

CHELMSFORD WATER DISTRICT

REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS

JUNE 30, 2016

CHELMSFORD WATER DISTRICT

REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS

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JUNE 30, 2016

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Independent Auditor's Report

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Report on the Financial Statements We have audited the accompanying financial statements of the governmental activities, and the aggregate remaining fund information of the Chelmsford Water District, as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Auditor's Responsibility Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the aggregate remaining fund information of the Chelmsford Water District, as of June 30, 2016, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters - Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

Mara CPA, PC
October 24, 2016

**Chelmsford Water District
Chelmsford, Massachusetts**

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OVERVIEW OF FINANCIAL STATEMENTS

The Chelmsford Water District's financial statements are comprised of the following: Government Wide Financial Statement, Governmental Funds Financial Statement, Reconciliations of the Financial Statements and a Comparison of Actual to Budget. These statements provide different views of the District. One includes assets and liabilities of the District and the other focuses on the governmental funds.

As management of the Chelmsford Water District, we offer readers of the Chelmsford Water District's financial statements, this narrative and analysis of financial activities of the year ended June 30, 2016.

FINANCIAL HIGHLIGHTS

The assets of the Chelmsford Water District exceeded its liabilities at the close of the fiscal year by \$30,948,482. Of this amount, \$3,041,419 (unrestricted net assets) may be used to meet the ongoing obligations of the District.

The total assets of the District are \$42,144,547. Of this amount, \$8,032,061 represents current assets and \$34,020,676 represents capital assets.

The total liabilities of the District are \$11,491,906. Of this amount, \$1,235,494 represents current liabilities and \$10,256,412 represents long term liabilities.

The total deferred outflows related to pensions of the District are \$933,806 and the total deferred inflows are \$637,965.

Total net assets of the District are \$30,948,482 made up of the following categories:

\$24,844,058 Invested in Capital Assets net of related debt

\$ 2,025,432 Restricted for Capital Projects

\$ 1,037,573 Bond Debt Fund

\$ 3,041,419 Unrestricted Net Assets

The District continues to service the debt of the Riverneck Road Treatment Plant, Crooked Spring Treatment Plant and other capital projects with bonds retiring by FY 2027. The remaining principal is \$9,176,619.

The overall financial position of the District is stable. The change in net assets for the fiscal year amounts to an increase of \$1,670,671.

The District adopts an annual appropriated budget for its government wide activities. A budgetary comparison has been included. Actual revenues for the year were higher than budgeted revenues by \$753,741. Actual expenditures were lower than budgeted expenditures by \$635,324.

Free cash of the District as reported to the Massachusetts Department of Revenue is \$3,044,535.

SUMMARIZED FINANCIAL DATA

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Income

Water Rates and Fees	\$ 5,146,925
Bond Debt Fee Receipts	\$ 1,361,889
Interest Income	\$ 119,172
Increase Fair Value of Investments	\$ 120,529
Total Income	\$ 6,748,515

Expenses	<u>\$ 5,077,844</u>
Change in Net Assets	<u>\$ 1,670,671</u>

CAPITAL ASSETS

The Chelmsford Water District's investment in capital assets as of June 30, 2016 amounts to \$34,020,676 (net of accumulated depreciation). This investment includes land, buildings and improvements, pumping stations and tanks, infrastructure and improvements, machinery and equipment. The District added \$841,407 in capital assets this year. The District transferred \$1,024,000 from the general fund to the capital projects fund to fund these expenditures.

Property and equipment is depreciated utilizing the straight line depreciation method and estimated useful lives as recommended by the Commonwealth of Massachusetts Department of Revenue Bureau of Accounts. The depreciation expense for this fiscal year was \$1,235,333.

Capital Assets are replaced following a replacement schedule prepared by the District.

FISCAL YEAR 2017

The District has appropriated a balanced annual budget for FY 2017 of \$5,886,502. The District anticipates that the revenues will be equal projected expenses for fiscal year 2016.

The District has many ongoing capital projects including the installation of emergency generators for both Turnpike Pump Station and Meadowbrook Well #1. Infrastructure upgrades include the looping of 1000 feet of water main from Arrowhead Circle to Sleigh Road and the replacement of 1000 feet of water main on Carriage Drive. In addition, the District will be upgrading all lighting with energy efficient LED lighting at 20 Watershed Lane and Riverneck Water Treatment Plant Buildings.

