

Lincoln Sanitary District

ANNUAL FINANCIAL STATEMENTS
(with required and other supplementary information)

For the Years Ended December 31, 2024 and 2023

CONTENTS

	Statement	Page
Independent Auditor's Report		3-5
Required Supplementary Information		
Management's discussion and analysis		6-10
Basic Financial Statements		
Statements of net position	1	11
Statements of revenues, expenses and changes in net position	2	12
Statements of cash flows	3	13-14
Notes to basic financial statements		15-27
	Exhibit	
Required Supplementary Information		
Schedule of the District's proportionate share of net pension asset and liability – Participating Local Districts Plan	1	28
Schedule of District pension contributions – Participating Local Districts Plan	2	29
Schedule of the District's proportionate share of net OPEB liability – Participating Local Districts Group Life Plan	3	30
Schedule of District OPEB contributions – Participating Local Districts Group Life Plan	4	31
	Schedule	
Other Supplementary Information		
Schedule of operating expenses – budget to actual	1	32-33
Other Reports		
Independent Auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>		34-35



674 Mt Hope Avenue • Suite 1 • Bangor, ME 04401-5662 • (207) 947-3325 • FAX (207) 945-3400
Email: bta@btacpa.com

Independent Auditor's Report

To the Board of Trustees
Lincoln Sanitary District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Lincoln Sanitary District as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Lincoln Sanitary District, as of December 31, 2024 and 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Lincoln Sanitary District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Lincoln Sanitary 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.

Auditor's Responsibilities for the Audit of 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 opinions. 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 Town'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 and pension and OPEB information on pages 6 through 10 and 28-31 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lincoln Sanitary District's basic financial statements. The schedule of operating expenses – budget and actual is presented for purposes of additional analysis and are 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, the schedule of operating expenses – budget and actual 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 June 12, 2025 on our consideration of the Lincoln Sanitary District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lincoln Sanitary 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 the Lincoln Sanitary District's internal control over financial reporting and compliance

Brantner Whibodian & Associates

Bangor, Maine
June 12, 2025

**Lincoln Sanitary District
Management's Discussion and Analysis (Unaudited)
December 31, 2024**

INTRODUCTION

The Lincoln Sanitary District is pleased to present the District's financial statements for the years ended December 31, 2024 and 2023. This report is an effort to provide information to our customers regarding financial standing and a general analysis of sanitary district planning, operations and progress. The appointed Trustees and the Superintendent are solely responsible for the content of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Lincoln Sanitary District is a quasi-municipal organization. The District uses one proprietary fund that is operated and financed in a manner similar to a private business.

The Management and Discussion analysis (MD&A) serves as an introduction to the financial statements of the District. The MD&A for 2024 is comparative with 2023 as required by GASB 34.

The District's basic financial statements are as follows:

Statement of net position

Statement of revenues, expenses and changes in net position.

Statement of cash flows

Notes to the financial statements

FINANCIAL HIGHLIGHTS

Net position decreased by \$232,580 in 2024. This change is the result of \$1,319,938 in revenues and gains (losses) and grant revenues of \$19,241 offset by \$1,571,759 in expenses.

Net position increased by \$231,811 in 2023. This change is the result of \$1,191,412 in revenues and gains (losses) and grant revenues of \$423,904 offset by \$1,383,504 in expenses.

Capital assets decreased by a net of \$496,830 in 2024. This represents a \$169,613 increase in utility plant property, less a \$666,443 net increase in accumulated depreciation.

Capital assets increased by a net of \$29,300 in 2023. This represents a \$556,544 increase in utility plant property, less a \$527,244 net increase in accumulated depreciation.

Long term debt decreased by \$221,355 in 2024
Depreciation expense increased from \$527,827 to \$666,444.

Long term debt decreased by \$219,347 in 2023.
Depreciation expense decreased from \$528,249 to \$527,827.

Non-depreciation operating expenses in all categories, collection systems, wastewater pumping, wastewater treatment and administrative and general expenses increased by \$49,956.

CONDENSED STATEMENT OF NET POSITION

A condensed statement of net position for December 31, 2024, 2023 and 2022 is as follows:

	2024	2023	2022
Current assets	\$ 1,540,944	\$ 1,601,714	\$ 1,506,671
Non-current receivables	-	-	-
Capital assets	<u>8,823,333</u>	<u>9,320,163</u>	<u>9,290,863</u>
Total assets	<u>10,364,277</u>	<u>10,924,717</u>	<u>10,797,534</u>
Deferred outflows of resources	<u>68,405</u>	<u>46,400</u>	<u>69,933</u>
Current liabilities	168,465	270,070	172,335
Long term liabilities	<u>2,746,722</u>	<u>2,942,845</u>	<u>3,144,930</u>
Total liabilities	<u>2,915,187</u>	<u>3,212,915</u>	<u>3,317,265</u>
Deferred inflows of resources	<u>29,014</u>	<u>34,301</u>	<u>60,952</u>
Net investment in capital assets	6,128,170	6,403,645	6,154,998
Restricted for capital projects	430,644	451,218	434,921
Unrestricted	<u>929,667</u>	<u>866,198</u>	<u>899,331</u>
Total net position	<u>\$ 7,488,481</u>	<u>\$ 7,721,061</u>	<u>\$ 7,489,250</u>

CURRENT ASSETS

Current assets decreased by \$63,610 in 2024 and increased \$95,043 in 2023. Cash increased by \$19,051 in 2024 and decreased by \$32,428 in 2023.

