

KENNEBEC SANITARY TREATMENT DISTRICT



ANNUAL REPORT

51st Edition

2 0 2 3

Proudly serving Waterville, Winslow, Fairfield, and Benton

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INTRODUCTION

Kennebec Sanitary Treatment District (KSTD) is a quasi-municipal corporation under the laws of the State of Maine, incorporated via Charter in 1971, serving the City of Waterville, and the Towns of Winslow, Fairfield, and Benton. KSTD also serves a significant industrial user, Huhtamaki Inc. (formerly Keyes Fiber) and two (2) non-chartered communities that executed inter-local agreements with chartered communities; those being the Town of Oakland in 2013 via WSD and the Town of Vassalboro via the Town of Winslow in 2017.

In 1971 an act, creating the Kennebec Sanitary Treatment District occurred by the people of the State of Maine and approved by the Governor as follows: the inhabitants of the Municipalities of Waterville, Winslow, Fairfield, and Benton have created a body corporate and politic under the name of Kennebec Sanitary Treatment District (KSTD) for the purpose of providing systems of public sewage disposal, constructed, maintained, and operated for the public health and welfare of said residents. KSTD was organized to receive sewage collected by the municipalities and dwellings, public buildings, commercial or industrial establishments.

As of March 2017, the original 1971 District Charter contained 9 separate amendments. Listed below are the year of amendment followed by the chapter of which it can be found:

- No. 1 – 1971, Chapter 45
- No. 2 – 1972, Chapter 169
- No. 3 – 1973, Chapter 81
- No. 4 – 1976, Chapter 128
- No. 5 – 1981, Chapter 26
- No. 6 – 1983, Chapter 18
- No. 7 – 1991, Chapter 7
- No. 8 – 1992, Chapter 83
- No. 9 – 2017, Chapter 12

Reference to the rules and regulations, SEC 10, 1, (sometimes called; "Sewer Use Ordinance"), is KSTD "Industrial Pretreatment Program Rules, 6th revision, March 15, 2011".

For more updated information, please check out our website at www.kstd.com!

ACKNOWLEDGEMENTS

2022/23 BOARD OF TRUSTEES

Office Held	Trustee	Term	Town Representing
Chairperson	Tyler J. Mitchell	2021- 25	Winslow
Vice-Chair	Kevin Gorman	2020- 24	Waterville
Treasurer	Thomas W. Shattuck	2005- 26	Waterville
Clerk	Matthew Zetterman	2020- 26	Waterville
	Paul F. Jacques	2013- 26	Waterville
	Randy Raymond	2023- 25	Benton
	Bill Boucher	2023- 25	Winslow
	Scott McAdoo	2022- 24	Waterville
	Bruce Williams	2022- 26	Fairfield
	Jack Stanley, Jr.	1996- 25	Fairfield
Asst. Treasurer/ Asst. Clerk	Nicholas M. Champagne	Superintendent	
Financial Auditor	Nicholson, Michaud & Company	Certified Public Accountants	

2023/24 KSTD EMPLOYEES

Name	Position	# of Years
<u>ADMINISTRATION</u>		
Nicholas M. Champagne	Superintendent	4
Lynn C. Woodard	Chief Operator	43
Roxanne Whitcomb	Finance Manager	2
Nancy K. Gray	A/P & Payroll Clerk	26
Jane Carroll	Project Manager (Part-Time)	1
<u>LABORATORY</u>		
Ronald G. White	Process Control Coordinator	39
Derek M. Vigue	Lab Assistant	21
<u>OPERATIONS</u>		
Carl L. Leathers	Operator	43
David J. Stevens	Asst. Operator	9
<u>MAINTENANCE</u>		
Wayne D. Schofield	Maintenance Foreman	9
Richard L. Vigue	Electrician	47
Timothy G. Mercer	Skilled Laborer	36
Anthony A. Larrabee	Skilled Laborer	4

FORMER TRUSTEES

TRUSTEE	TERM SERVED	REPRESENTING
AARON LEVINE	1971-1972	Waterville
ARTHUR O'HALLORAN	1971-1972	Waterville
WHITCOMB M. RUMMELL	1971-1974	Waterville
WILMER W. HUSSEY	1973-1974	Vassalboro
DUDLEY E. FOLEY	1974-1976	Vassalboro
LLOYD ROWE	1976	Vassalboro
OSBORNE N. ELLIS	1971-1977	Benton
SHERMAN K. SMITH	1971-1977	Waterville
CLIFFORD J. SOUCY	1971-1977	Winslow
ANN B. PETERS	1972-1978	Waterville
LAURIER E. LOUBIER	1971-1978	Winslow
ROLAND J. MICHAUD	1978-1979	Winslow
LEROY L. GOODINE	1971-1979	Fairfield
LIONEL J. POIRIER	1971-1979	Waterville
JOSEPH A.G. PELLETIER	1977-1979	Waterville
DAVID C. DONAHUE	1979-1980	Fairfield
IRVING I. GOODOF	1974-1980	Waterville
PAUL J. MITCHELL	1979-1981	Waterville
GORDON G. LYFORD	1978-1982	Waterville
THOMAS J. NALE	1980-1982	Waterville
CECIL L. NUTTING	1980-1982	Fairfield
EDWARD B. MORRISON	1977-1983	Winslow
JOSEPH N. L'HEUREUX	1981-1984	Waterville
ROBERT VIOLETTE	1982-1984	Fairfield
ROBERT E. PERRY	1977-1985	Benton
GILBERT H. PETERS	1982-1985	Waterville
HELEN F. CAREY	1983-1986	Waterville
LOUIS P. HUARD, JR.	1983-1986	Winslow
CARL L. WEYMOUTH	1985-1986	Benton
DEANE M. NASON	1979-1987	Winslow
PETER J. GORMAN	1986-1987	Waterville
LEONARD J. PLOURDE	1972-1988	Waterville
ANN NATASHA MATHIEU	1984-1988	Waterville

TRUSTEE	TERM SERVED	REPRESENTING
LAWRENCE W. FORTIN	1986-1989	Winslow
THOMAS W. SHATTUCK	1986-1991	Waterville
WILLIAM J. HAGERTY	1984-1991	Fairfield
DARRELL WEBBER	1991	Fairfield
ROBERT F. COSGROVE	1979-1992	Waterville
G. ANTHONY JONES	1987-1992	Waterville
DAVID H. BLAIR	1987-1993	Winslow
DAVID B. BAIRD	1989-1993	Winslow
WAYNE L. SMITH	1988-1993	Waterville
JEFFREY ALLEN	1992-1994	Waterville
DENNIS LANG	1993-1994	Waterville
RUEL J. BLACKWELL	1971-1995	Fairfield
BARBARA F. OLSON	1988-1996	Waterville
JEFFREY MITCHELL	1994-1997	Waterville
WM THOMAS HYDE	1994-1999	Waterville
DAVID V. DOSTIE	1991-1999	Fairfield
DANIEL J. MALLET	1993-1999	Winslow
THOMAS W. SHATTUCK	1992-2000	Waterville
WALTER W. SIMPSON	1993-2001	Winslow
JAMES BANKS	1999-2001	Fairfield
BARBARA F. OLSON	2000-2001	Waterville
PETER WARD	2001-2002	Winslow
CHARLES THEOBALD	1999-2002	Winslow
C. DONALD HUBERT	1996-2002	Waterville
PAUL E. ROY	2002-2003	Winslow
JAMES FITTON	2002-2003	Winslow
DAVID R. VASHON	1993-2003	Waterville
JOHN G. TRINWARD	1997-2003	Waterville
DAVID V. DOSTIE	1999-2004	Waterville
RAYMOND W. WITHAM	2001-2004	Fairfield
THOMAS W. SHATTUCK	2001-2004	Waterville
ARTHUR O'HALLORAN	2003-2004	Waterville
JOHN W. LIBBY	2004	Waterville
G. ANTHONY JONES	2002-2005	Waterville
JOHN W. LIBBY	2005-2006	Waterville
G. ANTHONY JONES	2006-2007	Waterville

TRUSTEE	TERM SERVED	REPRESENTING
DANIEL A. PETERS	2003-2007	Winslow
DAVID C. DOSTIE	2005-2010	Waterville
DONALD C. ASHTON, Jr.	2013	Waterville
PETER W. OGDEN	2013	Waterville
DAVID A. COSGROVE	2004-2013	Waterville
NICHOLAS M. CHAMPAGNE	2014-2016	Waterville
JOHN F. HAMELIN	2004-2018	Waterville
PERCY C. SMITH	2007-2018	Waterville
MICHAEL E. WILLIAMS, SR.	2017-2018	Waterville
PERCY C. SMITH	2019	Waterville
NICHOLAS M. CHAMPAGNE	2019	Waterville
JULIAN A. PAYNE	2020	Waterville
TYLER J. MITCHELL	2019-2020	Waterville
GARY L DIXON	1986-2021	Benton
PETER C. DEANE	2007-2021	Winslow
LUKE BROOKS-SHESLER	2021	Waterville
ALBERT E. HODSDON III	2004-2022	Fairfield
ROBERT J. NADEAU	2003-2023	Winslow
DWIGHT LANNING	2021-2023	Benton

FORMER SUPERINTENDENTS

SUPERINTENDENT	TENURE
WILLIAM J. CULLEN	1972-1988
RICHARD P. BENTZEL	1988-2002
TIMOTHY J. LEVASSEUR	2002-2019

REPORT OF THE TRUSTEES

The Board of Trustees of Kennebec Sanitary Treatment District held twelve regular meetings and four committee workshops in 2023.