CHELMSFORD WATER DISTRICT					Page 4
Statement of Net Position					
June 30, 2016	<i>Unrestricted</i>	<i>Bond Debt</i>	<i>Restricted</i>	<i>Invested in</i>	<i>Total</i>
	<i>Fund</i>	<i>Fund</i>	<i>Cap Projects</i>	<i>Capital</i>	
ASSETS					
<i>Current Assets</i>					
Cash and Cash Equivalents	\$1,903,608	\$1,186,207			\$3,089,815
Due to/from unrestricted/bond debt fund	(93,366)	93,366			0
Due to/from unrestricted/capital projects	(2,025,432)		\$2,025,432		0
Investments	3,303,018				3,303,018
Accounts Receivable less allow bad debts	491,941				491,941
Unbilled Accounts Receivable	870,000				870,000
Prepaid Interest	277,287				277,287
Total Current Assets	4,727,056	1,279,573	2,025,432	\$0	8,032,061
<i>Non Current Assets</i>					
Land				683,807	683,807
Depreciable Capital Assets, Net				33,336,869	33,336,869
Bond Refinance Costs, Net	91,810				91,810
Total Non Current Assets	91,810	0	0	34,020,676	34,112,486
Total Assets	4,818,866	1,279,573	2,025,432	34,020,676	42,144,547
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows Related to Pensions	933,806				933,806
LIABILITIES AND NET POSITION					
LIABILITIES					
<i>Current Liabilities</i>					
Current Portion Long Term Debt				950,202	950,202
Accrued Bond Interest Payable		242,000			242,000
Miscellaneous Liabilities	43,292				43,292
Total Current Liabilities	43,292	242,000	0	950,202	1,235,494
<i>Long Term Liabilities</i>					
Bonds Payable				8,226,417	8,226,417
Accrued Compensated Absences	208,400				208,400
Other Post Employment Benefits	418,982				418,982
Net Pension Liability	1,402,613				1,402,613
Total Long Term Liabilities	2,029,995	0	0	8,226,417	10,256,412
Total Liabilities	2,073,287	242,000	0	9,176,619	11,491,906
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows Related to Pensions	637,965				637,965
NET POSITION					
Unrestricted	3,041,419				3,041,419
Restricted for Bond Debts		1,037,573			1,037,573
Restricted for Capital Projects			2,025,432		2,025,432
Net Investment in Capital Assets				24,844,058	24,844,058
Total Net Position	\$3,041,419	\$1,037,573	\$2,025,432	\$24,844,058	\$30,948,482

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CHELMSFORD WATER DISTRICT					Page 5
Statement of Activities	<i>Unrestricted</i>	<i>Bond Debt</i>	<i>Restricted</i>	<i>Invested in</i>	
For the Year Ended June 30, 2016	<i>Fund</i>	<i>Fund</i>	<i>Cap Projects</i>	<i>Capital</i>	<i>Total</i>
REVENUES					
Water Rates and Services	\$5,146,925				\$5,146,925
Bond Debt Fee Receipts		\$1,361,889			1,361,889
Interest Revenue	117,283	1,888			119,172
Increase Fair Value of Investments	120,529				120,529
Total Revenues	5,384,737	1,363,777	\$0	\$0	6,748,515
EXPENSES					
Salaries and Wages	1,449,314				1,449,314
Other Post Employment Benefits Expense	(4,804)				(4,804)
Depreciation Expense				1,235,333	1,235,333
Equipment and Building	259,060				259,060
Fuel, Light and Power	138,349				138,349
Group Insurance	266,130				266,130
FICA/Medicare Tax	17,619				17,619
System Maintenance Reserve Expense	47,195				47,195
Riverneck Rd Plant Operations	149,684				149,684
Crooked Spring Plant Operations	192,943				192,943
Smith St Plant Operations	81,754				81,754
Meters and Equipment	48,981				48,981
General Insurance	94,698				94,698
Interest & Fees Expense	138,644	356,411			495,055
Water Treatment	274				274
Middlesex Retirement Expense	186,049				186,049
Trucks Backhoe and Machinery	52,801				52,801
Printing Advertising Stationary	42,560				42,560
New Service and Repairs	34,405				34,405
Laboratory Testing	37,495				37,495
Consulting and Engineering	18,351				18,351
Computer Office Equip Maintenance	36,448				36,448
Professional Fees	37,687				37,687
Telephone and Radio	18,328				18,328
Consumer Outreach	22,925				22,925
Police Hire	9,568				9,568
Dues, License Certificates	8,909				8,909
D.E.P. Clean Water Assessment	7,013				7,013
Misc Equipment	4,210				4,210
Unemployment Compensation	1,660				1,660
Administration Misc and Transportation	2,950				2,950
Water Main Extensions	33,393				33,393
Investment Advisory Fees	39,116				39,116
Amortization Expense	4,832				4,832
Retirement Fund Expense	7,560				7,560
Total Expenses	3,486,100	356,411	0	1,235,333	5,077,844
CHANGE IN NET POSITION	1,898,638	1,007,366	0	(1,235,333)	1,670,671
Proceeds from Bond Refunding	489,426				489,426
Transfers General to Capital Projects	(1,024,000)		1,024,000		0
Capital Projects/Expenditures	(35,048)		(806,359)	841,407	0
Debt Principal Borrowed/Retired	25,000	(984,901)		959,901	0
Net Position - Beginning of Year	1,687,404	1,015,108	1,807,792	24,278,083	28,788,386
Net Position - End of Year	\$3,041,419	\$1,037,573	\$2,025,432	\$24,844,058	\$30,948,482

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CHELMSFORD WATER DISTRICT				Page 6
Governmental Funds - Balance Sheet				
June 30, 2016				
			<i>Capital</i>	<i>Total</i>
	<i>General</i>	<i>Bond Debt</i>	<i>Projects</i>	<i>Governmental</i>
<i>ASSETS</i>	<i>Fund</i>	<i>Fund</i>	<i>Fund</i>	<i>Funds</i>
<i>Current Assets</i>				
Cash and Cash Equivalents	\$1,903,608	\$1,186,207		\$3,089,815
Due to/from general/bond debt fund	(93,366)	93,366		0
Due to/from general/capital projects fund	(2,025,432)		\$2,025,432	0
Investments	3,303,018			3,303,018
Total Assets	\$3,087,828	\$1,279,573	\$2,025,432	\$6,392,833
<i>LIABILITIES AND NET ASSETS</i>				
<i>LIABILITIES</i>				
<i>Current Liabilities</i>				
Miscellaneous Liabilities	\$43,292			\$43,292
Total Current Liabilities	43,292	\$0	\$0	43,292
Total Liabilities	43,292	0	0	43,292
<i>NET ASSETS</i>				
Net Assets	3,044,535	1,279,573	2,025,432	6,349,540
Total Liabilities and Net Assets	\$3,087,828	\$1,279,573	\$2,025,432	\$6,392,833

