

LINCOLN WATER DISTRICT

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2024 AND 2023**

**LINCOLN WATER DISTRICT
TABLE OF CONTENTS
DECEMBER 31, 2024 AND 2023**

	Page
Independent Auditors' Report on Financial Statements	1 - 3
Management's Discussion and Analysis	4 - 8
Basic Financial Statements:	
<i>Statements of Net Position</i>	9 - 10
<i>Statements of Revenues, Expenses and Changes in Fund Net Position</i>	11
<i>Statements of Cash Flows</i>	12
Notes to Financial Statements	13 - 28
Required Supplemental Information:	
<i>Schedule of Changes in the Total OPEB Liability and Related Ratios</i>	29
<i>Notes to Required Supplemental Information</i>	30
Supplemental Data:	
<i>Schedule of Operation and Maintenance Expenses</i>	31
<i>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</i>	32 - 33





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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Lincoln Water District

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements consisting of the statements of net position, statements of revenues, expenses and changes in fund net position, and statements of cash flows of the Lincoln Water District as of and for the years ended December 31, 2024 and 2023, which collectively comprise the Lincoln Water District's basic financial statements and the related notes to the financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Lincoln Water District as of December 31, 2024 and 2023, and the respective changes in financial position and, where applicable, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lincoln Water 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 these 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 Lincoln Water 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.

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 auditors' 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 misstatements 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 Lincoln Water 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 Lincoln Water 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 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 Water District's basic financial statements. The accompanying supplementary information presented as Schedule 1 is presented for 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 July 24, 2025 on our consideration of the Lincoln Water District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lincoln 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 Lincoln Water District's internal control over financial reporting and compliance.

HMV, LLC
H MV, LLC
Ellsworth, Maine
July 22, 2025



Lincoln Water District Management's Discussion and Analysis December 31, 2024 and 2023

Introduction of the Financial Statements

The Lincoln Water District Office is located at 3 Taylor Street and the Town's water supply is a ground water aquifer that currently supplies all of the municipal water needs of the towns of Lincoln and Howland. The location of the Esker Aquifer is in South Lincoln and is part of a major glacial stream deposit that extends in a North/South direction through the most southern part of Lincoln. The District operates and maintains 4 gravel packed wells in the aquifer. This water source has been in use since 1961, and feeds 27 miles of water transmission and distribution mains, supplying 132 public fire hydrants, 28 private fire services, and 1,400 water service connections. The District average daily pumping rate is 240,000 gallons per day (GPD). In the event of a power failure, water pressure and flow would be maintained by two 500,000-gallon standpipes located at the top of Pinkham Street and one 500,000-gallon underground concrete tank located off the Transalpine Road on Fish Hill.

The water source from the gravel packed well is pumped directly into the transmission and distribution system. The quality of the water is such that only sodium hypochlorite is needed for disinfection to meet State and Federal guidelines.

The District's basic financial statements include the:

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

The statement of net position presents the financial position of the District by providing information about the nature and amount of resources and obligations at year-end. 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. The statement of cash flows presents the amount of cash and cash equivalents generated and used during the fiscal year. The notes to the financial statements present required disclosures and other information that are essential to a full understanding of the material provided in the statements.

Budgetary Highlights

The District is not legally required to adopt budgetary accounting and reporting; however, an annual budget is prepared by management. There were no significant variations between the original and final budget. The District operated within its overall approved budget in 2024.

Comparison of Financial Statements for Current and Prior Years

Statements of Net Position

	2024	2023
Current Assets	399,627	363,172
Capital Assets, Net	5,606,895	4,246,754
Lease Receivable	1,873,291	-0-
Total Assets	<u>7,879,813</u>	<u>4,609,926</u>
Deferred Outflows of Resources	<u>10,830</u>	<u>6,929</u>
Total Assets and Deferred Outflows of Resources	<u>7,890,643</u>	<u>4,616,855</u>
Current Liabilities	102,237	101,203
Non-Current Liabilities	1,158,518	588,152
Total Liabilities	<u>1,260,755</u>	<u>689,355</u>
Deferred Inflows of Resources	<u>1,939,905</u>	<u>73,535</u>
Net Position:		
Net Investment in Capital Assets	4,433,805	3,652,366
Unrestricted	256,178	201,599
Total Net Position	<u>4,689,983</u>	<u>3,853,965</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>7,890,643</u>	<u>4,616,855</u>

Statements of Revenues, Expenses and Changes in Fund Net Position

	2024	2023
Operating Revenues	1,063,423	984,837
Non-Operating Revenues	108,980	5,239
Total Revenues	<u>1,172,403</u>	<u>990,076</u>
Operating Expenses	1,115,583	1,045,452
Non-Operating Expenses	8,664	7,452
Total Expenses	<u>1,124,247</u>	<u>1,052,904</u>
Change in Net Position Before Contributions	48,156	(62,828)
Contributions In Aid of Construction	787,862	30,000
Change in Net Position After Contributions	836,018	(32,828)
Net Position – Beginning of Year	3,853,965	3,886,793
Net Position – End of Year	<u>4,689,983</u>	<u>3,853,965</u>

Significant Transactions and Changes

The Water District worked on the Main Street rehab project in conjunction with the Town, which involved the relocation of 3 hydrants and 16 service repairs. The District also had the water main upgrade project on Taylor Street, replacing 3,800 feet of 8" water main.