Re-appointments to the Board of Trustees for terms as follows:

<u>Term</u>	<u>Trustee</u>	<u>Town Rep.</u>
2023 – 2026	Bruce Williams	Fairfield
2023 – 2026	Thomas W. Shattuck	Waterville

In 2023, Bill Boucher was appointed by Town of Winslow to fill the vacancy of Robert J. Nadeau.

The annual meeting was held on July 13, 2023. The elected officers are as follows:

Chairperson	Tyler J. Mitchell	Winslow
Vice-Chair	Kevin Gorman	WTVL
Treasurer	Thomas W. Shattuck	WTVL
Clerk	Matther Zetterman	WTVL
Asst. Treas./Clerk	Nick Champagne, Superintendent	

The 2023 annual budget was approved for \$4,169,172 (including \$200,000 for contingency and \$250,000 for capital reserve) with a 9.15% increase from 2022. A surplus of \$808,072 was returned to District members, as outlined in the Report of the Treasurer.

The Board of Trustees invites the public to attend any monthly board meeting held every second Thursday at 7:30 a.m. in the cafeteria at KSTD on 401 Water St, Waterville, Maine. For more information, please visit our new website at www.kstd.com.

Respectfully submitted,

Tyler J. Mitchell

Tyler J. Mitchell
Chairperson

REPORT OF THE TREASURER

As Treasurer of Kennebec Sanitary Treatment District, I hereby submit the following Report of Finance for the fiscal year ending December 31, 2023.

The firm of Nicholson, Michaud & Company was retained as the District's auditor. The detailed statements of financial condition are contained in the complete Auditor's Report. Highlights of the District's overall operation for the year 2023 are as follows:

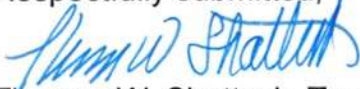
INCOME		
2023	Revenue from Allocation	\$4,169,173
2023	Revenue from Septage/Leachate	\$218,153
2023	Revenue from Maintenance Contracts	\$20,840
2023	Misc. Revenue	\$1,819
2023	Revenue from Interest Earned	\$20,479
Total Working Income		\$4,430,464
EXPENDITURES		
	Treatment Plant	\$2,597,813
	Pump Stations	\$214,882
	Administration	\$438,948
	Adjustments to compute distributable earnings*	\$370,749
Total Expenses		\$3,622,392
	2023 Surplus to Members**	\$808,072

* See 2023 Financial Audit

**Includes \$200,000 contingency

The District has an additional \$100,000 in a surplus account as a reserve against unbudgeted and unforeseen emergency expenses.

Respectfully submitted,



Thomas W. Shattuck, Treasurer

REPORT OF THE SUPERINTENDENT

The District continues to wade through an abundance of challenges facing wastewater treatment facilities across the state of Maine. From legislative changes in law to challenges surrounding an aging facility, 2023 proved to be yet another busy year here at KSTD.



Nick Champagne
Superintendent

I commend the hard work that our crew demonstrated over the past year adjusting to difficult and uncontrollable changes. I am proud to note that while the District faces several new administrative challenges, the crew collectively worked hard to keep this plant in compliance with our Discharge permit. Far too often we take those accomplishments for granted when we should be celebrating those victories. Thank you to all of our crew for another great year.

For this report, I would like to summarize some key and/or impactful highlights of 2023:

- PFAS Legislation Update & the February 2023 Biosolid Disposal Crisis
- April & December 2023 Kennebec River Floods & Impact
- District Engineering Reports Update:
 - Comprehensive Plant Evaluation
 - 2022 CSO Masterplan Update

PFAS Legislation Update & the February 2023 Biosolid Disposal Crisis

On the legislative side, LD 1911 and LD 1639 were passed in April 2022 and signed into law in May 2022. In the 2022 Annual Report, I stated that we were on the precipice of some significant changes to the mode and cost of biosolid management – and we were. In February 2023 we were notified by our biosolids management contractor, Casella, that they would not be able to accept our waste Kennebec Sanitary Treatment District
2023 Annual Report

at the state owned / contractor managed Juniper Ridge landfill for an indefinite period of time as a result of lack of bulking waste stemming from implementation of LD1639 that restricted out of State bulky waste being accepted at the Juniper Ridge landfill. For nearly 2 weeks between February 23 & March 8, most wastewater facilities in Maine scrambled to find alternative disposal options while the State and Casella worked out immediate alternative disposal options. During that time we at KSTD were storing solids to the best of our ability but we were days away from violating our license – it was a close call.

In the ensuing weeks following the February '23 biosolid crisis, I (along with several other wastewater Superintendents / Engineers) spent time with local legislators in Augusta to seek some relief of bulking waste restriction at Juniper Ridge landfill. Through testimony and several discussions with wastewater administrators, the Legislature did pass an emergency bill in May 2023, LD718, that provided relief of 2 years on the bulking waste restriction at Juniper Ridge. The expectation was that Casella would find alternative bulking material to stabilize disposal of wastewater biosolids.

While the aforementioned legislation that has been passed comes with thoughtful and meaningful intentions, the ramifications of the regulations has made it more difficult and costly to dispose of biosolids in the State of Maine. In just 3 years, the unit cost of disposing of 1 ton of biosolids at KSTD has risen over 100% and continues to climb. We stand ready and willing to work with Maine DEP on alternative disposal options to meet the regulatory requirements, while balancing rate increases and logistical challenges at the treatment plant.

Major Storms & The Future of Climate Resiliency at KSTD

An unforeseen set of circumstances revolving around significant climatical events in April 2023 and December 2023 has shifted our focus to climate resiliency.

On April 30, 2023 – May 1, 2023, following a significant rain / melt event, the Kennebec River rose to a crest of 25 feet, the highest

crest since the flood of April 1987 (Crested at 39 feet). Though the event was significant, we did not see any damage to the facility or any of our ancillary pump stations. The District effluent pumps did come on for a few days and managed to convey all of our effluent out into the swelling river. At the time of the event, we were well aware that the river was on the rise and had time to prepare.

On Monday, December 18, 2023 we were hit with one of the most damaging wind / rain storms on record. Almost all CMP customers in Kennebec County were without power and there were a significant amount of downed trees and power lines across the county. At KSTD, we lost power to our treatment facility and all of our pump stations for nearly 3 days. I am happy to report that our emergency power generators were fully functional and remained so until power was restored days later. Aside from a couple of trees that fell onto perimeter fencing at Main Pump Station, we really had limited wind damage due to the storm. The real test came that evening into the following morning when we were warned that the Kennebec River was quickly on the rise.

We began monitoring river level projections as early as Friday December 15, however it was too early to really make any determination of storm severity. Projections on Sunday December 17 had the river rising to about 27 feet on Tuesday December 19. While a crest of 27 feet is considered a concerning flood event, it was still manageable after we had just experienced a crest of 25 feet in April. On Tuesday December 19, we received warnings from the local MEMA authority that the Kennebec River was expected to rise to levels not seen since flood of 1987 and to prepare for an historical flooding event nearing 39 feet, significantly higher than the NOAA projected river levels. The river did finally crest at 32.32 feet in the evening hours of December 19.

As a result of the event, 3 pump motors at Chafee Brook Pump Station in Winslow were submerged and the motors were sent out for repair and back online within 2 days. Aside from the motors, there was no further flood damage to any other pump stations. A National Disaster declaration was made by President Biden in the days following the event. It could have been much worse, and I

applaud the crew for taking the appropriate actions to limit the damage.

In the midst of the December storm, Wright-Pierce was finalizing the Climate Adaptation Plan (CAP) that was due to Maine DEP on December 31. The December flooding event was quickly added to the report and included with the final plan. While we were able to mitigate significant damage, we were reminded that we are entirely vulnerable to a major flooding event over 30 feet. Our flood emergency response plan was updated, and we are heeding the advice of the CAP plan to complete a “flood resiliency study” to further document vulnerabilities around the plant. We anticipate completing this report in 2025, which will also open us for potential project funding from FEMA.

District Engineering Reports Update

Wright-Pierce was retained in February 2023 to complete 3 reports for KSTD: a fiscal sustainability plan (FSP), climate adaptation plan (CAP) and a Comprehensive Plant Evaluation. Both the F

Fiscal Sustainability Plan & Climate Adaptation Plan

Wright-Pierce worked diligently in 2023 and completed the KSTD FSP and CAP reports by their deadline in December 2023. The FSP report provided a much needed focus on establishing a detailed asset management database and ultimately an asset management plan. The report includes an inventory of critical wastewater treatment, collection, and conveyance system assets, the District’s approach to determining asset criticality, a cost-effective funding plan to proactively fund the repair, rehabilitation, or replacement of the most critical assets, and potential capital funding sources. The FSP will provide a framework to help the District proactively manage its wastewater assets for the future and the asset spreadsheet will serve as a basis for future asset management software implementation. Selection and roll-out of asset management software is slated for FY 2024.