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CHELMSFORD WATER DISTRICT				Page 7
Governmental Funds - Statement of Revenues, Expenditures and				
Changes in Fund Balances			<i>Capital</i>	<i>Total</i>
For the Year Ended June 30, 2016	<i>General</i>	<i>Bond Debt</i>	<i>Projects</i>	<i>Governmental</i>
	<i>Fund</i>	<i>Fund</i>	<i>Fund</i>	<i>Funds</i>
REVENUES				
Water Rates and Services	\$5,072,650			\$5,072,650
Bond Debt Fee Receipts		\$1,361,889		1,361,889
Interest Revenue	117,283	1,888		119,172
Increase Fair Value of Investments	120,529			120,529
Total Revenues	5,310,462	1,363,777	\$0	6,674,240
EXPENSES				
Capital Project Expenditures			806,359	806,359
Salaries and Wages	1,437,114			1,437,114
Other Post Employment Benefits Expense	150,000			150,000
Retirement Fund Expense	500,000			500,000
Bonds, Interest & Fees Expense	(1,852)	1,274,312		1,272,460
Fuel, Light and Power	138,349			138,349
Group Insurance	266,130			266,130
FICA/Medicare Tax	17,619			17,619
Equipment and Building	259,060			259,060
System Maintenance Reserve Expense	47,195			47,195
Riverneck Rd Plant Operations	149,684			149,684
Crooked Spring Plant Operations	192,943			192,943
Smith St Plant Operations	81,754			81,754
Meters and Equipment	84,029			84,029
General Insurance	94,698			94,698
Water Treatment	274			274
Middlesex Retirement Assessment	186,049			186,049
Trucks Backhoe and Machinery	52,801			52,801
Printing Advertising Stationery	42,560			42,560
New Service and Repairs	34,405			34,405
Laboratory Testing	37,495			37,495
Consulting and Engineering	18,351			18,351
Computer Office Equip Maintenance	36,448			36,448
Professional Fees	37,687			37,687
Telephone and Radio	18,328			18,328
Consumer Outreach	22,925			22,925
Police Hire	9,568			9,568
Dues, License Certificates	8,909			8,909
D.E.P. Clean Water Assessment	7,013			7,013
Misc Equipment	4,210			4,210
Unemployment Compensation	1,660			1,660
Administration Misc and Transportation	2,950			2,950
Water Main Extensions	33,393			33,393
Investment Advisory Fees	39,116			39,116
Total Expenses	4,010,864	1,274,312	806,359	6,091,535
CHANGE IN NET ASSETS	1,299,599	89,465	(806,359)	582,705
Transfers General to Capital Projects	(1,024,000)		1,024,000	0
Fund Balances - Beginning of Year	2,768,936	1,190,108	1,807,792	5,766,835
Fund Balances - End of Year	\$3,044,535	\$1,279,573	\$2,025,432	\$6,349,540

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CHELMSFORD WATER DISTRICT	Page 8
Reconciliation of the Governmental Funds Balance Sheet Total Net Assets to the Statement of Net Position - June 30, 2016	
Total Governmental Fund Net Assets	\$6,349,540
Certain assets used in governmental activities are not financial resources, and therefore are not reported in the funds.	
Capital assets	34,020,676
Bond refinance costs	91,810
The Statement of Net Assets includes accounts receivables and other assets that are not recognized on the governmental funds	
Accounts receivable	491,941
Unbilled accounts receivable	870,000
Prepaid interest	277,287
The Statement of Net Assets includes long term debt and the related accrued interest and accrued liabilities whereas in the governmental funds these are not reported until paid.	
Long term debt including current portion	(9,176,619)
Accrued interest payable	(242,000)
Accrued compensated absences	(208,400)
Other post employment benefits	(418,982)
Net pension liability, including deferred outflows and inflows	(1,106,772)
Net Position of Governmental Activities	\$30,948,482
CHELMSFORD WATER DISTRICT	
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities - For the Year Ended June 30, 2016	
Change in Net Assets - Total Governmental Funds	\$582,705
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost is allocated over the estimated useful lives and is depreciated.	
Capital expenditures - capital projects fund	806,359
Capital expenditures - meters expense	35,048
Depreciation expense	(1,235,333)
Some revenues reported in the Statement of Activities do not provide current financial resources and some expenses reported in the Statement of Activities do not consume current financial resources and, therefore, are not reported in the governmental funds.	
Water rates and services	74,275
Interest expense	(207,496)
Amortization expense	(4,832)
Salaries/compensated absences	(12,200)
Other post employment benefits expense	4,804
Pension expense actuarially calculated	(7,560)
The repayment of long-term obligations consumes the financial resources of governmental funds, but it has no effect on net assets.	
Long-term debt repayment	984,901
Other post employment benefits funding	150,000
Net pension liability funding	500,000
Change in Net Position on Statement of Activities	\$1,670,671