Capital Assets and Long-Term Debt

The District had the following capital asset additions for the years ending December 31:

	2024	2023
Structures	12,900	-0-
Pumping Equipment	8,618	17,195
Water Treatment Equipment	5,890	-0-
Mains	966,329	-0-
Services	337,884	40,306
Meters	8,382	14,465
Hydrants	99,156	12,044
Transportation Equipment	53,000	3,544
Tools	17,841	3,492
Power Operated Equipment	80,725	-0-

Long-term debt outstanding, including current portion, at December 31, 2024 and 2023 was \$566,152 and \$594,388, respectively. Debt retired in 2024 and 2023 totaled \$66,293 and \$46,797, respectively.

There are no debt limitations that may affect future financing and there were no changes in credit ratings in 2024 for the District. At December 31, 2024, the District had one committed signed construction contracts with Eastwood Contractors, Inc., with unspent funds totaling \$809,249 at December 31, 2024.

Overall Financial Position and Results of Operations

To analyze the change in the District's overall financial position and results of operations in the past year, we have focused on two elements: revenue stability and financial ratios.

Revenue Stability:

Water rates, both metered and fire protection, are regulated by the Maine Public Utilities Commission (MPUC). The MPUC allows the District to set rates which maintain operations and pay debt service.

All of the District's operating revenues are derived from water assessments consisting of metered water sales and fire protection charges and rents from water property. Overall, operating revenues decreased by \$78,586 or 8% in 2024. Approximately 25% of total operating revenues are generated from public fire protection charges assessed to the Town of Lincoln.

Overall Financial Position and Results of Operations (Continued)

Financial Ratios:

Two of the key financial ratios for analyzing the District's financial position are the current ratio and the coverage ratio. The current ratio measures an entity's ability to meet short-term obligations. The coverage ratio shows an entity's ability to meet debt service payments. During 2024 the current ratio increased from 3.59 to 3.91. During 2024 the coverage ratio increased from 2.32 to 3.54.

Current Ratio

	2024	2023
Current Assets	399,627	363,172
Current Liabilities	102,236	101,203
Current Ratio	3.91	3.59

Coverage Ratio

	2024	2023
Operating Revenues	1,063,423	984,837
Non-Operating Revenues	108,980	5,239
Total Revenues	<u>1,172,403</u>	<u>990,076</u>
Operating Expenses	1,115,583	1,045,452
Depreciation	(204,584)	(181,321)
Expenses	<u>910,999</u>	<u>864,131</u>
Net Available for Debt Service	<u>261,404</u>	<u>125,945</u>
Principal Payments	66,293	46,797
Interest Payments	8,664	7,452
Total Debt Service Payments	<u>74,957</u>	<u>54,249</u>
Coverage Ratio	<u>3.48</u>	<u>2.32</u>

Next Year's Operations

The District implemented an annual 1.5% rate increase, which was voted on by the Board of Trustees and approved by the PUC.

The District will purchase a new Ford F250 with a v-plow.

The District will repair two fire hydrants so they will work correctly.

Next Year's Operations (Continued)

The Mohawk Rd. water main rehab starts in 2025, laying 5,800 feet of 8" water main. The cost will roughly be around \$2,038,000 with 35% forgiveness.

Poland Spring will be building and developing a new well on the District's property in South Lincoln.

Request For Information

This report is a summary of our activities during 2024 and some proposed projects for 2025. If you have questions about this report or our water service in general, please call the District office at (207)-794-2921, or you may attend a Board of Trustees meeting that is open to the public. The meetings are typically held at the District Office on the second Tuesday of every month at 7:00 P.M.

**LINCOLN WATER DISTRICT
STATEMENTS OF NET POSITION
AT DECEMBER 31,**

	2024	2023
<i>Assets and Deferred Outflows of Resources</i>		
Current Assets:		
Cash	236,615	202,205
Accounts Receivable	30,217	38,582
Lease Receivable	49,057	45,290
Materials and Supplies	83,738	77,095
Total Current Assets	<u>399,627</u>	<u>363,172</u>
Non-Current Assets:		
Property, Plant and Equipment:		
Utility Plant	8,783,016	7,306,386
Less: Accumulated Depreciation	<u>3,234,121</u>	<u>3,143,632</u>
Net Utility Plant	5,548,895	4,162,754
Construction Work in Progress	58,000	84,000
Total Property, Plant and Equipment	5,606,895	4,246,754
Lease Receivable	<u>1,873,291</u>	<u>-</u>
Total Non-Current Assets	<u>7,480,186</u>	<u>4,246,754</u>
Total Assets	<u>7,879,813</u>	<u>4,609,926</u>
Deferred Outflows of Resources:		
Deferred Outflows - OPEB	<u>10,830</u>	<u>6,929</u>
Total Deferred Outflows of Resources	<u>10,830</u>	<u>6,929</u>
Total Assets and Deferred Outflows of Resources	<u><u>7,890,643</u></u>	<u><u>4,616,855</u></u>

See independent auditors' report and accompanying notes to the financial statements.