The goals of the CAP report were to review the possible effects of climate change, assess the likely impacts to the District's critical assets and system reliability, identify and evaluate possible adaptation measures and provide a cost-effective implementation plan to protect KSTD's critical assets and maintain system reliability. Wright-Pierce evaluated possible climate change impacts on the District's critical systems, potential hazard vulnerabilities and their consequences and possible adaptation measures and to develop a cost-effective implementation plan. Out of the report, Wright-Pierce recommends that we complete a flood resiliency study to further outline potential flood related climate resiliency projects identified in the CAP. Our goal is to obtain FEMA grant funds to complete the projects that arise out of the flood resiliency study and begin design in FY2026.

2022 CSO Masterplan Update

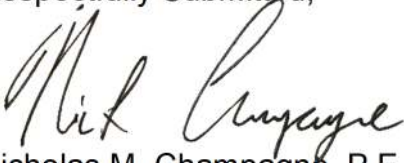
The 2022 CSO Masterplan update was submitted to DEP for review in December 2022 and subsequently reviewed in early 2023 by the Department. The report was rejected on the premise that a hydraulic model & analysis was necessary to detail projects necessary for elimination of the last 2 remaining CSO's within the KSTD system, those being CSO 003 at Fairfield Pump Station in Fairfield, as well as CSO 005 at Main Pump Station in Waterville. As a result of a follow up meeting between DEP, Wright-Pierce and KSTD, the District agreed and conducted a hydraulic analysis of the KSTD Collection System; that occurred between September and December 2023. Once the hydraulic flow analysis was completed, Wright-Pierce will then use that data to update the masterplan in late 2024 / early 2025.

Looking Ahead

In 2024, we look forward to the completion of the Comprehensive Plant Evaluation and the District's 20 year Capital Improvement Plan (CIP). Having this CIP in hand will lay the framework needed to begin extensive project planning efforts and to seek funding to get projects off the ground. Additionally, we look forward to the roll-out of a Computerized Maintenance Management Software in 2024 that will provide administration and staff alike a regularly updated plan to maintain existing assets.

Given the severe weather experience in 2024, we have also made preparations to include some climate resiliency projects over the next couple of years to mitigate damage from future storms.

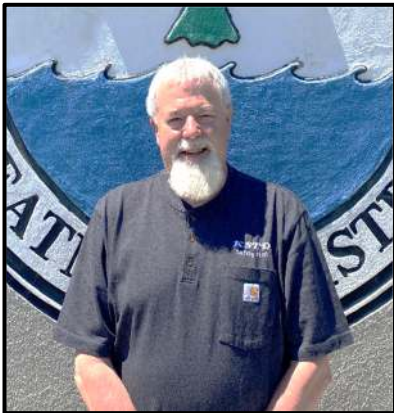
Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Nick Champagne". The signature is fluid and cursive, with the first name "Nick" and last name "Champagne" clearly distinguishable.

Nicholas M. Champagne, P.E.

Superintendent

REPORT OF THE CHIEF OPERATOR



*Lynn Woodard
Chief Operator*

Calendar year 2023, in the same fashion as the past few years, provided the District's staff with many planned as well as unplanned challenges to contend with. Below is a condensed list of our many projects accomplished in 2023.

- **Aeration Blowers Repair and Replacement**

In early summer of 2023 two of the three rotary lobe blowers that provide oxygen and mixing to the mixed liquor in the Aeration tank were lost due to mechanical failure leaving the District in peril with only one functioning blower. The two failing blowers were sent out for repair with ultimately only one blower being repairable. This blower was repaired and returned after several months in the shop. After careful deliberations KSTD decided to replace the third blower with a used one that is considerably smaller and will require some fabrication to install but still results in a substantial cost savings for the District.

- **Upgrade to Disinfection Chemical Feed Pumps**

To continue the effort of upgrading dysfunctional or obsolete equipment that is critical to the treatment process the District purchased a new Watson-Marlow peristaltic metering pump to deliver Sodium Hypochlorite to the effluent in the Contact Tank for disinfection purposes. KSTD also purchased two new Watson-Marlow Qdos peristaltic metering pumps to deliver Sodium Bisulfite to the Effluent at the end of the contact tank. The purpose of the Bisulfite is to tie up any of the remaining free chlorine for the protection of aquatic life in the Kennebec River.

- **Fire Hydrant Replacement**

After some discussion with the Kennebec Water District and Waterville Fire Dept. the need to replace the non-functional and obsolete fire hydrant in the back yard became obvious. The entire replacement project was performed by Fanado Pelotte Contractors. There were several unexpected challenges encountered, including the location of the water main being under the slab of an adjacent building. The contractors were able to persevere and successfully replaced the hydrant providing the District with fire protection once again.

- **Replacement of Control Panel Unit #200**

The necessary task of upgrading all of the aging and obsolete control panel processors continued in 2023 with the replacement of Control Panel #200 contained on the second floor of the District's Main Building. CPU #200 plays an important role in the electronic communication between the Plant's SCADA system and outlying pump stations and other equipment at the Plant. This project was completed by the firm of Woodard and Curran Consulting Engineers.

I wish to acknowledge the staff, administrators, and trustees of KSTD for the dedication and perseverance to successfully meet our goals for 2023 in spite of the unprecedented challenges presented to us. KSTD did not need to report a single plant effluent violation to the DEP for the calendar year with credit due to the entire District staff. I know that we will continue the new year with the same effort and strive to improve wherever we can.

Respectfully submitted,

Lynn Woodard

Lynn C. Woodard
Chief Operator / Assistant Superintendent

REPORT OF THE PROCESS CONTROL COORDINATOR

Process Assessment:

During the calendar year of 2023, the District achieved consistently exceptional treatment standards with few process upsets or problems. The percentage of removal for the Total Suspended Solids (TSS) continues to be around 98 %, with the removal of the Biochemical Oxygen Demand [BOD] typically averaging around 95 % removal.



***Ronald White
Process
Control Coordinator***

The laboratory and operations staff continues to strive for a goal of producing an effluent quality as “pristine” (my word) as possible. After all, the water that enters of plant, has many various pollutants, and if we do our job well, and with the responsibilities done with diligence, determination, and professionalism, close to ALL of the pollutants will be removed from the waters that will be discharged to the Kennebec River. In essence, that’s why – all of us at this facility – were hired anyway.

Discharge Violations:

The District reported no plant discharge violations during 2023.

Process Control Changes & Updates:

PROCESS MANAGEMENT: The weather WILL ALWAYS bring endless, and unknown, challenges! In 2023, nothing could have been truer. We recorded 51.60 inches of rain/melted precipitation. This was the most recorded since 2005. This kept us “on our toes” throughout the year, but most especially, in December of last year. The District was as close as we have been since 1987

to river water (Yes, a major flood) coming into the plant. Alas, the waters receded, and we survived. However, these “close calls” are important reminders to continue to focus on anything that might, and probably will, come our way.

DISCHARGE PERMIT: The District continues to follow a permit that is expired. The permit expired in October of 2020. All of the required testing from the expired permit will continue to occur. As required through MDEP, the District preformed WET testing.

LOCAL LIMITS: Local Limits are an integral part of all discharge permits. Local Limits are established individually and are unique for each treatment facility. The limits are intended to protect the receiving water, the treatment process and worker health. Local limits also establish industrial discharge limits as part of the Industrial Pretreatment Program. The District will complete the local limit review after the new permit is issued.

The District continues to monitor the PFAS situation – local, State and Federal– in a variety of ways. The District will look at various roads, through testing and other research, that makes the most sense to proceed. Whatever direction the District might take, on this sensitive subject, the focus will be for the safety of our local community.

Here is another update on this subject: MDEP has had two separate “extensive testing protocols.” Both projects were funded through them (MDEP) as well. It is allowing everyone involved to develop a better understanding of this vital subject.

EPA INDUSTRIAL PRETREATMENT PROGRAM: Kennebec Sanitary Treatment District has a federally [EPA] approved Industrial Pretreatment Program [IPP]. The IPP program identifies 10 Industrial Users [IU], determines which IUs require permits, and performs inspections and monitoring of 5 Significant Industrial Users [SIU].

The District currently permits SIUs: Huhtamaki Inc., Waterville, Elanco / Lohmann Animal Health International, Winslow, Hawk

Ridge Compost Facility, Unity Plantation/ Mid-State Machine Shop/ Katahdin Railcar Services.

The Industrial Permit compliance continues to be strong through the calendar year of 2022. Each required aspect of the program was performed in an effective and timely manner. All other permittees submitted complete thorough reports on time, in good order and are currently in full permit compliance.

Acknowledgement:

I wish to acknowledge the plant staff for all their hard work during the past year. As the old saying goes “There is no I in team” and that’s simply the best way to operate. I appreciate the continued professionalism, insight, and commitment as we all work at being Environmental Stewards for our community.

