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NEW ISSUE

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In the opinion of Pierce Atwood LLP of Portland, Maine, Bond Counsel (“Bond Counsel”), and assuming continuing compliance with certain provisions of the Internal Revenue Code of 1986, as amended (the “Code”) and with certain tax covenants, under existing statutes, regulations and court decisions, interest on the 2025 Water System Revenue Bonds (Water Bonds) (the “Bonds”, as defined below) is excludable from the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code of. In addition, such interest on the Bonds is not an item of tax preference for purposes of calculating the alternative minimum tax under Section 55 of the Code; however, such interest will be taken into account in determining the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Bond Counsel is also of the opinion that the interest paid on the Bonds is exempt from Maine income taxation pursuant to Section 9 of the District’s Charter. **The District will designate the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.** See “THE BONDS—TAX MATTERS” and “PROPOSED FORM OF LEGAL OPINION in “APPENDIX B” herein.

YARMOUTH WATER DISTRICT, MAINE
\$3,624,000^(*)
2025 SERIES WATER SYSTEM REVENUE BONDS

Dated: Date of Delivery		Interest Rate	Yield or Price	Due: November 15, as shown below			
Year of Maturity	Amount^(*)			Year of Maturity	Amount^(*)	Interest Rate	Yield or Price
2025	\$184,000			2033	\$250,000		
2026	190,000			2034	255,000		
2027	200,000			2035	265,000		
2028	205,000			2036	275,000		
2029	215,000			2037	285,000		
2030	220,000			2038	300,000		
2031	230,000			2039	310,000		
2032	240,000						

The Bonds will be issued in fully-registered form without coupons and, when issued, will be registered in the name of Cede and Co., as bondowner and nominee for The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the minimum denomination of \$5,000 or any integral multiple thereof, and with one denomination of \$4,000 that will mature on November 15, 2025. Purchasers will not receive certificates representing their interests, n Bonds purchased. See “THE BONDS—BOOK-ENTRY-ONLY SYSTEM” herein. Principal and interest on the Bonds will be paid to DTC by U.S. Bank Trust Company, National Association, Boston, Massachusetts, as Paying Agent. Interest on the Bonds will be payable on May 15, 2025 and semi-annually on each November 15 and May 15 thereafter until maturity, or redemption prior to maturity.

The legal opinion of Bond Counsel will be provided to the original purchaser and will indicate that the Bonds are valid and binding revenue obligations of the Yarmouth Water District (the “District”), payable as to both principal and interest from rates and other lawful charges established by the District. The District does not have the power of taxation, but the District Charter, Section 10 of Chapter 72 of the Private and Special Laws of Maine (1923), as amended and supplemented, provides that the District Trustees shall establish rates for services, subject to the approval of the Maine Public Utilities Commission, to provide revenue to pay current expenses for operating and maintaining the District’s waterworks and to provide for payment of principal and interest on the indebtedness created by the District, including the Bonds. See “THE BONDS—SOURCE OF PAYMENT AND SECURITY FOR THE BONDS” herein. The opinion will indicate that the obligations of the District, including the Bonds, are subject to bankruptcy, insolvency, reorganization, moratorium or other laws affecting the rights and remedies of creditors generally and are subject to the exercise of judicial discretion in appropriate cases. The opinion will be dated and given on and will speak as of the date of original delivery of the Bonds to the original purchasers. See “PROPOSED FORM OF LEGAL OPINION” in APPENDIX B herein.

Bonds maturing on and before November 15, 2034 are not subject to redemption prior to their stated dates of maturity. The Bonds maturing on or after November 15, 2035 are subject to redemption prior to maturity, at the option of the District, on and after November 15, 2034 as more fully set forth herein. See “THE BONDS—OPTIONAL REDEMPTION PRIOR TO MATURITY” herein.

The Bonds are offered when, as and if issued, subject to the approval of legality by Pierce Atwood LLP of Portland, Maine, Bond Counsel. Moors & Cabot, Inc., Boston, Massachusetts, serves as Municipal Advisor to the District. It is expected that the Bonds in definitive form will be available for delivery to The Depository Trust Company, on or about January 9, 2025.

^(*) Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to change, completion or amendment. The District will make available its final Official Statement with respect to the Securities. This Preliminary Official Statement is for information purposes only and does not constitute an offer to sell or the solicitation of any offer to buy the Securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

No dealer, broker, salesman or other person has been authorized by the District or the original purchaser to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering of the Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the District and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, any party other than the District. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the condition or affairs of the District since the date hereof.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACT. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED, IF ANY, AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES, CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NONE OF THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

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**CERTIFICATE
CONCERNING OFFICIAL STATEMENT**

The information contained herein has been prepared by the Yarmouth Water District, Maine with the assistance of Moors & Cabot, Inc., its Municipal Advisor, from the records of the District and from various other public documents and sources which are believed to be reliable. There has been no independent investigation of such information by the District's Municipal Advisor or by Bond Counsel and such information is not guaranteed as to accuracy or completeness and is not intended to be a representation by the Municipal Advisor or Bond Counsel.

This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinion and not representation of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the condition or affairs of the District or its agencies and authorities, since the date hereof.

To the best of the knowledge and belief of the Treasurer, this Official Statement does not contain any untrue statement of material fact and does not omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to the condition that while information in the Official Statement obtained from sources other than the District is not guaranteed as to accuracy, completeness or fairness, he has no reason to believe that such information is materially inaccurate or misleading. A certificate to this effect, with such if any corrections, changes and additions as may be necessary, will be signed by the Treasurer and furnished at the closing.

This Official Statement is in a form "deemed final" by the issuer for purposes of Securities and Exchange Commission's Rule 15c2-12(b) [17 C.F.R. §240.15c2-12(b)] except for the omission from the Preliminary Official Statement of such information as is permitted by such Rule.

Eric Gagnon
Treasurer
Yarmouth Water District, Maine

OFFICIAL STATEMENT

YARMOUTH WATER DISTRICT, MAINE \$3,624,000^(*) 2025 SERIES WATER SYSTEM REVENUE BONDS

INTRODUCTORY STATEMENT

This Official Statement provides certain information in connection with the issuance by the Yarmouth Water District, Maine (the “District” or “YWD”) of its \$3,624,000 2025 Series Water System Revenue Bonds (the “Bonds”). The Bonds will be issued pursuant to Section 9-A of the District Charter (being Chapter 72 of the Private and Special Laws of Maine (1923), as amended and supplemented) (the “Charter”), by resolutions authorizing the Bonds adopted by the Board of Trustees of the District on March 13, 2024.

The Bonds are valid and binding revenue obligations of the District, payable as to both principal and interest from any funds of the District legally available therefor including (a) monies received as rates and other lawful charges payable to the District in consideration of water services rendered or contracted for, (b) income and interest received from the investments of such monies and (c) proceeds derived from additional borrowings. Section 10 of the Charter also requires that the District establish rates sufficient, *inter alia*, to pay the current expenses of the District to operate the Water System (as defined below) and to provide sinking fund deposits of not less than 1% nor more than 4% of the entire indebtedness of the District, or in lieu of the establishment of a sinking fund, issue District bonds so that not less than 1% of the bonds so issued shall mature and be retired each year, including the Bonds. See “THE BONDS - SOURCE OF PAYMENT AND SECURITY FOR THE BONDS” herein.

NOTE ^(*) Preliminary, subject to change.

THE BONDS ARE NOT A DEBT OR OBLIGATION OF, NOR ARE THE BONDS GUARANTEED BY, THE TOWN OF YARMOUTH, THE TOWN OF NORTH YARMOUTH, THE STATE OF MAINE OR ANY MUNICIPALITY THEREIN OR POLITICAL SUBDIVISION THEREOF, EXCEPT FOR THE DISTRICT.

THE BONDS

DESCRIPTION OF THE BONDS

The Bonds will be issued only in fully-registered form, without coupons, with one certificate per maturity and, when issued, will be registered in the name of Cede & Co., as bond owner and nominee for The Depository Trust Company (“DTC” as hereinafter defined; or the “Securities Depository”). DTC will act as the securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the minimum denomination of \$5,000 or any integral multiple thereof, and with one denomination of \$4,000 that will mature on November 15, 2025. The Bonds will be dated January 9, 2025 and will bear interest (accrued on the basis of a 360 day year with twelve 30-day months), payable on May 15, 2025 and semi-annually thereafter on November 15 and May 15 of each year until maturity, or redemption prior to maturity, as indicated below.

The Bonds will mature as follows:

<u>Amount</u> ^(†)	<u>November 15,</u>	<u>CUSIP</u> [®]	<u>Amount</u> ^(†)	<u>November 15,</u>	<u>CUSIP</u> [®]
\$184,000	2025	985071EL9	\$250,000	2033	985071EU9
190,000	2026	985071EM7	255,000	2034	985071EV7
200,000	2027	985071EN5	265,000	2035	985071EW5
205,000	2028	985071EP0	275,000	2036	985071EX3
215,000	2029	985071EQ8	285,000	2037	985071EY1
220,000	2030	985071ER6	300,000	2038	985071EZ8
230,000	2031	985071ES4	310,000	2039	985071FA2
240,000	2032	985071ET2			

NOTE: ^(*) Preliminary, subject to change.

It is expected that the Bonds will be available for delivery on or about January 9, 2025.

Principal of and interest on the Bonds will be payable in Clearing House Funds to DTC, or its nominee, as registered owner of the Bonds by U.S. Bank Trust Company, National Association, Boston, Massachusetts, as paying agent (the “Paying Agent”). Transfer of principal and interest payments to Participants of DTC will be the responsibility of DTC. Transfer of principal and interest payments to Beneficial Owners (as hereinafter defined) will be the responsibility of such Participants and other nominees of Beneficial Owners. The District will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants. See “THE BONDS - BOOK-ENTRY-ONLY SYSTEM” herein.

OPTIONAL REDEMPTION PRIOR TO MATURITY

Bonds maturing on or before November 15, 2034 are not subject to redemption prior to their stated dates of maturity. Bonds maturing on and after November 15, 2035 are subject to redemption prior to their stated dates of maturity, at the option of the District, on and after November 15, 2034, as a whole or in part at any time, in such order of maturity as the District, in its discretion, may determine, at a price of par (100% of original stated amount of value at maturity), together with interest accrued and unpaid to the redemption date, if any.

GENERAL PROVISIONS REGARDING REDEMPTION

Notice of Redemption

In the case of every redemption of the Bonds, the District shall cause notice of such redemption to be given to the registered owner of any Bonds designated for redemption in whole or in part, at his or her address as the same shall last appear upon the registration books kept by the Paying Agent by mailing a copy of the redemption notice by first class mail not less than thirty (30) days prior to the redemption date. Any notice mailed shall be conclusively presumed to have been duly given, whether or not the bondholder actually receives notice. The failure of the District to give notice to a bondholder or any defect in such notice shall not affect the validity of the redemption of any Bond of any other owner. Each notice of redemption shall specify the date fixed for redemption, the place or places of payment, that payment will be made upon presentation and surrender of the Bonds to be redeemed, that interest, if any, accrued to the date fixed for redemption will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue. If less than all the Bonds outstanding are to be redeemed, the notice of redemption shall specify the numbers of the Bonds or portions thereof (in denominations of \$5,000 or any integral multiple thereof) to be redeemed.

The District shall notify the Securities Depository (see “THE BONDS - BOOK-ENTRY-ONLY SYSTEM” herein) in the same manner as the bondholders, with a request that the Securities Depository notify its Participants who in turn notify the Beneficial Owners of such Bonds. Any failure on the part of the Securities Depository, or failure on the part of a nominee of a Beneficial Owner (having received notice from the District, a Participant or otherwise) to notify the Beneficial Owner so affected, shall not affect the validity of the redemption of such Bond.

Bonds Due and Payable on Redemption Date; Interest Ceases to Accrue

On any redemption date, the principal amount of each Bond to be redeemed, together with the premium, if any, and accrued interest thereon to such date, shall become due and payable. Funds shall be deposited with the Paying Agent to pay, and the Paying Agent is authorized and directed to apply such funds to the payment of the Bonds called for redemption, together with accrued interest thereon to the redemption date and redemption premium, if any. After such redemption date, notice having been given and funds deposited in the manner described above, then, notwithstanding that any Bonds called for redemption shall not have been surrendered, no further interest shall accrue on any of such Bonds. From and after such date of redemption (such notice having been given and funds deposited), the Bonds to be redeemed shall not be deemed to be outstanding.

Cancellation of Bonds

All Bonds that have been redeemed shall be canceled by the Paying Agent and either destroyed by the Paying Agent with counterparts of a certificate of destruction evidencing such destruction furnished by the Paying Agent to the District or returned to the District at its request.

Partial Redemption of Bonds

Bonds or portions of Bonds to be redeemed in part shall be selected when held by a Securities Depository by lot and when not held by a Securities Depository by the District by lot or in such other manner as the District in its discretion may deem appropriate.

RECORD DATE; PAYMENT

The principal of the Bonds is payable upon surrender thereof at the principal corporate trust office of the Paying Agent. Payment of the interest on the Bonds will be made to the person appearing on the registration books of the Paying Agent as the registered owner thereof at the close of business on the last day of the month preceding each interest payment date for the Bonds, and if such day is not a regular business day of the Paying Agent the next day preceding that is a regular business day of the Paying Agent, by check, wire or draft mailed to each registered owner at such person’s address as it appears on the registration books, or at another address as is furnished to the Paying Agent in writing by the owner. Interest that is not timely paid or provided for shall cease to be payable to the registered owner as of the regular record date and shall be payable to the registered owner at the close of business on a special record date to be fixed by the Paying Agent.

AUTHORIZATION AND PURPOSE

On March 13, 2024, the Board of Trustees of the District adopted resolutions authorizing the Bonds, in an amount not to exceed \$3,624,000 for the following improvements (the “Projects”):

- Replacement of approximately 4,000 linear feet of water main on or near Lafayette Street, on State Route 88 in Yarmouth, including associated valves, hydrants, service lines and cutting and capping of existing water mains; and
- Replacement, repair and rehabilitation of other water main infrastructure, including associated valves, hydrants, service lines and cutting and capping of existing water mains throughout the District’s service area (as defined herein), included in the District’s capital improvement plan; and
- Installation of an approximately 300 kW(DC) solar photovoltaic system on or near Sweetser Road in North Yarmouth.

Unspent Bond Proceeds

In the event that any proceeds of the Bonds remain unspent upon completion of a Project or the District abandons any Project, the District reserves the right to reallocate unspent proceeds to the costs of other eligible qualified projects approved, or to be approved, by the District, or to apply unspent proceeds to the payment of debt service on the Bonds.

SOURCE OF PAYMENT AND SECURITY FOR THE BONDS

The Bonds are obligations of the District, the principal and interest on which are payable from any funds of the District legally available therefor, including (a) rates and other lawful charges payable to the District in consideration of water services rendered or contracted for, (b) income and interest received from the investments of such monies and (c) proceeds derived from additional borrowings of the District made to refund the Bonds.

Pursuant to Section 9 of the District’s Charter, the District is a quasi-municipal corporation. Title 30-A, Section 5701 of the Maine Revised Statutes, as amended, states that “the personal property of the residents and the real estate within the boundaries of a municipality, village corporation or other quasi-municipal corporation may be taken to pay any debt due from the body corporate....” There has been no judicial determination as to whether this statutory remedy of taking property to satisfy debts or judgments is constitutional under current due process and equal protection standards and Bond Counsel expresses no opinion thereon.

Rates and Fees

The principal source of the District’s income is revenue derived from water rates established by the District pursuant to Section 10 of its Charter. The rates are subject to the approval of the Maine Public Utilities Commission. Under the District’s Charter, the Trustees of the District are required to establish rates sufficient to (1) provide revenues to pay the current expenses of the District; (2) pay interest on the indebtedness of the District; and (3) in certain circumstances deposit in a sinking fund in each year a sum equal to not less than 1% nor more than 4% of the entire indebtedness of the District; or in lieu of establishment of such a sinking fund, provide for the issue of bonds so that not less than 1% of the amount of the issue shall mature and be retired each year.

Historical Debt Service Coverage

The District's Charter does not establish a debt service coverage requirement. However, historically the District's income available for debt service has typically exceeded a 1.25x coverage ratio. See "INDEBTEDNESS – DEBT SUMMARY - DEBT SERVICE COVERAGE" herein.

TAX MATTERS

Exclusion of Interest on the Bonds from Gross Income for Federal Income Tax Purposes

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Bonds in order that interest on the Bonds be and remain excludable from gross income for federal income tax purposes pursuant to section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use, investment and expenditure of bond proceeds and the requirement that certain earnings be rebated to the federal government. Failure of the District's to comply with such requirements may cause interest on the Bonds to be included in the gross income of the holders thereof for purposes of federal income taxation retroactive to the date of issuance of the Bonds, regardless of when such non-compliance occurs or is ascertained.