LINCOLN WATER DISTRICT
STATEMENTS OF NET POSITION (CONTINUED)
AT DECEMBER 31,

	2024	2023
<i>Liabilities, Deferred Inflows of Resources and Net Position</i>		
Current Liabilities:		
Accounts Payable	29,548	48,740
Accrued Interest	1,643	1,771
Accrued Vacation	4,281	3,427
Current Portion of Long-Term Debt	66,765	47,265
Total Current Liabilities	<u>102,237</u>	<u>101,203</u>
Non-Current Liabilities:		
Compensated Absences	15,736	13,746
Short-Term Loan	606,938	-
Net OPEB Liability	36,457	27,283
Long-Term Debt	499,387	547,123
Total Non-Current Liabilities	<u>1,158,518</u>	<u>588,152</u>
Total Liabilities	<u>1,260,755</u>	<u>689,355</u>
Deferred Inflows of Resources:		
Deferred Inflows - OPEB	11,334	13,572
Deferred Inflows - Leases	1,883,571	39,963
Regulatory Reserves	45,000	20,000
Total Deferred Inflows of Resources	<u>1,939,905</u>	<u>73,535</u>
Net Position:		
Net Investment in Capital Assets	4,433,805	3,652,366
Unrestricted	256,178	201,599
Total Net Position	<u>4,689,983</u>	<u>3,853,965</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u><u>7,890,643</u></u>	<u><u>4,616,855</u></u>

See independent auditors' report and accompanying notes to the financial statements.



LINCOLN WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
YEARS ENDED DECEMBER 31,

	2024	2023
Operating Revenues:		
Residential	336,011	295,849
Commercial	88,955	77,034
Industrial	774	809
Public Authorities	23,786	20,393
Public Fire Protection	269,000	217,914
Private Fire Protection	28,350	25,840
Sales for Resale	124,500	114,354
All Other	192,047	232,644
Total Operating Revenues	<u>1,063,423</u>	<u>984,837</u>
Operating Expenses:		
Operation and Maintenance	904,670	859,334
Depreciation	204,584	181,321
Assessments	6,329	4,797
Total Operating Expenses	<u>1,115,583</u>	<u>1,045,452</u>
Net Operating Income (Loss)	<u>(52,160)</u>	<u>(60,615)</u>
Non-Operating Revenues (Expenses):		
Interest Income	103,980	5,239
Non-Utility Income (Expense)	5,000	-
Interest Expense	(8,664)	(7,452)
Total Non-Operating Revenues (Expenses)	<u>100,316</u>	<u>(2,213)</u>
Changes In Net Position Before Construction Contributions	48,156	(62,828)
Contributions in Aid of Construction	<u>787,862</u>	<u>30,000</u>
Changes In Net Position After Construction Contributions	836,018	(32,828)
Net Position - Beginning of Year	<u>3,853,965</u>	<u>3,886,793</u>
Net Position - End of Year	<u><u>4,689,983</u></u>	<u><u>3,853,965</u></u>

See independent auditors' report and accompanying notes to the financial statements.



LINCOLN WATER DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31,

	2024	2023
Cash Flows from Operating Activities:		
Receipts from Customers and Users	1,071,788	1,051,277
Payments to Suppliers	(315,451)	(300,105)
Payments to Employees	(590,505)	(525,012)
Net Cash Flows from Operating Activities	<u>165,832</u>	<u>226,160</u>
Cash Flows from Noncapital Financing Activities:		
Other Income (Expense)	(38,448)	(4,494)
Net Cash Flows from Noncapital Financing Activities	<u>(38,448)</u>	<u>(4,494)</u>
Cash Flows from Capital and Related Financing Activities:		
Purchase of Capital Assets	(1,564,725)	(124,774)
Net Short-Term Borrowing Receipts (Payments)	606,937	(41,434)
Bonds Issued	38,057	-
Construction Contributions	797,862	30,000
Interest Payments on Debt	(8,792)	(7,579)
Principal Payments on Long-Term Debt	(66,293)	(46,797)
Net Cash Flows from Capital and Related Financing Activities	<u>(196,954)</u>	<u>(190,584)</u>
Cash Flows from Investing Activities:		
Investment Income	<u>103,980</u>	<u>5,239</u>
Net Cash Flows from Investing Activities	<u>103,980</u>	<u>5,239</u>
Net Increase (Decrease) in Cash and Cash Equivalents	34,410	36,321
Cash and Cash Equivalents at Beginning of Year	<u>202,205</u>	<u>165,884</u>
Cash and Cash Equivalents at End of Year	<u><u>236,615</u></u>	<u><u>202,205</u></u>
Reconciliation of Operating Income to Net Cash Flows from Operating Activities:		
Operating Income (Loss)	(52,160)	(60,615)
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:		
Depreciation Expense	204,584	181,321
Change in Operating Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	8,365	66,440
(Increase) Decrease in Materials and Supplies	(6,643)	(9,398)
(Increase) Decrease in Deferred Outflows - OPEB	(3,901)	1,661
(Decrease) Increase in Accounts Payable	(19,193)	32,824
(Decrease) Increase in Accrued Vacation	854	1,053
(Decrease) Increase in Compensated Absences	1,990	2,090
(Decrease) Increase in Net OPEB Liability	9,174	(389)
(Decrease) Increase in Deferred Inflows - OPEB	(2,238)	1,173
(Decrease) Increase in Regulatory Reserves	<u>25,000</u>	<u>10,000</u>
Net Cash Flows from Operating Activities	<u><u>165,832</u></u>	<u><u>226,160</u></u>

See independent auditors' report and accompanying notes to the financial statements.