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CHELMSFORD WATER DISTRICT				Page 9
Governmental Funds - Statement of Revenues, Expenditures and Changes				
in Fund Balance - Budget and Actual				
For the Year Ended June 30, 2016		<i>Actual</i>	<i>Actual</i>	<i>Variance</i>
		<i>General</i>	<i>Bond Debt</i>	<i>Positive</i>
	<i>Budget</i>	<i>Fund</i>	<i>Fee Fund</i>	<i>(Negative)</i>
REVENUES				
Water Rates and Services	\$4,520,499	\$5,072,650		\$552,151
Bond Debt Fee Receipts	1,400,000		\$1,361,889	(38,111)
Interest Revenue		117,283	1,888	119,172
Increase Fair Value of Investments		120,529		120,529
Total Revenues	5,920,499	5,310,462	1,363,777	753,741
EXPENSES				
Salaries and Wages	1,528,000	1,437,114		90,886
Other Post Employment Benefits Expense	150,000	150,000		0
Retirement Fund Expense	500,000	500,000		0
Bonds, Interest & Fees Expense	1,306,950	(1,852)	1,274,312	34,490
Equipment and Building	275,000	259,060		15,940
Fuel, Light and Power	200,000	138,349		61,651
Group Insurance	290,000	266,130		23,870
FICA/Medicare Tax	17,500	17,619		(119)
Riverneck Rd Plant Operations	190,000	149,684		40,316
Crooked Springs Plant Operations	240,000	192,943		47,057
Smith St Plant Operations	120,000	81,754		38,246
Meters and Equipment	190,000	84,029		105,971
Water Treatment	1,500	274		1,226
Middlesex Retirement Assessment	186,049	186,049		0
General Insurance	118,000	94,698		23,302
Laboratory Testing	52,000	37,495		14,505
System Maintenance Reserve Expense	70,000	47,195		22,805
Trucks Backhoe and Machinery	80,000	52,801		27,199
New Service and Repairs	40,000	34,405		5,595
Professional Fees	60,000	37,687		22,313
Printing Advertising Stationery	40,000	42,560		(2,560)
Consulting and Engineering	30,000	18,351		11,649
Computer Office Equip Maintenance	38,000	36,448		1,552
Consumer Outreach	22,000	22,925		(925)
Police Hire	22,000	9,568		12,432
Telephone and Radio	20,000	18,328		1,672
D.E.P. Clean Water Assessment	8,000	7,013		987
Dues, License Certificates	14,000	8,909		5,091
Misc Equipment	5,000	4,210		790
Administration Misc and Transportation	3,500	2,950		550
Unemployment Compensation	3,000	1,660		1,340
Water Main Extensions	100,000	33,393		66,607
Investment Advisory Fees		39,116		(39,116)
Total Expenses	5,920,499	4,010,864	1,274,312	635,324
REVENUES OVER EXPENDITURES	0	1,299,599	89,465	1,389,064
Transfers General Fund to Capital Projects	(1,024,000)	(1,024,000)		0
Budgetary Fund Balance - Beginning of Year	3,959,044	2,768,936	1,190,108	0
Budgetary Fund Balance - End of Year	\$2,935,044	\$3,044,535	\$1,279,573	\$1,389,064

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CHELMSFORD WATER DISTRICT	Page 10
Statement of Fiduciary Net Position - Other Post Employment Benefits Fund	
June 30, 2016	
<i>ASSETS</i>	
Current Assets	
Investments	\$612,552
Total Assets	\$612,552
<i>LIABILITIES</i>	
<i>NET POSITION</i>	
Held in Trust for Other Post Employment Benefits	\$612,552
Total Net Position	\$612,552
CHELMSFORD WATER DISTRICT	
Statement of Changes in Fiduciary Net Position - Other Post Employment Benefits Fund	
For the Year Ended June 30, 2016	
<i>ADDITIONS</i>	
Employer Contribution	\$150,000
Dividend and Interest Income	15,772
Net Decrease in Fair Value of Investments	(2,700)
Total Additions	163,072
<i>DEDUCTIONS</i>	
Investment Management Fees	4,695
Total Deductions	4,695
Additions over Deductions	158,377
Net Position - Beginning of Year	454,175
Net Position - End of Year	\$612,552

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2016

NOTE 1 – GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
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Reporting Entity – The Chelmsford Water District ("the District") is a municipality incorporated in the Commonwealth of Massachusetts with the purpose of providing water and related services to the residents and businesses of Chelmsford. The District is a separate municipality, distinct from the Town of Chelmsford. There are no component units included within the reporting entity. The basic operations of the District are financed by water rate and services charges. The District's financial statements include the accounts of all District operations. Inhabitants of the Town of Chelmsford who are qualified to vote in elections and town affairs are eligible to vote on matters concerning the District and to act on articles of the District.

Summary of Significant Accounting Policies - The following significant accounting policies were applied in the preparation of the accompanying financial statements:

Basis of Accounting and Presentation - The District reports its financial statements in accordance with both the Governmental Accounting Standards Board requirements (accrual basis) and with the Commonwealth of Massachusetts uniform reporting system (cash basis). The financial statements include reconciliations that identify the differences between the accrual basis and cash basis financial statements.

The two reporting standards are briefly described here.

GOVERNMENT WIDE FINANCIAL STATEMENTS - This financial model includes the presentation of Management's Discussion and Analysis as well as Government Wide financial statements that are prepared on the accrual method of accounting. Revenues are reported when earned and expenses are reported when incurred, regardless of when payments are either received or made. The accrual basis financial statements report capital assets and the related depreciation expense and accumulated depreciation. All liabilities are reported, including compensated absences, short and long term debt, net pension liability and other post employment benefits liability. The net position (equity) is reported in four components: unrestricted, restricted for bond debts, restricted for capital projects, and invested in capital assets net of related debt.