In its arbitrage and use of proceeds certificate delivered concurrently with the delivery of the Bonds (the "Arbitrage Certificate"), the District will make certain representations with respect to the use, expenditure and investment of the proceeds of the Bonds and the use of the Projects and the amount of tax-exempt obligations the District expects to issue in the 2025 calendar year and will covenant (i) to comply with the provisions and procedures of the Code applicable to the Bonds to assure that the interest paid on the Bonds is and remains excludable from gross income for purposes of federal income taxation pursuant to Section 103 of the Code, and (ii) not to take any action or permit any action that would cause the interest paid on the Bonds to be included in gross income for purposes of federal income taxation pursuant to section 103 of the Code.

In the opinion of Pierce Atwood LLP, Bond Counsel ("Bond Counsel") and in reliance on the District's representations set forth in the Arbitrage Certificate and assuming the District's compliance with the covenants, agreements, obligations and undertakings set forth in the Arbitrage Certificate and the requirements of the Code, under existing statutes, regulations and court decisions interest on the Bonds is excludable from the gross income of the owners of the Bonds for federal income tax purposes pursuant to Section 103 of the Code. In addition, such interest is not an item of tax preference for purposes of calculating the alternative minimum tax under the Section 55 of the Code provided, however, such interest will be taken into account in determining the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. . In rendering its opinion, Bond Counsel will rely upon the District's representations made with respect to the use of the proceeds of the Bonds, and the Projects financed with the Bonds, and the District's covenant that it will comply with the Code. See "PROPOSED FORM OF LEGAL OPINION" in APPENDIX B herein.

Exemption of Interest on the Bonds from Taxation Within the State of Maine

In the opinion of Bond Counsel, is exempt from income tax imposed upon individuals by the State of Maine (the "State") under existing statutes, regulations and court decisions. See "Proposed Form of Legal Opinion" in APPENDIX B herein.

Designated as Qualified Tax-Exempt Obligations

The District *will designate* the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Original Issue Discount

Certain maturities of the Bonds (the “Discount Bonds”) may be sold at an issue price that is less than the stated redemption price of the Discount Bonds at maturity (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates). The difference between the issue price at which each of the Discount Bonds is sold and the stated redemption price at maturity (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) of each of the Discount Bonds constitutes original issue discount (“OID”). Pursuant to Section 1288 of the Code, OID on the Discount Bonds accrues on the basis of economic accrual under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on the Discount Bonds, as applicable. The basis of an initial purchaser of a Discount Bond acquired at the initial public offering price of the Discount Bond will be increased by the amount of such accrued OID for purposes of determining gain or loss on the sale, exchange, or other disposition of such Bond. Bond Counsel is of the opinion that the appropriate portion of the OID properly allocable to the original and each subsequent owner of the Discount Bonds will be treated as interest excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code to the same extent as stated interest on the Discount Bonds.

Prospective purchasers of the Discount Bonds should consult their tax advisors with respect to the determination for federal income tax purposes of the OID properly accruable with respect to the Discount Bonds and the tax accounting treatment of accrued interest, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Original Issue Premium

Certain maturities of the Bonds (the “Premium Bonds”) may be sold at a purchase price in excess of the amount payable on such Bonds after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates). The excess, if any, of the tax basis of the Premium Bonds to a purchaser (other than a purchaser who holds such Premium Bonds as inventory, stock in trade or for sale to customers in the ordinary course of business) over the amount payable at maturity (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) is amortizable bond premium, which is not deductible from gross income for federal income tax purposes. Amortizable bond premium, as it amortizes, will reduce the owner’s tax cost of the Premium Bonds used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Premium Bonds. Accordingly, an owner of a Premium Bond may have taxable gain from the disposition of the Premium Bond, even though the Premium Bond is sold, or disposed of, for a price equal to the owner’s original cost of acquiring the Premium Bond. Bond premium amortizes over the term of the Premium Bonds under the “constant yield method” described in regulations interpreting Section 1272 of the Code.

Prospective purchasers of the Premium Bonds should consult their tax advisors with respect to the calculation of the amount of bond premium which will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Additional Federal Income Tax Consequences

Prospective purchasers of the Bonds should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Bonds, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income

credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty insurance companies, foreign corporations and certain S corporations. Prospective purchasers of the Bonds should consult their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

The Internal Revenue Service (the “IRS”) has an ongoing program of auditing state and local government obligations, which may include randomly selecting bond issues for audit, to determine whether interest paid to the holders is properly excludable from gross income for federal income tax purposes. It cannot be predicted whether the Bonds will be audited. If an audit is commenced, under current IRS procedures holders of the Bonds may not be permitted to participate in the audit process and the value and liquidity of the Bonds may be adversely affected.

Changes in Federal Tax Law

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law or otherwise prevent beneficial owners of the Bonds from realizing the full current benefit of the tax exempt status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Bonds. Prospective purchasers of the Bonds should consult their tax and financial advisors regarding such matters.

Opinion of Bond Counsel

The legal opinion of Bond Counsel (see “PROPOSED FORM OF LEGAL OPINION” in APPENDIX B) will be furnished to the original purchaser of the Bonds. The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the original purchaser of the Bonds.

Extent of Opinion

Bond Counsel expresses no opinion regarding any tax consequences of holding the Bonds other than its opinion with regard to (a) the exclusion of interest on the Bonds from gross income pursuant to Section 103 of the Code, (b) interest on the Bonds not constituting an item of tax preference pursuant to Section 57 of the Code, (c) the exemption of interest on the Bonds from taxation within the State pursuant to Section 9 of the District’s Charter and (d) the designation of the Bonds as “qualified tax-exempt obligations” under Section 265(b) of the Code. Prospective purchasers of the Bonds should consult their tax advisors with respect to all other tax consequences (including but not limited to those described above) of holding the Bonds.

BOOK-ENTRY-ONLY SYSTEM

The Bonds initially will be issued solely in book-entry form to be held in the book-entry only system maintained by The Depository Trust Company (“DTC”). So long as such book-entry system is used, only DTC will receive or have the right to receive physical delivery of the Bonds and, except as otherwise provided herein with respect to Beneficial Owners of beneficial ownership interests, Beneficial Owners will not be or be considered to be, and will not have any rights as, owners or holders of the Bonds.

The following information about DTC and the book-entry only system applicable to the Bonds has been supplied by DTC. The Issuer makes no representation with respect to, and takes no responsibility for, its accuracy or completeness.

DTC will act as securities depository for the Bonds. The Bonds will be issued in fully-registered form registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One-fully registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and each such certificate will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated securities. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of securities deposited with DTC must be made by or through Direct Participants, which will receive a credit for such securities on DTC's records. The ownership interest of each actual purchaser of each security deposited with DTC ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in securities deposited with DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with it; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of a maturity is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to securities deposited with it unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on securities deposited with DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer of such securities or its paying agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the issuer of such securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to securities held by it at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners.

RATINGS

The Bonds are rated "___" by Moody's Ratings ("Moody's") and "___" by Standard & Poor's, Global Ratings ("S&P") (collectively, with Moody's, the "Rating Agencies" ; and, individually, each a "Rating Agency"). The District has furnished the Rating Agencies certain information and materials, some of which may not have been included in this Official Statement. Generally, a Rating Agency bases any rating established by it on such information and materials and also on such investigations, studies and assumptions as it may undertake or establish independently. Each rating reflects only the view of the Rating Agency which published it and will be subject to revision or withdrawal, which could affect the market price of the Bonds. Each Rating Agency should be contacted directly for its rating on the Bonds and its explanation of such rating. A rating is not a recommendation to buy, sell or hold the Bonds, and such rating should be evaluated independently.

Except as set forth in the Continuing Disclosure Agreement set forth in APPENDIX C and referred to under "THE BONDS – CONTINUING DISCLOSURE" herein, the District has not undertaken any responsibility either to bring to the attention of the owners of the Bonds any proposed change in, or withdrawal of, any rating of the Bonds or to oppose any such change or withdrawal.

CONTINUING DISCLOSURE

In order to assist the underwriter in complying with the Securities Exchange Commission's Rule 15c2-12 (the "Rule"), the District will enter into a Continuing Disclosure Agreement (the "2024 CDA") for the benefit of the owners of the Bonds to provide certain financial information and operating data relating to the Rule by not later than 270 days after the end of each District fiscal year (the "Annual Filing") and to provide notices of the occurrence of certain enumerated events, if material. The proposed form of the CDA is provided in APPENDIX C. The Agreement will be executed by the Treasurer of the District, and incorporated by reference in the Bonds. In addition to the 2024 CDA, the District has delivered two other Continuing Disclosure Agreements that are still in effect. As part of the District's 2012 Bond issue, the District entered into a Continuing Disclosure Agreement dated April 1, 2012 (the "2012 CDA"). As part of the District's 2021 Bond issue, the District entered into a Continuing Disclosure Agreement dated December 15, 2021 (the "2021 CDA"). The 2012 CDA, 2021 CDA and 2024 CDA are collectively referred to as the "CDAs".

Late Financial and/or Operating Data Filings

In the last five years (2019-2024), the District made the following late filings with respect to its undertakings to provide financial information or operating data or notices of material events in accordance with the Rule:

- The District failed to file the operating data component of its Annual Filing for fiscal years ended December 31, 2018 - 2020 on a timely basis. On November 22, 2021, the District made a corrective operating data filing with EMMA and also filed a *Failure to Provide Annual Operating Information* event notice with EMMA.
- The District failed to file both the financial information and the operating data component of its Annual Filing for fiscal years ended December 31, 2021 - 2023 on a timely basis. On November 19, 2024, the District made a corrective filing with EMMA and also filed a *Failure to Provide Annual Information* event notice with EMMA.

The earlier set of late filings are attributable to the District's failure to recognize that changes to the Rule imposed more rigorous financial information and operating date filing requirements on smaller issuers. The previous version of the Rule had established limited disclosure obligations on small issuers, exempting *issuers with no more than \$10,000,000 in aggregate amount of outstanding municipal securities from being an "obligated person"*. .

The earlier set of late filings are attributable to the fact that in 2021, the District experienced a change in management, following the prior Superintendent/Treasurer's approximately 30 year tenure. In the complexity of this transition, there was a miscommunication about the District's continuing disclosure undertakings in the CDAs. When the District recognized this, it promptly made the November 19, 2024, corrective filing described above.

Other than as discussed above, the District has never failed to comply in all material respects with any previous undertakings to provide financial information or notices of material events in accordance with the Rule.

STATUTORY REFERENCES

All quotations from and summaries and explanations of laws herein do not purport to be complete, and reference is made to said laws for full and complete statements of their provisions.

CUSIP® IDENTIFICATION NUMBERS

It is anticipated that CUSIP® (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Bonds. All expenses in relation to the printing of CUSIP® numbers on the Bonds will be paid for by the District provided, however, that the District assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

MUNICIPAL ADVISOR

Moors & Cabot, Inc. is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board and has acted as Municipal Advisor to the District with respect to the issuance of the Bonds pursuant to Municipal Securities Rulemaking Board Rule G-23. Moors & Cabot, Inc. does not intend to submit its bid on, or participate in an underwriting syndicate for the public distribution of, the Bonds.

CONDITIONS PRECEDENT TO DELIVERY

No Litigation Certificate

Upon delivery of the Bonds, the District shall deliver or cause to be delivered a certificate of the Treasurer and attested to by certain Trustees, dated the date of delivery, to the effect that there is no litigation pending or, to the knowledge of such officers, threatened, affecting the validity of the Bonds or the proceedings and authority under which they are issued, and that neither the corporate existence nor boundaries of the District, nor the title of any of said officers to their respective offices, is being contested.

Certificate With Respect to Official Statement

At the time of the original delivery of and payment for the Bonds, the District will deliver a certificate of the Treasurer, to the effect that he has examined this Official Statement and the financial and other data contained therein and that, to the best of his knowledge and belief, both as of its date and as of the date of delivery of the Bonds, the Official Statement does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, subject to the condition that while information in the Official Statement obtained from sources other than the District is not guaranteed as to accuracy, completeness or fairness, he has no reason to believe that such information is materially inaccurate or misleading.

Approval of Legality

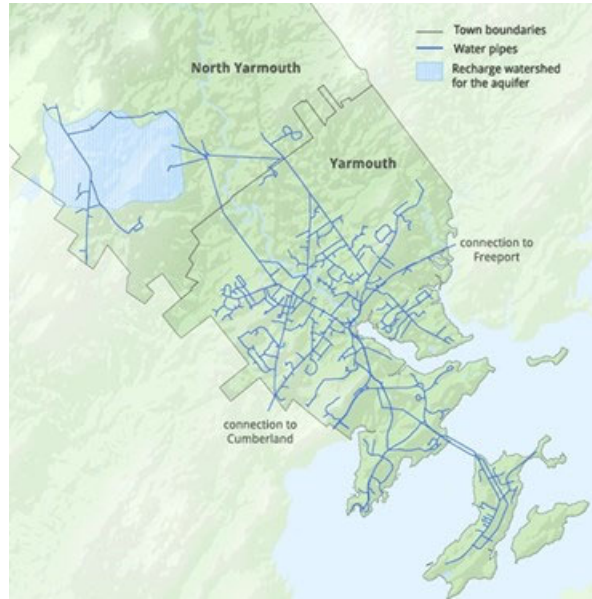
The legality of the Bonds will be approved by Bond Counsel. The unqualified approving opinion of such counsel with respect to the Bonds will be delivered at the time of original delivery of the Bonds and a copy of the opinion will be provided to the original purchasers.

The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds. Bond Counsel are not passing upon and do not assume responsibility for the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth as their opinion) and make no representation that they have independently verified the same. See "PROPOSED FORM OF LEGAL OPINION" in APPENDIX B.

YARMOUTH WATER DISTRICT

FORMATION OF THE DISTRICT

Yarmouth Water District is the successor the Yarmouth Water Company, a privately-held corporation established by Chapter 295 of the Private and Special Laws of Maine (1895), as amended by Chapter 221 of the Private and Special Laws of Maine (1901). The District was formed under Chapter 72 of the Private and Special Laws of Maine (1923), as subsequently amended and supplemented (the “Charter”). The District acquired the North Yarmouth Water District on December 5, 1990. The District is a quasi-municipal corporation and is a body politic and corporate, whose limits include the territory and the people constituting the towns of Yarmouth and North Yarmouth, Maine.



PURPOSE OF THE DISTRICT

The Yarmouth Water District has been established for the purposes of supplying its inhabitants with pure water for domestic, agricultural, commercial, industrial, sanitary and municipal purposes.

POWERS OF THE DISTRICT

The Charter authorizes the District to take and use water from the Royal River, or from any spring, pond, brook or other source of water in the towns of Yarmouth, Cumberland and New Gloucester, or from any spring, brook, pond or other source of water in the Town of North Yarmouth, or from any other water district or company, to conduct and distribute the same into and through the towns of Yarmouth, Cumberland and North Yarmouth.

ORGANIZATIONAL STRUCTURE

Section 7 of the District’s Charter provides that the affairs of the District are managed by a five-member Board of Trustees, each of them serving for three-year terms. Four of the Trustees are elected from the lawful voters of the Town of Yarmouth and one is elected by the lawful voters of the Town of North Yarmouth. The day-to-day administration, operation and maintenance of the waterworks facility is conducted by the District’s five employees under the direction of its Treasurer. The current Board of Trustees, their titles and terms of office, and current officers of the District are listed below:

<u>Name</u>	<u>Title</u>	<u>Community</u>	<u>Year Term Expires</u>
Andrew Walsh	Chair	North Yarmouth	2027
Gib Parish	Trustee	Yarmouth	2025
William Taylor	Trustee	Yarmouth	2026
Steve Gorden	Trustee	Yarmouth	2026
Thomas Breenan	Trustee	Yarmouth	2027
Eric S. Gagnon	Superintendent		N/A
Eric S. Gagnon	Treasurer		N/A
Thomas Breenan	Clerk		N/A

THE COMMUNITIES ENCOMPASSED BY THE DISTRICT

The towns of Yarmouth and North Yarmouth (hereinafter separately “Yarmouth” or “North Yarmouth, respectively, and collectively, the “Towns”) are located on the southern coast of the State of Maine in the northeastern section of the County of Cumberland, the State’s most populous county. Yarmouth is approximately 11 miles northeast of Portland, Maine. North Yarmouth is 15 miles north of Portland. The Towns are contiguous, being bordered by the towns of Freeport and Pownal on the northeast and Cumberland on the southwest. The Atlantic Ocean forms Yarmouth’s southeastern border with the Town of Gray forming North Yarmouth’s northwestern line. The Royal River flows through the center of both of the Towns. Access to the Towns is provided by Exits 15 and 17 of U.S. Interstate 295, and Exit 63 (formally Exit 11) of the Maine Turnpike in Gray. U.S. Route 1, State Routes 88 and 9 intersect the Towns from a north/south direction; State Routes 115 and 231 intersect the Towns from the east/west.

