

WALDOBORO UTILITY DISTRICT

ANNUAL FINANCIAL REPORT
with Independent Auditors Report

For the Year Ending December 31, 2020

WALDOBORO UTILITY DISTRICT
ANNUAL FINANCIAL REPORT
Year Ended December 31, 2020
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INDEPENDENT AUDITORS REPORT

Board of Directors
Waldoboro Utility District
Waldoboro, Maine

March 4, 2021

I have audited the accompanying financial statements of Waldoboro Utility District, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Waldoboro Utility District as of December 31, 2020 and the changes

in its financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted Management's Discussion & Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. My opinion of the basic financial statements is not affected by this missing information.

Paul J. Wood, CPA

WALDOBORO UTILITY DISTRICT
Statement of Net Position
December 31, 2020

ASSETS		
Current Assets		
Cash	\$	141,628
Receivables:		
Sewer fees		94,850
Prepaid fuel		903
		237,381
Fixed Assets		
Lagoon and related		7,426,101
		7,426,101
Accumulated Depreciation		(2,852,929)
		4,573,172
Total Assets		4,810,553
LIABILITIES AND NET POSITION		
Liabilities:		
Current Liabilities:		
Accounts payable		1,151
Accrued interest		1,670
Current portion of long-term debt		101,614
		104,435
Long-term Liabilities:		
Bonds payable		354,804
Notes payable		193,132
Less current portion of long-term debt		(101,614)
		446,322
		550,757
Net Position:		
Invested in capital assets, net of related debt		4,025,236
Unrestricted:		
Appropriated net position		95,138
Unappropriated		139,422
		4,259,796
Total Liabilities and Net Position	\$	4,810,553

WALDOBORO UTILITY DISTRICT
Statement of Activities
For the Year Ending December 31, 2020

Operating Revenues:	
Sewer fees	\$ 263,680
Miscellaneous	1,003
Total Operating Revenues	<u>264,683</u>
Operating Expenses:	
Labor	50,571
Labor related	3,797
General administration	4,493
Insurance	7,034
Professional fees	16,619
Utilities	36,157
Generator fuel	7,206
Mileage	100
Small tools	12,327
Depreciation	162,152
Miscellaneous	2,250
Sewer line maintenance	310
Plant parts and repairs	8,236
Total Expenses	<u>311,252</u>
Operating Income	<u>(46,569)</u>
Nonoperating Revenues and Expenses:	
Interest on cash funds	129
Interest on sewer fees	3,055
Interest expense	(13,343)
Total Nonoperating Revenues and Expenses	<u>(10,159)</u>
Net Income	<u>(56,728)</u>
Net Position - Beginning	<u>4,316,524</u>
Net Position - Ending	<u>\$ 4,259,796</u>

WALDOBORO UTILITY DISTRICT
Statement of Cash Flows
For the Year Ended December 31, 2020

Cash Flows From Operating Activities:	
Receipts from customers	\$ 255,105
Other income	1,003
Payments for services and supplies	(95,073)
Payments to employees	(53,993)
	<u>107,042</u>
Net Cash Provided by Operating Activities	
 Cash Flows from Capital and Related Financing Activities:	
Acquisition of fixed assets	(36,704)
Retirement of debt	(99,479)
Interest expense	(13,883)
	<u>(150,066)</u>
Net Cash Used by Capital and Related Financing Activities	
 Cash Flows from Investing Activities:	
Interest on cash accounts	3,184
	<u>3,184</u>
Net Cash Provided by Investing Activities	
	<u>3,184</u>
Net Increase in Cash	(39,840)
Cash Balance - Beginning	181,468
Cash Balance - Ending	<u><u>141,628</u></u>
 Cash Flows From Operating Activities:	
Operating income (loss)	(46,569)
Adjustments to Reconcile Operating Income to Cash Flows from Operating Activities:	
Depreciation expense	162,152
Increase (Decrease) in accounts receivable	(8,576)
Increase (Decrease) in prepaid fuel	(340)
Increase (Decrease) in accounts payable	375
	<u>107,042</u>
Net Cash Provided by Operating Activities	\$ <u><u>107,042</u></u>

Waldoboro Utilities District
Notes to the Financial Statements
December 31, 2020

Note 1 - Summary of Significant Accounting Policies

General Statement

Waldoboro Utilities District (The District) is an organization for the towns people within the Town of Waldoboro. Its purpose is to operate as a Sewer treatment plant. The basic operations of the District are financed by fees.

The accounting and reporting policies of the District relating to the proprietary fund in the accompanying financial statements conform to generally accepted accounting principles applicable to state and local governments.

The following significant accounting policies were applied in the preparation of the accompanying financial statements:

Reporting Entity

The District's general purpose financial statements include the accounts of all the District's operations. The criteria for including other organizations within the District's reporting entity, as set forth in NCGA Statement No. 3, "Defining the Reporting Entity", primarily include the degree of oversight responsibility maintained by the Executive Board. Examples of oversight responsibility include financial interdependency, selection of governing authority designation of management, ability to significantly influence operations and accountability for fiscal matters. Member governments have not been included within the District's general purpose financial statements because none of the criteria of NCGA Statement No. 3 have been met.