CAPITAL ASSETS

Capital assets decreased by a net of \$496,830 in 2024 and increased by \$29,300 in 2023. The change consists of the following:

	2024	2023
Utility property	\$ 22,840,562	\$ 17,554,655
Construction in progress	-	5,116,294
Allowance for depreciation	<u>(14,017,229)</u>	<u>(13,350,786)</u>
Total	<u>\$ 10,364,277</u>	<u>\$ 9,320,163</u>

CURRENT LIABILITIES

Accounts payable decreased by \$105,398 in 2024 from 2023. Accrued interest decreased by \$248 and current maturities of long-term debt increased by \$1,201

LONG-TERM LIABILITIES

Long term debt decreased by \$222,556, compensated absences increased by \$4,931, and net pension and OPEB liability increased by \$21,502 from 2023 to 2024.

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	<u>2024</u>	<u>2023</u>	<u>2022</u>
User fees revenue	\$ 1,226,905	\$ 1,111,775	\$ 1,157,627
Other revenue and Non-operating revenue	<u>112,274</u>	<u>503,540</u>	<u>489,787</u>
Total revenues	<u>1,339,179</u>	<u>1,615,315</u>	<u>1,647,414</u>
Depreciation expense	666,443	527,827	525,249
Operating expense	867,915	817,957	742,070
Non-operating expense	<u>37,401</u>	<u>37,720</u>	<u>39,787</u>
Total expenses	<u>1,571,759</u>	<u>1,383,504</u>	<u>1,310,106</u>
Change in net position	(232,580)	231,811	337,308
Beginning net position	<u>7,721,061</u>	<u>7,489,250</u>	<u>7,151,942</u>
Ending net position	<u>\$ 7,488,481</u>	<u>\$ 7,721,061</u>	<u>\$ 7,489,250</u>

OPERATING REVENUE

\$1,226,905 of the 2024 and \$1,111,775 in 2023 operating revenue is from user fees, while \$25,470 in 2024 and \$5,376 in 2023 is from special projects and miscellaneous revenues.

The District's user fees are billed quarterly based on water consumption provided by the Lincoln Water District. Lincoln Sanitary District rates are set by the board of trustees. During 2024, the user fees increased 10.32% due to usage and rate increases and during 2023 the user fees decreased 3.96% due to usage decrease.

OPERATING EXPENSES

Operating expenses for the years ended 2024 , 2023 and 2022 are as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Collection system	\$ 9,032	\$ 15,306	\$ 10,595
Wastewater pumping	43,420	32,954	31,767
Wastewater treatment	424,061	370,813	335,456
Administrative and general	<u>391,402</u>	<u>398,885</u>	<u>364,252</u>
Total operating expenses	<u>\$ 867,915</u>	<u>\$ 817,958</u>	<u>\$ 742,070</u>

NON-OPERATING REVENUE (EXPENSES)

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Grant revenue	\$ 19,241	\$ 423,904	\$ 471,554
Maine Bond Bank loan forgiveness	12,335	25,165	-
Loss on sale of capital assets	-	(313)	-
Interest income	55,228	49,409	6,371
Interest expense	<u>(37,401)</u>	<u>(37,720)</u>	<u>(39,787)</u>
Total non-operating Revenue and expenses	<u>\$ 49,403</u>	<u>\$ 460,445</u>	<u>\$ 438,138</u>

CONSTRUCTION UPGRADE PROJECT

The District has completed it's ongoing sewer upgrade project that is being funded from a USDA loan and grant program with \$0 remaining at December 31, 2024.

FINANCING AND COMMUNICATIONS

The Trustees examine income and expenses on a monthly basis. They also, as required, employ the services of a Certified Public Accountant to perform an annual audit of all financial aspects of the District. The results of the annual audit are available each year at the District office.

Public input pertaining to any issue is welcome and encouraged at any regular Trustee meeting. Meetings are generally held on the second Thursday of each month at the District office and begin at 6:30 PM.

Contact information

If you have questions about this report or need any additional information, contact the Lincoln Sanitary District, at P.O. Box 56, Lincoln, ME. 04457 or call (207) 794-8244.

This information is provided by the Board of Trustees:

Peter Graham, Chair
Melissa Quintela, Vice Chair
Darrell Dill, Treasurer
Roberta Dickinson, Clerk
Kenneth Grant
Scott Hesseltine, Superintendent

**Lincoln Sanitary District
Statements of Net Position**

	<u>December 31,</u>	
	<u>2024</u>	<u>2023</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,340,548	\$ 1,321,497
Accounts receivable, net of allowance for doubtful accounts of \$0 for 2024 and 2023	196,705	173,968
Other receivable	3,691	-
Grant receivable - Rural Development	-	109,089
Total current assets	<u>1,540,944</u>	<u>1,604,554</u>
Non-current assets		
Capital assets		
Land	50,340	50,340
Construction in progress	-	5,116,294
Operating property	22,790,222	17,504,315
Less accumulated depreciation	<u>(14,017,229)</u>	<u>(13,350,786)</u>
Total capital assets net	<u>8,823,333</u>	<u>9,320,163</u>
Total assets	<u>10,364,277</u>	<u>10,924,717</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions and OPEB	<u>68,405</u>	<u>46,400</u>
LIABILITIES		
Current liabilities		
Accounts payable	3,691	109,089
Accrued interest payable	6,608	6,856
Current maturity of long term debt	<u>158,166</u>	<u>156,965</u>
Total current liabilities	<u>168,465</u>	<u>272,910</u>
Non-current liabilities		
Long term debt, net of current maturities	2,536,997	2,759,553
Compensated absences liability	42,023	37,092
Net pension and OPEB liability	<u>167,702</u>	<u>146,200</u>
Total non-current liabilities	<u>2,746,722</u>	<u>2,942,845</u>
Total liabilities	<u>2,915,187</u>	<u>3,215,755</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions and OPEB	<u>29,014</u>	<u>34,301</u>
NET POSITION		
Net investment in capital assets	6,128,170	6,403,645
Restricted for capital projects	430,644	451,218
Unrestricted	<u>929,667</u>	<u>866,198</u>
Total net position	<u>\$ 7,488,481</u>	<u>\$ 7,721,061</u>

See accompanying notes to basic financial statements.