The area embracing the Towns was first settled in 1636 but was abandoned twice before a lasting settlement was established in 1713. The Town of North Yarmouth, chartered on September 22, 1680, originally encompassed the present towns of Cumberland, Freeport, Harpswell, North Yarmouth, Pownal and Yarmouth. The “North” in the name was intended to differentiate it from the Town of Yarmouth, Massachusetts on Cape Cod. Settling originally on Casco Bay, by 1830 Yarmouth’s town center shifted upstream to the lower part of the Royal River. Yarmouth constituted the southern section of North Yarmouth until it separated and incorporated as the Town of Yarmouth on August 8, 1849. This made North Yarmouth an inland community, four miles from the ocean, but allowed North Yarmouth’s citizens to “hold in common” with the people of Yarmouth all rights and privileges in all of Yarmouth’s public landings, mussel beds, flats and fisheries.

Yarmouth is a suburban coastal community with highly developed shorefront areas. North Yarmouth is a suburban community contrasted with rural characteristics in various portions. The Towns have primarily single family, owner occupied dwellings. The land area of the Towns are comprised of residential, local business, industrial, commercial and resource protection zones, open space and woodland areas. The combined area of the Towns total approximately 31.84 square miles.

DISTRICT OPERATIONS

THE WATER SYSTEM

The Yarmouth Water District is a Class 1 Water Utility serving approximately 3,313 customers in a territory with consolidated populations of approximately 12,569 inhabitants. The current source of the District’s water supply is from gravel-packed covered wells, all located in North Yarmouth, as follows:

<u>Source</u>	<u>Depth (feet)</u>	<u>Diameter (inches)</u>	<u>Yield (gallons/day)</u>
Stevens Well	98	12	Aquifer Capacity
Estabrook Wells	70	18	720,000
Hays Well	54	18	504,000
Reinsborough Well	104	24	Aquifer Capacity

While available, the District does not currently use surface water to supply its customers. The source of the District’s surface water is from the Hays Spring in North Yarmouth, with an 18-acre watershed, and the Hammond Spring in Yarmouth, with an 8,419 square foot water shed. The District has a combined storage capacity of approximately 1,750,000 gallons with an estimated “dry year” daily yield of approximately 310,000 gallons.

The Water System includes two steel covered standpipes with combined capacity of 1,500,000 gallons, both located in Yarmouth, and a 250,000 gallon capacity concrete covered standpipes located in North Yarmouth. As of December 31, 2023 the District’s water transmission and distribution system was comprised of approximately 82.64 miles of mains ranging in size from 8 to 16 inches for transmission lines and from 3/4 inch to 16 inches for distribution lines. The District provides service to 375 District owned and 44 private, fire hydrants in its territory. The District also has a connection with Portland Water District (“PWD”) which could deliver an additional 1.87 MGD of capacity, reflected in the average annual peak capacity figures (shown in “District Operations – System Usage – System Capacity” below).

The District also supplies water to the William F. Wyman Station (“Wyman Station”), an electricity generating power plant located on Cousins Island in Yarmouth(see “DISTRICT OPERATIONS – WILLIAM F. WYMAN STATION” herein) through an Interconnection Agreement with PWD (the “Interconnection Agreement”) and a Special Rate Agreement with FPL Energy Wyman LLC and FPL Energy Wyman, IV LLC, as owners and managing partners of Wyman Station (the “Special Rate Agreement”). In 2023 the District delivered 11,296,600 cubic feet to Wyman Station pursuant to the Interconnection Agreement and the Special Rate Agreement. The Interconnection Agreement allowed for a daily flow allowance of 4,320,000 gallons per day, which the District could use for a supplemental supply, if necessary.

SYSTEM DEMAND

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Average Daily Demand (MGD)	1.11	1.11	1.04	1.15	1.00
Maximum Daily Demand (MGD)	2.54	2.64	2.04	2.12	1.87
Peak Hour Demand (MGD)	2.89	3.88	3.14	3.23	2.69
Date of Peak Hour Demand	7/19/2019	6/1/2020	6/29/2021	8/4/2022	9/7/2023

SOURCE: Annual MPUC Reports of the Yarmouth Water District, Section W-12.

Largest Water Customers

<u>Customer</u>	<u>Business</u>	<u>Use (cu. ft)</u>	<u>2023</u>	
			<u>% Total Use</u>	<u>% Total Charges</u>
NextEra	Electrical Generation Plant	11,296,600	28.7%	\$168,703
Taymil Junipers	Apartment Complex	852,400	2.2%	28,139
Town of Yarmouth	Municipal Accounts	735,300	1.9%	22,739
Estabrooks	Farm and Garden Store	665,500	1.7%	13,992
Taymil Yarmouth Woods	Condominium Complex	558,400	1.4%	20,314
Tyler Tech	Business Headquarters	400,400	1.0%	8,995
Water Treatment	Culligan Water Dealer	337,400	0.9%	7,023
North Yarmouth Academy	School and Ice Arena	278,800	0.7%	13,313
Blueberry Cove	Condominium Complex	270,200	0.7%	10,686
Yarmouth Bluffs	Condominium Complex	221,400	0.6%	13,759
Brookside	Condominium Complex	219,100	0.6%	9,446
Riverbend	Condominium Complex	214,200	0.5%	11,121
Yarmouth Landing	Condominium Complex	213,300	0.5%	9,132
Bay Square	Nursing Home	204,200	0.5%	4,559
Royal River Grill House	Restaurant and Commercial	204,000	0.5%	4,555
Brentwood	Nursing Home	181,900	0.5%	4,146
Red Wagon	Trailer Park	178,400	0.5%	4,081
Yarmouth Marketplace	Mall	150,300	0.4%	3,562
Big Apple	Car Wash/Convenience Store	148,900	0.4%	4,283
Coastal Manor	Nursing Home	127,400	0.3%	3,444

SYSTEM USAGE

<u>System Capacity (FY 2023)</u>	<u>MGD</u>	<u>% of Total</u>
Average (Including NextEra)	0.94	25.13%
Average (Excluding NextEra)	0.71	18.98%
Peak (Including NextEra)	<u>2.69</u>	71.93%
Total	3.74	100.00%

<u>Projections (Average MGD) ⁽¹⁾</u>	<u>2010</u>	<u>2015</u>	<u>2020</u>
Residential	0.68	0.73	0.57
Commercial	0.15	0.17	0.07
Governmental/Municipal	0.02	0.02	0.02
Non-Revenue Water	<u>0.12</u>	<u>0.14</u>	<u>0.19</u>
Total Average MGD	0.97	1.06	0.85
Maximum Day Demand (MGD)	1.85	2.01	2.64
Peak-Hour Demand (MGD)	3.5	3.81	3.88

NOTE: ⁽¹⁾ "Projections" are re-calculated every five years.

Number of Water

<u>System Customers ⁽¹⁾</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Residential	3,048	3,086	3104	3155	3,167
Commercial	165	169	169	122	126
Industrial	2	2	2	2	2
Governmental	<u>37</u>	<u>37</u>	<u>37</u>	<u>18</u>	<u>18</u>
Total	3,252	3,294	3,312	3,297	3,313
Metered	3,252	3,294	3,312	3,297	3,313
Unmetered	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	3,252	3,294	3,312	3,297	3,313

Water Sales

<u>(per 1,000 gallons) ⁽²⁾</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Production	375,576	412,402	381,121	415,301	345,221
Sold to:					
Residential	172,546	219,835	205,691	201,181	176,896
Commercial	29,215	26,486	29,259	19,328	23,952
Industrial	94,588	88,699	86,092	121,500	86,246
Public Authorities	<u>8,091</u>	<u>8,986</u>	<u>6,665</u>	<u>6,956</u>	<u>6,909</u>
Total Water Sales	304,440	344,006	327,707	348,965	294,003

Water Sales

<u>(Revenue) ⁽²⁾</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Residential	\$1,026,496	\$1,202,142	\$1,145,501	\$1,182,121	\$1,202,113
Commercial	127,985	125,484	\$122,273	\$136,693	141,241
Industrial	163,609	160,869	\$154,594	\$224,021	175,726
Public Authorities	27,809	32,777	\$27,228	\$30,347	28,749
Public Fire Protec	541,715	552,638	\$555,637	\$609,500	609,500
Private Fire Protec.	<u>115,201</u>	<u>120,420</u>	<u>\$121,407</u>	<u>\$134,483</u>	<u>142,242</u>
Total Water Sales	\$2,002,815	\$2,194,330	\$2,126,640	\$2,317,165	\$2,299,571

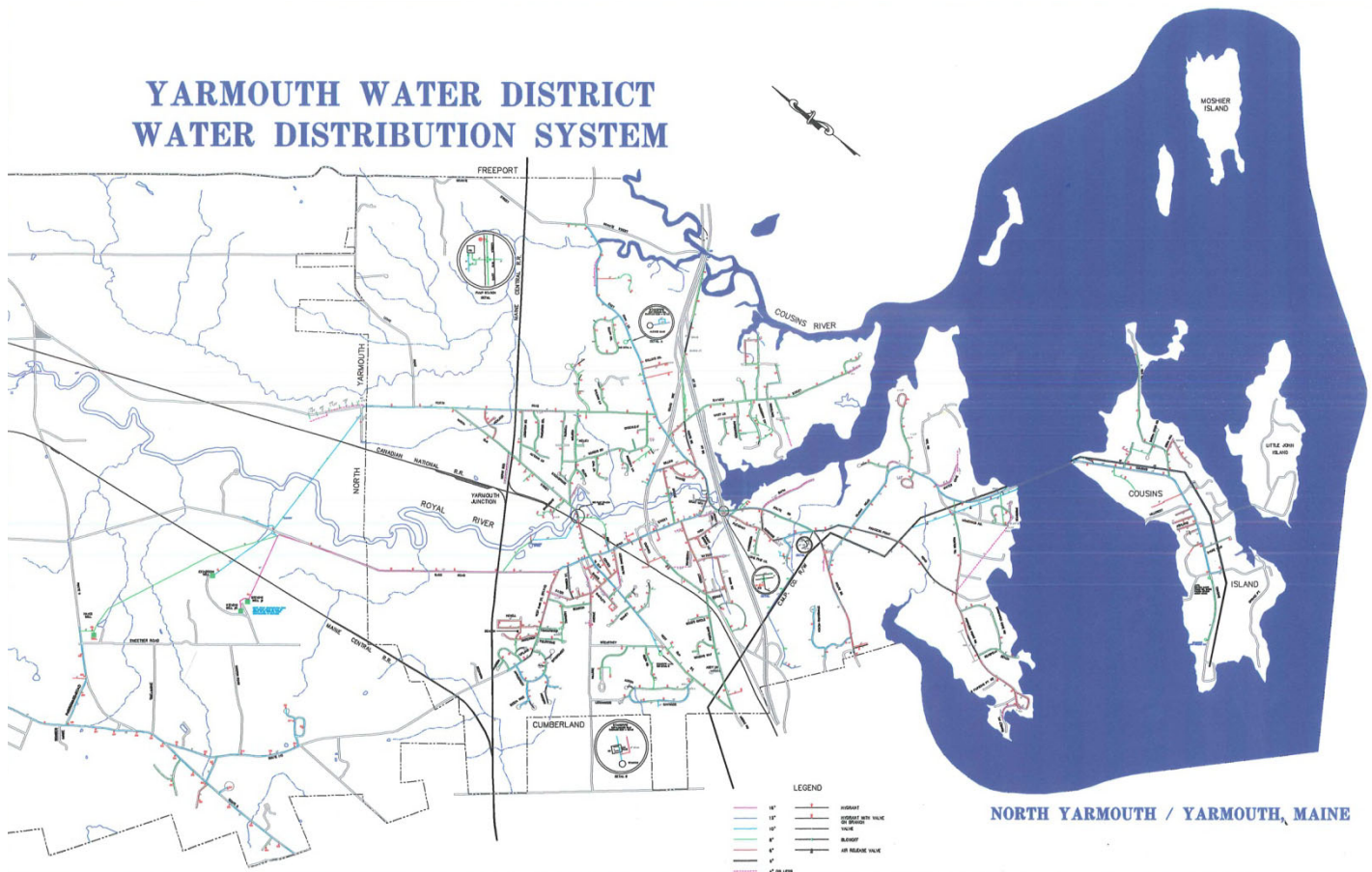
SOURCE: Annual MPUC Reports of the Yarmouth Water District, Sections ⁽¹⁾ W-7, ⁽²⁾ W-3.

WILLIAM F. WYMAN STATION

Wyman Station is an oil-fired steam electric facility on Cousins Island in Yarmouth was built by and formerly maintained and operated by the Central Maine Power Company (“CMP”). Wyman Station is comprised of four generating units totaling 840 megawatts of capacity. Units 1 and 2 are the oldest and smallest, Unit 4 is the largest (at approximately 600 megawatts) and newest. Florida Power and Light (“FPL”), a subsidiary of Juno Beach, Florida-based NextEra Energy, Inc. (NYSE: NEE), is the principal owner of Unit 4, owning approximately 85% of that Unit, with various other utilities owning smaller shares. FPL is the sole owner of Units 1, 2 and 3 as a separate investment.

The majority of FPL’s proportion of fuel mix is renewable generation in its generation portfolio to about 45% (from about 27%) by 2025 while reducing its reliance on nuclear generation to about 18% (from about 23%) and natural gas to about 36% (from about 48%).

SOURCES: Standard & Poor’s Stock Report dated June 26, 2024 and <http://www.nexteraenergy.com>



ECONOMIC CHARACTERISTICS

Population	Town of		% Change Since Prior Census		
	Yarmouth	North Yarmouth	Towns	State	USA
1980	6,585	1,919	36.3%	13.4%	11.4%
1990	7,862	2,429	21.0	9.2	9.8
2000	8,360	3,210	12.4	3.8	13.2
2010	8,349	3,565	2.9	4.2	8.9
2020	8,589	3,980	5.5	1.2	6.3

Population Characteristics	Town of Yarmouth	Cumberland County	State of Maine	USA
Median age (years)	48.3	42.5	45.1	38.5
% under 5 years	3.4%	4.7%	4.7%	6.0%
% under 18 years	22.3%	18.3%	18.5%	22.3%
% 65 years and over	22.1%	19.0%	21.2%	16.5%
Persons/household	2.45	2.35	2.32	2.62

Income	Town of Yarmouth	Cumberland County	State of Maine	USA
Median household income	\$89,984	\$73,072	\$57,918	\$62,843
% below poverty level	3.5%	7.8%	10.9%	11.4%
Per capita income	\$53,387	\$40,527	\$32,637	\$34,103

Housing	Town of Yarmouth	Cumberland County	State of Maine	USA
% owner occupied	72.7%	69.3%	72.3%	64.0%
Owner occupied med. value	\$374,600	\$278,100	\$190,400	\$217,500
Median gross rent	1,227	1,131	\$853	\$1,062
Households	3,409	120,644	559,921	-

SOURCE: 2020 Census, U.S. Department of Commerce, Bureau of the Census – Quick Facts. Certain data for North Yarmouth may not be available as Quick Facts only provides data for towns with population greater than 5,000.

Unemployment	Town of		Cumberland County	State	USA
	Yarmouth	North Yarmouth			
2023	2.3%	1.8%	2.4%	2.9%	3.6%
2022	2.2	1.9	2.4	3.0	3.6
2021	3.6	3.2	4.0	4.6	5.5
2020	4.7	3.9	5.3	5.4	8.1
2019	2.3	1.9	2.4	3.0	3.7
2018	2.5	2.3	2.7	3.4	3.9
2017	2.4	2.1	2.5	3.3	4.4
2016	2.8	2.3	2.9	3.9	4.9
2015	2.8	2.6	3.4	4.4	5.3
2014	3.9	3.3	4.4	5.7	6.2

SOURCE: Maine Department of Labor, Division of Economic Analysis and Research.

DISTRICT FINANCES

APPLICATION OF REVENUE

Section 10 of the District's Charter, provides that water rates shall be established to provide revenue for the following purposes:

1. Current expenses: To pay the current expenses for operating and maintaining the water system, and provide for such extensions and renewals as may become necessary.
2. Interest Payments: To provide for the payment of interest on the indebtedness created by the District.
3. Principal Payments: In certain circumstances, to provide each year a sum equal to not less than 1% nor more than 4% of the entire indebtedness created by the District, which sum shall be turned into a sinking fund to provide for the extinguishment of indebtedness. The money set aside for the sinking fund is to be devoted to the retirement of the obligations of the District or invested in such securities as savings banks are allowed to hold. This also provides that the Trustees may, in their discretion and in lieu of a sinking fund, issue serial bonds so that not less than 1% of the amount of the issue must mature and be retired each year.
4. Surplus: If any surplus remains at the end of the year, it may be turned into the sinking fund.