GOVERNMENTAL FUNDS – This financial model presents the District's governmental funds. Under this method, revenues are recorded when received and expenditures are recorded when they are paid. Accounts receivable are fully reserved until they are collected and recorded as income.

Capital assets and infrastructure are not recorded in the governmental funds. Funds used to acquire capital assets are accounted for as expenditures in the Capital Projects Fund in the fiscal year payment is made. Appropriation balances of capital projects are carried forward in the Capital Projects Fund until completion of the project or until unexpended balances are transferred to the General Fund by approval of the Annual Meeting. The governmental funds report the unreserved fund balance, commonly referred to as Free Cash.

Budgets and Budgetary Accounting - The District's annual budget is a legally adopted budget that is approved at the District's Annual Meeting. Appropriations for the Capital Projects Fund are also approved at the Annual Meeting. Any budget overrides or additional appropriations must be approved at a specially called District Meeting.

Capital Assets - Capital assets, which include land, infrastructure, buildings, vehicles and office equipment, are reported in the Government-Wide financial statements at historical cost or estimated historical cost. Depreciation is provided using the estimated useful lives recommended by the Massachusetts Department of Revenue, Division of Local Services, Bureau of Accounts.

Compensated Absences - The District has a policy of buying back up to 120 days of a retiring employee's unused sick time if the employee was hired before July 1, 2006. Regular employees hired after July 1, 2006 may accumulate sick time for use during employment with the District but will not be compensated for unused sick time upon retirement.

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2016

NOTE 1 – GENERAL STATEMENT AND SIGNIFICANT ACCOUNTING POLICIES -(continued)

District Funds - The District categorizes its funds into governmental and fiduciary funds.

The following *governmental funds* are reported:

Unrestricted Fund - This primary operating fund is used for financial resources other than those that are required to be accounted for in another fund.

Bond Debt Fund - This fund reports receipts for “Bond Debt Fee” that all water takers pay based on the size of water service, regardless of water usage. The receipts are used to pay principal, interest and fees on the District’s debt.

Restricted Capital Projects Fund - This fund reports the activity for the appropriations and spending for construction projects or for acquiring assets.

Invested in Capital Assets Fund - This fund reports the historical cost of fixed assets less accumulated depreciation.

The following *fiduciary fund* is reported:

Other Post Employment Benefits (OPEB) Fund – This fund is an irrevocable trust fund established by the District in 2013 pursuant to Massachusetts General Laws. The fund can only be used to fund the District’s OPEB obligations.

NOTE 2 - CASH AND CASH EQUIVALENTS

The District considers all highly liquid investments with a maturity date of less than one year to be cash equivalents.

NOTE 3 – INVESTMENTS

The District’s investments are managed pursuant to Massachusetts General Laws by two advisory firms with the guideline that there is low risk to principal while providing a continuing revenue stream. The investments are carried at fair value. As of June 30, 2016, the District had the following investments:

Description	Unrestricted Fund	OPEB Fiduciary Fund
Cash and equivalents	\$60,128	\$12,265
Bonds (corporate & government)	1,202,560	177,519
Equities	2,040,330	422,768
Total	\$3,303,019	\$612,552

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2016, \$93,366 was due to the Bond Debt Fund and \$2,025,432 was due to the Capital Projects Fund from the General Fund/Unrestricted Fund.

NOTE 5 - RETIREMENT PLANS

Substantially all employees of the District are members of the Middlesex County Retirement System. The retirement system is funded by both employer and employee contributions. The District’s annual contributions to the retirement system are calculated to pay current normal cost as well as unfunded actuarially calculated liabilities from prior years. In addition, employees contribute 5 to 11% of their base pay depending on when they entered the system.

The District’s contribution (as calculated by the Middlesex County Retirement System) for the year ended June 30, 2016 was \$186,049. In addition, the District voluntarily contributed \$500,000 from the General/Unrestricted Fund to the Middlesex County Retirement System. This voluntary payment has been applied against the District’s net pension liability. The District has a voluntary Section 457 retirement plan to which employees may make pre-tax contributions. The maximum employee contribution is adjusted annually per Federal tax regulations.

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2016

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the District for the year ended June 30, 2016 consisted of the following:

Description	Beginning Balance	Additions	Reclassifications	Ending Balance
Land	\$683,807			\$683,807
Infrastructure	47,824,262	607,902	25,467	48,457,631
Buildings	396,000			396,000
Vehicles	1,046,313	115,203		1,161,516
Office Equipment	125,576			125,576
Capital Assets Under Construction	25,467	118,302	(25,467)	118,302
Total at Historical Cost	50,101,425	841,408		50,942,832
Less Accumulated Depreciation	(15,686,822)	(1,235,333)		(16,922,155)
Capital Assets, Net	\$34,414,603			\$34,020,677

Infrastructure additions include \$35,048 of meters that were budgeted as expenses but were capitalized as assets in accordance with generally accepted accounting principles. The ending balance of Capital Assets Under Construction represents a well upgrade project.