**LINCOLN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

Note 1: Summary of Significant Accounting Policies

Lincoln Water District's (the District) financial statements include the operations for which the Board of Trustees exercises oversight responsibility. Oversight responsibility is demonstrated by financial interdependency, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

Nature of Business

The District supplies water and fire protection services in the Town of Lincoln. The District also supplies water to the Town of Howland. Its accounting policies conform to generally accepted accounting principles as applicable to the quasi-municipal units, which utilize the accrual basis of accounting and to the regulations of the Maine Public Utilities Commission (MPUC). The majority of operating revenues are derived from metered sales of water, public fire protection, private fire protection, sales for resale and rents from water property. Revenue is recognized in the period when earned.

Reporting Entity

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. Based on the applicable criteria, there are no other entities within the District that should be included as part of these financial statements. There are no fiduciary funds included in the District.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Regulation

As a regulated water utility, the District is subject to regulation by the MPUC, which has jurisdiction with respect to rates, service, accounting procedures, acquisitions and other matters. The District defers certain costs and credits as regulatory assets and liabilities when it is probable that such amounts will be recognized in the rate making process in a period different from the period in which they would have been reflected in income by an unregulated entity.

Restricted Resources

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.



**LINCOLN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

Note 1: Summary of Significant Accounting Policies (Continued)

Deposits and Investments

Maine Statutes authorize investments in obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, certain certificates of deposit and certain money market funds. The District has not formally adopted deposit and investment policies that limit the District's allowable deposits or investments and address the specific types of risk to which the District is exposed beyond Maine Statutes.

Cash, Cash Equivalents and Custodial Credit Risk

For purposes of these statements, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. All cash is considered available for current use at December 31, 2024 and 2023. Custodial credit risk is the risk that, in the event of the bank's failure, the District will not be able to recover the value of its deposits and investments that are in the possession of an outside party. The District does not have policies addressing custodial credit risk.

The District's deposits are categorized as follows to give an indication of the level of risk assumed by the District at year end: Category 1 includes deposits covered by federal depository insurance or by collateral held by the District or by the District's agent in the District's name; Category 2 includes uninsured deposits covered by collateral held by the pledging financial institution's trust department or agent in the District's name; and Category 3 includes uninsured and uncollateralized deposits.

Cash on deposit consisted of the following at December 31:

	Carrying Amount	Bank Balance	Category 1	Category 2	Category 3
2024	236,615	239,722	239,722	-0-	-0-
2023	202,205	203,068	203,068	-0-	-0-

Accounts Receivable

Accounts receivable are stated at net realizable value. No allowance for doubtful accounts has been recorded in the financial statements; uncollectible accounts are written off in the year in which they are deemed uncollectible. Generally accepted accounting principles require that the allowance method be used to recognize bad debts. The effect of using the direct write-off method has not been materially different from the results that would have been obtained under the allowance method.



**LINCOLN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

Note 1: Summary of Significant Accounting Policies (Continued)

Inventories

Inventories of materials and supplies are valued at weighted average cost. Inventory used for capital projects is capitalized and depreciated. Inventory used for repairs is expensed in the period when the repairs occur.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Donated property is recorded at its estimated fair value at the date of donation. Depreciation has been provided on a basis considered adequate to amortize the cost of depreciable assets over their estimated useful lives on the straight-line method at rates from 1.3% to 20%. Annual rates in use are as follows:

Structures and Improvements	2.0%
Wells and Springs	2.0%
Pumping and Treatment Equipment	5.0% - 10.0%
Standpipes, Mains and Hydrants	1.3% - 2.0%
Services and Meters	3.0% - 4.0%
Transportation Equipment	20.0%
General Equipment	5.0% - 12.5%

Organization, franchise and land costs are not being depreciated because they have indefinite useful lives.

Capitalization Policy

Expenditures that materially increase values, change capacities, or extend useful lives are capitalized. The amounts charged to utility plant accounts represent all reasonable and necessary costs, including labor, materials, overhead, equipment charges and interest costs incurred. Routine maintenance and repairs are expensed as incurred. The District does not have a policy setting a minimum capitalization threshold for amount or lives for reporting capital assets.

Contributions in Aid of Construction

Contributions in aid of construction include direct non-refundable contributions and are reported as income in the year earned. Utility plant funded by contributions is not depreciated for rate making purposes. The net contributions in aid of construction included in total net position at December 31, 2024 and 2023 is \$2,235,543 and \$1,499,178, respectively.



**LINCOLN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Outflows of Resources

In addition to assets, the Statement of Net Position will report a separate section of deferred outflows of resources. This separate financial statement element represents consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenses/expenditures) until then. The District has one item that qualifies for reporting to this category: deferred outflows – OPEB.

Compensated Absences

The District reports compensated absences in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 16 *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits. District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation and one-third of unused sick leave. The accrued vacation liability, shown as a current liability, at December 31, 2024 and 2023 was \$3,427 and \$2,374, respectively. The sick leave liability, shown as a non-current liability titled compensated absences, was \$13,746 and \$11,656, at December 31, 2024 and 2023, respectively. Activity for compensated absences was as follows at December 31:

2022			2023			2024	
Balance	Increases	Decreases	Balance	Increases	Decreases	Balance	
11,656	2,090	-0-	13,746	1,990	-0-	15,736	

Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position will report a separate section of deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting to this category: deferred inflows – OPEB, deferred inflows – leases and regulatory reserves. Regulatory reserves represent amounts recovered from customers in advance of incurring the costs. The District's reserve at December 31, 2024 and 2023 totaling \$45,000 and \$20,000, respectively, relates to future standpipe painting costs.

Budget

The District is not legally required to present budgetary comparison information as required supplementary information.