REGULATION AND RATE SETTING

Water rates in the State of Maine are regulated by the Maine Public Utilities Commission (the "MPUC"). The District may seek water rate increases in one of the two following ways:

1. The District may submit a rate filing with the MPUC. This process is lengthy as MPUC approval of rate increases takes approximately nine months. The delay between a rate filing and actual implementation of higher rates potentially results in a deterioration of the District's fund balances; or
2. A process established under Title 35-A, Section 6104 of the Maine Revised Statutes, as amended, allows municipally-owned utilities, such as the District, to increase retail rates without a formal MPUC filing, thus eliminating much of the inherent delay via a MPUC filing (the "Section 6104 Process"). All water rate increase requests may be made under the Section 6104 Process in the following manner:

If the District wishes to increase its retail water rates, the District must hold a public hearing, notice of which is to be published and delivered to each ratepayer at least 14 days prior to the hearing. After the public hearing, the District must file its new water rates with the MPUC. The effective date for the new rates is determined by the District but must be not less than one month nor more than nine months after the date of the public hearing. If, however, within 30 days after the public hearing, the lesser of 1,000 ratepayers or 15% of the ratepayers petition the MPUC to review the rate increase, the rate increase is suspended, and the MPUC formally reviews the District's request.

RATES FOR WATER SERVICE

The District's current rate tariff was established on January 1, 2022 (Docket #2021-00248). The MPUC approved a 13.0% rate increase for the District effective January 1, 2025 and a 15.0% rate increase for the District effective January 1, 2026 (Docket #2024-00287).

RATE SCHEDULES

Quarterly Consumption Charges

<u>(Cubic feet per Quarter)</u>	<u>Allowance (cu. ft.)</u>	<u>Rate Effective</u>		
		<u>Jan. 1, 2022</u>	<u>Jan. 1, 2025</u>	<u>Jan. 1, 2026</u>
First	1,200	\$59.36	\$67.08	\$77.14
Next	800	+ 4.86/100 cu. ft.	+ 5.49/100 cu. ft.	+ 6.32/100 cu. ft.
Next	10,000	+ 3.19/100 cu. ft.	+ 3.60/100 cu. ft.	+ 4.15/100 cu. ft.
Over	12,000	+ 1.85/100 cu. ft.	+ 2.09/100 cu. ft.	+ 2.40/100 cu. ft.

Minimum Charges (Metered)

<u>Size of Meter (inches)</u>	<u>Allowance (cu. ft.)</u>	<u>Monthly Charge as of</u>		
		<u>Jan. 1, 2022</u>	<u>Jan. 1, 2025</u>	<u>Jan. 1, 2026</u>
5/8	400	\$19.79	\$22.36	\$25.71
3/4	700	33.81	38.21	43.94
1	1,200	49.76	56.23	64.66
1 1/2	2,400	88.04	99.49	114.41
2	2,400	139.08	157.16	180.73
3	8,000	213.08	240.78	276.90
4	12,000	237.08	324.40	373.06
6	24,000	509.08	575.26	661.55

<u>Size of Meter (inches)</u>	<u>Allowance (cu. ft.)</u>	<u>Quarterly Charge as of</u>		
		<u>Jan. 1, 2022</u>	<u>Jan. 1, 2025</u>	<u>Jan. 1, 2026</u>
5/8	1,200	\$59.36	\$67.08	\$77.14
3/4	2,100	101.43	114.62	131.81
1	3,600	149.28	168.69	193.99
1 1/2	7,200	264.12	298.46	343.22
2	7,200	417.24	471.48	542.20
3	24,000	639.24	722.34	830.69
4	36,000	861.24	973.20	1,119.18
6	72,000	1,527.24	1,725.78	1,984.65

NOTE: If billed monthly, consumption steps are one-third of quarterly charges. Refer to the below tables for minimum charges.

Seasonal Metered Rates

<u>(Cubic Feet per Quarter)</u>	<u>Allowance (cu. ft.)</u>	<u>Rate Effective</u>		
		<u>Jan. 1, 2022</u>	<u>Jan. 1, 2025</u>	<u>Jan. 1, 2026</u>
First	2,000	\$208.27	\$235.35	\$270.65
Next	10,000	+ 3.19/100 cu. ft.	+ 3.60/100 cu. ft.	+ 4.15/100 cu. ft.
Over	12,000	+ 1.85/100 cu. ft.	+ 2.09/100 cu. ft.	+ 2.40/100 cu. ft.

Minimum Charges (Seasonal) Size of Meter (inches)	Allowance (cu. ft.)	Charge as of		
		Jan. 1, 2022	Jan. 1, 2025	Jan. 1, 2026
5/8	2,000	\$208.27	\$235.35	\$270.65
3/4	3,000	240.17	271.39	312.10
1	3,600	259.31	293.02	336.97
1 1/2	7,200	374.15	422.79	486.21
2	12,000	527.27	595.82	685.19
3	24,000	749.27	846.68	973.68
4	36,000	971.27	1,097.54	1,262.17
6	72,000	1,637.27	1,850.12	2,127.63

Private Fire Protection

This rate schedule is available for private fire protection to all customers. In the case of private hydrants, this rate is available only for hydrant installations on private property and not those on a public way. The following rates apply solely to water used for fire protection and do not include any water used for other than fire-fighting purposes. Rates for each service supplying private hydrants, standpipes, or sprinklers are:

Size (inches)	Rate Effective					
	Jan. 1, 2022		Jan. 1, 2025		Jan. 1, 2026	
	Quarterly	Yearly	Quarterly	Yearly	Quarterly	Yearly
1	\$60.40	\$241.60	\$68.25	\$273.01	\$78.49	\$313.96
2	120.79	483.16	136.49	545.97	156.97	627.87
4	241.58	966.32	272.99	1,091.94	313.93	1,255.73
6	362.37	1,449.48	409.48	1,637.91	470.90	1,883.60
8	483.16	1,932.64	545.97	2,183.88	627.87	2,511.47
Private Hydrant	144.68	578.72	163.49	653.95	188.01	\$752.05

Public Fire Protection

The public hydrants shown below, are owned and maintained by the District and connected to the District's mains. The following public fire protection service charges will be paid to the District:

	Hydrants	Rate Effective Jan. 1, 2022		
		Monthly	Quarterly	Annually
Yarmouth:	311	\$45,261.33	\$135,784.00	\$543,136.00
North Yarmouth:	37	5,384.83	16,154.50	64,618.00
Cumberland	<u>1</u>	<u>145.500</u>	<u>436.5</u>	<u>1,746.00</u>
Total:	349	\$50,791.67	\$152,375.00	\$609,500.00

	Hydrants	Rate Effective Jan. 1, 2025		
		Monthly	Quarterly	Annually
Yarmouth:	317	\$52,050.00	\$156,150.00	\$624,600.00
North Yarmouth:	37	6,191.67	18,575.00	74,300.00
Cumberland	<u>1</u>	<u>166.67</u>	<u>500.00</u>	<u>2,000.00</u>
Total:	355	\$58,408.34	\$175,225.00	\$700,900.00

	Hydrants	Rate Effective Jan. 1, 2026		
		Monthly	Quarterly	Annually
Yarmouth:	317	\$59,858.33	\$179,575.00	\$718,300.00
North Yarmouth:	37	7,116.67	21,350.00	85,400.00
Cumberland	<u>1</u>	<u>191.67</u>	<u>575.00</u>	<u>2,300.00</u>
Total:	355	\$67,166.67	\$201,500.00	\$806,000.00

BUDGETARY PROCESS

The District is not legally required to adopt budgetary accounting and reporting. However, an annual budget is prepared by management and approved by the Board of Trustees. The following table sets forth the District's budgets for the District from 2020 through 2024:

Budgets for Fiscal Year Ending December 31,

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Income:					
Water sales	\$1,339,925	\$1,357,228	\$1,519,558	\$1,553,000	\$1,493,000
Public fire protection	545,000	555,000	597,353	609,499	609,499
Private fire protection	118,750	119,169	129,889	136,000	142,000
Rent from property	85,648	87,422	89,108	90,890	92,708
Other	<u>205,499</u>	<u>194,822</u>	<u>194,940</u>	<u>200,324</u>	<u>288,171</u>
Total Income	2,294,822	2,313,641	2,530,848	\$2,589,713	\$2,625,377
Expenses:					
Debt service	415,578	272,328	303,102	390,466	393,066
Supply and treatment	314,102	311,329	296,729	352,958	372,150
Transmission and dist.	463,915	490,307	575,065	608,375	572,004
Office and admin.	<u>852,919</u>	<u>855,850</u>	<u>910,230</u>	<u>973,291</u>	<u>1,052,168</u>
Total expenses	2,048,513	1,929,914	2,085,126	2,325,090	2,389,388
Income/expenses	246,309	383,827	445,722	264,623	235,989
Depreciation	<u>383,489</u>	<u>383,489</u>	<u>298,989</u>	<u>298,989</u>	<u>298,989</u>
Profit/Loss	(\$137,180)	\$338	\$146,733	(\$34,366)	(\$63,000)
Budgeted Debt Service Coverage Ratio	1.59x	2.41x	2.47x	1.68x	1.60x

FINANCIAL STATEMENTS

Title 30-A, Chapter 223, Subchapter VIII of the Maine Revised Statutes, as amended, provides for annual audits of the District's accounts and establishes procedures for such audits. The District, in conformance with the statute, currently engages the services of Runyon Kersteen Ouellette, Certified Public Accountants, ("RKO") to provide the District's annual review.

The audited financial statements for the fiscal year ended December 31, 2023 are presented as APPENDIX A to this Official Statement. The consent of RKO for the incorporation of the financial statements included in APPENDIX A has not been requested by the Yarmouth Water District, nor has it been received.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Method: The financial statements are prepared on an accrual basis, consistent with the requirements of the Maine Public Utilities Commission and Generally Accepted Accounting Principles.

Operating and Non-Operating Property: Operating and non-operating properties are recorded at cost or, in the case of contributed property, at the fair market value at the date of acquisition.

Depreciation is computed on the straight line method based upon the estimated useful lives of the assets ranging from five to 75 years in accordance with Chapter 608 of the Maine Public Utilities Commission regulations.

Materials and Supplies: Inventories of materials and supplies are stated at the lower of cost or market. Cost is determined principally on a first-in, first-out (FIFO) basis.

Deferred Charges: Bond Issuance Expense: The unamortized debt issuance expense is being amortized by charges to expense over the remaining life of outstanding bonds.

Other Deferred Charges: Other items not deemed chargeable to the year incurred are being amortized in accordance with lives specified in rate filings with the Maine Public Utilities Commission.

COMPARATIVE FINANCIAL STATEMENTS

Set forth on the following pages are the Statements of Net Position and Statements of Income and Expenses of the District for the fiscal years 2019 through and including 2023, the years for which audited financial statements are available.

YARMOUTH WATER DISTRICT, MAINE STATEMENT OF NET POSITION

(As of December 31,)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
ASSETS					
Current Assets					
Cash and Equivalents	\$3,346,214	\$1,665,041	\$1,325,173	\$1,104,138	\$857,022
Investments	0	1,907,465	1,763,020	1,657,287	1,516,153
Restricted	940	921,647	1,260,687	274,106	403,106
Accounts receivable	206,816	89,904	43,893	48,562	36,868
Unbilled receivable	54,108	56,662	-	-	-
Lease receivable	967,212	1,114,254	-	-	-
Materials and Supplies	196,217	169,572	116,319	112,229	104,525
Prepaid Expenses	<u>18,945</u>	<u>32,980</u>	<u>16,222</u>	<u>16,854</u>	<u>27,853</u>
Total Current Assets	4,790,452	5,957,525	4,525,314	3,213,176	2,945,527
Non-current Assets					
Other assets, net of amortization	<u>5,969</u>	<u>8,953</u>	-	-	-
Total Other Assets	5,969	8,953	-	-	-
Capital Assets					
Capital assets	28,054,575	26,386,312	26,074,117	23,399,998	22,883,832
(Accumulated depreciation)	<u>(9,339,012)</u>	<u>(9,251,289)</u>	<u>(9,004,535)</u>	<u>(8,724,927)</u>	<u>(8,433,916)</u>
Net Capital Assets	<u>18,715,563</u>	<u>17,135,023</u>	<u>17,069,582</u>	<u>14,675,071</u>	<u>14,449,916</u>
Total Non-current Assets	<u>18,721,532</u>	<u>17,143,976</u>	<u>17,069,582</u>	<u>14,675,071</u>	<u>14,449,916</u>
TOTAL ASSETS	23,511,984	23,101,501	21,594,896	17,888,247	17,395,443
Deferred Outflows					
Other	0	0	11,937	14,921	19,868
OPEB	7,776	18,216	23,192	23,887	830
Pensions	<u>76,389</u>	<u>101,742</u>	<u>122,390</u>	<u>66,594</u>	<u>71,941</u>
Total Deferred Outflows	<u>84,165</u>	<u>119,958</u>	<u>157,519</u>	<u>105,402</u>	<u>92,639</u>
TOTAL ASSETS AND DEFERRED	23,596,149	23,221,459	21,752,415	17,993,649	17,488,082

YARMOUTH WATER DISTRICT, MAINE
STATEMENT OF NET POSITION (continued)
(As of December 31,)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	57,063	19,905	24,275	31,135	41,024
Accrued payroll	15,692	13,481	-	-	-
Accrued interest	51,475	54,989	6,181	24,096	27,866
Accrued vacation	126,548	121,070	11,026	11,768	13,646
Advances for construction	78,230	122,227	442,151	112,083	176,615
Current portion of bond premium	16,679	16,679	-	214,385	353,585
Current portion of long-term debt	<u>279,110</u>	<u>268,233</u>	<u>187,388</u>	=	=
Total Current Liabilities	624,797	616,584	671,021	393,467	612,736
Non-current Liabilities					
OPEB	130,964	140,617	143,321	132,132	104,353
Net pension	224,286	183,392	(22,941)	282,386	222,682
Accrued compensated absences	16,957	14,431	-	-	-
Net bond premium	300,229	316,908	-	-	-
Long-term debt, less current	<u>3,872,278</u>	<u>4,151,388</u>	<u>4,770,887</u>	<u>2,350,577</u>	<u>2,564,964</u>
Total Non-current Liabilities	4,544,714	4,806,736	4,891,267	2,765,095	2,891,999
TOTAL LIABILITIES	5,169,511	5,423,320	5,562,288	3,158,562	3,504,735
DEFERRED INFLOWS					
Unamortized bond refunds	0	0	0	12,770	15,464
OPEB	4,779	2,492	5,363	9,320	13,277
Pensions	38,060	81,072	316,209	7,024	55,776
Leases	910,957	1,082,749	830,260	-	-
Regulatory reserves	<u>0</u>	<u>0</u>	<u>0</u>	<u>744,897</u>	<u>649,676</u>
TOTAL DEFERRED INFLOWS	953,796	1,166,313	1,151,832	774,011	734,193
NET POSITION					
Invested in Capital Assets	14,248,207	13,303,462	12,163,248	12,110,109	11,531,367
Assigned	2,228,136	1,996,531	0	274,106	403,106
Unrestricted	<u>996,499</u>	<u>1,331,833</u>	<u>2,875,047</u>	<u>1,676,861</u>	<u>1,314,681</u>
TOTAL NET POSITION	\$17,472,842	\$16,631,826	\$15,038,295	\$14,061,076	\$13,249,154
TOTAL LIABILITIES, DEFERRALS AND NET POSITION					
	\$23,596,149	\$23,221,459	\$21,752,415	\$17,993,649	\$17,488,082

Prepared from Audited Financial Statements.