Respectfully Submitted,

Ronald White

Ronald White
Process Control Coordinator

2023 IN REVIEW

**July '23 Albert E. Hodsdon III
Board Room Dedication**



**July '23 Main Station
Bar Rack Replacement**



**July '23 Main Station
Bar Rack Replacement**



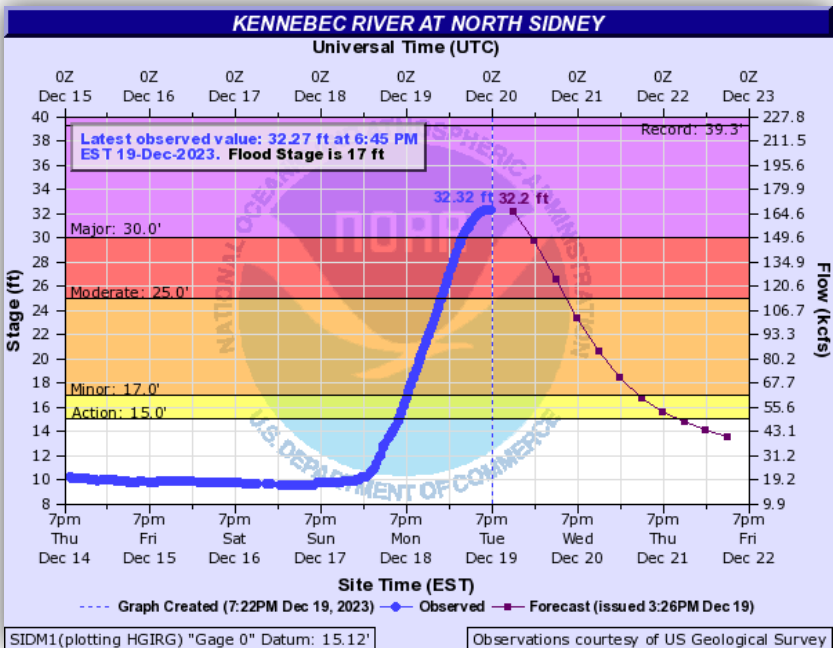
2023-08-16 9:15AM by nmc
Contract 5
MH 2+69 to MH 6+92
30" RCP IN/OUT
(UPSTREAM)
Just upstream of FF mtr pit



**Pipe Inspection
With New Pole Camera**

MAJOR FLOOD OF DECEMBER 19, 2023

Picture of Kennebec River taken from Treatment Plant Roof; Morning of Dec. 19, 2023



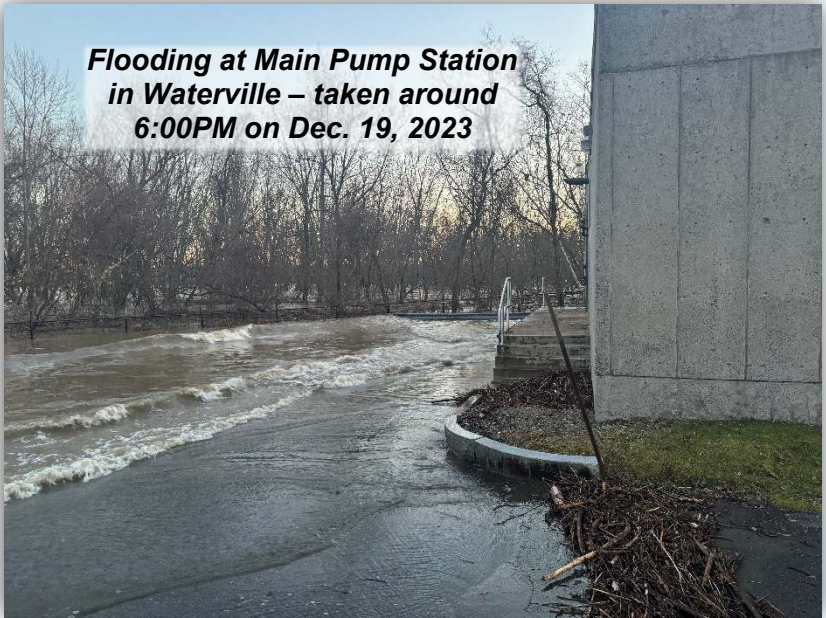
NOAA Hydrograph of Kennebec River. 12/19/2023



***Flooding at Main Pump Station in Waterville
– taken around 6:00PM on Dec. 19, 2023***



***Flooding at Main Pump Station
in Waterville – taken around
6:00PM on Dec. 19, 2023***



***Picture of river level from
Treatment Plant around 6:00P
on Dec. 19, 2023***



2023 FINANCIAL STATEMENTS

**KENNEBEC SANITARY
TREATMENT DISTRICT**

FINANCIAL STATEMENTS

December 31, 2023 and 2022

KENNEBEC SANITARY TREATMENT DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Kennebec Sanitary Treatment District
Waterville, Maine

Opinion

We have audited the accompanying financial statements of the business-type activities of Kennebec Sanitary Treatment District (District) as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the District's basic 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 financial position of the business-type activities of Kennebec Sanitary Treatment District as of December 31, 2023 and 2022, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Kennebec Sanitary Treatment 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 opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Kennebec Sanitary Treatment 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 the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 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.

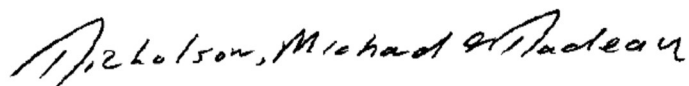
In performing an audit in accordance with generally accepted auditing standards, we:

- 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 Kennebec Sanitary Treatment 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 Kennebec Sanitary Treatment 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, the schedule of proportionate share of the net pension liability and related ratios, and the schedule of employer contributions 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.



Waterville, Maine
March 5, 2024

Kennebec Sanitary Treatment District

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the basic financial statements and supplementary information. The MD&A represents management's examination and analysis of Kennebec Sanitary Treatment District's financial condition and performance.

Financial Highlights

Management's opinion is that the District's financial condition is sound. The District is well within the financial policies and guidelines set by the Board of Trustees. The following are key financial highlights:

- The District's total operating revenues and expenses in the Statement of Revenues, Expenses and Changes in Net Position were \$4,409,985 and \$3,966,826, respectively, resulting in net operating income for the year ended December 31, 2023 of \$443,159.
- The District is required to return to its members amounts which exceed the change in net position, adjusted for depreciation, long-term debt reduction (if applicable), amounts added to the capital reserve fund, amounts needed to fund materials and supplies inventory and prepaid expenses, employer pension contributions, adjustments to interest expense, equipment purchases and current working capital needs which may not exceed \$100,000.
- The amount returned to members as adjustments to current charges in 2023 was \$516,988, a decrease of \$305,901 over the 2022 amount.
- The District's net position as of December 31, 2023 was \$7,364,839, a decrease of \$73,999 from prior year. Net position consists of those invested in capital assets of \$5,403,058, restricted net position of \$1,193,892, and unrestricted net position of \$767,889.
- The District's designated surplus account balance was \$100,000 at the end of 2023 and 2022.
- Member assessments provided the District with approximately 95% and 94% of its operating revenue in 2023 and 2022, respectively.
- Septage and leachate revenue was \$218,153 during 2023, an increase of \$10,970 from 2022.
- The District acquired capital assets totaling \$701,289 and \$476,004 during 2023 and 2022, respectively.
- The District has established a capital reserve fund for the purpose of maintaining, rehabilitating, upgrading and replacing aging infrastructure. The capital reserve fund balance was \$1,084,064 as of December 31, 2023, a decrease of \$166,793 from 2022.
- The District entered into a long-term bond payable arrangement with the Maine Municipal Bond Bank during 2023 in the amount of \$1,000,000. A portion of the proceeds were used to repay a bond anticipation note agreement issued in 2021 to temporarily fund pump station upgrades to the wastewater treatment facility. Remaining unspent bond proceeds totaling \$333,959 were added to a restricted bond fund during 2022 to be used to fund future pump station upgrades. The restricted bond fund balance was \$109,828 as of December 31, 2023, a decrease of \$224,131 from 2022.
- Distributable income of \$808,072 for 2023 will be returned by the District to members as adjustments to current charges in 2024.

Overview of Annual Financial Report

Under Governmental Accounting Standards Board Statement No. 34, the District presents only its government wide financial statements as all governmental activities are accounted for within a single proprietary (enterprise) fund.

Kennebec Sanitary Treatment District

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of Annual Financial Report – Continued

The financial statements report information about the District using full accrual accounting methods as utilized by similar business activities in the private sector. The financial statements include the Statements of Net Position; Statements of Revenues, Expenses and Changes in Net Position; Statements of Cash Flows; and Notes to the Financial Statements.

The Statements of Financial Position present the financial position of the District on a full accrual basis of accounting with the capital assets recorded at historical cost. The statements include information on all of the District's assets and liabilities, with the difference reported as net position. Over time, increases and decreases in net position are one indicator of whether the financial position of the District is improving or deteriorating.

While the Statement of Net Position provides information about the nature and amount of resources and obligations at year-end, the Statements of Revenues, Expenses and Changes in Net Position present the results of the business activities over the course of the fiscal year and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The Statements of Cash Flows presents changes in cash and cash equivalents, resulting from operational, investing, capital and related financing activities. These statements present cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

The Notes to the Financial Statements provide required disclosures and other information that are essential to a full understanding of material data provided in the financial statements. The notes present information about the District's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any. Supplementary information detailing administrative expenses and a reconciliation of change in net position to distributable earnings is also presented.