Lincoln Sanitary District
Statements of Revenues, Expenses and Changes in Net Position

	Year Ended December 31,	
	2024	2023
OPERATING REVENUES		
User fees	\$ 1,226,905	\$ 1,111,775
Other income	<u>25,470</u>	<u>5,376</u>
Total operating revenues	<u>1,252,375</u>	<u>1,117,151</u>
OPERATING EXPENSES		
Collection systems	9,032	15,306
Wastewater pumping	43,420	32,954
Wastewater treatment	424,061	370,813
Administrative and general	391,402	398,885
Depreciation expense	<u>666,443</u>	<u>527,827</u>
Total operating expenses	<u>1,534,358</u>	<u>1,345,785</u>
Operating loss	<u>(281,983)</u>	<u>(228,634)</u>
NON-OPERATING REVENUES (EXPENSES)		
Grant revenue	19,241	423,904
Maine Bond Bank loan forgiveness	12,335	25,165
Loss on sale of capital assets	-	(313)
Interest and investment revenue	55,228	49,409
Interest expense	<u>(37,401)</u>	<u>(37,720)</u>
Total non-operating revenues (expenses)	<u>49,403</u>	<u>460,445</u>
Change in net position	(232,580)	231,811
NET POSITION - BEGINNING OF YEAR	<u>7,721,061</u>	<u>7,489,250</u>
NET POSITION - END OF YEAR	<u>\$ 7,488,481</u>	<u>\$ 7,721,061</u>

**Lincoln Sanitary District
Statements of Cash Flows**

	Year Ended December 31,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from user charges	\$ 1,204,168	\$ 1,081,973
Received from other income	25,470	5,376
Payments for administrative and employee services	(392,261)	(383,556)
Payments to suppliers for goods and services	<u>(476,513)</u>	<u>(419,073)</u>
Net cash provided by operating activities	<u>360,864</u>	<u>284,720</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from debt	12,335	25,165
Purchases of capital assets	(169,613)	(448,215)
Grant revenue	19,241	315,575
Disposal of capital assets	-	(896)
Interest paid on debt	(37,649)	(38,839)
Repayment of bonds and capital leases	<u>(221,355)</u>	<u>(219,347)</u>
Net cash used by capital and financing activities	<u>(397,041)</u>	<u>(366,557)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on cash and investments	<u>55,228</u>	<u>49,409</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	19,051	(32,428)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>1,321,497</u>	<u>1,353,925</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 1,340,548</u>	<u>\$ 1,321,497</u>
Supplemental information		
Interest paid during the fiscal year	<u>\$ 37,649</u>	<u>\$ 38,839</u>

Lincoln Sanitary District
Statements of Cash Flows

	Year Ended December 31,	
	2024	2023
Reconciliation of operating loss to net cash provided by operating activities		
Operating loss	\$ (281,983)	\$ (228,634)
Depreciation and amortization	666,443	527,827
Changes in assets and liabilities		
Decrease in accounts receivable	(22,737)	(29,802)
Decrease in accrued paid time off	4,931	5,929
Increase (decrease) in net pension liability and related deferred inflows and outflows	<u>(5,790)</u>	<u>9,400</u>
Net cash provided by operating activities	<u>\$ 360,864</u>	<u>\$ 284,720</u>

**Lincoln Sanitary District
Notes to Basic Financial Statements
December 31, 2024 and 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lincoln Sanitary District is a quasi-municipal corporation located in Lincoln, Maine which operates a sewage treatment plant.

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

The operations of the District are accounted for as an enterprise type proprietary fund which is similar to a business enterprise.

A. FINANCIAL REPORTING ENTITY

In evaluating the District as a reporting entity, management has addressed all potential component districts for which the District may be financially accountable and, as such, should be included within the District's financial statements. In accordance with GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, the District is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits or to impose specific financial burdens on the District. Additionally, the District is required to consider other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading. Based on the application of these criteria, there are no entities that should be included as part of these financial statements.

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

B. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

Proprietary Fund

The proprietary fund is used to account for the operations of the sanitary district. Activities of the fund include administration, operations and maintenance of the waste water system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of long-term debt for the waste water fund. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the fund.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personnel, contractual services, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Lincoln Sanitary District
Notes to Basic Financial Statements
December 31, 2024 and 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities, whether current or non-current, are included on the statement of net position and the operating statements present increases, revenues, and decreases, expenses, in net position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water services which are accrued. Expenses are recognized at the time the liability is incurred.

D. FINANCIAL STATEMENT AMOUNTS

Cash and Cash Equivalents

For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less and certificates of deposit at banks with a longer maturity are considered to be cash equivalents. Additional information is presented in Note 2.