YARMOUTH WATER DISTRICT, MAINE
COMPARATIVE STATEMENTS OF REVENUES EXPENSES AND CHANGES IN NET POSITION
(For Year Ended December 31.)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
OPERATING REVENUE					
Residential - metered	\$1,202,114	\$1,182,123	\$1,145,501	\$1,202,142	\$1,026,496
Commercial - metered	141,241	136,693	122,273	125,484	127,985
Industrial - metered	175,726	224,021	154,594	160,869	163,609
Public - metered	28,749	30,347	27,228	32,777	27,809
Public Fire Protection	609,500	609,500	555,637	552,638	541,715
Private Fire Protection	142,242	134,483	121,407	120,420	115,201
Other water revenue	<u>90,840</u>	<u>89,158</u>	<u>87,360</u>	<u>85,698</u>	<u>83,299</u>
TOTAL OPERATING REVENUE	2,390,412	2,406,325	2,214,000	2,280,028	2,086,114
OPERATING EXPENSES					
Supply and pumping (Operations)	283,117	340,008	232,938	242,505	248,532
Supply and pumping (Maintenance)	22,673	26,418	40,387	29,962	21,529
Water Treatment	21,634	17,238	15,311	13,710	11,866
Distribution - Operations	297,036	324,110	298,898	265,636	256,365
Distribution - Maintenance	156,809	272,323	337,551	336,779	322,676
Customer Accounts	167,226	160,993	173,152	174,474	165,273
General and misc.	547,448	439,880	315,850	452,969	463,114
Depreciation	461,436	413,427	387,748	396,168	388,661
Taxes and assessments	<u>64,955</u>	<u>58,080</u>	<u>51,871</u>	<u>52,732</u>	<u>51,175</u>
TOTAL OPERATING EXPENSES	<u>2,022,334</u>	<u>2,052,477</u>	<u>1,853,706</u>	<u>1,964,935</u>	<u>1,929,191</u>
NET OPERATING INCOME	368,078	353,848	360,294	315,093	156,923
NON-OPERATING REVENUES (EXPENSES)					
Jobbing (Net) and Misc.	20,191	22,018	36,739	30,875	18,611
Interest income	149,787	53,722	7,782	14,783	21,706
Non-utility income	156,139	184,446	156,796	152,474	148,432
Bond issuance costs			(62,550)		
Interest expense	130,185	0	(51,268)	(57,528)	(69,073)
Grant revenue	<u>(105,055)</u>	<u>(104,118)</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	351,247	156,068	87,499	140,604	119,676
Change in Net Position before contribution	719,325	509,916	447,793	455,697	276,599
CONTRIBUTIONS IN AID CONSTRUCTION	<u>121,691</u>	<u>253,355</u>	<u>529,426</u>	<u>356,225</u>	<u>314,396</u>
Change in Net Position after contribution	841,016	763,271	977,219	811,922	590,995
NET POSITION - Beginning	<u>16,631,826</u>	<u>15,868,555</u>	<u>14,061,076</u>	<u>13,249,154</u>	<u>12,658,159</u>
NET POSITION - End	\$17,472,842	\$16,631,826	\$15,038,295	\$14,061,076	\$13,249,154

Prepared from Audited Financial Statements.

INDEBTEDNESS

DEBT SUMMARY

<u>Dated</u> <u>Date</u>	<u>Series</u>	<u>Amount</u> <u>Issued</u>	<u>Final</u> <u>Maturity</u>	<u>Balance as of December 31,</u>		
				<u>2023</u> <u>(Audited)</u>	<u>2024</u> <u>(Projected)</u>	<u>2025</u> <u>(Projected)</u>
3/24/2005	DWSRF	\$732,182	10/1/2024	\$26,061	\$0	\$0
6/9/2009	ARRA	453,851	4/1/2029	107,087	87,615	68,145
1/17/2015	DWSRF	860,855	12/1/2034	335,395	305,056	274,688
12/9/2016	DWSRF	308,187	4/1/2036	182,846	169,605	156,232
12/15/2021	Pub Sale	3,780,000	1/15/2042	<u>3,500,000</u>	<u>3,310,000</u>	<u>3,120,000</u>
	Sub-totals			\$4,151,389	\$3,872,276	\$3,619,065
1/9/2025	Pub Sale	3,624,000	1/15/2042	<u>0</u>	<u>0</u>	<u>3,624,000</u>
	Projected Totals			\$4,151,389	\$3,872,276	\$7,059,065

NOTES: "DWSRF" indicates the Drinking Water State Revolving Fund Program financed through the MMBB's DWSRF, administered jointly by the MMBB and the State Department of Health & Human Services. Through its initial equity subsidy the DWSRF program typically offers rates below then current market rates. "ARRA" indicates a District bond bearing interest at 0% and purchased by MMBB with funds provided to it pursuant to the American Recovery and Reinvestment Act of 2009 (the "2009 ARRA"). A portion of principal of such bond has been forgiven.

PROJECTED PRINCIPAL PAYMENTS, BY ISSUE

<u>FY end</u> <u>Dec.31,</u>	<u>2005</u> <u>DWSRF</u>	<u>2009</u> <u>ARRA</u>	<u>2015</u> <u>DWSRF</u>	<u>2016</u> <u>DWSRF</u>	<u>2021</u> <u>Series</u>	<u>Sub-total</u>	<u>2025</u> <u>Series</u>	<u>Totals</u>
2024	26,061	19,470	30,338	13,241	190,000	279,110	0	279,110
2025		19,470	30,369	13,373	190,000	253,212	184,000	437,212
2026		19,470	30,399	13,507	200,000	263,376	190,000	453,376
2027		19,470	30,429	13,642	210,000	273,541	200,000	473,541
2028		19,470	30,460	13,778	215,000	278,708	205,000	483,708
2029		9,735	30,490	13,916	225,000	279,141	215,000	494,141
2030			30,521	14,055	235,000	279,576	220,000	499,576
2031			30,551	14,196	245,000	289,747	230,000	519,747
2032			30,582	14,338	255,000	299,920	240,000	539,920
2033			30,612	14,481	140,000	185,094	250,000	435,094
2034			30,643	14,626	140,000	185,269	255,000	440,269
2035				14,772	145,000	159,772	265,000	424,772
2036				14,920	150,000	164,920	275,000	439,920
2037					150,000	150,000	285,000	435,000
2038					155,000	155,000	300,000	455,000
2039					160,000	160,000	310,000	470,000
2040					160,000	160,000		160,000
2041					165,000	165,000		165,000
2042					170,000	170,000		170,000
12/31/2023	26,061	107,085	335,395	182,846	3,500,000	4,151,387	0	
paid	<u>(26,061)</u>	<u>(19,470)</u>	<u>(30,338)</u>	<u>(13,241)</u>	<u>(190,000)</u>	<u>(279,110)</u>	<u>0</u>	
12/31/2024	0	87,615	305,056	169,605	3,310,000	3,872,277	3,624,000	3,872,277
paid	<u>0</u>	<u>(19,470)</u>	<u>(30,369)</u>	<u>(13,373)</u>	<u>(190,000)</u>	<u>(253,212)</u>	<u>(184,000)</u>	<u>(437,212)</u>
12/31/2025	0	68,145	274,688	156,232	3,120,000	3,619,065	3,440,000	7,059,065

NOTE: Totals in the above tables may not add due to rounding.

PROJECTED DEBT SERVICE REQUIREMENTS

Fiscal Yr. End Dec 31,	Prior Debt			Projected Debt (This Issue)			Projected Total Debt Service
	Principal	Interest & Fees	Total Debt	Pro Forma		Total Debt	
				Principal	Interest		
2024	\$279,110	\$113,956	\$393,066				
2025	253,212	104,105	357,317				
2026	263,376	96,140	359,516				
2027	273,541	87,774	361,315				
2028	278,708	79,107	357,815				
2029	279,141	69,651	348,792				
2030	279,576	59,793	339,369				
2031	289,747	50,021	339,769				
2032	299,920	40,151	340,071				
2033	185,094	33,173	218,267				
2034	185,269	30,197	215,466				
2035	159,772	25,636	185,408				
2036	164,920	22,537	187,457				
2037	150,000	18,713	168,713				
2038	155,000	15,566	170,566				
2039	160,000	12,219	172,219				
2040	160,000	8,819	168,819				
2041	165,000	5,366	170,366				
2042	170,000	1,806	171,806				
	\$4,151,387	\$874,731	\$5,026,118				

NOTE: Totals in the above table may not add due to rounding

DEBT SERVICE COVERAGE

The Actual Debt Service Coverage Ratio exceeded the Budgeted Debt Service Coverage Ratio in each of the years shown in the table. The following are the District’s Actual Debt Service Coverage calculations under the Indenture⁽¹⁾ for the last five years (audited):

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating Revenue:	\$2,390,412	\$2,406,325	\$2,214,000	\$2,280,028	\$2,086,114
Non-operating Revenue:	<u>456,302</u>	<u>260,186</u>	<u>201,317</u>	<u>198,132</u>	<u>188,749</u>
Total Revenues:	2,846,714	2,666,511	2,415,317	2,478,160	2,274,863
(Operating Expenses):	2,022,334	2,052,477	1,853,706	1,964,935	1,929,191
Depreciation:	<u>(461,436)</u>	<u>(413,427)</u>	<u>(387,748)</u>	<u>(396,168)</u>	<u>(388,661)</u>
(Expense)s:	<u>1,560,898</u>	<u>1,639,050</u>	<u>1,465,958</u>	<u>1,568,767</u>	<u>1,540,530</u>
Net Available for Debt Service:	1,285,816	1,027,461	949,359	909,393	734,333
Current Debt Service:	385,869	261,393	418,906	417,579	443,914
Actual Debt Service Coverage Ratio:	3.33x	3.93x	2.27x	2.18x	1.65x

OVERLAPPING DEBT

The District does not have any obligations for which it is responsible on an overlapping basis.

CONTINGENT DEBT

The District does not have any obligations for which it is responsible on a contingent basis.

FUTURE FINANCING

Other than the Bonds of this financing, the District does not have current plans to issue additional long-term debt for the next year.

RETIREMENT

DEFINED BENEFIT PENSION PLAN

The District adopted the MainePERS 401(a) Defined Contribution Plan for the benefit of its employees through Maine Public Employees Retirement System's ("MainePERS") successor to the Maine State Retirement System ("MSRS"), a cost-sharing multiple-employer defined benefit pension plan. Total expense at December 31, 2023 and 2022 was \$92,130 and \$50,506, respectively. The Board of Trustees has authority over plan provisions requirements and amendments. See APPENDIX A – YARMOUTH WATER DISTRICT, MAINE 2023 FINANCIAL STATEMENTS, pages 22 *et seq.*, herein.

OTHER POST-EMPLOYMENT BENEFITS

The District sponsors a post-retirement benefit plan providing healthcare to retiring employees (the "OPEB Plan"). The plan is a single-employer defined benefit OPEB plan administered by the Maine Municipal Employees Health Trust ("MMEHT"). District employees over the age of 55 with 5 years of continuous service are allowed to participate in the plan. Retirees that are designated in a plan pay 100% of the single coverage premium and 100% of the family coverage premium. For those District employees eligible for Medicare (post-65 Retiree Plan), the plan is offered in conjunction with Medicare Parts A and B and the Companion Plan B. Eligible retirees are required to pay 100% of health insurance premiums to receive health benefit coverage and therefore, the District makes no actual contributions.

The District reports on the benefits provided and the contributions for these OPEB plans, as well as the actuarial methodology and assumptions in its Annual Financial Report. (See "APPENDIX A – YARMOUTH WATER DISTRICT, MAINE 2023 FINANCIAL STATEMENTS, pages 19 *et seq.*, herein.

ENVIRONMENTAL MATTERS

Securities and Exchange Commission Regulation 229.103 (the "Regulation") requires that issuers subject to the disclosure requirements of the Securities Exchange Act of 1934 disclose, among other things, any material pending legal proceedings, including without limitation, legal proceedings involving environmental issues. That Regulation states that no information need be given with respect to any proceeding that involves primarily a claim for damages if the amount involved, exclusive of interest and costs, does not exceed 10 percent of the current assets of the issuer, and, if a governmental authority is a party to such proceeding and such proceeding involves potential monetary sanctions, unless the issuer reasonably believes that such proceeding will result in no monetary sanctions, or in monetary sanctions, exclusive of interest and costs, of less than \$100,000. Although the Yarmouth Water District, as an issuer of municipal securities, is not subject to the provisions of the Regulation or the Securities Exchange Act of 1934, the District is voluntarily making the disclosure required by the Regulation with respect to environmental liabilities: The Officials of the Yarmouth Water District are not aware of any legal proceedings either pending or threatened involving environmental matters that would require disclosure under the Regulation were the District subject to its provisions.

Climate Change

The Town of Yarmouth's (the "Town") administration reports that the Maine Emergency Management Agency ("MEMA") performed an exhaustive review of Yarmouth's management, planning and actions to protect the Town for the long term as it relates to potential climate change. MEMA, in a strong positive report, recognized the Town's likely resiliency to climate change, particularly as it pertains to coastal and riverine flooding. Furthermore, the *Federal Emergency Management Agency* ("FEMA") division of the US Department of Homeland Security is in the process of finalizing new Flood Insurance Rate Maps ("FIRM") for Cumberland County and the Town's Engineer has reviewed all Yarmouth draft map panels for potential flooding impacts.

While predicting the magnitude of potential sea level rise in the future is complex at best, some estimates project a sea level rise of approximately one foot by 2050. Yarmouth is fortunate that the majority of its coastline is comprised of high bluffs formed by bedrock that provide significant elevation gain level rise, the Town anticipates that the between sea level and the top of a bluff. While some shoreline consists of erodible materials, those areas are fairly minor and typically are protected from the seaward wave action.

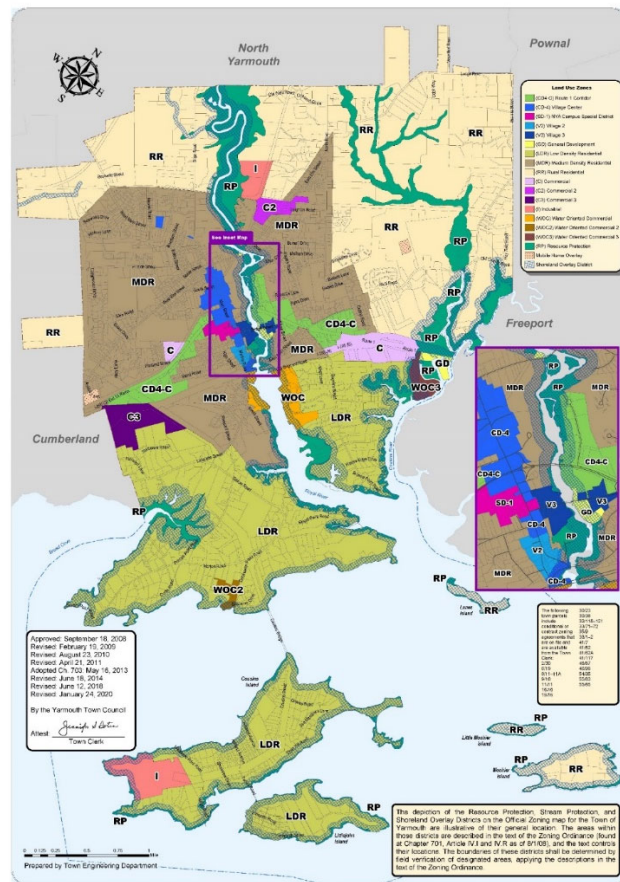
In reviewing the draft FIRM maps it appears that approximately three (3) properties on islands within the Town will fall within a VE Zone⁽¹⁾ and several will be above, but near, the new BFE⁽²⁾. Assuming a one-foot sea several homes above the BFE will likely fall within a future VE Zone. The Town Engineer concludes that the vast majority of Yarmouth properties will not be significantly impacted by sea level rise in the next 50 to 100 years.

NOTE: ⁽¹⁾ Zone VE is the flood insurance rate zone that corresponds to areas within the 1% annual chance coastal floodplain that have additional hazards associated with storm waves.

⁽²⁾ Base Flood Elevations derived from detailed hydraulic analyses, shown at selected intervals within the zone

LITIGATION

In the opinion of the District officials, there is no litigation pending against the Yarmouth Water District which, either individually or in the aggregate, would result in judgments that would have a materially adverse effect on the District's financial position or its ability to meet its debt service obligations.



APPENDIX A

YARMOUTH WATER DISTRICT, MAINE

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2023

(With Accountant's Report Thereon)

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YARMOUTH WATER DISTRICT

Financial Statements

**For the Years Ended
December 31, 2023 and 2022**

YARMOUTH WATER DISTRICT
Financial Statements
For the Years Ended December 31, 2023 and 2022

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Independent Auditor's Report

To the Board of Trustees
Yarmouth Water District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Yarmouth Water 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 Yarmouth Water 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 respective financial position of the Yarmouth Water District, as of December 31, 2023 and 2022, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Yarmouth 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 opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Yarmouth 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.

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 and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Yarmouth 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Yarmouth 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 discussion and analysis and schedules related to the net pension liability (asset) and OPEB liability, as listed in the table of contents, 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 Yarmouth Water District's basic financial statements. The schedule of operations, maintenance, and administrative expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of operations, maintenance, and administrative expenses is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of operations, maintenance, and administrative expenses is fairly stated in all material respects in relation to the basic financial statements as a whole.

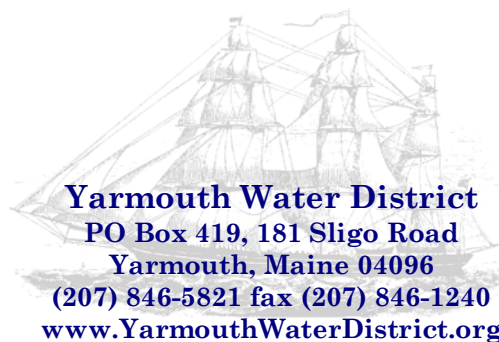
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2024, on our consideration of the Yarmouth 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 Yarmouth 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 the Yarmouth Water District's internal control over financial reporting and compliance.