NOTE 7 - LONG TERM DEBT

The following is a summary of the changes in long-term debt for the year ended June 30, 2016:

Description	Interest Rate	Beginning Balance	(Retired)	Refunded	Ending Balance
Riverneck - pool 9 & 11	2.0%	\$2,871,520	(\$269,901)		\$2,601,619
Crooked Springs/Other	4.0 - 5.0%	7,265,000	(635,000)	(\$5,995,000)	635,000
Crooked Springs/Other	3.0%	0	(80,000)	6,020,000	5,940,000
Totals		\$10,136,520	(\$984,901)	\$25,000	\$9,176,619

Interest and fees expense of \$495,055 reported in the Statement of Activities reflects the accrual basis calculation of interest incurred during the year ended June 30, 2016 on long term notes, regardless of when the actual payments of interest were made by the District. Principal of \$984,901 plus interest and fees of \$287,559 for a total of \$1,272,460 is reported as Bonds, Interest and Fees on the Governmental Funds - Statement of Revenues, Expenditures and Changes in Fund Balances for the year ended June 30, 2016.

The annual debt service requirements for principal and interest for Long Term Debt at June 30, 2016 are as follows:

Fiscal Years	Principal	Interest	Total
2017	\$950,202	\$266,029	\$1,216,231
2018	925,510	220,478	1,145,988
2019	930,823	189,048	1,119,871
2020	936,143	160,595	1,096,737
2021	931,469	135,033	1,066,501
2022-2026	3,962,472	349,061	4,311,534
2027	540,000	16,200	556,200
Totals	\$9,176,619	\$1,336,444	\$10,513,063

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2016

NOTE 7 - LONG TERM DEBT - continued

As of June 30, 2016 the District has authorized and unissued debt as follows:

Purpose	Date of Vote	Original Authorization	Amount Issued	Amount Rescinded	Amount Unissued
Booster Station	January 28, 2008	\$1,500,000	\$800,000		\$700,000
Treatment Plant	January 28, 2008	2,500,000		\$1,220,000	1,280,000
Total		\$4,000,000	\$800,000	\$1,220,000	\$1,980,000

Advanced Refunding and Defeased Bonds:

In order to take advantage of favorable interest rates, the District issued \$6,020,000 of general obligation refunding bonds. General obligation bonds of \$5,995,000 were defeased by placing the proceeds of the refunding bond, including the premium, in an irrevocable trust to provide for the full debt service payments on the refunded bonds. Accordingly, the trust assets and liabilities for the defeased bonds are not included in the District's basic financial statements. The transaction resulted in an economic gain of \$561,274 and a reduction of \$692,198 in future debt service payments.

The District incurred \$96,642 in underwriting and related expenses to the issuance of the refunding bonds. This cost is being amortized over the ten year life of the new bonds. Amortization expense of \$4,832 has been reported in the Statement of Activities.

In conjunction with the bond refunding activity, the District escrowed three payments of \$138,644 each for interest due on January 15, 2016, July 15, 2016 and January 15, 2017. The first payment of \$138,644 was released on January 15, 2016, and the interest is included in Interest Expense on the Statement of Activities. The remaining two payments are reported in Prepaid Interest on the Statement of Net Position.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS

The District implemented Governmental Accounting Standards Board Statement 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (GASB 45) starting in the fiscal year ended June 30, 2010. As allowed by GASB 45, the District has established the net Other Post Employment Benefits (OPEB) obligation at zero at the beginning of that transition year and has applied the measurement and recognition requirements of GASB 45 on a prospective basis.

Plan Description - The District administers a defined benefit healthcare plan in conjunction with the Town of Chelmsford. The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the Town of Chelmsford's group health insurance plan. Massachusetts General Laws Chapter 32B assigns authority for the Town of Chelmsford to establish and amend benefit provisions of the plan. Benefit provisions are negotiated between the Town of Chelmsford and the unions representing Town employees and are renegotiated each bargaining period. Although Chelmsford Water District employees are non-union, their benefits are consistent with those of Town employees. The Retiree Health Plan does not issue a publicly available financial report.

Funding Policy- Contribution requirements are set by the Board of Water Commissioners and approved with a Special Meeting vote by the water takers of the District. The required contribution is based on a pay-as-you-go financing requirement. The District contributes 60 percent of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 40 percent of their premium costs.

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2016

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS - continued

Annual OPEB Cost and Net OPEB Obligation- The District's annual other postemployment benefits (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

The components of the District's annual obligation are summarized in the following table:

Normal cost	\$23,808
Amortization of unfunded actuarial accrued liability	12,118
Annual OPEB cost	35,926
Contributions made	187,681
Decrease in net OPEB obligation	(154,804)
Net OPEB obligation- beginning of year	573,786
Net OPEB obligation- end of year	\$418,982

The District's annual OPEB expense, the percentage of annual OPEB expense contributed to the plan, and the net OPEB obligation for the fiscal years of OPEB reporting were as follows:

Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2016	\$35,926	522%	\$418,982
6/30/2015	\$160,103	125%	\$573,786
6/30/2014	\$160,103	219%	\$614,289
6/30/2013	\$160,103	32%	\$804,792
6/30/2012	\$285,098	19%	\$695,295
6/30/2011	\$285,098	19%	\$463,530
6/30/2010	\$285,098	19%	\$231,765

Funded Status and Funding Process- The funded status of the Plan as of the most recent actuarial valuation dates is:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
7/1/2015	\$577,869	\$728,241	\$150,372	79%	\$1,255,467	12%
7/1/2012	0	\$1,456,649	\$1,456,649	0%	\$1,251,443	116%
7/1/2009	0	\$2,936,775	\$2,936,775	0%	\$1,223,887	240%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities of benefits.