**LINCOLN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

Note 1: Summary of Significant Accounting Policies (Continued)

Accounts Payable

Accounts payable represents amounts owed for goods and services that have been received prior to fiscal year end but will be paid in the next fiscal year.

Taxes

As a quasi-municipal entity, the District is not subject to federal and state income taxes, accordingly it is not necessary to consider the effects of any uncertain tax positions.

The District is subject to federal and state payroll taxes and is required to file the appropriate tax returns. Management believes that all required returns have been properly filed as of December 31, 2024 and 2023. No examinations have been conducted by the Federal or State taxing authorities and no correspondence has been received from these authorities.

Measurement Focus, Basis of Accounting and Basis of Presentation

The District follows GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement provides specific guidance as to which FASB and AICPA pronouncement provisions should be applied to state and local governments. The District prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for proprietary funds, which are similar to those for private business enterprises. Proprietary funds are accounted for on the flow of economic resource measurement. Accordingly, revenues are recorded when earned and expenses are recorded when incurred. Proprietary funds distinguish operating revenues and expenses from non-operating activity. Operating revenues arise from providing goods or services to outside parties for a fee. Revenues and expenses that are not derived directly from operations are reported as non-operating revenues and expenses.

Note 2: Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District participates in several public entity risk pools sponsored by Maine Municipal Association for the risks of losses to which it is exposed. There have been no significant reductions in the insurance coverage from the prior year. The District is not aware of any material actual or potential claim liabilities which should be recorded at December 31, 2024 and 2023. Settlements have not exceeded insurance coverage for each of the past three years.



LINCOLN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 3: Major Customers

The District derived 25% of its operating revenues from the Town of Lincoln related to the servicing of public fire hydrants for the years ended December 31, 2024 and 2023, respectively. The District derived approximately 23% of its operating revenues from One Rock Capital Partners LLC (operating as Blue Triton Brand) related to leasing water property for the years ended December 31, 2024 and 2023.

Note 4: Non-Utility Income (Expense)

Client traded in their 2014 Ram pickup truck towards the new 2024 pickup truck and got a trade in value of \$5,000.

Note 5: Utility Plant

Capital asset costs, additions and disposals are as follows for the year ended December 31, 2024:

	Beginning Balance	Additions	Disposals	Ending Balance
Organization	14,473			14,473
Franchises	500			500
Land	221,784			221,784
Structures	1,011,598	12,900		1,024,498
Wells and Springs	665,975			665,975
Power Generation Equipment	625			625
Pumping Equipment	368,800	8,618	5,000	372,418
Water Treatment Equipment	23,966	5,890	4,536	25,320
Distribution Reservoirs	774,799			774,799
Mains	2,674,548	966,329	28,000	3,612,877
Services	510,330	337,884	41,748	806,466
Meters	327,238	8,382	6,221	329,399
Hydrants	289,200	99,156	8,000	380,356
Other Plant Equipment	29,207			29,207
Office Equipment	26,709			26,709
Transportation Equipment	100,143	53,000	20,590	132,553
Tools	86,426	17,841		104,267
Power Operated Equipment	77,300			77,300
Communication Equipment	102,765	80,725		183,490
Gross Utility Plant	7,306,386	1,590,725	114,095	8,783,016
Less: Accumulated Depreciation	3,143,632	204,584	114,095	3,234,121
Net Utility Plant	4,162,754	1,386,141	-0-	5,548,895



LINCOLN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 5: Utility Plant (Continued)

Capital asset costs, additions and disposals are as follows for the year ended December 31, 2023:

	Beginning Balance	Additions	Disposals	Ending Balance
Organization	14,473			14,473
Franchises	500			500
Land	221,784			221,784
Structures	1,011,598			1,011,598
Wells and Springs	665,975			665,975
Power Generation Equipment	625			625
Pumping Equipment	358,605	17,195	7,000	368,800
Water Treatment Equipment	23,966			23,966
Distribution Reservoirs	774,799			774,799
Mains	2,674,548			2,674,548
Services	485,024	40,306	15,000	510,330
Meters	323,773	14,465	11,000	327,238
Hydrants	278,156	12,044	1,000	289,200
Other Plant Equipment	29,207			29,207
Office Equipment	24,970	3728	1989	26,709
Transportation Equipment	96,599	3,544		100,143
Tools	89,135	3,492	6201	86,426
Power Operated Equipment	77,300			77,300
Communication Equipment	102,765			102,765
Gross Utility Plant	7,253,802	94,774	42,190	7,306,386
Less: Accumulated Depreciation	3,004,501	181,321	42,190	3,143,632
Net Utility Plant	4,249,301	(86,547)	-0-	4,162,754

Note 6: Retirement Plan

The District offers employees the option to participate in a 457 defined contribution retirement plan through ICMA-RC whereby the District contributes 6.0% of employees' gross wages on their behalf as approved by the Board of Trustees. Total expense at December 31, 2024 and 2023 was \$21,575 and \$21,087, respectively. Employee contributions totaled \$0 during 2024 and 2023. The Board of Trustees has authority over plan provisions, requirements and amendments.

Note 7: Contingencies

There are no pending legal proceedings to which the District is a party that are material or are expected to have a material effect on the District's financial position, results of operations or cash flows.



**LINCOLN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

Note 8: Short-Term Financing

The District has an interim loan with Maine Municipal Bond Bank for capital improvement projects. When the projects are complete a bond will be issued and the interim loan will be paid off in 2025.