September 24, 2024
South Portland, Maine

Eric Gagnon
Superintendent



Irving C. Felker, Jr.
Chairperson, Board of Trustees

Management's Discussion and Analysis December 31, 2023 and 2022

Introduction of the Financial Statements

The Yarmouth Water District (the District) was established in 1923 as a quasi-municipal water utility district organized by a special act of the Maine State Legislature to provide and maintain a water treatment and distribution system for the inhabitants of the District. The District serves the Towns of Yarmouth and North Yarmouth. The District is governed by a five-member Board of Trustees. Representation is apportioned based on the percentage of metered connections in each town, with a minimum of one representative per town. The District is regulated by the Maine Public Utilities Commission (MPUC). 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.

This Management's Discussion and Analysis (MD&A) serves as an introduction to the audited basic financial statements and notes. The MD&A is the District management's analysis of its financial condition and performance. It is presented to give the reader more insight on the District's finances.

The District's basic financial statements include the:

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

The statements of net position present the financial position of the District by providing 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-type activities over the course of the fiscal year and information as to how the net position changed during the year. The statements of cash flows present 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.

Comparison of Financial Statements for Current and Prior Years

Statements of Net Position

	2023	2022
Current Assets	\$ 4,790,452	5,957,525
Other Assets	5,969	8,953
Capital Assets, Net	<u>18,715,563</u>	<u>17,135,023</u>
Total Assets	<u>23,511,984</u>	<u>23,101,501</u>
Deferred Outflows of Resources	<u>84,165</u>	<u>119,958</u>
Total Assets and Deferred Outflows of Resources	<u>\$23,596,149</u>	<u>23,221,459</u>
Current Liabilities	624,797	616,584
Non-Current Liabilities	<u>4,544,714</u>	<u>4,806,736</u>
Total Liabilities	<u>5,169,511</u>	<u>5,423,320</u>
Deferred Inflows of Resources	<u>953,796</u>	<u>1,166,313</u>
Net Position:		
Net Investment in Capital Assets	14,248,207	13,303,462
Unrestricted	<u>3,224,635</u>	<u>3,328,364</u>
Total Net Position	<u>17,472,842</u>	<u>16,631,826</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$23,596,149</u>	<u>23,221,459</u>

Statements of Revenues, Expenses, and Changes in Net Position

	2023	2022
Operating Revenues	\$2,390,412	2,406,325
Non-Operating Revenues	<u>456,302</u>	<u>260,186</u>
Total Revenues	<u>2,846,714</u>	<u>2,666,511</u>
Operating Expenses	2,022,334	2,052,477
Non-Operating Expenses	<u>105,055</u>	<u>104,118</u>
Total Expenses	<u>2,127,389</u>	<u>2,156,595</u>
Change in Net Position Before Contributions	719,325	509,916
Construction Contributions	<u>121,691</u>	<u>253,355</u>
Change in Net Position After Contributions	841,016	763,271
Net Position – Beginning of Year	<u>16,631,826</u>	<u>15,868,555</u>
Net Position – End of Year	<u>\$17,472,842</u>	<u>16,631,826</u>

Capital Assets and Long-term Debt

The following is a summary of the capital asset additions, excluding construction in progress, for the years ended December 31:

	2023	2022
Land	\$ -	-
Buildings and structures	1,063,845	22,000
Infrastructure	1,564,569	1,015,382
Equipment	401,755	157,248
Vehicles	-	85,813

Bonds and direct borrowings outstanding at December 31, 2023 and 2022 were \$4,151,388 and \$4,419,621, respectively. Debt retired in 2023 and 2022 totaled \$268,233 and \$188,388, respectively. No new debt was issued in 2023 or 2022.

There are no unfinished commitments for capital expenditures at December 31, 2023 or any debt limitations that may affect future financing. There are no debt limitations that may affect future financing and there were no changes in credit ratings in 2023 for the District. In 2021 Moody's Investors Service assessed the District's credit position and gave the District a rating of Aa3; S&P Global also assessed the District's credit position in 2021 and gave the District a rating of AA.

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 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 Florida Light and Power Company charges for debt service, operations and maintenance expenses and depreciation related to the Cousins Island power plant. Overall, operating revenues decreased \$15,913 or 1% in 2023 as compared to 2022. Approximately 25% of total operating revenues are generated from public fire protection charges assessed to the Towns of Yarmouth and North Yarmouth and non-usage charges to Florida Light and Power Company.

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 2023, the current ratio decreased from 9.66 to 7.67. During 2022, the coverage ratio decreased from 3.93 to 3.33.

Current Ratio

	2023	2022
Current Assets	\$4,790,452	5,957,525
Current Liabilities	624,797	616,584
Current Ratio	7.67	9.66

Coverage Ratio

	2023	2022
Operating Revenues	\$2,390,412	2,406,325
Non-Operating Revenues	456,302	260,186
Total Revenues	<u>2,846,714</u>	<u>2,666,511</u>
Operating Expenses	2,022,334	2,052,477
Depreciation	(461,436)	(413,427)
Expenses	<u>1,560,898</u>	<u>1,639,050</u>
Net Available for Debt Service	<u>1,285,816</u>	<u>1,027,461</u>
Principal Payments, Excluding Refunded Bond	268,233	188,388
Interest Payments	117,636	73,005
Total Debt Service Payments	<u>\$385,869</u>	<u>261,393</u>
Coverage Ratio	<u>3.33</u>	<u>3.93</u>

Budgetary Highlights

The District is not legally required to adopt budgetary accounting and reporting; however, an annual budget is prepared by management and approved by the Board of Trustees. The original budget approved by the Board of Trustees was not amended in 2023. Overall, the District operated within its overall approved budget in 2023.

Significant Transactions and Changes

The District completed a few main replacement projects which includes new hydrants and service connections. The total replacements for 2023 were: 5 hydrants, 4,092 feet of water main, and 45 water services.

The District was able to focus some of the off-season time replacing water meters. Although we would like to dedicate more staff time throughout the year to replace meters, we were still able to replace 447 meters in 2023.

Next Year's Operations

The District will be requesting bids on a large CIP water main replacement project. A section of Lafayette (Route 88) from Main Street to Princess Point will be replaced this year. This area has a history of poor water quality, flow capacity, and integrity. Replacing these lines will greatly improve water quality, fire flow capacity, and reliability of the of the distribution system. This work is scheduled to be completed previous to the MDOT repaving of the area scheduled in 2025.

The District will also be planning to start construction on a District owned Solar Array that will provide power for all of its electric uses. The goal is to have this project operational by year end of 2024 or in the first quarter of 2025.

The District will continue to work with their consultant to prepare more main replacement projects to be shovel-ready.

The meter replacement program will be a top priority during the non-construction season and multiple staff will be assigned to progress the program.

Request For Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Eric Gagnon, Treasurer, Yarmouth Water District, PO Box 419, 181 Sligo Road, Yarmouth, Maine 04096.

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

	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,346,214	1,665,041
Investments	-	1,907,465
Restricted cash	940	921,647
Accounts receivable	206,816	89,904
Unbilled receivable	54,108	56,662
Lease receivable	967,212	1,114,254
Plant materials and supplies	196,217	169,572
Prepaid expenses	18,945	32,980
Total current assets	4,790,452	5,957,525
Noncurrent assets:		
Other assets:		
Other assets, net of amortization	5,969	8,953
Total other assets	5,969	8,953
Capital assets:		
Capital assets, not being depreciated	1,843,669	2,831,862
Capital assets, being depreciated	26,210,906	23,554,450
Less: accumulated depreciation	(9,339,012)	(9,251,289)
Net capital assets	18,715,563	17,135,023
Total noncurrent assets	18,721,532	17,143,976
Total assets	23,511,984	23,101,501
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to OPEB	7,776	18,216
Deferred outflows of resources related to pensions	76,389	101,742
Total deferred outflows of resources	84,165	119,958

See accompanying notes to basic financial statements.

YARMOUTH WATER DISTRICT
Statements of Net Position (continued)
December 31, 2023 and 2022

	2023	2022
LIABILITIES		
Current liabilities:		
Accounts payable	57,063	19,905
Accrued payroll and other withholdings	15,692	13,481
Accrued interest payable	51,475	54,989
Customer advances for construction	126,548	121,070
Unearned revenue	78,230	122,227
Current portion of bond premium	16,679	16,679
Current portion of long-term debt	279,110	268,233
Total current liabilities	624,797	616,584
Noncurrent liabilities:		
Other postemployment benefits	130,964	140,617
Net pension liability	224,286	183,392
Accrued compensated absences	16,957	14,431
Bond premium, net of amortization, less current portion	300,229	316,908
Long-term debt, less current portion	3,872,278	4,151,388
Total noncurrent liabilities	4,544,714	4,806,736
Total liabilities	5,169,511	5,423,320
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to OPEB	4,779	2,492
Deferred inflows of resources related to pensions	38,060	81,072
Deferred inflows of resources related to leases	910,957	1,082,749
Total deferred inflows of resources	953,796	1,166,313
NET POSITION		
Net investment in capital assets	14,248,207	13,303,462
Unrestricted:		
Board committed	2,228,136	1,996,531
Unrestricted, uncommitted	996,499	1,331,833
Total net position	\$ 17,472,842	16,631,826

See accompanying notes to basic financial statements.

YARMOUTH WATER DISTRICT
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2023 and 2022

	2023	2022
Operating revenues:		
Residential - metered	\$ 1,202,114	1,182,123
Commercial - metered	141,241	136,693
Industrial - metered	175,726	224,021
Public authority - metered	28,749	30,347
Public fire protection	609,500	609,500
Private fire protection	142,242	134,483
Other operating revenues	90,840	89,158
Total operating revenues	2,390,412	2,406,325
Operating expenses:		
Source of supply and pumping	283,117	340,008
Pumping system	22,673	26,418
Water treatment	21,634	17,238
Distribution - operations	297,036	324,110
Distribution - maintenance	156,809	272,323
Customer accounts	167,226	160,993
General and miscellaneous	547,448	439,880
Depreciation	461,436	413,427
Taxes and assessments	64,955	58,080
Total operating expenses	2,022,334	2,052,477
Operating income (loss)	368,078	353,848
Nonoperating revenues (expenses):		
Merchandise and jobbing income (expense)	20,191	22,018
Interest income	149,787	53,722
Non-utility income	156,139	184,446
Grant revenue	130,185	-
Interest expense	(105,055)	(104,118)
Total nonoperating revenues (expenses)	351,247	156,068
Income (loss) before contributions	719,325	509,916
Contributions in aid of construction	121,691	253,355
Change in net position	841,016	763,271
Net position, beginning of year	16,631,826	15,868,555
Net position, end of year	\$ 17,472,842	16,631,826

See accompanying notes to basic financial statements.

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

	2023	2022
Cash flows from operating activities:		
Receipts from customers and users	\$ 2,232,057	2,425,879
Payments to suppliers	(612,916)	(804,441)
Payments to employees	(928,575)	(897,875)
Net cash provided by (used in) operating activities	690,566	723,563
Cash flows from noncapital financing activities:		
Other income	281,765	174,959
Net cash provided by (used in) noncapital financing activities	281,765	174,959
Cash flows from capital and related financing activities:		
Purchase of capital assets	(1,881,114)	(523,838)
Customer advances for construction - additions (deletions)	5,478	(22,756)
Interest payments on long-term debt	(125,248)	(71,989)
Principal payments on long-term debt	(268,233)	(188,388)
Net cash provided by (used in) capital and related financing activities	(2,269,117)	(806,971)
Cash flows from investing activities:		
Interest income	149,787	53,722
Sale (purchase) of investments	1,907,465	(144,445)
Net cash provided by (used in) investing activities	2,057,252	(90,723)
Net increase (decrease) in cash and cash equivalents	760,466	828
Cash and cash equivalents at beginning of year	2,586,688	2,585,860
Cash and cash equivalents at end of year	\$ 3,347,154	2,586,688
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ 368,078	353,848
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	461,436	413,427
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable	(116,912)	(46,011)
Unbilled receivable	2,554	(56,662)
Plant materials and supplies	(26,645)	(53,253)
Prepaid expenses	14,035	(16,758)
Other assets, net of amortization	2,984	2,984
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	(2,013)	(4,370)
Accrued payroll and other withholdings	2,211	13,481
Accrued compensated absences	2,526	3,405
Unearned revenue	(43,997)	122,227
Pension related deferred outflows and inflows of resources	23,235	(8,156)
OPEB related deferred outflows and inflows of resources	3,074	(599)
Net cash provided by (used in) operating activities	690,566	723,563

See accompanying notes to basic financial statements.

YARMOUTH WATER DISTRICT
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - The Yarmouth Water District was organized in 1923 as a quasi-municipal Corporation organized by an act of the Legislature of the State of Maine. Providing and maintaining the public water system for domestic, industrial, and fire protection for the inhabitants of the Towns of Yarmouth and North Yarmouth. The District is managed by five trustees, elected by the voters of the District, and the Superintendent. Representation is apportioned based on percentage of metered connections in each town, with a minimum of one representative per town.

Basis of Accounting - The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of the related cash flows.

Operating revenues and expenses are distinguished from nonoperating items. 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 nonoperating revenues and expenses.

Cash and Cash Equivalents - The District considers all highly liquid investments with maturities of 3 months or less to be cash equivalents.

Accounts Receivable - The District provides credit to customers of the District. 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 to be uncollectable. 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.

Plant Materials and Supplies - Inventories are valued at average cost using the first-in, first-out method.

Prepaid Expenses - Payments to vendors that will benefit periods beyond the fiscal year are recorded as prepaid expenses.

Leases - The District is a lessor for several noncancellable leases for space on water towers. The District recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

YARMOUTH WATER DISTRICT
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Capital Assets - Capital assets owned by the District are stated at the cost to acquire or construct the asset and are comprised of land, wells, pumping stations, purification districts, hydrants, meters, and other capital assets. Donated capital assets are recorded at estimated acquisition value. Routine maintenance and repairs are recorded as expenses. Disbursements which materially increase values, change capacities, or extend useful lives are capitalized. The provision for depreciation has been computed by the use of the straight-line method at rates intended to amortize the cost of the related assets over their estimated useful lives, ranging from 5-77 years.

Accrued Compensated Absences - Under terms of personnel policies of the District, vacation leave is granted in varying amounts according to length of service. At December 31, 2023 and 2022, unused vacation time amounted to \$16,957 and \$14,431, respectively. Employees are allowed to carry up to two weeks of vacation time into the next year; sick time must be used by year-end.

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

Deferred Inflows and Outflows of Resources - In addition to assets and liabilities, the statement of net position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represent a consumption or acquisition of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until that time. The District has deferred outflows and inflows that relate to the net pension liabilities and OPEB liabilities, which include the District's contributions subsequent to the measurement date, which is recognized as a reduction of the net pension or OPEB liability in the subsequent year. They also include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between the District's contributions and proportionate share of contributions, which are deferred and amortized over the average, expected remaining service lives of active and inactive members in the plan. They also include the net difference between projected and actual earnings on plan investments, which is deferred and amortized over a five-year period.

Additionally, the District also reports deferred amounts related to leases, which are amortized over the term of the related contracts.

YARMOUTH WATER DISTRICT
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Maine Public Employees Retirement System Consolidated Plan for Participating Local Districts (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. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair market value.

Other Postemployment Benefits (OPEB) - For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Maine Public Employees Retirement System Group Life Insurance Plan for Participating Local Districts and additions to/deductions from the OPEB Plan's fiduciary net position have been determined based on actuary reports prepared by the OPEB Plan's actuary. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position - While the District does not have a formal policy, when both restricted and unrestricted resources are available for use, it is the District's intent to use restricted resources first, then unrestricted resources as they are needed.

Use of Estimates - The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

DEPOSITS AND INVESTMENTS

A. Deposits

Custodial Credit Risk-District Deposits: 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 does not have a deposit policy for custodial credit risk. As of December 31, 2023, the District reported deposits of \$3,347,154 with bank balances of \$3,387,799, all of which was insured by FDIC or collateralized by underlying securities. As of December 31, 2022, the District reported deposits of \$2,586,688 with bank balances of \$2,659,680, all of which was insured by FDIC or collateralized by underlying securities.

Deposits have been reported as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 3,346,214	1,665,041
Restricted cash	940	921,647
Total deposits	<u>\$ 3,347,154</u>	<u>2,586,688</u>

YARMOUTH WATER DISTRICT
Notes to Basic Financial Statements, Continued

DEPOSITS AND INVESTMENTS, CONTINUED

B. Investments

At December 31, 2022, the District had the following investments and maturities:

	<u>Fair Value</u>	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>More than 5 years</u>
U.S. Treasury Securities	\$ 1,907,465	1,907,465	-	-
Total investments	\$ 1,907,465	1,907,465	-	-

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the District’s investments as of December 31, 2022 were valued using quoted market prices (level 1 inputs).