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2016

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS - continued

Actuarial Methods and Assumptions- Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and historical pattern of sharing of benefit costs between the employer and plan members to that point. Since the District has fewer than 100 employees, it has elected to use the alternative measurement method to calculate the actuarial valuations of its OPEB. The actuarial method and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarially accrued liabilities and value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2015 actuarial valuation, actuarial liabilities were determined using the projected unit credit method. The assumptions included a 7% investment return, which is based on the expected yield on the assets of the District.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

The District has entered into certain contracts for infrastructure upgrades, water main installations, improvements to existing water lines, improvements to water quality, purchase of vehicles and other similar projects.

NOTE 10 – PENSION PLAN

Plan Description – The District contributes to the Middlesex County Retirement System (MCRS) (“the System”), a cost-sharing multiple-employer defined benefit pension plan administered by the Middlesex Retirement Board (“the Board”). Substantially all employees are members of the System. The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the Commonwealth of Massachusetts General Laws assigns authority to establish and amend benefit provisions of the plan. Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth’s state law adjustments granted after 1997 must be approved by the Board and are borne by the System. The System issued an audited financial statement for the year ended December 31, 2015. That report may be obtained by contacting the System at 25 Linnell Circle, Billerica, MA 01821.

Funding Policy – Plan members are required to contribute to the System at rates ranging from 5% to 11% of gross regular compensation. The District is required to pay into the System its share of the system-wide actuarially determined contribution that is apportioned among the employers based on active current payroll. The contributions of plan members and the District are governed by Chapter 32 of the Commonwealth of Massachusetts General Laws. The District’s required contribution to the System for the year ended June 30, 2016 was \$186,049. In addition to the required contribution, the District made a voluntary contribution of \$500,000 during the fiscal year ended June 30, 2016.

At June 30, 2016, the District reported a liability of \$1,402,613 for its proportional share of the net pension liability. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014. The District’s proportionate share of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At December 31, 2015, the District’s proportionate share was 0.108728%.

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2016

NOTE 10 – PENSION PLAN - continued

For the year ended June 30, 2016, the District recognized pension expense of \$7,560 in addition to its required contribution of \$186,049. At June 30, 2016, the District reported the following deferred outflows and inflows of resources related to pensions:

Deferred Outflows of Resources– net difference between projected and actual investment earnings on pension plan investments	\$71,522
Deferred Outflows of Resources- changes in proportion and differences between employer contributions and proportionate share of contributions	862,284
Deferred Inflows of Resources– changes proportion and differences between employer contributions and proportionate share of contributions	(637,965)
Net Deferred Outflows and Inflows of Resources	\$295,841

The deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	
2017	\$74,236
2018	74,236
2019	74,236
2020	73,133
Total	\$295,841

Actuarial Assumptions – The total pension liability in the January 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement updated to December 31, 2014:

Valuation date	January 1, 2014
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Prior year's total contribution increased by 6.5% for fiscal 2016 through fiscal 2020, and thereafter the remaining unfunded liability will be amortized on a 4.0% annual increasing basis; Early Retirement Incentive (ERI) liability amortized in level payments.
Remaining amortization period	As of July 1, 2014, six years remained for 2003 ERI liability, and 21 years remained for remaining unfunded liability.
Asset valuation method	The difference between the expected return and the actual investment return on a market value basis is recognized over a five-year period. Asset value is adjusted as necessary to be within 20% of the market value.
Inflation rate	4.00%
Projected salary increases	Varies by length of service with ultimate rate of 4.25% for Group 1
Cost of living adjustments	3.00% of first \$14,000 of retirement income
Rates of retirement	Varies based upon age
Rates of disability	It is assumed that 45% of all disabilities are ordinary, and 55% of all disabilities are service connected.
Mortality rate pre-retirement	RP-2000 Employee Mortality Table projected 22 years with Scale AA
Mortality rate healthy retiree	RP-2000 Employee Annuitant Mortality Table projected 17 years with Scale AA
Disabled retiree	RP-2000 Employee Annuitant Mortality Table set forward 3 years projected 17 years with Scale AA
Investment rate of return/ Discount rate	7.875%, net of pension plan investment expense, including inflation

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2016

NOTE 10 – PENSION PLAN - continued

Investment policy – The pension plan’s policy in regard to the allocation of invested assets is established by Pension Reserve Investment Trust. Plan assets are managed on a total return basis with long-term objective of achieving a fully funded status for the benefits provided through the pension plan.

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 January 1, 2014 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return	Long Term Expected Asset Allocation
Domestic equity	6.49%	19.60%
International developed markets equity	7.16%	15.60%
International emerging markets equity	9.46%	6.50%
Core fixed income	1.68%	15.30%
High-yield fixed income	4.76%	8.30%
Real estate	4.37%	9.90%
Commodities	4.13%	3.90%
Short-term government money market	1.11%	0.00%
Hedge fund, GTAA, Risk parity	3.60%	9.80%
Private equity	11.04%	11.10%

Discount rate – The discount rate used to measure the total pension liability was 7.875%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contributions rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability as of June 30, 2016, calculated using the discount rate of 7.875%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.875%) or 1% higher (8.875%) than the current rate:

	1% Decrease to 6.875%	Current Discount 7.875%	1% Increase to 8.875%
The District’s proportionate share of the net pension liability	\$1,684,272	\$1,402,613	\$1,162,758

Pension plan fiduciary net position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued Middlesex County Retirement System financial report.