Allowance for Doubtful Accounts and User Fees

The District maintained an allowance for doubtful accounts of \$0 at December 31, 2024 and \$0 at December 31, 2023. The related user fees revenues were \$1,226,905 and \$1,111,775 net of bad debt write-off of \$0 for the year ended December 31, 2024 and \$0 for 2023.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the proprietary fund statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

All assets that are purchased using the District's reserve account and other assets that have an original cost of \$3,000 or more and over one year of useful life are capitalized. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	20-50 years
Infrastructure	20-100 years
Equipment and furniture	3-20 years

**Lincoln Sanitary District
Notes to Basic Financial Statements
December 31, 2024 and 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. FINANCIAL STATEMENT AMOUNTS (CONTINUED)

Long-term Liabilities

All long-term liabilities to be repaid from business-type resources are reported as liabilities in proprietary fund statements. The long-term liabilities consist of bonds and note payable, compensated absences liability, and net pension and OPEB liability.

Vacation benefits are based on years of service. These benefits are substantially non-vesting and are not material, therefore they are not reported.

Under terms of personnel policies, employees can accrue up to 120 days of sick time. After 15 or more years of service employees will be paid 33.33% of sick time upon termination or retirement. Upon separation from at least 15 years of service, the District will buy back 50% of the employee's accumulated sick time, provided employee was not dismissed for just cause.

Pensions and Other Post-Employment Benefits (OPEB)

For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension and OPEB expense, information about the fiduciary net position of the Participating Local Districts (PLD) Plan and additions to/deductions from the PLD Plan's fiduciary net position have been determined on the same basis as they are reported by the PLD Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Use of Estimates

Preparation of the District's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Position

Net position represents the difference between assets and liabilities. 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 their use either through the enabling legislations adopted by the Lincoln Sanitary District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The remaining net position is reported as unrestricted. For expenditures that qualify for either classification, amounts will be first spent from restricted net position then from unrestricted net position.

Lincoln Sanitary District
Notes to Basic Financial Statements
December 31, 2024 and 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. FINANCIAL STATEMENT AMOUNTS (CONTINUED)

Revenue Recognition

The District derives its revenues primarily from metered sales. Revenues are recognized when control of the products or services is transferred to its customers, in an amount that reflects the consideration the District expects to be entitled to in exchange for those products and services.

NOTE 2. CASH AND CASH EQUIVALENTS

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a deposit policy for custodial credit risk. As of December 31, 2024, and 2023, the District reported deposits of \$1,340,548 and \$1,321,497 with bank balances of \$1,350,926 and \$1,333,332, respectively. Of the District's total bank balance of at December 31, 2024, \$0 was exposed to custodial risk.

NOTE 3. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2024 was as follows:

	Balance 12/31/23	Additions/ Completions	Retire- ments	Balance 12/31/24
<i>Capital assets not being depreciated</i>				
Land and improvements	\$ 50,340	\$ -	\$ -	\$ 50,340
Construction in progress	5,116,294	-	(5,116,294)	-
Total capital assets not being depreciated	5,166,634	-	(5,116,294)	50,340
<i>Capital assets being depreciated</i>				
Plant	3,984,124	18,862	-	4,002,986
Fiscal sustainability plan	-	75,000	-	75,000
Plant upgrade	8,784,084	63,201	-	8,847,285
Sewer mains and systems	2,840,451	8,400	-	2,848,851
Sewer system improvements	-	5,092,000	-	5,092,000
Trucks and equipment	915,818	28,444	-	944,262
Other	979,838	-	-	979,838
Total capital assets being depreciated	17,504,315	5,285,907	-	22,790,222
<i>Less accumulated depreciation</i>	(13,350,786)	(666,443)	-	(14,017,229)
Total capital assets, being depreciated, net	4,153,529	4,619,464	-	8,772,993
Capital assets, net	<u>\$ 9,320,163</u>	<u>\$ 4,619,464</u>	<u>\$(5,116,294)</u>	<u>\$ 8,823,333</u>

Lincoln Sanitary District
Notes to Basic Financial Statements
December 31, 2024 and 2023

NOTE 4. LONG-TERM LIABILITIES

The following is a summary of long-term liabilities for the year ended December 31, 2024:

	Balance 12/31/23	Increases	Decreases	Balance 12/31/24	Due within One Year
General obligation bonds and Note					
<i>Maine Municipal Bond Bank</i>					
1% construction bond dated March 3, 2009 due 2026	\$ 146,327	\$ -	\$ (48,291)	\$ 98,036	\$ 48,774
0.15% wastewater bond dated May 21, 2015 due 2031	469,328	-	(58,358)	410,970	58,447
<i>USDA Rural Development</i>					
1.25% wastewater upgrade note dated October 28, 2021, due 2061	<u>2,300,863</u>	<u>-</u>	<u>(114,706)</u>	<u>2,186,157</u>	<u>50,945</u>
Total general obligation bonds and note	2,916,518	-	(221,355)	2,695,163	158,166
Compensated absences	37,092	4,931	-	42,023	-
Net OPEB liability	12,844	-	(2,885)	9,959	-
Net pension liability	<u>133,356</u>	<u>43,370</u>	<u>(18,983)</u>	<u>157,743</u>	<u>N/A</u>
Total long-term liabilities	<u>\$3,099,810</u>	<u>\$ 48,301</u>	<u>\$ (243,223)</u>	<u>\$2,904,888</u>	<u>\$ 158,166</u>

Future maturities of bonds and note payable are as follows:

Year Ended December 31	Principal	Interest	Total Payment Requirements
2025	\$ 158,166	\$ 34,215	\$ 192,381
2026	159,377	33,003	192,380
2027	110,847	31,778	142,625
2028	111,589	31,037	142,626
2029	112,338	30,288	142,626
2030-2034	395,767	131,451	527,218
2035-2049	295,717	107,563	403,280
2040-2044	314,667	88,613	403,280
2045-2049	334,831	68,449	403,280
2050-2054	356,288	46,992	403,280
2055-2059	<u>345,576</u>	<u>24,159</u>	<u>369,735</u>
	<u>\$2,695,163</u>	<u>\$ 627,548</u>	<u>\$3,387,711</u>