Interest Rate Risk: Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The District manages its exposure to declines in fair value by limiting maturities of securities to one year from the date of purchase unless an investment can be matched to a specific cash flow. The District’s investment policy prioritizes safety and liquidity over return on investment.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. To minimize this risk, the District’s investment policy authorizes investments in U.S. Government agency securities, certificates of deposits, and repurchase agreements collateralized by U.S. Treasury securities.

YARMOUTH WATER DISTRICT
Notes to Basic Financial Statements, Continued

CAPITAL ASSETS

The following is a summary of the changes in capital assets for the year ended December 31, 2023:

	Balance <u>12/31/22</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>12/31/23</u>
Capital assets not being depreciated:				
Land	\$ 1,349,472	-	-	1,349,472
Construction in progress	1,482,390	228,054	1,216,247	494,197
Total capital assets not being depreciated	2,831,862	228,054	1,216,247	1,843,669
Capital assets being depreciated:				
Buildings and structures	2,508,787	1,063,845	140,000	3,432,632
Infrastructure	17,267,609	1,564,569	53,000	18,779,178
Equipment	3,632,427	401,755	180,713	3,853,469
Vehicles	145,627	-	-	145,627
Total capital assets being depreciated	23,554,450	3,030,169	373,713	26,210,906
Less accumulated depreciation	9,251,289	461,436	373,713	9,339,012
Total capital assets being depreciated, net	14,303,161	2,568,733	-	16,871,894
Capital assets, net	\$ 17,135,023	2,796,787	1,216,247	18,715,563

SIGNIFICANT CUSTOMER

For the years ending December 31, 2023 and 2022, the District derived 38.7% and 39.70% respectfully, of its operating revenues from the Towns of Yarmouth and North Yarmouth, related to the servicing of public fire hydrants, and Florida Light and Power Company charges for debt service, operations and maintenance expenses and depreciation related to the Cousins Island power plant.

LONG-TERM LIABILITIES

The following is a summary of long-term liability transactions of the District for the year ended December 31, 2023:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>balance</u>	Due within <u>one year</u>
Notes from direct borrowing	\$ 739,621	-	88,233	651,388	89,110
Bonds payable	3,680,000	-	180,000	3,500,000	190,000
Bond premium	333,587	-	16,679	316,908	16,679
Other postemployment benefits liabilities	140,617	-	9,653	130,964	-
Net pension liability	183,392	40,894	-	224,286	-
Accrued compensated absences	14,431	2,526	-	16,957	-
Total long-term liabilities	\$ 5,091,648	43,420	294,565	4,840,503	295,789

YARMOUTH WATER DISTRICT
Notes to Basic Financial Statements, Continued

BONDS AND DIRECT BORROWINGS

The following is a summary of bonds and notes from direct borrowing at December 31, 2023:

<u>Issue</u>	<u>Amount issued</u>	<u>Maturity date</u>	<u>Interest rate</u>	<u>Balance 12/31/23</u>
General obligation bonds:				
2021 bond payable	\$ 3,780,000	2042	4.00%	3,500,000
Notes from direct borrowings:				
2005 MMBB	732,182	2024	2.05%	26,061
2009 MMBB	453,851	2029	0.00%	107,087
2015 MMBB	660,855	2034	0.10%	335,395
2016 MMBB	308,187	2036	1.00%	182,845
<u>Total bonds and notes from direct borrowing</u>				<u>\$ 4,151,388</u>

Requirements for the repayment of the outstanding debt are as follows:

	<u>Notes</u>		<u>Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 89,110	2,845	190,000	106,513
2025	63,212	1,934	190,000	98,913
2026	63,376	1,769	200,000	91,113
2027	63,542	1,603	210,000	82,913
2028	63,708	1,435	215,000	74,413
2029-2033	233,478	4,616	1,100,000	235,963
2034-2038	74,962	698	740,000	108,166
2039-2042	-	-	655,000	28,209
Totals	\$ 651,388	14,900	3,500,000	826,203

NET POSITION

The District has established reserves to plan for future needs. These reserves are set at the discretion of the Board and are subject to change, elimination, or transfer upon action by the Board. Additional details regarding the reserves as of December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Water Resource	\$ 82,502	60,517
Standpipe Maintenance	1,099,180	923,121
Submarine Main Maintenance	1,046,454	1,012,893
Total	\$ 2,228,136	1,996,531

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of notes and adding back any unspent proceeds.

YARMOUTH WATER DISTRICT
Notes to Basic Financial Statements, Continued

NET POSITION, CONTINUED

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District's net position invested in capital assets was calculated as follows at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Capital assets	\$ 28,054,575	26,386,312
Accumulated depreciation	(9,339,012)	(9,251,289)
Unamortized bond premium	(316,908)	(333,587)
Bonds and notes from direct borrowing	(4,151,388)	(4,419,621)
Unspent bond proceeds	940	921,647
<u>Total net investment in capital assets</u>	<u>\$ 14,248,207</u>	<u>13,303,462</u>

LEASES

The District regularly operates and leases space on water towers within its jurisdiction to third parties. During the current fiscal year, the District was the lessor to four such long-term arrangements. Each of these arrangements include annual price escalators ranging from 3% to 4% and provide options to extend the contract at the end of term.

For the years ended December 31, 2023 and 2022, the District recognized \$171,792 in lease revenue and \$31,432, and \$32,553 respectively in related interest revenue. As of December 31, 2023 and 2022, The District's receivable for lease payments was \$967,212 and \$1,114,254. Also, the District has a deferred inflow of resources associated with the leases that will be recognized as revenue over the lease term. As of December 31, 2023 and 2022, the balance of the deferred inflow of resources was \$910,957 and \$1,082,749.

OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE

General Information about the Health Insurance OPEB Plan

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 District Trustees have 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 who are 55 years or older and who retire with a minimum of 5 years of service can continue on the District's health insurance plan provided that the employee pays 100% of any premiums incurred.

YARMOUTH WATER DISTRICT
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE, CONTINUED

Employees Covered by Benefit Terms – At December 31, 2023, the following employees were covered by the Health OPEB Plan benefit terms:

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employee entitled to but not yet receiving benefits	-
<u>Active employees</u>	<u>9</u>
<u>Total</u>	<u>11</u>

Total OPEB Liability

The District’s total Health OPEB liability of \$130,964 was measured as of January 1, 2023 and was determined by an actuarial valuation as of January 1, 2022.

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

Inflation	3.00% per year
Salary increases	2.75% per year
Discount rate	3.72% per annum
Healthcare cost trend rates – Non-Medicare	7.95% for 2023, decreasing to 4.55% for 2044
Healthcare cost trend rates – Medicare	7.26% for 2023, decreasing to 4.55% for 2044
Retirees’ share of the benefit related costs	100% of projected health insurance premiums

Mortality rates were based on the 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.

Changes in the Total OPEB Liability

Balance at December 31, 2022	\$ 140,617
Changes for the year:	
Service cost	7,148
Interest	2,966
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(12,163)
<u>Benefit payments</u>	<u>(7,604)</u>
<u>Net changes</u>	<u>(9,653)</u>
<u>Balance at December 31, 2023</u>	<u>\$ 130,964</u>

YARMOUTH WATER DISTRICT
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE, CONTINUED

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

For the year ended December 31, 2023, the District recognized OPEB expense of \$3,074. At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	1,039
Changes of assumption or other inputs	-	3,740
Contributions subsequent to measurement date	7,776	-
Total	\$ 7,776	4,779

\$7,776 is reported as deferred outflows of resources related to Health Plan OPEB resulting from District contributions subsequent to the measurement date and will be recognized a reduction of the OPEB liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	
2024	\$ 6,688
2025	(1,417)
2026	(2,771)
2027	(2,771)
2028	(2,773)
Thereafter	(1,735)

Discount Rate - The rate used to measure the total OPEB liability was 3.72% per annum. Since the plan is pay as you go and is not funded, the discount rate will be 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.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the District's total OPEB liability 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 (2.72%) or 1 percentage-point higher (4.72%) than the current rate:

	1% Decrease	Discount Rate	Discount Rate	1% Increase
	<u>(2.72%)</u>	<u>(3.72%)</u>	<u>(3.72%)</u>	<u>(4.72%)</u>
Total OPEB liability	\$ 145,649	130,964	130,964	118,614

YARMOUTH WATER DISTRICT
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE, CONTINUED

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the District’s total OPEB liability calculated using the healthcare cost trend rates, 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 higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	\$ 116,797	130,964	148,172

NET PENSION LIABILITY

General Information about the Pension Plan

Plan Description - Employees of the District are provided with pensions through the Maine Public Employees Retirement System Consolidated Plan for Local Participating Districts (PLD Plan) a cost-sharing multiple-employer defined benefit pension plan, administered by the Maine Public Employees Retirement System (MPERS). Benefit terms are established in Maine statute; in the case of the PLD Plan, an advisory group, also established by statute, reviews the terms of the plan and periodically makes recommendations to the Maine State Legislature to amend the terms. MPERS issues a publicly available financial report that can be obtained at www.maineopers.org.

Benefits Provided - The PLD Plan provides defined retirement benefits based on members’ average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 (65 for new members to the PLD Plan on or after July 1, 2014). The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. MPERS also provides disability and death benefits, which are established by contract under applicable statutory provisions.

Contributions - Employee contribution rates are defined by law or Board rule and depend on the terms of the plan which an employee is covered. Employer contributions are determined by actuarial valuations. Required contributions for the year ended December 31, 2023 were as follows:

	<u>Employee</u>	<u>Employer</u>
January to June	7.60% - 6.85%	10.20%
July to December	7.70% - 6.95%	10.20%

The employer contributions, combined with the employee contributions, are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$68,895 for the year ended December 31, 2023.

YARMOUTH WATER DISTRICT
Notes to Basic Financial Statements, Continued

NET PENSION LIABILITY, CONTINUED

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

At December 31, 2023, the District reported a liability of \$224,286 for its proportionate share of the net pension liability. At December 31, 2023, the District's proportion of the PLD Plan was 0.0703%.

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by actuarial valuation as of that date. The District's proportion of the net pension liability was based on projections of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating local districts (PLD Plan), actuarially determined.

For the year ended December 31, 2023, the District recognized pension expense of \$92,130. At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 41,639	-
Net difference between projected and actual earnings on pension plan investments	-	38,060
Changes of assumptions	-	-
Changes in proportion and differences between District contributions and proportionate share of contributions	143	-
District contributions subsequent to the measurement date	34,607	-
Total	\$ 76,389	38,060

\$34,607 is reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	
2024	\$ (3,806)
2025	(32,846)
2026	38,603
2027	1,771

YARMOUTH WATER DISTRICT
Notes to Basic Financial Statements, Continued

NET PENSION LIABILITY, CONTINUED

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

Mortality rates were based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and female, projected generationally using the RPEC 2020 model.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public Equities	30.0%	6.0%
US Government	10.0%	2.6%
Private Equity	12.5%	7.6%
Real Estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural Resources	5.0%	5.0%
Traditional Credit	5.0%	3.2%
Alternative Credit	10.0%	7.4%
Diversifiers	7.5%	5.9%

YARMOUTH WATER DISTRICT
Notes to Basic Financial Statements, Continued

NET PENSION LIABILITY, CONTINUED

Discount Rate - The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts 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 of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.50%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1 percentage-point higher (7.50%) than the current rate:

	1% Decrease <u>(5.50%)</u>	Current Discount Rate <u>(6.50%)</u>	1% Increase <u>(7.50%)</u>
District's proportionate share of the net pension liability (asset)	\$ 614,559	224,286	(97,658)

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS financial report.

Payables to the Pension Plan - None as of December 31, 2023.

YARMOUTH WATER DISTRICT
Required Supplementary Information

Schedule of District's Proportionate Share of the Net Pension Liability (Asset)
Maine Public Employees Retirement System Consolidated Plan (PLD)
Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	\$ 0.0703%	0.0690%	0.7139%	0.0711%	0.0729%	0.0679%	0.0673%	0.0594%	0.0774%
District's proportionate share of the net pension liability (asset)	224,286	183,392	(22,941)	282,386	222,682	185,769	275,752	315,462	247,063
District's covered payroll	634,567	527,199	491,979	466,141	453,981	396,339	366,601	313,036	405,652
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	35.34%	34.79%	-4.66%	60.58%	49.05%	46.87%	75.22%	100.77%	60.91%
Plan fiduciary net position as a percentage of the total pension liability (asset)	92.34%	93.26%	100.86%	88.35%	90.62%	91.14%	86.43%	81.61%	88.27%

The amounts presented for each fiscal year were determined as of the prior fiscal year.

Schedule of District Contributions
Maine Public Employees Retirement System Consolidated Plan (PLD)
Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 68,895	58,662	51,015	47,162	45,351	40,646	35,472	33,354	27,195
Contributions in relation to the contractually required contribution	(68,895)	(58,662)	(51,015)	(47,162)	(45,351)	(40,646)	(35,472)	(33,354)	(27,195)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-
District's covered payroll	\$ 675,443	572,432	511,981	478,558	459,105	424,075	375,377	364,199	329,212
Contributions as a percentage of covered payroll	10.20%	10.25%	9.96%	9.86%	9.88%	9.58%	9.45%	9.16%	8.26%

** Only nine years of information available.*

YARMOUTH WATER DISTRICT
Required Supplementary Information, Continued

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability						
Service cost	\$ 7,148	7,214	6,293	3,282	3,679	3,425
Interest	2,966	3,130	3,717	4,289	3,803	4,509
Changes of benefit terms	-	-	-	(2,858)	-	-
Differences between expected and actual experience	-	(8,192)	-	11,328	-	(12,753)
Changes of assumptions or other inputs	(12,163)	959	6,770	17,840	(7,032)	1,384
Benefit payments	<u>(7,604)</u>	<u>(5,815)</u>	<u>(5,591)</u>	<u>(6,102)</u>	<u>(5,867)</u>	<u>(5,270)</u>
Net change in total OPEB Liability	(9,653)	(2,704)	11,189	27,779	(5,417)	(8,705)
Total OPEB liability - beginning	<u>140,617</u>	<u>143,321</u>	<u>132,132</u>	<u>104,353</u>	<u>109,770</u>	<u>118,475</u>
Total OPEB liability - ending	<u>\$ 130,964</u>	<u>140,617</u>	<u>143,321</u>	<u>132,132</u>	<u>104,353</u>	<u>109,770</u>
Covered-employee payroll	\$ 540,952	540,952	529,188	529,188	468,395	468,395
Total OPEB liability as a percent of covered-employee payroll	24.21%	25.99%	27.08%	24.97%	22.28%	23.44%

*Only six years of information available.

YARMOUTH WATER DISTRICT
Notes to Required Supplementary Information

Net Pension Liability

Changes of Benefit Terms - None

Changes of Assumptions - The following are changes in actuarial assumptions used in the most recent valuations:

Fiscal Year	<u>2022</u>	<u>2021</u>	<u>2019</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Discount rate	6.50%	6.75%	6.75%	6.875%	7.125%	7.25%	7.25%
Inflation rate	2.75%	2.75%	2.75%	2.75%	3.50%	3.50%	3.50%
Salary increases	2.75-11.48%	2.75% plus merit	2.75-9.00%	2.75-9.00%	3.50-9.50%	3.50-9.50%	3.50-9.50%
Cost of living increases	1.91%	1.91%	2.20%	2.20%	2.55%	3.12%	3.12%

Mortality rates:

In 2015, mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA. 2016 through 2020, mortality rates were based on the RP2014 Total Data Set Healthy Annuitant Mortality Table. In 2021, mortality rates were based on the 2010 Public Plan General Benefits Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC 2020 model.

Changes of Benefit Terms (OPEB Health Insurance) - None

Changes of Assumptions (OPEB Health Insurance) - Changes of assumptions and other inputs reflects the changes in the discount rate each period. The following are the discount rates used in each period:

Fiscal Year	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Discount rate	3.72%	2.06%	2.12%	2.74%	4.10%	3.44%	3.78%

Mortality rates:

In 2018 through 2021, mortality rates were based on the RP2014 total data set healthy annuitant mortality table. In 2022, mortality rates were based on the 2010 Public Plan General Benefits - Weighted Healthy Employee mortality table.

Additionally, the valuation method for the District's Health Plan was changed from the Projected Unit Credit funding method in 2017 to the Entry Age Normal funding method in 2018.