Summary of Organization and Business

The District is organized by Chapter 45 Private and Special Laws of 1971; amended by Chapter 169 Private and Special Laws of 1972; amended by Chapter 81 Private and Special Laws of 1973; amended by Chapter 128 Private and Special Laws of 1976; amended by Chapter 26 Private and Special Laws of 1981; amended by Chapter 18 Private and Special Laws of 1983; amended by Chapter 7 Private and Special Laws of 1991; amended by Chapter 83 Private and Special Laws of 1992; amended by Chapter 12 Private and Special Laws of 2016.

Chapter 45 Private and Special laws of 1971, under which the District was incorporated, provided that the District be created for the purpose of providing the territory and inhabitants of the City of Waterville, and the Towns of Winslow, Fairfield and Benton with a system of public sewage disposal. The District constructed, maintains and operates the system for the public health and welfare of the residents within the limits of the same.

At present, the District is serving the City of Waterville, the Towns of Winslow, Fairfield and Benton, and the Waterville Sewerage District. Additionally, the District enters into an agreement with Huhtamaki, Inc. to receive its wastewater.

The District is governed by a Board of ten Trustees. Municipal officers residing in the City of Waterville and the Towns of Winslow, Fairfield and Benton appoint five, two, two and one Trustees, respectively. None of said Trustees shall be a City or Town official, except that the 5 trustees from the City of Waterville may include members of the Board of Commissioners of the Waterville Sewerage District. District Trustees are appointed for a three-year term.

The District has no taxing power. Operational and maintenance costs are funded from District member assessments and charges. The acquisition and construction of capital assets are funded by capital contributions from District member assessments, bonds payable, and other customer revenues.

Kennebec Sanitary Treatment District

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis

The following comparative condensed financial statements serve as the key financial data and indicators for management's monitoring and planning. Comments regarding significant year-to-year variances are included in each section under the applicable statement.

**CONDENSED STATEMENTS OF NET POSITION
DECEMBER 31,**

	<u>2023</u>	<u>2022</u>	Change	
			Dollars	%
ASSETS				
Current assets	\$ 2,590,520	2,466,526	\$ 123,994	5.0%
Capital assets, net	6,336,391	6,350,285	(13,894)	-0.2%
TOTAL ASSETS	<u>8,926,911</u>	<u>8,816,811</u>	<u>110,100</u>	1.2%
 DEFERRED OUTFLOWS OF RESOURCES	 <u>82,690</u>	 <u>123,351</u>	 <u>(40,661)</u>	 -33.0%
 LIABILITIES				
Current liabilities	466,919	236,802	230,117	97.2%
Long-term liabilities	1,122,823	1,157,459	(34,636)	-3.0%
TOTAL LIABILITIES	<u>1,589,742</u>	<u>1,394,261</u>	<u>195,481</u>	14.0%
 DEFERRED INFLOWS OF RESOURCES	 <u>55,020</u>	 <u>107,063</u>	 <u>(52,043)</u>	 -48.6%
 NET POSITION				
Invested in capital assets, net of related debt	5,403,058	5,320,285	82,773	1.6%
Restricted - capital reserve fund	1,084,064	1,250,857	(166,793)	-13.3%
Restricted - MPS bond fund	109,828	333,959	(224,131)	-67.1%
Unrestricted	767,889	533,737	234,152	43.9%
TOTAL NET POSITION	<u>\$ 7,364,839</u>	<u>\$ 7,438,838</u>	<u>\$ (73,999)</u>	-1.0%

Current assets increased by \$123,994 due to increase in cash and cash equivalents due primarily to cutoff of the District's accounts receivable and accounts payable at the end of 2023 compared to 2022.

Capital assets decreased by \$13,894. This decrease was the net result of purchases of capital assets of \$701,289 and the recognition of depreciation expense of \$715,183 during 2023.

Deferred outflows of resources decreased by \$40,661 as a result of current year adjustments related to the District's pension plan (see Note 5 in the audited financial statements).

Current liabilities increased by \$230,117 due to cutoff of the District's accounts payable at the end of 2023 compared to 2022.

Long-term liabilities decreased by \$34,636. This was the net result of normal amortization of the District's bond payable offset by an increase in the District's net pension liability in 2023 (see Note 5 in the audited financial statements).

Deferred inflows of resources decreased by \$52,043 as a result of current year adjustments related to the District's pension plan (see Note 5 in the audited financial statements).

Kennebec Sanitary Treatment District

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis – Continued

CONDENSED STATEMENTS OF REVENUES, EXPENSES, and CHANGES IN NET POSITION

YEARS ENDING DECEMBER 31,

	2023	2022	Change	
			<u>Dollars</u>	<u>%</u>
Operating Revenues	\$ 4,409,985	\$ 4,048,555	\$ 361,430	8.9%
Operating Expenses	<u>(3,966,826)</u>	<u>(3,422,591)</u>	<u>(544,235)</u>	15.9%
Operating Income	<u>443,159</u>	<u>625,964</u>	<u>(182,805)</u>	-29.2%
 Non-Operating Revenues (Expenses)				
Interest income	20,479	8,507	11,972	>100%
Amount returned to members as adjustments to current charges	(516,988)	(822,889)	305,901	-37.2%
Pension expense adjustment	<u>(20,649)</u>	<u>23,788</u>	<u>(44,437)</u>	>100%
Loss from Non-operating	<u>(517,158)</u>	<u>(790,594)</u>	<u>273,436</u>	-34.6%
 Change in Net Position	 (73,999)	 (164,630)	 90,631	 55.1%
 Net Position at Beginning of Year	 <u>7,438,838</u>	 <u>7,603,468</u>	 <u>(164,630)</u>	 -2.2%
 Net Position at End of Year	 <u>\$ 7,364,839</u>	 <u>\$ 7,438,838</u>	 <u>\$ (73,999)</u>	 -1.0%

The District's total operating revenues increased \$361,430 during 2023. The District's total operating expenses increased \$544,235 during 2023 and contributed to the District's overall decrease in operating income during 2023.

The District's loss from non-operating activities totaled \$517,158 during 2023, which was an increase of \$273,436 compared to the year ending 2022, due to a decrease in the amount returned to members offset by net change in the pension expense adjustment.

Other Financial Information

As of the date of this report we are not aware of any facts, conditions, or planned decisions that will have a significant impact on the financial position and results of operations in the upcoming reporting period. This financial report is intended to provide readers with a general overview of the District's finances and show accountability for expenditures related to its business-type activity. If you have questions regarding this report or need additional information, please contact the Superintendent or the Office Manager of the District.

KENNEBEC SANITARY TREATMENT DISTRICT

STATEMENTS OF NET POSITION

December 31,

	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 2,497,730	\$ 2,388,623
Accounts receivable	47,417	25,697
Materials and supplies inventory	33,272	40,907
Prepaid expenses	12,101	11,299
Total Current Assets	<u>2,590,520</u>	<u>2,466,526</u>
Noncurrent Assets		
Capital assets, net	6,336,391	6,350,285
Total Noncurrent Assets	<u>6,336,391</u>	<u>6,350,285</u>
TOTAL ASSETS	<u>8,926,911</u>	<u>8,816,811</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions	82,690	123,351
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>82,690</u>	<u>123,351</u>
LIABILITIES		
Current Liabilities		
Accounts payable	310,287	79,146
Accrued expenses	79,910	80,384
Accrued interest	10,055	10,605
Bond payable - current	66,667	66,667
Total Current Liabilities	<u>466,919</u>	<u>236,802</u>
Non-current liabilities		
Bond payable	866,666	933,333
Net pension liability	256,157	224,126
Total Non-current Liabilities	<u>1,122,823</u>	<u>1,157,459</u>
TOTAL LIABILITIES	<u>1,589,742</u>	<u>1,394,261</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	55,020	107,063
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>55,020</u>	<u>107,063</u>
NET POSITION		
Invested in capital assets, net of related debt	5,403,058	5,350,285
Restricted - capital reserve fund	1,084,064	1,250,857
Restricted - MPS bond fund	109,828	333,959
Unrestricted - designated surplus account	100,000	100,000
Unrestricted - undesignated	667,889	403,737
TOTAL NET POSITION	<u>\$ 7,364,839</u>	<u>\$ 7,438,838</u>

See independent auditor's report.

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

KENNEBEC SANITARY TREATMENT DISTRICT

STATEMENTS OF REVENUES, EXPENSES, and CHANGES IN NET POSITION

Years Ended December 31,

	2023	2022
Operating Revenues		
Member assessments:		
Administration	\$ 462,582	\$ 415,683
Treatment plant	2,971,228	2,430,469
Pump station	285,363	273,611
Contingency	200,000	200,000
Capital reserve	250,000	500,000
Septage/leachate revenue	218,153	207,183
Maintenance contract revenue	20,840	19,865
Miscellaneous revenue	1,819	1,744
Total Operating Revenues	<u>4,409,985</u>	<u>4,048,555</u>
Operating Expenses		
Administrative	407,685	375,803
Treatment plant	2,597,813	2,169,678
Pump stations	246,145	195,322
Depreciation	715,183	681,788
Total Operating Expenses	<u>3,966,826</u>	<u>3,422,591</u>
Operating Income	<u>443,159</u>	<u>625,964</u>
Non-Operating Revenues (Expenses)		
Interest income	20,479	8,507
Amount returned to members as adjustments to current charges	(516,988)	(822,889)
Pension expense adjustment	(20,649)	23,788
Change in Net Position from Non-Operating Activities	<u>(517,158)</u>	<u>(790,594)</u>
Total Change in Net Position	<u>(73,999)</u>	<u>(164,630)</u>
Net Position at Beginning of Year	<u>7,438,838</u>	<u>7,603,468</u>
Net Position at End of Year	<u>\$ 7,364,839</u>	<u>\$ 7,438,838</u>

See independent auditor's report.
The accompanying notes are an integral part of these financial statements.