NOTE 5. NET INVESTMENT IN CAPITAL ASSETS

**Lincoln Sanitary District
Notes to Basic Financial Statements
December 31, 2024 and 2023**

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds payable adding back any unspent proceeds. The District's net investment in capital assets was calculated as follows at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Capital assets	\$ 22,840,562	\$ 22,670,949
Accumulated depreciation	(14,017,229)	13,350,786)
Related bonds payable	<u>(2,695,163)</u>	<u>(2,916,518)</u>
Total balance	<u>\$ 6,128,170</u>	<u>\$ 6,403,645</u>

NOTE 6. NET POSITION – RESTRICTED FOR CAPITAL PROJECTS

The District's restricted for capital projects was comprised as follows at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Frontal assessment	\$ 10,121	\$ 10,121
Rural Development	24,197	16,131
Equipment	<u>396,326</u>	<u>424,966</u>
Total	<u>\$ 430,644</u>	<u>\$ 451,218</u>

NOTE 7. DEFINED BENEFIT PENSION PLAN

Plan Description

Eligible employees participate in the Maine Public Employees Retirement System's Participating Local District (PLD) Plan. The PLD plan is a multiple-employer cost sharing defined benefit plan. Eligible employers (districts) are defined in Maine statute.

Pension Benefits

Benefit terms are established in Maine statute; in the case of the PLD Consolidated Plan, an advisory group, also established by statute, reviews the terms of the plan and periodically makes recommendations to the Legislature to amend them. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting occurs upon the earning of five years of service credit. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for State employees and teachers is age 60, 62, or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. For PLD members, normal retirement age is 60 or 65. 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 his/her normal retirement age at retirement. The System also provides disability and death benefits which are established by statute for State employee and teacher members and by contract with other participating employers under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 3.88%.

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Lincoln Sanitary District
Notes to Basic Financial Statements
December 31, 2024 and 2023**

Contributions

Retirement benefits are funded by contributions from employee and employers and by earnings from investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. Member and employer contribution rates are each a percentage of applicable member compensation. Member contribution rates are defined by law or by the System's Board of Trustees and depend on the terms of the plan under which a member is covered. Employer contribution rates are determined through actuarial valuations.

PLD plan members are required to contribute 9.00% of their annual salary to the plan. The District is required to pay 10.2% of members' compensation. The District had covered payroll of \$387,699 for the year ended December 31, 2024. District contributions were as follows:

Proportionate Share of the Net Pension Liability

At December 31, 2024, the District reported a liability for its proportionate share of the net pension liability. The amount recognized by the District as its proportionate share of the net pension liability was \$157,743. The net pension liability at December 31, 2023 was \$133,356.

The net pension asset for the District was measured as of June 30, 2024, and the total collective pension asset used to calculate the net pension asset was determined by actuarial valuations as of that date. The District's proportionate share percentage of the collective net pension asset for the PLD Plan was 0.039411%, allocated based on adjusted contributions to the plan for the year ended June 30, 2024. This percentage for net pension liability was 0.041792% at the prior measurement date of June 30, 2023.

Actuarial Assumptions

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2024 and June 30, 2023 are as follows:

Actuarial valuation date	June 30, 2024 and June 30, 2023, respectively
Measurement date	June 30, 2024 and June 30, 2023, respectively
Actuarial cost method	Entry age normal for both years
Assumptions	
Investment Rate of Return	6.50% and 6.50%, respectively, per annum, compounded annually, net of Plan investment expense
Inflation Rate	2.75% and 2.75%, respectively, per year
Annual Salary Increases, Including 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 both of the Plan years are based on the 2010 Public Plan General Benefits – Weighted Healthy Retirement Mortality Tables, for males and females, projected generationally using the RPEC_2020 model.

The actuarial assumptions used in the June 30, 2024 and the June 30, 2023 valuations for the Plan were based on the results of an actuarial experience study for the period June 30, 2015 through June 30, 2020

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Lincoln Sanitary District
Notes to Basic Financial Statements
December 31, 2024 and 2023

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using the 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 geometric real rates of return for each major asset class included in the target asset allocation as of June 30 are summarized in the following table:

	2024	2023
<u>Asset Class</u>	<u>Long-Term Expected</u>	<u>Long-Term Expected</u>
	<u>Real Rate of Return</u>	<u>Real Rate of Return</u>
Public Equities	6.0%	6.0%
US Government	2.2	2.6
Private Equity	7.2	7.6
Real Assets:		
Real Estate	5.8	5.2
Infrastructure	5.3	5.3
Natural Resources	5.1	5.0
Traditional Credit	2.7	3.2
Alternative Credit	6.4	7.4
Diversifiers	4.8	5.0

Discount Rate

The discount rate used to measure the collective total pension liability was 6.50% and 6.50% for June 30, 2024 and 23. 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 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity Analysis

The following presents the District's proportionate share of the net pension liability measured as of June 30, 2024 and 2023, calculated using the discount rate disclosed in the preceding paragraph, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	December 31, 2024	December 31, 2023
1% Decrease	\$ 394,143	\$ 365,406
Current Rate	\$ 157,743	\$ 133,356
1% Increase	\$ (37,024)	\$ (58,066)

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Lincoln Sanitary District
Notes to Basic Financial Statements
December 31, 2024 and 2023**

Pension Expense and Deferred Items Summary

For the year ended December 31, 2024, the District recognized pension expense of \$22,569 related to the PLD Plan. For the year ended December 31, 2023, the District recognized pension expense of \$48,597.