Note 9: Interest Expense

No interest costs were capitalized during 2024 and 2023. The amount of interest costs incurred and charged to expense for the years ending December 31, 2024 and 2023 was \$8,664 and \$7,452, respectively. Cash paid for interest was \$8,792 and \$6,666 for years ended December 31, 2024 and 2023, respectively. The difference between amounts charged to expense and cash paid are the result of interest accruals and fees.

Note 10: Long-Term Debt

Bonds payable are as follows at December 31, 2024:

	Beginning Balance	Increases	Decreases	Ending Balance
Bonds payable to Maine Municipal Bond Bank, maturing in 2025 Interest rate of 0.00%.	-0-	38,057	19,028	19,029
Bonds payable to Maine Municipal Bond Bank, maturing in 2031. Interest rate of 1.00%.	176,536		21,306	155,230
Bonds payable to Maine Municipal Bond Bank, maturing in 2038. Interest rate of 1.00%.	417,852		25,959	391,893
Total Outstanding Debt	594,388	38,057	66,293	566,152
Less: Current Portion	47,265			66,765
Total Long-Term Debt	547,123			499,387



**LINCOLN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

Note 10: Long-Term Debt (Continued)

Bonds payable are as follows at December 31, 2023:

	Beginning Balance	Increases	Decreases	Ending Balance
Bonds payable to Maine Municipal Bond Bank, maturing in 2031. Interest rate of 1.00%.	197,631		21,095	176,536
Bonds payable to Maine Municipal Bond Bank, maturing in 2038. Interest rate of 1.00%.	443,554		25,702	417,852
Total Outstanding Debt	641,185		46,797	594,388
Less: Current Portion	46,797			47,265
Total Long-Term Debt	594,388			547,123

Required total future debt service payments are as follows:

	Principal	Interest	Total
2025	66,765	8,132	74,897
2026	48,215	7,655	55,870
2027	48,697	7,172	55,869
2028	49,184	6,685	55,869
2029	49,676	6,193	55,869
2030-2034	186,021	20,649	206,670
2035-2038	117,594	8,982	126,576
	566,152	65,468	631,620

Note 11: Net Position

Net position comprises the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net position is classified in the following components: net investment in capital assets and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and adding back unspent bond proceeds.



LINCOLN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 11: Net Position (Continued)

The District's net investment in capital assets was calculated as follows at December 31:

	2024	2023
Total Property, Plant and Equipment	5,606,895	4,246,754
Short-Term Loan	(606,938)	-0-
Long-Term Debt, Including Current Portion	(566,152)	(594,388)
Net Investment in Capital Assets	<u>4,433,805</u>	<u>3,652,366</u>

Unrestricted consists of all other net position not included in the above category.

Note 12: Other Postemployment Benefits (OPEB)

Plan Description

The District sponsors a post-retirement benefit plan providing health insurance to retiring employees. The plan is a single-employer defined benefit OPEB plan administered by the Maine Municipal Employees Health Trust (MMEHT). The Board of Trustees has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Benefits Provided

MMEHT provides healthcare and life insurance benefits for retirees and their dependents. District employees over the age of 55 with 5 years of continuous service are allowed to participate in the plan. Retirees pay 100% of the coverage premiums, whether single plan or family plan. The non-Medicare retirees are offered the same plans that are available to the active employees. Medicare retirees are assumed to be enrolled in Medicare Parts A and B which are primary, and the Retiree Group Companion Plan which includes prescription drug coverage.

The following employees were covered by the benefit terms:

	2024	2023
Inactive employees or beneficiaries currently receiving benefits	-	-
Inactive employees entitled to but not yet receiving benefits	-	-
Active employees	<u>5</u>	<u>4</u>
Total	<u>5</u>	<u>4</u>



LINCOLN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 12: Other Postemployment Benefits (OPEB) (Continued)

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

The District's total OPEB liability at December 31, 2024 and 2023 was \$36,457 and \$27,283, respectively. The 2024 liability was measured as of January 1, 2024, and was determined by an actuarial valuation as of that date. The 2023 liability was measured as of January 1, 2023, and was determined by an actuarial valuation as of that date.

Changes in the total OPEB liability for 2024 are shown below:

Balance at December 31, 2023	27,283
Changes for the Year:	
Service Cost	2,023
Interest	1,088
Changes of Benefit Terms	-0-
Differences Between Expected and Actual Experience	962
Changes in Assumptions	5,218
Benefit Payments	(117)
Net Changes for the Year	9,174
Balance at December 31, 2024	<u>36,457</u>

Changes in the total OPEB liability for 2023 are shown below:

Balance at December 31, 2022	27,672
Changes for the Year:	
Service Cost	2,431
Interest	620
Changes of Benefit Terms	-0-
Differences Between Expected and Actual Experience	(3,411)
Changes in Assumptions	-0-
Benefit Payments	(29)
Net Changes for the Year	(389)
Balance at December 31, 2023	<u>27,283</u>

There is no fiduciary net position at December 31, 2024 and 2023 because the plan is pay as you go and is not funded. Contributions to the plan in 2024 and 2023 were \$117 and \$29, respectively, which equals the plan benefit payments. Because retirees pay 100% of the coverage premiums, revenue totaling \$117 and \$29, respectively, was recognized in 2024 and 2023 by the District. There were no plan administrative expenses in 2024 and 2023.