Basis of Presentation

The accounts of the District utilize the accrual basis of accounting whereby revenues are recognized as earned and expenses are recognized as obligations are incurred. Resources are accounted for in individual accounts based upon the purposes for which they are to be spent and the restrictions, if any on the spending activities. The District uses appropriated fund equities to restrict assets for the following purposes:

Purpose:	Sewer <u>Division</u>
Equipment reserve	\$ 1,423
SSDC	4,034
Debt	63,256
Sludge removal	26,425
Total Appropriated \$	<u><u>95,138</u></u>

Proprietary Fund Type

Enterprise Fund - accounts for the financing of operations expected to be reimbursed from results of operations. The major sources of revenue are user fees.

Federal and State Grant Revenue

Capital grant revenue is recorded as other nonoperating income. For the year ended December 31, 2020, the District received no contributed grants. Such revenue is subject to review by the funding agency and may result in disallowance in subsequent periods.

User Fees

All customers are required to pay fees to The District. Fees are determined by usage rates set annually and are recognized as revenues when assessed because they are measurable and are collectible within the current period.

Other Revenues

Other revenues are composed primarily of interest and miscellaneous charges for services. Interest income is recorded as earned since it is measurable and available. Miscellaneous charges for services are recorded as revenues when received in cash because they are generally not measurable until actually received.

Cash

Deposits are carried at cost which approximates market value. The carrying amount of deposits is separately displayed on the balance sheet as 'Cash.' At December 31, 2020, the deposits of the District covered by federal depository insurance was \$145,644 with no amount uninsured.

Materials and Supplies

Inventories of materials and supplies are stated at lower of cost or market. Cost is determined principally on a first-in, first-out basis. Most inventory consists of hardware that has a significant shelf life.

Operating and Nonoperating Property

Operating and nonoperating property are recorded at cost or, in the case of contributed property, at the fair market value at the date of acquisition. Depreciation is computed on the straight line method based upon the estimated useful lives of the assets as follows:

Operating Property

Sewer Division - Useful lives ranging from ten to fifty years, in accordance with federal regulations as indicated in the Federal Register, Environmental Protection Agency, Water Pollution Control.

2. Operating property

Operating and nonoperating property are recorded at cost or, in the case of contributed property, at the fair market value at the date of acquisition. Depreciation is computed on the straight line method based upon the estimated useful lives of the assets as follows:

2. Operating property, continued

Fixed Assets	Depreciation Life	Cost	Depreciation Expense
Land	0	\$ 14,058	\$ 0
Pumping stations	50	327,413	9,482
Equipment	8,3,&5	118,553	5,948
Lagoon and related	50	6,978,405	146,722
		<u>\$ 7,438,429</u>	<u>\$ 162,152</u>

Governmental Activities:	Balance Jan 1, <u>2020</u>	<u>Increases</u>	<u>Decreases</u>	Balance Dec 31, <u>2020</u>
Assets not being depreciated				
Land	\$ 14,058	\$	\$	\$ 14,058
Assets being depreciated				
Pumping Stations	315,696	11,717		327,413
Equipment	93,566	24,987		118,553
Lagoon and related	6,978,405			6,978,405
	<u>7,401,725</u>	<u>36,704</u>	<u>0</u>	<u>7,438,429</u>
Less accumulated depreciation				
Pumping Stations	80,830	9,482		90,312
Equipment	85,542	5,948		91,490
Lagoon and related	2,524,405	146,722		2,671,127
	<u>2,690,777</u>	<u>162,152</u>	<u>0</u>	<u>2,852,929</u>
Capital Assets, net	\$ <u>4,710,948</u>	\$ <u>(125,448)</u>	\$ <u>0</u>	\$ <u>4,585,500</u>

3. Long-term Debt

The following is a summary of long-term debt transactions of the District for the year ended December 31, 2020:

Long-term debt payable at January 1, 2020	\$ 647,415
Deductions - Debt retired	(99,479)
Long-term debt payable at December 31, 2020	<u>\$ 547,936</u>
Interest paid	<u>13,883</u>

Long-term debt payable at December 31, 2020 is comprised of the following:

<u>Sewer Division</u>	Interest <u>Rate</u>	Final Maturity <u>Date</u>	Balance End of <u>Year</u>
MMBB Revolving loan fund	2.0%	2021	\$ 15,925
MMBB Revolving loan fund	2.0%	2024	338,879
Rural Development note	1.0%	2058	193,132
Totals			<u>\$ 547,936</u>

3. Long-term Debt, continued

The annual requirement to amortize all long-term debt outstanding as of December 31, 2020 including interest payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 101,614	12,264
2022	87,440	10,555
2023	89,226	9,220
2024	91,049	7,858
2025	3,803	3,349
2026-2030	20,111	15,648
2031-2035	22,068	13,690
2036-2040	29,335	13,575
2041-2045	27,071	8,687
2046-2050	29,706	6,052
2051-2055	32,598	3,161
2056-2058	13,915	393
Total	\$ <u>547,936</u>	\$ <u>104,452</u>

4. Risk Assessment & Contingencies

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains insurance coverage for part of its risk management. Currently, the District purchases insurance for the following:

The property, general liability and employee dishonesty insurance is carried with the Maine Municipal Association Property & Casualty Pool.

5. Subsequent Events

The District's management has concluded that no events that occurred prior to December 31, 2020 and before March 4, 2021 require disclosure as subsequent events.