For the years ended December 31, 2024 and December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	December 31, 2024 PLD Plan		December 31, 2023 PLD Plan	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 46,818	\$ -	\$ 24,758	\$ -
Changes of assumptions	-	-	-	-
Net difference between expected and actual investment earnings	-	16,402	-	22,630
Changes in proportion	-	8,294	-	6,993
Contributions to plan subsequent to measurement date	19,943	-	18,983	-
Total	<u>\$ 66,761</u>	<u>\$ 24,696</u>	<u>\$ 43,741</u>	<u>\$ 29,623</u>

\$19,943 reported as deferred outflows related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred inflows and outflows will be recognized as pension expense as follows:

Year ended December 31,	PLD Plan Amount
2025	\$ (8,277)
2026	35,762
2027	(2,186)
2028	(3,177)
	<u>\$ 22,122</u>

Pension Plan Fiduciary Net Position

The MPERS fiduciary net position has been determined using the same basis used to determine the net pension liability, deferred outflows and inflows of resources related to pension, and pension expense. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value.

Detailed information about the MPERS fiduciary net position is available in a separately issued MPERS financial report. That report may be obtained on the MPERS website at www.maineopers.org

NOTE 8. OTHER POST-EMPLOYMENT BENEFIT (OPEB) OBLIGATION – GROUP LIFE INSURANCE

**Lincoln Sanitary District
Notes to Basic Financial Statements
December 31, 2024 and 2023**

Plan Description

The Group Life Insurance Plan for Retired Participating Local District (PLD) (the PLD Consolidated Plan) employees is a multiple-employer cost sharing plan.

The Group Life Insurance Plans (the Plans) provide basic group life insurance benefits, during retirement, to retirees who participated in the Plans prior to retirement for a minimum of 10 years (the 10-year participation requirement does not apply to recipients of disability retirement benefits). The level of coverage in retirement 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.

Contributions and Funding Policy

PLD employers are required to remit a premium of \$0.46 per \$1,000 of coverage for covered active employees, a portion of which is to provide a level of coverage in retirement. PLD employers with retired PLD employees continue to remit a premium of \$0.46 per \$1,000 of coverage per month during the post-employment retired period.

Proportionate Share of the Net OPEB Liability

The proportions of the OPEB liabilities that were associated with the District were as follows:

	2024	2023
District's proportionate share of the net OPEB liability	\$ 9,959	\$ 12,844
State's proportionate share of the net OPEB liability associated with the District	-	-
Total	<u>\$ 9,959</u>	<u>\$ 12,844</u>

The net OPEB liability for the District was measured as of June 30, 2024, and the total collective OPEB liability used to calculate the net OPEB liability was determined by actuarial valuations as of that date. The District's proportionate share percentage of the collective net OPEB liability for the PLD Plan was 0.090027%, allocated based on adjusted contributions to the plan for the year ended June 30, 2024 and 0.094129% for the plan year ended June 30, 2023

**NOTE 8. OTHER POST-EMPLOYMENT BENEFIT (OPEB) OBLIGATION – GROUP LIFE INSURANCE
(CONTINUED)**

**Lincoln Sanitary District
Notes to Basic Financial Statements
December 31, 2024 and 2023**

Actuarial Assumptions

The total OPEB liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions:

Actuarial valuation date	June 30, 2024
Measurement date	June 30, 2024
Actuarial cost method	Entry age normal
Asset valuation method	Fair value
Assumptions	
Investment rate of return	6.50%
Inflation rate	2.75%
Annual salary increases	2.75% - 11.48%

Mortality rates for the Plan are based on the 2010 Public Plan General Benefits – Weighted Healthy Retirement Mortality Tables, for males and females, projected generationally using the RPEC_2020 model.

The actuarial assumptions used for the year ended June 30, 2024 actuarial valuation were based on the results of an actuarial experience study for the period of July 1, 2015 through June 30, 2020.

Long-term Expected Rate of Return

Assets of the plans are pooled for investment purposes and are allocated to each plan based on each plan's fiduciary net position. The long-term expected rate of return on the plans' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2024 are summarized in the following table:

<u>Asset class</u>	<u>Long-term expected real rate of return</u>
Public equities	5.6%
Traditional credit	2.7%
U.S. government securities	2.2%

Discount Rate

The discount rate used to measure the collective total OPEB liability was 6.50% for 2024 and 6.50% for 2023. 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 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.

**NOTE 8. OTHER POST-EMPLOYMENT BENEFIT (OPEB) OBLIGATION – GROUP LIFE INSURANCE
(CONTINUED)**

**Lincoln Sanitary District
Notes to Basic Financial Statements
December 31, 2024 and 2023**

OPEB Expense and Deferred Items Summary

For the years ended December 31, 2024 and December 31, 2023, the District recognized OPEB expense of \$(882) and \$275 related to the PLD Plan, respectively. The District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2024		2023	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 109	\$ 600	\$ 228	\$ 101
Changes of assumptions	424	1,357	628	2,838
Net difference between projected and actual investment earnings	-	756	414	-
Changes in proportion	1,112	1,595	1,389	1,741
Contributions to plan subsequent to measurement date	-	-	-	-
Total	<u>\$ 1,645</u>	<u>\$ 4,318</u>	<u>\$ 2,659</u>	<u>\$ 4,679</u>

Amounts reported as deferred inflows and outflows will be recognized as OPEB expense as follows:

Year ended December 31	PLD Plan Amount
2025	(1,912)
2026	229
2027	(566)
2028	(229)
2029	(195)
	<u>\$ (2,673)</u>

OPEB Plan Fiduciary Net Position

The MPERS fiduciary net position has been determined using the same basis used to determine the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value.