See the *Notes to Required Supplemental Information* included with the financial statements for changes in assumptions in the 2024 valuation.



LINCOLN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 12: Other Postemployment Benefits (OPEB) (Continued)

For the year ended December 31, 2024 and 2023, the District recognized OPEB expense of \$3,152 and \$2,474, respectively.

The District reported deferred outflows of resources related to OPEB from the following source at December 31:

	2024	2023
Difference Between Expected and Actual Experience	2,072	1,610
Changes in Assumptions	8,758	5,319
Total Deferred Outflows of Resources	<u>10,830</u>	<u>6,929</u>

The District reported deferred inflows of resources related to OPEB from the following sources at December 31:

	2024	2023
Difference Between Expected and Actual Experience	7,572	9,086
Changes in Assumptions	3,762	4,486
Total Deferred Inflows of Resources	<u>11,334</u>	<u>13,572</u>

\$0 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date for the plan will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2024.

Deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:	
2025	41
2026	41
2027	33
2028	(1,322)
2029	(1,340)
Thereafter	<u>2,043</u>
Total	<u>(504)</u>

Actuarial Assumptions

The total OPEB liability in the January 1, 2024 actuarial valuation for the Health Plan was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases: 2.75% per year.



**LINCOLN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

Note 12: Other Postemployment Benefits (OPEB) (Continued)

Healthcare Cost Trend Rates:

Non-Medicare Blended: 7.72% for 2024, decreasing to 3.81% for 2044.

Medicare Blended: 10.77% for 2024, decreasing to 3.81% for 2044.

Retirees' Share of the Benefit Related Costs: 100% of projected premiums.

Mortality Rates: 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for males and females.

The actuarial assumptions used in the January 1, 2024 valuation were based on the results of an actuarial experience study for the period June 30, 2016 through June 30, 2020.

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

Salary Increases: 2.75% per year.

Healthcare Cost Trend Rates:

Non-Medicare Blended: 7.95% for 2023, decreasing to 4.55% for 2043.

Medicare Blended: 7.26% for 2023, decreasing to 4.55% for 2043.

Retirees' Share of the Benefit Related Costs: 100% of projected premiums.

Mortality Rates: 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for males and females.

The actuarial assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study for the period June 30, 2016 through June 30, 2020.

Discount Rate

The rate used to measure the total OPEB liability at December 31, 2024 and 2023 was 3.26% and 3.72%, respectively, per annum. Since the plan is pay as you go and is not funded, the discount rate is based on a 20-year tax-exempt general obligation municipal bond index. The 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.



LINCOLN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 12: Other Postemployment Benefits (OPEB) (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the District's total OPEB liability as of December 31, 2024 calculated using the discount rate of 3.72%, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage point-point higher than the current rate:

1% Decrease	Discount Rate	1% Increase
(2.26%)	(3.26%)	(4.26%)
<u>42,581</u>	<u>36,457</u>	<u>31,482</u>

The following presents the District's total OPEB liability as of December 31, 2023 calculated using the discount rate of 2.06%, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage point-point higher than the current rate:

1% Decrease	Discount Rate	1% Increase
(2.72%)	(3.72%)	(4.72%)
<u>31,772</u>	<u>27,283</u>	<u>23,634</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the District's total OPEB liability as of December 31, 2024 as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage point-point higher than the current rates:

1% Decrease	Healthcare Trend Rates	1% Increase
<u>30,531</u>	<u>36,457</u>	<u>44,142</u>

The following presents the District's total OPEB liability as of December 31, 2023 as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage point-point higher than the current rates:

1% Decrease	Healthcare Trend Rates	1% Increase
<u>23,098</u>	<u>27,283</u>	<u>32,579</u>



LINCOLN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 13: Lease Receivable

In 2018, the District negotiated and entered into a new agreement with Nestle Waters North America Inc. (NWNA). Under the terms of the agreement, the District agrees to lease a portion of its property to NWNA for the construction and operation of a Load Station Facility and to sell water to NWNA from the Load Station Facility at the District's current tariff sheet. The term of the agreement is five years with one automatic renewal term of five years. NWNA also agrees to pay the District a flat monthly rental fee of \$12,000; in September 2024 the monthly rate was increased to \$15,172. and

In 2022, NWNA sold its North American bottled water business to One Rock Capital Partners LLC (operating as Blue Triton Brand); the terms of the original agreement were not changed due to the sale. As of April 2024, the new 45-year lease was signed and agreed upon by LWD and Blue Triton Brand. The new lease is a 20-year lease with five additional five-year extension to the lease. Auditor is only testing the initial 20-year lease and not the additional years for the lease. The lease receivable was recorded at the present value of the minimum lease payments of \$1,956,957 using the District's incremental borrowing rate of 7%. The lease does not include variable lease payments, residual value guarantees, termination penalties or contingent rental payments. During 2024, total lease payments received were \$182,067 representing interest income of \$102,167 and lease income of \$79,900. During 2023, total lease payments received were \$156,689 representing interest income of \$3,513 and lease income of \$153,176. Lease income is included with All Other Revenues on the Statements or Revenues, Expenses and Changes in Fund Net Position.