** This schedule is intended to show information for ten years, but only the years in which changes occurred have been displayed. Additional years' information will be displayed as it becomes available.*

YARMOUTH WATER DISTRICT
Schedules of Operations, Maintenance, and Administrative Expenses
For the Years Ended December 31, 2023 and 2022

	2023	2022
Operations:		
Source of supply and pumping:		
Employee wages	\$ 23,890	34,270
Purchased water	180,220	226,364
Purchased power	46,198	52,145
Materials and supplies	20,605	17,569
Contracted services	12,204	9,660
Total source of supply and pumping	283,117	340,008
Water treatment:		
Employee wages	5,024	4,416
Materials and supplies	915	85
Contracted services	15,695	12,737
Total water treatment	21,634	17,238
Distribution - operations:		
Employee wages	117,434	119,654
Employee benefits	150,345	183,844
Purchased power	4,551	3,171
Materials and supplies	6,643	6,246
Contracted services	650	1,262
Transportation	17,413	9,933
Total distribution - operations	297,036	324,110
Total operations	601,787	681,356
Maintenance:		
Pumping system:		
Employee wages	11,266	8,407
Materials and supplies	5,662	9,891
Contracted services	5,745	8,120
Total pumping system	22,673	26,418
Distribution:		
Employee wages	124,587	125,786
Materials and supplies	17,822	29,588
Contracted services	14,400	116,949
Total distribution - maintenance	156,809	272,323
Total maintenance	179,482	298,741

YARMOUTH WATER DISTRICT
Schedules of Operations, Maintenance, and Administrative Expenses (continued)
For the Years Ended December 31, 2023 and 2022

	2023	2022
Administrative:		
Customer accounts:		
Employee wages	87,672	73,475
Employee benefits	60,058	60,299
Materials and supplies	374	855
Contracted services	19,122	26,364
Total customer accounts	167,226	160,993
General and miscellaneous:		
Employee wages	289,281	237,641
Employee benefits	90,064	58,214
Purchased power	8,367	6,488
Materials and supplies	48,233	61,508
Contracted services	74,775	45,528
Transportation	2,706	2,050
Advertising	1,606	1,295
Insurance	32,416	27,156
Total general and miscellaneous	547,448	439,880
Total administrative	714,674	600,873
Total operations, maintenance, and administrative expenses	\$ 1,495,943	1,580,970

APPENDIX B

**PROPOSED FORM
OF
LEGAL OPINION**

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Merrill's Wharf
 254 Commercial Street
 Portland, ME 04101-1110

207-791-1100 voice
 207-791-1350 fax
 info@pierceatwood.com
 pierceatwood.com

Upon issuance and delivery of the Bonds described herein, Pierce Atwood, LLP, Portland, Maine, Bond Counsel, proposes to issue its opinion in substantially the following form:

[Dated date of delivery]

Yarmouth Water District
 118 East Elm Street
 Yarmouth, Maine 04096

Re: Yarmouth Water District \$3,624,000* 2025 Series Water System Revenue Bonds

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance and sale by the Yarmouth Water District (the "District") of \$3,624,000* aggregate principal amount of its Yarmouth Water District \$3,624,000* 2025 Series Water System Revenue Bonds dated December 15, 2021 (the "Bonds"). In such capacity, we have examined the law, the District Charter and the record of proceedings and documents submitted to us by the District in connection with the issue and sale of the Bonds, including, among other documents and materials, certified copies of resolutions of the District's Board of Trustees adopted at meetings called and held on March 13, 2024 (the "Authorizing Resolutions"), and all other authority thereto enabling.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certificates of public officials without undertaking to verify such facts by independent investigations. We have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the originals of all documents submitted to us as copies.

We understand the Bonds are dated January __, 2025, and have been issued as serial bonds in the denominations, bearing interest payable on May 15, 2025 and semi-annually thereafter on May 15 and November 15 of each year until maturity, or redemption prior to maturity, and maturing as follows:

<u>November 15,</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>November 15,</u>	<u>Amount*</u>	<u>Interest Rate</u>
2025	\$184,000	%	2033	\$250,000	%
2026	\$190,000	%	2034	\$255,000	%
2027	\$200,000	%	2035	\$265,000	%

*Preliminary, subject to change.

2028	\$205,000	%	2036	\$275,000	%
2029	\$215,000	%	2037	\$285,000	%
2030	\$220,000	%	2038	\$300,000	%
2031	\$230,000	%	2039	\$310,000	%
2032	\$240,000	%			

Bonds maturing on or before November 15, 2034 are not subject to redemption prior to their stated dates of maturity. Bonds maturing on and after November 15, 2035 are subject to redemption prior to their stated dates of maturity, at the option of the District, on and after November 15, 2034 as a whole or in part in at any time, in such order of maturity as the District, in its discretion, may determine, at a price of par (100% of original stated amount of value at maturity), together with interest accrued and unpaid to the redemption date, if any.

The Bonds should be signed by the Treasurer and countersigned by the Chairman of the Board of Trustees to be sealed with the seal of the District attested by its Clerk, and should bear the signed certificate of the certifying agent identified thereon.

We note that the Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements regarding the use, expenditure and investment of the proceeds of the Bonds and timely payment of certain investment earnings to the U.S. Treasury that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code. The District's failure to comply with such requirements may cause interest on the Bonds to be included in the gross income of the owners thereof retroactive to the date of issuance of the Bonds, regardless of when such noncompliance occurs.

In expressing the opinions in paragraphs 3 and 5 hereinbelow, we have examined and relied on the District's Arbitrage and Use of Proceeds Certificate, its General Certificate of the Treasurer and its Certificate Regarding Qualified and Designated Status (collectively, the "Tax Certificates"), each delivered concurrently with the Bonds

The District, in executing such Tax Certificates, (i) has set forth facts, estimates, circumstances and reasonable expectations of the District as of the date hereof as to future events (a) regarding the amount, use and investment of the proceeds of the Bonds and the use of the improvements financed with the proceeds of the Bonds that are material for purposes of Section 141 and Section 148 of the Code and (b) regarding the amount of tax-exempt obligations the District expects to issue in the current calendar year, and (ii) has certified that the information therein is true and accurate and that the District will comply with the covenants, provisions and procedures set forth therein and do and perform all acts and things necessary or desirable in order to assure that interest paid on the Bonds is excludable from the gross income of the owners thereof, for federal income tax purposes. In rendering the opinions set forth in paragraph 3 and 5 below, we have relied upon the facts, estimates and circumstances, reasonable expectations of the District set forth in such Tax Certificates, and we have assumed that the District will comply with the covenants, agreements, obligations and undertakings set forth therein, and with the requirements of the Code

We also note that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual

recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

With reference to the Bonds, we are of the opinion that under existing law:

1. Under the Constitution and laws of the State of Maine, the District has been duly created and validly exists as a water district and a quasi-municipal corporation under the name of the Yarmouth Water District, with lawful power and authority to adopt the Authorizing Resolutions and to issue the Bonds.
2. The Bonds are in proper form, have been duly authorized and executed by the District, and subject to due authentication, and are valid and binding water system revenue bonds of the District, enforceable in accordance with their terms, payable from rates, charges and assessments established and collected by the District.

The Bonds are not a debt or obligation of, nor are the Bonds guaranteed by, the Town of Yarmouth, the Town of North Yarmouth, the State of Maine or any municipality therein or political subdivision thereof, but the bonds are payable solely by the District.

3. In reliance on and assuming compliance by the District with the Tax Certificates and the requirements of the Code, under existing law, interest payable on the Bonds is excludable from the gross income of the owners thereof for purposes of federal income taxation pursuant to Section 103 of the Code. In addition, such interest is not an item of tax preference for purposes of calculating the federal alternative minimum tax under Section 55 of the Code; provided, however, such interest will be taken into account in determining the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.
4. Interest payable on the Bonds is not subject to Maine income taxes imposed upon individuals under existing statutes, regulations and decisions.
5. The Bonds will constitute "qualified tax-exempt obligations" under Section 265(b) of the Code.

The foregoing opinions are qualified to the extent that the enforceability of the obligations of the District, including the Bonds, is subject to or may be limited by bankruptcy, insolvency moratorium and other laws and general principles of equity (regardless of whether the enforceability of such obligations is considered in a proceeding in equity or at law) affecting the rights and remedies of creditors generally, and that the availability of equitable relief may be subject to the discretion of the Court before which it is requested.

We have not examined and assume no responsibility for the financial condition of the District and nothing set forth herein shall be construed as assurance as to the District's financial condition or ability to make required debt service payments on the Bonds.

We have not examined any documents or information relating to the District, and we are not passing upon and do not assume any responsibilities for the completeness, accuracy or adequacy of the statements made in any Preliminary Official Statement or Official Statement, other offering material or similar information prepared or provided by the District with respect to the Bonds and we express no opinion, advice or representation to any person with

respect to any such Preliminary Official Statement or Official Statement, other offering material or similar information.

The opinions rendered herein are given and speak as of the date hereof. We have addressed only the laws of the United States and of the State of Maine referenced herein and the opinions stated herein are limited solely to the matters expressly set forth above. We assume no obligation to update, revise or supplement the opinions rendered herein to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur. No assurance can be given that future legislation or common law will not contain provisions or create precedent which could directly or indirectly affect the matters set forth herein.

Very truly yours,

PIERCE ATWOOD LLP

APPENDIX C

**PROPOSED FORM
OF
CONTINUING DISCLOSURE AGREEMENT**

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**PROPOSED FORM
OF
CONTINUING DISCLOSURE AGREEMENT
YARMOUTH WATER DISTRICT, MAINE
PROPOSED FORM OF
CONTINUING DISCLOSURE CERTIFICATE**

In connection with the issuance by Yarmouth Water District (the “Issuer”) of its \$_____,000 2025 Water System Revenue Bonds, dated as of January __, 2025 (the “Bonds”) and with reference to the continuing disclosure requirements of Rule 15c2-12 under the Securities and Exchange Act of 1934, as amended, and officially interpreted from time to time (the “Rule”), the Issuer hereby covenants under this Continuing Disclosure Agreement (the “Agreement”) that it will engage in the undertakings described in Section 1, 2 and 3 herein for the benefit of the beneficial owners of the Bonds, subject to the conditions and limitations specified herein. Under the Agreement, the Issuer is obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the MSRB (defined below). This information will be available from the MSRB via the Electronic Municipal Market Access (“EMMA”) system at www.emma.msrb.org. The Issuer reserves the right to incorporate by reference its Official Statement dated _____, 2025 relating to the Bonds (the “Official Statement”), which will be submitted to the MSRB, as hereinafter defined, at the time of delivery of the Bonds, in any future disclosure provided hereunder.

In addition to the definitions set forth above in the undertaking, which apply to any capitalized term used in this Agreement unless otherwise defined, if used the following capitalized terms shall have the following meanings:

“Annual Financial Information” shall mean the financial information or operating data of the type included in the final Official Statement, provided at least annually by the Issuer pursuant to, and as described in, Sections 1 of this Agreement.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Business Day” shall mean a day other than a Saturday or a Sunday or a day on which banks in Maine are authorized or required by law to close.

“Dissemination Agent” shall mean the Issuer or any Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with SEC Rule 15c2-12.

“Holders” shall mean the registered Holders of the Bonds, as recorded in the registration books of the Registrar.

“Municipal Securities Rulemaking Board” or “MSRB” shall mean the Municipal Securities Rulemaking Board, established under the Securities and Exchange Act of 1934, as amended, or any successor thereto, with an address of 1300 I Street NW, Suite 1000, Washington, DC 20005.

“State” shall mean the State of Maine.

1. The Issuer will provide to the MSRB: (a) not later than 270 days after the end of each fiscal year, commencing with the fiscal year ending December 31, 2025, certain updated Annual Financial Information and operating data relating to the Issuer for the preceding fiscal year of the type presented in the Official Statement prepared in connection with the Bonds under the headings “DISTRICT FINANCES,” “INDEBTEDNESS,” “RETIREMENT” and in APPENDIX A to the Official Statement and such other Annual Financial Information and operating data as may be required to comply with the Rule; and (b) the updated information discussed in clause (a) above will include audited financial statements, if the Issuer commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the Issuer will provide audited financial statements when and if such audited financial statements become available. Such filings, if not completed by the required time in clause (a) above, but if filed when available, will not be deemed to be a “late filing”. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX A to the Official Statement or such other accounting principles as the Issuer may be required to employ from time to time pursuant to State law or regulation.

The Issuer reserves the right to modify from time to time the specific types of information provided under clause (a) above or the format of the presentation of such information to reflect changed circumstances, provided that any such modification will be done in a manner consistent with the Rule.

2. The Issuer will provide in a timely manner, not in excess of ten (10) Business Days, after the occurrence of an event listed in this Section 2 to the MSRB through EMMA (in an electronic format as prescribed by the MSRB) notice of the occurrence of any of the following events with respect to the Bonds.
 - (a) Certain events whether material or not material:
 - (1) Principal and interest payment delinquencies;
 - (2) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (3) Unscheduled draws on credit enhancements reflecting financial difficulties;
 - (4) Substitution of credit or liquidity providers, or their failure to perform;
 - (5) Adverse tax opinions or events affecting the tax-exempt status of the Bonds, the issuance by the Internal Revenue Service of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
 - (6) Tender offers;
 - (7) Defeasances;
 - (8) Rating changes;
 - (9) Bankruptcy, insolvency, receivership or similar event of the Issuer (Note: For the purposes of the event identified in Section 1, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.);or
 - (10) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any Financial Obligation of the Issuer or obligated person, any of which reflect financial difficulties

(b) Certain events if material:

- (1) Non-payment related defaults;
- (2) Modifications to the rights of Holders of the Bonds;
- (3) Bond calls;
- (4) The release, substitution, or sale of property securing repayment of the Bonds;
- (5) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
- (6) Appointment of a successor or additional trustee or the change of name of a trustee; and
- (7) Incurrence of a Financial Obligation of the Issuer, or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or obligated person, any of which affect security Holders, if material.

The Issuer from time to time may choose to provide notice of the occurrence of certain other events, in addition to those listed above, but the Issuer does not undertake to commit to provide any such notice of the occurrence of any material event except those listed above.

3. The Issuer will provide in a timely manner to the MSRB notice of a failure to satisfy the requirements of Section 1 herein.
4. The intent of the Issuer's undertaking in this Agreement is to provide on a continuing basis the information described in the Rule. The provisions of the Agreement may be amended by the Issuer without the consent of, or notice to, any Beneficial Owners of the Bonds, (a) to comply with or conform to the provisions of the Rule or any amendments thereto or authoritative interpretations thereof by the Securities and Exchange Commission ("SEC") or its staff (whether required or optional), (b) to add a Dissemination Agent for the information required to be provided by such undertakings and to make any necessary or desirable provisions with respect thereto, (c) to add to the covenants of the Issuer for the benefit of the Beneficial Owners of the Bonds, (d) to modify the contents, presentation and format of the Annual Financial Information from time to time as a result of a change in circumstances that arises from a change in legal requirements, or (e) to otherwise modify the undertakings in a manner consistent with the requirements of the Rule concerning continuing disclosure; provided, however, that in the case of any amendment pursuant to clause (d) or (e), (i) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the offering of the Bonds, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances, and (ii) the amendment does not materially impair the interests of the Beneficial Owners of the Bonds, as determined either by a party unaffiliated with the Issuer (such as bond counsel), or by the vote or consent of Beneficial Owners of a majority in outstanding principal amount of the Bonds affected thereby at or prior to the time of such amendment.

Furthermore, the Issuer's obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment of in full of all of the Bonds or to the extent that the Rule, as in effect from time to time, no longer requires the issuers of municipal securities to provide all or any portion of the information the Issuer has agreed to provide pursuant to the Agreement, the obligation of the Issuer to provide such information also shall cease immediately.

5. The purpose of the Issuer's undertaking is to conform to the requirements of the Rule and, except for creating the right on the part of the Beneficial Owners of the Bonds, from time to time, to specifically enforce the Issuer's obligations hereunder, not to create new contractual or other rights for any Beneficial Owner of the Bonds, any municipal securities broker or dealer, any potential purchaser of the Bonds, the SEC or any other person. The sole remedy in the event of any actual or alleged failure by the Issuer to comply with any provision herein shall be an action for the specific performance of the

Issuer's obligations hereunder and not for money damages in any amount. Any failure by the Issuer to comply with any provision of this undertaking shall not constitute an event of default with respect to the Bonds.

6. Except as disclosed in its Official Statement, the Issuer has never failed to comply in all material respects with any previous undertakings to provide Annual Financial Information or notices of material events in accordance with the Rule.

The Issuer's Treasurer, or such official's designee from time to time, shall be the contact person on behalf of the Issuer from whom the foregoing information, data and notices may be obtained. The name, address and telephone number of the initial contact person is Eric Gagnon, Superintendent, Yarmouth Water District, 181 Sligo Road, Yarmouth, ME 04096 *egagnon@yarmouthwaterdistrict.org*.

YARMOUTH WATER DISTRICT, MAINE

By: _____

Its: _____

Dated: _____, 2025