Detailed information about the MPERS fiduciary net position is available in a separately issued MPERS financial report. That report may be obtained on the MPERS website at www.maineopers.org.

NOTE 9. DEFERRED COMPENSATION PLAN

**Lincoln Sanitary District
Notes to Basic Financial Statements
December 31, 2024 and 2023**

The District also provides a 457 Deferred Compensation Plan. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Department's payroll for employees covered by this plan was \$396,673 for the year ended December 31, 2024 and \$362,981 for the year ended December 31, 2023.

The District contributes 10% of the Superintendent's compensation and 6% of all other participating employees' compensation. The District contributed \$27,567 and employees elected to defer \$19,458 for a contribution total of \$47,025 for the year ended December 31, 2024. The District contributed \$24,488 and employees elected to defer \$12,813 for a contribution total of \$37,301 for the year ended December 31, 2023.

NOTE 10. RISK COVERAGE

The District is exposed to various risks of losses related to torts, theft, damage, and destruction of assets, injuries to employees, and natural disasters. The District maintains various commercial insurance policies to mitigate these risks to an acceptable level and to limit the District's exposure to losses.

NOTE 11. COMMITMENTS

The District has no commitments as of December 31, 2024.

NOTE 12. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 12, 2025, the date on which the financial statements were available to be issued.

Lincoln Sanitary District
Schedule of the District's Proportionate Share of the Net Pension Asset and Liability
Participating Local Districts Plan
Last 10 Fiscal Years*
For the years ended December 31,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset and liability *	0.039411%	0.041792%	0.045815%	0.045814%	0.048288%	0.048724%	0.049672%	0.052483%	0.062466%	0.064091%
District's proportionate share of the net pension liability *	\$ 157,743	\$ 133,356	\$ 120,732	\$ -	\$ 191,858	\$ 148,928	\$ 135,941	\$ 228,458	\$ 347,308	\$ 217,633
District's proportionate share of the net pension asset*	\$ -	\$ -	\$ -	\$ 14,723	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll **	\$ 387,699	\$ 367,304	\$ 326,181	\$ 310,402	\$ 299,535	\$ 302,501	\$ 302,501	\$ 283,006	\$ 313,392	\$ 324,867
District's proportionate share of the net pension asset or liability as a percentage of its covered-employee payroll	40.69%	36.31%	37.01%	4.74%	64.05%	49.23%	44.94%	80.73%	110.82%	66.99%
Plan fiduciary net position as a percentage of the total pension asset or liability	91.06%	92.34%	93.26%	100.86%	88.35%	90.62%	91.14%	86.43%	81.61%	88.27%

* The amounts presented for each fiscal year available were determined as of June 30 of the previous year

** Plan net position and collective net pension liability reflect only the employees' group portion of the SET plan

***Contributions in relation to statutorily required pension contributions are the contributions an employer actually made to the System, as distinct from the statutorily required contributions.

GASB 85, Omnibus 2017, as payroll on which contributions to the OPEB plan are based. For System employers, covered payroll for both pension and OPEB represents payroll on which contributions to both

**Lincoln Sanitary District
Schedule of District Contributions
Participating Local Districts Plan
Last 10 Fiscal Years*
For the years ended December 31,**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution *	\$ 41,264	\$ 37,364	\$ 33,287	\$ 31,196	\$ 29,953	\$ 29,662	\$ 29,662	\$ 27,026	\$ 28,734	\$ 27,058
Contributions in relation to the contractually required contribution	<u>(41,264)</u>	<u>(37,364)</u>	<u>(33,287)</u>	<u>(31,196)</u>	<u>(29,953)</u>	<u>(29,662)</u>	<u>(29,662)</u>	<u>(27,026)</u>	<u>(28,734)</u>	<u>(27,058)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll *	\$ 387,699	\$ 353,596	\$ 326,181	\$ 310,402	\$ 299,535	\$ 302,501	\$ 302,501	\$ 283,006	\$ 313,392	\$ 324,867
Contributions as a percentage of covered-employee payroll	10.64%	10.57%	10.21%	10.05%	10.00%	9.81%	9.81%	9.55%	9.17%	8.33%

* The amounts presented for each fiscal year available were determined as of June 30 of the previous year

contributions.

are based; and by GASB 85, Omnibus 2017, as payroll on which contributions to the OPEB plan are based. For System employers, covered payroll for both pension and OPEB represents

Notes to Schedule:

Changes of Benefit Terms - None

Changes in Benefit Assumptions: the following are changes in actuarial assumptions used in valuations:

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Discount rate	6.50%	6.50%	6.50%	6.75%	6.75%	6.75%	6.875%	7.125%	7.125%	7.25%
Inflation rate	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	3.50%	3.50%
Salary increases	2.75-11.48%	2.75-11.48%	2.75-11.48%	2.75% + merit	2.75-9.00%	2.75-9.00%	2.75-9.00%	2.75-9.00%	3.50-9.50%	3.50-9.50%
Cost of living increases	1.91%	1.91%	1.91%	1.91%	1.91%	1.91%	2.20%	2.20%	2.55%	3.12%

Mortality rates - **2015:** RP2000 Combined Mortality Table projected forward to 2015 using Scale AA. **2016:** RP2014 Total Data Set Healthy Annuitant Mortality Table. **2021:** 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table