KENNEBEC SANITARY TREATMENT DISTRICT

STATEMENTS OF CASH FLOWS

Years Ended December 31,

	2023	2022
Cash flows from operating activities:		
Received from customers and users	\$ 4,388,265	\$ 4,052,901
Payments to employees and suppliers	<u>(3,014,693)</u>	<u>(2,853,275)</u>
Net cash flows from operating activities	<u>1,373,572</u>	<u>1,199,626</u>
Cash flows from investing activities:		
Interest received from customers and users	<u>20,479</u>	<u>8,507</u>
Net cash flows from investing activities	<u>20,479</u>	<u>8,507</u>
Cash flows from capital and related financing activities:		
Amounts returned to members of the District	(516,988)	(822,889)
Purchase of capital assets	(701,289)	(476,004)
(Principal payments on) proceeds from bond payable	(66,667)	1,000,000
Repayment of bond anticipation note payable	-	(600,898)
Net cash flows from capital and related financing activities	<u>(1,284,944)</u>	<u>(899,791)</u>
Net change in cash and cash equivalents	109,107	308,342
Cash and cash equivalents at beginning of year	<u>2,388,623</u>	<u>2,080,281</u>
Cash and cash equivalents at end of year	<u><u>\$ 2,497,730</u></u>	<u><u>\$ 2,388,623</u></u>
Reconciliation of operating income to net cash flows from operating activities:		
Operating income	\$ 443,159	\$ 625,964
Adjustments to reconcile change in net position - before nonoperating activities to net cash flows from operating activities:		
Depreciation	715,183	681,788
(Increase) decrease in operating assets:		
Accounts receivable	(21,720)	4,346
Materials and supplies inventory	7,635	(13,475)
Prepaid expenses	(802)	(157)
Increase (decrease) in operating liabilities:		
Accounts payable	231,141	(116,186)
Accrued expenses	(474)	6,741
Accrued interest	(550)	10,605
Net cash flows from operating activities	<u><u>\$ 1,373,572</u></u>	<u><u>\$ 1,199,626</u></u>

See independent auditor's report.
The accompanying notes are an integral part of these financial statements.

KENNEBEC SANITARY TREATMENT DISTRICT

NOTES to FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Business

Kennebec Sanitary Treatment District (District) is a quasi-municipal corporation located in Waterville, Maine, established in 1971 to operate a treatment plant, interceptors, and pump stations necessary for sewage treatment services. The primary District members are the Towns of Benton, Fairfield, Winslow and the Waterville Sewerage District.

Reporting Entity

The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The District applies Financial Accounting Standards Board (FASB) and Accounting Principles Board (APB) opinions issued on or before November 20, 1989, unless those pronouncements conflict with GASB pronouncements, in which case, GASB prevails. The District has the option but has elected not to follow subsequent private-sector guidance. The following is a summary of such significant policies.

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

The District's financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity is set forth by the Governmental Accounting Standards Board. Based on the criteria, the District has no component units.

Measurement Focus, Basis of Accounting

The District's financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Proprietary funds distinguish operating revenues and expenses from non-operating activity. Operating revenues arise from providing goods or services to outside parties for a fee. The intent of the governing body is that the operating costs, including administration and depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Revenues and expenses that are not derived directly from operations are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Use of Estimates

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

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 three components: invested in capital assets; restricted for capital activity; and unrestricted. Invested in capital assets consists of all capital assets net of accumulated depreciation, less any related liabilities. Restricted for capital reserve and bond funds consists of net assets for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations, and enabling legislation, including self-imposed legal mandates.

KENNEBEC SANITARY TREATMENT DISTRICT

NOTES to FINANCIAL STATEMENTS

December 31, 2023 and 2022

The District's restricted net position as of December 31, 2023 and 2022 was \$1,193,892 and \$1,584,816, respectively. Unrestricted consists of all other net assets not included in the above categories. Refer to Notes 8 and 9 for additional disclosures related to the District's capital reserve fund and designated surplus account.

Capital Assets and Depreciation

Depreciation of all exhaustible capital assets is charged as an expense against operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives range from 3 to 50 years.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that the realization of losses on outstanding balances at year end will be immaterial.

Inventory

Materials and supplies inventory is recorded at cost utilizing the first-in, first-out (FIFO) method of valuation.

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. The deferred outflows of resources reported in the statements of net position relate to the net pension liability, which include the District's pension plan contributions made subsequent to the measurement date, which are recognized as a reduction of the net pension liability in the subsequent year. They also include differences between expected and actual experience, changes in assumptions, and changes in proportion and differences between employer contributions and proportionate share of contributions. See Note 5 for additional disclosures related to the District's pension plan.

Vacation and Compensated Time

Under terms of personnel policies, vacations and compensated time are granted in varying amounts according to length of service. In some cases, employees are entitled to payment for unused vacation and compensated time. Accumulated vacation cost accrued was \$62,479 and \$63,481 at December 31, 2023 and 2022, respectively, and has been included in accrued expenses in the statements of net position.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows of resources reported in the statements of net position relate to the net pension liability and include differences between expected and actual experience, changes in proportion and differences between employer contributions and proportionate share of contributions and differences between projected and actual investment earnings on pension plan investments. See Note 5 for additional disclosures related to the District's pension plan.

Income Taxes

The District is a quasi-government unit and, therefore, is not required to pay federal or state income taxes.

KENNEBEC SANITARY TREATMENT DISTRICT

NOTES to FINANCIAL STATEMENTS

December 31, 2023 and 2022

Pensions

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, pension expense, and information about the fiduciary net position of the Maine Public Employees Retirement System PLD Consolidated Plan (PLD plan) and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. See Note 5 for additional disclosures related to pension plans.

Subsequent Events

Management has made an evaluation of subsequent events to and including March 5, 2024, which was the date the financial statements were available to be issued and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.

NOTE 2 – CASH AND CASH EQUIVALENTS

For purposes of the statements of cash flows, the District considers all highly liquid debt instruments purchased with an initial maturity of three months or less, which includes certificates of deposit and money market accounts, to be 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 custodial credit risk policy that requires all deposits to be covered by FDIC insurance or to have collateral assigned to cover amounts in excess of insurance. As of December 31, 2023 and 2022, all of the District’s deposits were covered by FDIC insurance or by collateral assigned to the District by the financial institution.

NOTE 3 – CAPITAL ASSETS

The following is a summary of the changes in capital assets from December 31, 2023 and 2022:

	Balance <u>12/31/22</u>	Increases	Decreases	Balance <u>12/31/23</u>
Capital assets not being depreciated:				
Land and rights of way	\$331,602			\$331,602
Site development	<u>2,212,717</u>			<u>2,212,717</u>
Total capital assets not being depreciated	<u>2,544,319</u>			<u>2,544,319</u>
Capital assets being depreciated:				
Structures	15,507,281	\$224,131		15,731,412
Pipelines	8,509,996			8,509,996
Equipment and vehicles	7,338,749	461,688		7,800,437
Industrial pretreatment	42,698			42,698
CSO Master Plan	271,092	15,470		286,562
Total capital assets being depreciated	<u>31,669,816</u>	<u>701,289</u>		<u>32,371,105</u>
Less accumulated depreciation	<u>27,863,850</u>	<u>715,183</u>		<u>28,579,033</u>
Total Capital Assets	<u>\$6,350,285</u>	<u>\$(13,894)</u>	\$ -	<u>\$6,336,391</u>

KENNEBEC SANITARY TREATMENT DISTRICT

NOTES to FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 4 – BOND PAYABLE

The following is a summary of bond payable at December 31:

	Amount originally issued	2023	2022
Series 2022A Bond with Maine Municipal Bond Bank due in annual principal and semi-annual interest installments through November 2037, interest variable at 2.42% - 3.89%.	\$1,000,000	\$933,333	\$1,000,000

The annual requirements to amortize the Maine Municipal Bond Bank long-term debt outstanding as of December 31 are as follows:

<u>Year Ending December</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$66,667	\$30,166	\$96,833
2025	66,667	28,386	95,053
2026	66,667	26,554	93,221
2027	66,667	24,700	91,367
2028	66,667	22,800	89,467
Thereafter	599,998	108,690	708,688
	<u>\$933,333</u>	<u>\$241,296</u>	<u>\$1,174,629</u>

As of December 31, 2023, remaining unspent bond proceeds totaling \$109,828 are being carried in a restricted bond fund and will be used to fund future pump station upgrades.