The components of lease receivables for the net investment in GASB Statement No. 87 *Accounting and Financial Reporting for Leases* are as follows at December 31:

	2024	2023
Total Remaining Payments	3,504,795	45,517
Less: Total Remaining Interest	(1,582,447)	(227)
Net Investment in Leases	<u>1,922,348</u>	<u>45,290</u>
Current Portion	49,057	45,290
Long-Term Portion	<u>1,873,291</u>	<u>-0-</u>
	<u>1,922,348</u>	<u>45,290</u>



LINCOLN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 13: Lease Receivable (Continued)

Future minimum lease receivables due from customers under GASB 87 leases as of December 31, 2024, are as followed:

	Principal	Interest	Total
2025	49,057	133,010	182,067
2026	52,603	129,464	182,067
2027	56,406	125,661	182,067
2028	60,484	121,583	182,067
2029	64,856	117,211	182,067
2030-2034	401,763	508,572	910,335
2035-2039	569,549	340,786	910,335
2040-2044	667,630	106,157	773,786
	<u>1,922,348</u>	<u>1,582,444</u>	<u>3,504,792</u>

As of December 31, 2024, the lease is being renegotiated with One Rock Capital Partners LLC. Based on preliminary terms of the new lease, the monthly rental fee is to increase to \$15,172 a month and the term of the lease will be 45 years, an initial 20-year lease with five additional five-year terms, auditor will only report the initial 20-year lease as the lease can be terminated after 20 years.

Note 14: Subsequent Events

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through July 22, 2025, the date on which the financial statements were available to be issued.

The District implemented a 1.5% rate increase that is allowed by the PUC and the board approved.

The District will be completing a \$2,038,000 water main replacement project in 2025. The project is funded with a 35% grant from the Drinking Water State Revolving Loan Fund and a 10-year loan for the remaining cost that will be issued once the project is completed.

The District will purchase a new pickup truck with costs roughly around \$50,000.

Blue Triton Brand will be building and developing a new well on the District's property in South Lincoln.



REQUIRED SUPPLEMENTAL INFORMATION

LINCOLN WATER DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 YEARS*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Total OPEB Liability</u>							
Service Cost	2,023	2,431	2,643	2,280	1,530	1,722	1,418
Interest	1,088	620	828	909	940	806	642
Changes of Benefit Terms	0	0	0	0	(631)	0	0
Differences Between Expected and Actual Experience	962	(3,411)	(12,114)	0	2,004	0	1,528
Changes of Assumptions	5218	0	(107)	2,330	5,670	(2,845)	2,570
Benefit Payments	(117)	(29)	(3)	(3)	0	0	0
Net Change in Total OPEB Liability	9174	(389)	(8753)	5,516	9,513	(317)	6,158
Total OPEB Liability - Beginning	27,283	27,672	36,425	30,909	21,396	21,713	15,555
Total OPEB Liability - Ending	36,457	27,283	27,672	36,425	30,909	21,396	21,713
<u>Plan Fiduciary Net Position</u>							
Contributions - Employer	117	29	3	3	0	0	0
Contributions - Member	0	0	0	0	0	0	0
Net Investment Income	0	0	0	0	0	0	0
Benefit Payments	(117)	(29)	(3)	(3)	0	0	0
Administrative Expense	0	0	0	0	0	0	0
Net Change in Plan Fiduciary Net Position	0	0	0	0	0	0	0
Plan Fiduciary Net Position - Beginning	0	0	0	0	0	0	0
Plan Fiduciary Net Position - Ending	0	0	0	0	0	0	0
<u>Net OPEB Liability - Ending</u>	<u>36,457</u>	<u>27,283</u>	<u>27,672</u>	<u>36,425</u>	<u>30,909</u>	<u>21,396</u>	<u>21,713</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Covered Employee Payroll	311,875	234,790	234,790	215,280	215,280	215,136	215,136
Net OPEB Liability as a Percentage of Covered Employee Payroll	11.7%	11.6%	11.8%	16.9%	14.4%	9.9%	10.1%

* Only seven years of information available

See notes to required supplementary information.



LINCOLN WATER DISTRICT
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
DECEMBER 31, 2024 AND 2023

NET OPEB LIABILITY

Changes of Benefit Terms: None

Changes of Assumptions:

Discount Rate

2024 Valuation: 3.26 % per annum

2023 Valuation: 3.72 % per annum



OTHER SUPPLEMENTAL DATA

**LINCOLN WATER DISTRICT
OPERATION AND MAINTENANCE EXPENSES
YEARS ENDED DECEMBER 31,**

SCHEDULE 1

	2024	2023
Salaries and Wages	406,833	397,728
Pensions and Benefits	189,551	132,872
Power	85,799	72,854
Chemicals	2,105	2,788
Materials and Supplies	95,556	116,664
Contractual Services	46,385	72,065
Standpipe Painting Expense	25,000	10,000
Transportation	17,813	22,140
Insurance	25,519	24,895
Bad Debt Expense (Recovery)	(1,236)	(2,100)
All Other	<u>11,345</u>	<u>9,428</u>
Total Operation and Maintenance Expenses	<u><u>904,670</u></u>	<u><u>859,334</u></u>



See accompanying independent auditors' report.



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**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**

To the Board of Trustees
Lincoln Water 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 consisting of the statement of net position, statement of revenues, expenses and changes in fund net position and statement of cash flows of the Lincoln Water District, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Lincoln Water District's basic financial statements and have issued our report thereon dated July 22, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Lincoln Water District's internal control over financial reporting (internal control) to determine the 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 the Lincoln Water District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Lincoln Water 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 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lincoln Water 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 determination of financial statement amounts. 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.

HMV, LLC

HMV, LLC
Ellsworth, Maine
July 22, 2025

