% - 9.5%
Cost of Living Benefit Increases	1.91%	1.91%	1.91%	1.91%	1.91%	1.91%	2.20%	2.20%	2.55%	3.12%

For 2014 to 2015 mortality rates were based on the RP2000 tables projected forward to 2015 using Scale AA.
For 2016 though 2020 mortality rates were based on the RP 2014 Total Dataset Healthy Annuitant Mortality Table, for males and females.
For 2021 through 2023 mortality rates were based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.

BANGOR WATER DISTRICT
Schedule of the District's Changes in the Total Health Plan OPEB Liability and Related Ratios
Last 10 Fiscal Years**

Total Health Plan OPEB Liability	12/31/2023	12/31/2022	13/31/2021	13/31/2020	12/31/2019	12/31/2018
Service cost	$ 12,966	$ 13,017	$ 11,038	$ 9,099	$ 10,335	$ 8,638
Interest	7,421	7,633	8,944	14,929	13,305	12,197
Changes of benefit terms	-	-	-	(6,806)	-	-
Differences between expected and actual experience	-	(17,398)	-	(92,985)	-	4,441
Changes of assumptions or other inputs	(37,592)	8,317	20,579	47,461	(31,440)	47,043
Benefit payments	(13,684)	(9,056)	(8,708)	(13,895)	(13,361)	(6,543)
Net change in total health plan OPEB liability	(30,889)	2,513	31,853	(42,197)	(21,161)	65,776
Total Health Plan OPEB liabitliy - beginning	354,065	351,552	319,699	361,896	383,057	317,281
Total Health Plan OPEB liability - ending	$ 323,176	$ 354,065	$ 351,552	$ 319,699	$ 361,896	$ 383,057
Covered-employee payroll	$ 2,226,559	$ 2,342,338	$ 2,024,364	$ 1,990,173	$ 2,081,797	$ 1,639,040
District's Total Health Plan OPEB liability as a percentage of covered-employee payroll	14.51%	15.12%	17.37%	16.06%	17.38%	23.37%

** This data is presented for those years for which information is available.

Notes to Required Supplementary Information, Maine Municipal Employee Health Trust

Changes of Benefit Terms - None

Changes of Assumptions

	12/31/2023	12/31/2022	12/31/2021	13/31/2020	12/31/2019	12/31/2018
Discount Rate	3.720%	2.060%	2.120%	2.740%	4.100%	3.440%
Healthcare cost trend rates (initally applied in FYE 2018 grading over 14 years to 4% per annum)						
Pre-Medicare Medical	7.90%	6.25%	8.20%	8.50%	7.90%	
Pre-Medicare Drug	8.15%	13.10%	8.45%	8.75%	9.20%	
Medicare Medical	4.80%	5.00%	4.90%	5.00%	4.87%	
Medicare Drug	8.15%	9.90%	8.45%	8.75%	9.20%	
Salary increase rate	2.75%	2.75%	2.75%	2.75%	2.75%	

For 2018 through 2021, mortality rates were based on the RP 2014 Total Dataset Healthy Annuitant Mortality Table, for males and females.
For 2022 and 2023, mortality rates were based on 112.1% and 118.5% of the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for males and females.

BANGOR WATER DISTRICT
Schedule of the District's Proportionate Share of the Net OPEB Liability and Contributions
Last 10 Fiscal Years**

	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016
District's proportion of the net OPEB liability	0.6224%	0.5753%	0.5624%	0.6222%	0.6373%	0.6042%	0.6099%	0.6298%
District's proportionate share of the net OPEB liability	$ 84,930	$ 83,320	$ 58,057	$ 82,083	$ 136,362	$ 122,062	$ 101,981	$ 142,419
District's covered-employee payroll	$2,226,559	$2,342,338	$2,024,364	$1,990,172	$2,081,797	$1,923,667	$1,903,818	$1,913,146
District's proportionate share of the net OPEB liability as percentage of its covered employee payroll	3.8144%	3.5571%	2.8679%	4.1244%	6.5502%	6.3453%	5.3567%	7.4442%
Plan net position as a percentage of the total OPEB liability	59.7126%	55.8762%	67.2581%	55.3968%	43.1774%	43.9219%	47.4240%	43.9219%
Actuarially required contribution	$ 8,294	$ 7,350	$ 6,673	$ 7,012	$ 7,013	$ 6,462	$ 6,394	$ 6,319
Contribution in relation to the actuarially required contribution	(8,294)	(7,350)	(6,673)	(7,012)	(7,013)	(6,462)	(6,394)	(6,319)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contribution as a percentage of covered-employee payroll	0.3725%	0.3138%	0.3296%	0.3523%	0.3369%	0.3359%	0.3359%	0.3303%

** This data is presented for those years for which information is available.

Notes to Required Supplementary Information, Maine Public Employees Retirement System

Changes of Benefit Terms - None

Changes of Assumptions

	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016
Discount Rate	6.500%	6.500%	6.500%	6.750%	4.980%	5.130%	5.410%	6.875%
Investment Rate of Return	6.500%	6.500%	6.500%	6.750%	6.750%	6.750%	6.875%	6.875%
Salary Increase, Merit and Inflation	2.75%-11.48%	2.75%-11.48%	2.75%-11.48%	2.75% - 9.0%	2.75% - 9.0%	2.75% - 9.0%	2.75% - 9.0%	2.75% - 9.0%
Inflation Rate	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%

For 2016 though 2020 mortality rates were based on the RP 2014 Total Dataset Healthy Annuitant Mortality Table, for males and females.
For 2021 through 2023, mortality rates were based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.

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Haverlock, Estey & Curran, LLC
Certified Public Accountants • Consultants

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Bangor Water District
Bangor, Maine

We have audited, 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, the financial statements of Bangor Water District which comprise the statement of net position as of December 31, 2023 and the related statements of revenues, expenses and change in fund net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 14, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Haverlock, Estey & Curran

HAVERLOCK, ESTEY & CURRAN

October 14, 2024
Hampden, Maine