NOTE 5 – MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (MPERS)

PLD Consolidated Plan

Description of the Plan – The District participates in and contributes to the Maine Public Employees Retirement System PLD Consolidated Plan (PLD Plan), a cost-sharing, multiple-employer retirement system established by the Maine State Legislature. The MPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Maine State Legislature establishes and amends benefit provisions. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained at www.maineipers.org.

Funding Policy – As of December 31, 2023, plan members are required to contribute 7.70% and 6.95% of their annual covered salary (for the age 60 plan and the age 65 plan, respectively) and the District is required to contribute an actuarially determined rate of 10.2% of annual covered payroll. Plan member and District required contribution rates as of December 31, 2022 were 7.60%/6.85% and 10.2%, respectively.

The contribution rates of plan members and the District are established and may be amended by the Maine State Legislature. During 2023 and 2022, contributions to the PLD Plan by the District were \$72,847 and \$72,431, respectively.

Pension Liabilities, Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

In accordance with GASB Statement No. 68 as amended by GASB Statements No. 71, No. 73 and No. 82, employers who participate in defined benefit pension plans are required to recognize a net pension asset/liability on their financial statements. The net pension asset/liability is defined as the total pension liability minus the pension plan’s fiduciary net position. Cost-sharing employers are required to report their proportionate share of the net pension asset/liability for the plan as a whole.

KENNEBEC SANITARY TREATMENT DISTRICT

NOTES to FINANCIAL STATEMENTS

December 31, 2023 and 2022

At December 31, 2023, the District reported a liability for its proportionate share of the net pension liability of \$256,157. At December 31, 2022, the District reported a liability for its proportionate share of the net pension liability of \$224,126

The net pension liability as of December 31, 2023 and 2022 was measured as of June 30, 2023 and 2022, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The proportionate share of the net pension liability recognized in the financial statements was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, as determined by an actuarial valuation. At December 31, 2023 and 2022, the District's proportion was 0.080275% and 0.084310% respectively.

For the years ended December 31, 2023 and 2022, the District recognized pension (benefit)/expense of \$20,649 and \$(23,788), respectively, presented as follows in the statements of revenues, expenses and changes in net position:

	2023	2022
Deferred outflow adjustment	\$(35,134)	\$ (36,209)
Pension (benefit)/expense	55,783	12,421
Total net pension (benefit)/expense adjustment	<u>\$20,649</u>	<u>\$(23,788)</u>

At December 31, 2023 and 2022, the District reported deferred outflows of resources related to the pension plan in the statements of net position from the following sources:

	2023	2022
Difference between expected and actual experience	\$47,556	\$41,652
Contributions subsequent to the measurement date	35,134	36,209
Change in assumptions		45,490
Total	<u>\$82,690</u>	<u>\$123,351</u>

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* requires that if an employer makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, the government must recognize its contribution as a deferred outflow of resources. Contributions made subsequent to the measurement date during 2023 and 2022 were \$35,134 and \$36,209, respectively.

At December 31, 2023 and 2022, the District reported deferred inflows of resources related to the pension plan in the statements of net position from the following sources:

	2023	2022
Difference between projected and actual investment earnings on pension plan investments	\$43,468	\$94,067
Changes in proportion and differences between employer contributions and proportionate share of contributions	11,552	12,996
Total	<u>\$55,020</u>	<u>\$107,063</u>

KENNEBEC SANITARY TREATMENT DISTRICT

NOTES to FINANCIAL STATEMENTS

December 31, 2023 and 2022

Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized in pension expense as follows during the years ended December 31:

2024	\$ (11,018)
2025	(42,555)
2026	44,089
2027	2,021

Actuarial Assumptions

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.75%
Salary increases	2.75%-11.48% per year, including inflation
Investment return	6.50% per annum, compounded annually
COLA increases	1.91% per annum

Mortality rates

Mortality rates – based on the 2010 public plan general benefits – weighted health retiree mortality table, for males and females, projected generationally using the RPEC_2020 model.

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2023 are summarized in the following table:

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

The discount used to measure the collective total pension liability for the PLD Plan as of June 30, 2023 was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine net pension liability.

KENNEBEC SANITARY TREATMENT DISTRICT

NOTES to FINANCIAL STATEMENTS

December 31, 2023 and 2022

The following table shows how the District's proportionate share of net pension liability as of December 31, 2023 and 2022 would change if the discount rate used was one percentage point lower or one percentage point higher than the actual rates used.

	1% Decrease	Current Discount Rate	1% Increase
December 31, 2023			
District's proportionate share of the net pension liability	\$(701,888)	\$(256,157)	\$111,535
	1% Decrease	Current Discount Rate	1% Increase
December 31, 2022			
District's proportionate share of the net pension asset	\$(662,131)	\$(224,126)	\$137,901

Changes in Net Pension Asset/Liability

Changes in net pension asset/liability are recognized in pension expense with the following exceptions.

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors is recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For 2023 and 2022, this was three years the PLD Consolidated Plan.

Differences between Projected and Actual Investment Earnings

Differences between projected and actual investment earnings are recognized in pension expense using a straight-line amortization method over a closed five-year period. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions are recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

Additional Financial and Actuarial Information

Additional financial and actuarial information with respect to the PLD Plan can be found in the MPERS' 2019 Comprehensive Annual Financial Report available online at www.maineopers.org or by contacting the System at (207) 512-3100.

KENNEBEC SANITARY TREATMENT DISTRICT

NOTES to FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 6 – NET POSITION

The District is required to return to the users amounts which exceed the change in net position, adjusted for depreciation, long-term debt reduction (if applicable), amounts added to the capital reserve fund, amounts needed to fund materials and supplies inventory and prepaid expenses, employer pension contributions, adjustments to interest expense, equipment purchases and current working capital needs which may not exceed \$100,000. Excess income of \$808,072 for 2023 will be returned in 2023; and excess income of \$516,988 for 2022 was returned in 2023.

NOTE 7 – ECONOMIC DEPENDENCE AND CONCENTRATION OF CREDIT RISK

The District generates the majority of its revenue from providing sewage treatment services to four Maine municipalities and a private industry user. Revenues from these customers comprised approximately 95% and 94% of the total operating revenues for both 2023 and 2022, respectively.

NOTE 8 – CAPITAL RESERVE FUND

The District has established a capital reserve fund by appropriating funds or by authorizing the transfer of unencumbered surplus funds at the end of any fiscal year for the purposes of maintaining, rehabilitating, upgrading or replacing aging infrastructure. The annual appropriation for the purposes of the capital reserve fund may not exceed \$500,000. The maximum amount that may be kept in the capital reserve fund is \$2,000,000. When the District determines that a project relates to maintaining, rehabilitating, upgrading or replacing aging infrastructure, it may order the withdrawal and expenditure of the necessary amount from the capital reserve fund to cover the expenditure of the project. If funds are committed to cover an expenditure that will run beyond a given fiscal year, those funds will not be included in the \$2,000,000 cap established under the capital reserve fund District charter amendment. At December 31, 2023 and 2022, the capital reserve fund balance was \$1,084,064 and \$1,250,857, respectively.

NOTE 9 – DESIGNATED SURPLUS

The District assesses to its members an amount equal to the budget for expenses adjusted for the prior year surplus or deficit.

The District does not assess the members for depreciation expense of treatment plants and pumping stations, but does assess the members for debt service (if applicable), employer pension contributions and other working capital needs. If a surplus of earnings exists at the end of a calendar year, it may be transferred to a surplus account which shall not exceed \$100,000. The balance in the surplus account may not be increased by more than \$25,000 in any fiscal year. Any excess over this limitation must be credited on an equitable basis against amounts otherwise to be apportioned to the District's members, except that payments to the capital reserve fund (see Note 8) may be made before any excess is added to the surplus account or remainder is credited against amounts apportioned. In 2023 and 2022, this surplus account balance was \$100,000.

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS

The District sponsors a post-retirement benefit plan providing group term life insurance to retiring employees through the Maine Public Employees Retirement System PLD Consolidated Plan – Retiree Group Life Insurance Plan (GTL Plan). The District also sponsors a post-retirement benefit plan providing health insurance to retiring employees through the Maine Municipal Employees Health Trust (MMEHT Plan). GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* (OPEB) establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures for OPEB as well as required supplementary information and footnote disclosures. Based on actuarial valuations performed on the GTL and MMEHT plans, the District's combined estimated net OPEB liability related to the plans was \$203,219 and \$220,956 as of December 31, 2023 and 2022, respectively. Management has determined that this amount is not qualitatively material the District's financial statements and therefore elected not to record the net OPEB liability as of December 31, 2023 and 2022. The District will review its estimated net OPEB liability on an annual basis to determine the potential impact to its financial statements.