Lincoln Sanitary District
Schedule of the District's Proportionate Share of the Net OPEB Liability
Participating Local Districts Plan
Last 10 Fiscal Years*
For the years ended December 31,

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
District's proportion of the net OPEB liability	0.090027%	0.094129%	0.089414%	0.083342%	0.105900%
District's proportionate share of the net OPEB liability	\$ 9,959	\$ 12,844	\$ 12,950	\$ 8,604	\$ 12,360
District's covered-employee payroll	\$ 368,000	\$ 353,595	\$ 303,250	\$ 326,181	\$ 310,402
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	2.71%	3.63%	4.27%	2.64%	3.98%
Plan fiduciary net position as a percentage of the total OPEB liability	67.88%	59.71%	67.26%	67.26%	55.40%

* The amounts presented for each fiscal year available were determined as of June 30 of the previous year

Lincoln Sanitary District
Schedule of District OPEB Contributions
Participating Local Districts Plan
Last 10 Fiscal Years*
For the years ended December 31,

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 1,106	\$ 1,364	\$ 1,228	\$ 1,194	\$ 954
Contributions in relation to the contractually required contribution	<u>(1,106)</u>	<u>(1,364)</u>	<u>(1,228)</u>	<u>(1,194)</u>	<u>(954)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Unit's covered-employee payroll	\$ 368,000	\$ 353,595	\$ 303,250	\$ 326,181	\$ 310,402
Contributions as a percentage of covered-employee payroll	0.30%	0.39%	0.40%	0.37%	0.31%

* The amounts presented for each fiscal year available were determined as of June 30 of the previous year

Notes to Schedule

Changes in benefit terms - None

Changes of assumptions - The following are changes in actuarial assumptions used in valuations:

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Discount rate	6.50%	6.50%	6.50%	6.75%	6.75%

Lincoln Sanitary District
Schedule of Operating Expenses - Budget to Actual
Year Ended December 31, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
COLLECTION SYSTEMS			
Maintenance of equipment	\$ 1,435	\$ 1,836	\$ (401)
Maintenance of sewers	5,250	1,711	3,539
Maintenance of manholes	6,180	4,919	1,261
Supplies and expense	<u>625</u>	<u>566</u>	<u>59</u>
Total collection systems	<u>\$ 13,490</u>	<u>\$ 9,032</u>	<u>\$ 4,458</u>
WASTEWATER PUMPING			
Fuel	\$ 700	\$ 424	\$ 276
Power	32,959	39,609	(6,650)
Water	1,160	1,105	55
Maintenance of equipment	3,000	2,282	718
Maintenance of building and grounds	250	-	250
Supplies	<u>50</u>	<u>-</u>	<u>50</u>
Total wastewater pumping	<u>\$ 38,119</u>	<u>\$ 43,420</u>	<u>\$ (5,301)</u>
WASTEWATER TREATMENT			
Heat	\$ 18,113	\$ 16,207	\$ 1,906
Power	63,000	68,556	(5,556)
Maintenance of buildings and grounds	1,900	1,790	110
Water	2,520	2,630	(110)
Maintenance of equipment	9,000	9,592	(592)
Service contracts	5,045	1,623	3,422
Laboratory expense	17,146	16,305	841
Chemicals	17,500	13,942	3,558
Truck expense	12,690	9,097	3,593
Supplies and expense	32,556	21,260	11,296
Crew expense	2,900	2,461	439
Labor expense	<u>251,465</u>	<u>260,598</u>	<u>(9,133)</u>
Total wastewater treatment	<u>\$ 433,835</u>	<u>\$ 424,061</u>	<u>\$ 9,774</u>

Lincoln Sanitary District
Schedule of Operating Expenses - Budget to Actual (Continued)
Year Ended December 31, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
ADMINISTRATION AND GENERAL			
Trustee compensation	\$ 3,220	\$ 1,810	\$ 1,410
Salaries - general office	151,166	139,998	11,168
Employee insurance	109,842	107,305	2,537
Employee retirement	72,231	60,222	12,009
Insurance	31,500	31,642	(142)
Office equipment maintenance	3,570	3,083	487
Postage	9,737	8,117	1,620
Telephone	4,560	5,546	(986)
Supplies and expense	3,771	3,806	(35)
Legal services	8,350	5,583	2,767
Audit	7,600	8,440	(840)
Publications and dues	950	915	35
Water meter reading expense	18,500	13,748	4,752
Technical training	3,100	1,187	1,913
Travel expense	<u>200</u>	<u>-</u>	<u>200</u>
Total administrative and general	<u>\$ 428,297</u>	<u>\$ 391,402</u>	<u>\$ 36,895</u>
DEPRECIATION*	<u>-</u>	<u>666,443</u>	<u>(666,443)</u>
Totals	<u>\$ 913,741</u>	<u>\$ 1,534,358</u>	<u>\$ (620,617)</u>

*The District does not budget for depreciation expense.



674 Mt Hope Avenue • Suite 1 • Bangor, ME 04401-5662 • (207) 947-3325 • FAX (207) 945-3400
Email: bta@btacpa.com

**Independent Auditor's 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
Lincoln Sanitary District

We have audited, in accordance with the 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 Lincoln Sanitary District as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Lincoln Sanitary District's basic financial statements and have issued our report thereon dated June, 12, 2025

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lincoln Sanitary 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lincoln Sanitary District's internal control. Accordingly, we do not express an opinion on the effectiveness of Lincoln Sanitary 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lincoln Sanitary District's financial statements are free of 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bartrur Ihibodan & Associates

Bangor, Maine
June 12, 2025