KENNEBEC SANITARY TREATMENT DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS

December 31, 2023 (Unaudited)

Year Ended	Plan	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Asset/(Liability)	Actual Covered Member Payroll	Net Pension Asset/(Liability) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
12/31/2023	PLD Plan	0.080275%	(\$256,157)	\$714,190	35.87%	92.34%
12/31/2022	PLD Plan	0.084310%	(\$224,126)	\$706,657	31.72%	93.26%
12/31/2021	PLD Plan	0.088801%	\$28,537	\$601,013	4.75%	100.86%
12/31/2020	PLD Plan	0.092749%	(\$368,504)	\$621,649	59.28%	88.35%
12/31/2019	PLD Plan	0.091784%	(\$280,550)	\$581,791	48.22%	90.62%
12/31/2018	PLD Plan	0.099129%	(271,294)	570,670	47.54%	91.14%
12/31/2017	PLD Plan	0.102795%	(420,877)	566,173	74.34%	86.43%
12/31/2016	PLD Plan	0.105441%	(336,403)	553,177	60.81%	88.27%
12/31/2015	PLD Plan	0.090295%	(138,947)	547,219	25.39%	94.10%
12/31/2014	PLD Plan	0.090295%	(138,947)	517,878	26.83%	94.10%

Notes:

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

The data provided in the schedule is based as of the measurement date of the Maine Public Employees Retirement System PLD Consolidated Plan's (PLD Plan) net pension asset/(liability), which is as of June 30, 2023.

There were no changes of benefit terms during the year ended December 31, 2023.

The following are changes in actuarial assumptions used in the most recent valuation:

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Discount rate	6.50%	6.50%	6.50%	6.75%	6.75%	6.75%	6.875%	7.125%
Inflation rate	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	3.5%
Salary increases	2.75% to 11.48%	2.75% to 11.48%	2.75% to 11.48%	2.75%	2.75% to 9.0%	2.75% to 9.0%	2.75% to 9.0%	3.5% to 9.5%
Cost of living increase	1.91%	1.91%	1.91%	1.91%	1.91%	1.91%	2.20%	2.55%
Long-term expected real rate of return on assets:								
Public Equities	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	
US Government	2.60%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	
Private Equity	7.60%	7.60%	7.60%	7.60%	7.60%	7.60%	7.60%	
US equities								5.2%
Real estate	5.2%	5.2%	5.2%	5.2%	5.2%	5.2%	5.2%	3.7%
Infrastructure	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	4.0%
Natural Resources	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
Hard assets								4.8%
Fixed income								0.7%
Traditional Credit	3.2%	3.2%	3.0%	3.0%	3.0%	3.0%	3.0%	
Alternative Credit	7.4%	7.4%	7.2%	7.2%	4.2%	4.2%	4.2%	
Diversifiers	5.0%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	

KENNEBEC SANITARY TREATMENT DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF EMPLOYER CONTRIBUTIONS

December 31, 2023 (Unaudited)

Year Ending	Plan	Statutorily Required Contributions	Actual Employer Contributions	Contribution Excess/(Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
12/31/2023	PLD Plan	\$72,847	\$72,847	\$ -	\$ 714,190	10.20%
12/31/2022	PLD Plan	\$72,431	\$72,431	\$ -	\$ 706,657	10.25%
12/31/2021	PLD Plan	\$60,075	\$60,075	\$ -	\$ 601,013	10.00%
12/31/2020	PLD Plan	\$58,610	\$58,610	\$ -	\$ 621,649	9.43%
12/31/2019	PLD Plan	\$58,179	\$58,179	\$ -	\$ 581,791	10.00%
12/31/2018	PLD Plan	\$55,919	\$55,919	-	570,670	9.80%
12/31/2017	PLD Plan	54,073	54,073	-	566,173	9.55%
12/31/2016	PLD Plan	50,886	50,886	-	553,177	9.20%
12/31/2015	PLD Plan	44,880	44,880	-	547,219	8.20%
12/31/2014	PLD Plan	36,427	36,427	-	517,878	7.03%

Note:

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.



INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

To the Board of Trustees
Kennebec Sanitary Treatment District
Waterville, Maine

We have audited the financial statements of Kennebec Sanitary Treatment District as of and for the year ended December 31, 2023, and our report thereon dated March 5, 2024, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules on pages 21 through 24 are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Nicholson, Michaud & Nadeau

Waterville, Maine
March 5, 2024

KENNEBEC SANITARY TREATMENT DISTRICT

SCHEDULE OF AMOUNT AVAILABLE TO DISTRICT MEMBERS

Year Ended December 31, 2023
(with comparative totals for 2022)

	Administration	Treatment Plant	Pump Stations	Capital Reserve	Contingency	2023	2022
District Revenues							
Current year allocation	\$ 462,582	\$ 2,971,228	\$ 285,363	\$ 250,000	\$ 200,000	\$ 4,169,173	\$ 3,819,763
Septage/leachate revenue	-	218,153	-	-	-	218,153	207,183
Maintenance contracts	-	20,840	-	-	-	20,840	19,865
Miscellaneous income	-	1,819	-	-	-	1,819	1,744
Interest income	4,062	-	-	16,417	-	20,479	8,507
Total District Revenues	466,644	3,212,040	285,363	266,417	200,000	4,430,464	4,057,062
District Expenses							
Operations							
Plant	-	2,597,813	-	-	-	2,597,813	2,169,678
Main pump station	-	-	138,271	-	-	138,271	104,553
Fairfield pump station	-	-	63,740	-	-	63,740	54,989
Benton pump station	-	-	7,982	-	-	7,982	9,571
Savage meter pit	-	-	878	-	-	878	774
Fairfield meter pit	-	-	4,011	-	-	4,011	514
Administrative	407,685	-	-	-	-	407,685	375,803
Interest expense	-	-	31,263	-	-	31,263	24,921
Total District Expenses Before Depreciation	407,685	2,597,813	246,145	-	-	3,251,643	2,740,803
Adjustments to Compute Distributable Earnings							
Amount utilized from capital reserve fund	-	-	-	(166,793)	-	(166,793)	385,383
Amount utilized from MPS bond fund	-	-	(224,131)	-	-	(224,131)	333,959
Proceeds from bond payable	-	-	-	-	-	-	(1,000,000)
Bond anticipation note payable principal payments	-	-	-	-	-	-	600,898
Change in accrued interest	-	-	550	-	-	550	(10,605)
Bond principal payments	-	-	66,667	-	-	66,667	-
Amount needed to fund certain asset accounts							
Change in inventory	-	(7,635)	-	-	-	(7,635)	13,475
Change in prepaid expenses	-	802	-	-	-	802	157
Purchase of capital assets	19,704	24,244	224,131	433,210	-	701,289	476,004
Total Adjustments to Compute Distributable Earnings	19,704	17,411	67,217	266,417	-	370,749	799,271
Total District Expenses Before Depreciation and Adjustments to Compute Distributable Earnings	427,389	2,615,224	313,362	266,417	-	3,622,392	3,540,074
Available to District Members	\$ 39,255	\$ 596,816	\$ (27,999)	\$ -	\$ 200,000	\$ 808,072	\$ 516,988

Note: Depreciation expense and amount returned to members as adjustments to current charges are not included in above expenses.
This schedule is developed for use in the District Member allocation process.

See independent auditor's report on additional information.

KENNEBEC SANITARY TREATMENT DISTRICT

SCHEDULES OF ADMINISTRATIVE EXPENSES

Years Ended December 31,

	2023	2022
Administrative Expenses		
Office employees' salaries	\$ 227,853	\$ 210,717
Employees' payroll taxes and benefits	94,270	92,471
Office supplies and expenses	30,622	13,821
DEP fees	27,472	29,554
Miscellaneous	13,449	12,395
Legal and accounting	9,025	10,146
Trustees' salaries	2,775	2,700
Insurance	2,219	3,999
Total Administrative Expenses	<u>\$ 407,685</u>	<u>\$ 375,803</u>

See independent auditor's report on additional information.

KENNEBEC SANITARY TREATMENT DISTRICT
SCHEDULE OF CAPITAL RESERVE AND BOND FUNDS

Year Ended December 31, 2023

Capital Reserve Fund

Beginning Balance	\$ 1,250,857
Member allocations	250,000
Purchase of capital assets	(433,210)
Interest income	16,417
Ending Balance	<u>\$ 1,084,064</u>

MPS Bond Fund

Beginning Balance	\$ 333,959
Purchase of capital assets	(224,131)
Ending Balance	<u>\$ 109,828</u>

See independent auditor's report on additional information.

KENNEBEC SANITARY TREATMENT DISTRICT

RECONCILIATIONS OF CHANGE IN NET POSITION TO DISTRIBUTABLE EARNINGS

Years Ended December 31,

	2023	2022
Change in Net Position	\$ (73,999)	\$ (164,630)
Adjustments to reconcile amount available to members:		
Depreciation expense	715,183	681,788
(Increase) decrease in material and supplies inventory	7,635	(13,475)
(Increase) decrease in prepaid expenses	(802)	(157)
Equipment purchases	(701,289)	(476,004)
Difference between pension expense and employer pension contributions	20,649	(23,788)
Amount utilized from (added to) capital reserve fund	166,793	(385,383)
Amount utilized from (added to) MPS bond fund	224,131	(333,959)
Increase in accrued interest	(550)	10,605
Bond principal payments	(66,667)	-
Proceeds from bond payable	-	1,000,000
Repayment of bond anticipation note payable	-	(600,898)
Amount returned to members as adjustments to current charges	516,988	822,889
Total Distributable Earnings	<u>\$ 808,072</u>	<u>\$ 516,988</u>

See independent auditor's report on additional information.