CONCLUDED.

CHELMSFORD WATER DISTRICT**Required Supplemental Information and Notes to Required Supplemental Information - June 30, 2016****OTHER POST-EMPLOYMENT BENEFITS**

SCHEDULE OF FUNDING PROGRESS			
Actuarial valuation date	7/1/15	7/1/12	7/1/09
Actuarial value of assets	\$577,869	0	0
Actuarial accrued liability (AAL)	\$728,241	\$1,456,649	\$2,936,775
Unfunded AAL (UAAL)	\$150,372	\$1,456,649	\$2,936,775
Funded ratio	79%	0%	0%
Covered payroll	\$1,255,467	\$1,251,443	\$1,223,887
UAAL as a percentage of covered payroll	12%	116%	240%
ACTUARIAL METHODS			
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization method	Level Dollar	Level Dollar	Level Dollar
Remaining amortization period	30 years	30 years	30 years
ACTUARIAL ASSUMPTIONS			
Investment rate of return	7%	4%	3%
Health care trend rate	3.2% - 3.5% constant for all years	5.42%-7.9%, graded to 5% over 10 years	9.5% or 10%, graded to 5% over 10 years

Year Ended	EMPLOYER CONTRIBUTIONS			PLAN MEMBERSHIP		
	Annual Required Contributions (ARC)	Actual Contributions Made	Percentage Contributed	Current retirees, beneficiaries & dependents	Current active members	Total Members
6/30/16	\$35,926	\$187,681	522%	12	21	33
6/30/15	\$160,103	\$200,606	125%	12	21	33
6/30/14	\$160,103	\$350,606	219%	12	19	31
6/30/13	\$160,103	\$50,606	34%	12	18	30
6/30/12	\$285,098	\$53,333	19%	12	19	31
6/30/11	\$285,098	\$53,333	19%	12	20	33
6/30/10	\$285,098	\$53,333	19%	12	21	33

NOTE A - OTHER POST-EMPLOYMENT BENEFITS

The District administers a defined benefit healthcare plan that provides lifetime healthcare insurance for eligible retirees and their spouses through the Town of Chelmsford's health insurance plan, which covers both active and retired members. The District currently finances its other post-employment benefits (OPEB) on a "pay-as-you-go" basis. As a result, the funded ratio (actuarial value of assets expressed as a percentage of the actuarial accrued liability) is 79%. In accordance with Governmental Accounting Standards Board Statement 45 (GASB 45), the District has recorded its OPEB cost equal to the actuarial determined annual required contribution (ARC) which includes the normal cost of providing benefits for the year and a component for the amortization of the total unfunded actuarial accrued liability of the plan.

The Schedule of Funding Progress presents multi-year trend information which compares, over time, the actuarial accrued liability for benefits with the actuarial value of accumulated plan assets. Since 2010 was the District's initial year of implementation of GASB 45, information for years prior to 2010 is not available. Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations.

CHELMSFORD WATER DISTRICT**Required Supplemental Information and Notes to Required Supplemental Information - June 30, 2016****PENSION PLAN SCHEDULES**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY OF MIDDLESEX COUNTY RETIREMENT SYSTEM (MCRS)	Year Ended 12/31/15	Year Ended 12/31/14
District's proportion of the MCRS Net Pension Liability	\$1,402,613	\$2,106,325
District's percentage share of the MCRS Net Pension Liability	0.108728%	0.175335%
District's covered employee payroll	\$1,222,528	\$1,175,508
District's Net Pension Liability as a percentage of its covered-employee payroll	114.73%	179.18%
MCRS fiduciary net position as a percentage of its total pension liability	46.13%	47.65%

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS TO THE MIDDLESEX COUNTY RETIREMENT SYSTEM	Year Ended 12/31/15	Year Ended 12/31/14
Actuarially determined contribution based on the 1/1/14 actuarial valuation	\$186,049	\$243,247
Contributions made in relation to the actuarially determined contribution	\$1,186,049	\$743,247
Contribution deficiency (excess) – per MCRS calendar	(\$1,000,000)	(500,000)
Covered employee payroll	\$1,222,528	\$1,175,508
Contributions as a percentage of covered employee payroll	97.01%	63.23%

The two schedules above are intended to present information for ten years. Until a ten year period is available, information is presented for those years for which information is available.

See notes to required supplementary information

NOTE A – PENSION PLAN – CHANGES IN ASSUMPTIONS AND PLAN PROVISIONS

- The actuarial cost method was changed to better reflect the impact of the plan changes effective for employees hired on or after April 2, 2012.
- The pre-retirement mortality assumption was changed from the RP-2000 Employee Mortality Table projected 12 years with Scale AA to the RP-2000 Employee Mortality Table projected 22 years with Scale AA.
- The mortality assumption for non-disabled retirees was changed from the RP-2000 Healthy Annuitant Mortality Table projected 12 years with Scale AA to the RP-2000 Healthy Annuitant Mortality Table projected 17 years with Scale AA.
- The mortality assumption for disabled participants was changed from the RP-2000 Healthy Annuitant Mortality Table set forward two years to the RP-2000 Healthy Annuitant Mortality Table set forward three years projected 17 years with Scale AA.
- The investment return assumption was lowered from 8.00% to 7.875%.
- The salary increase assumption was changed from level rates of 4.75% per year for Group 1 and Group 2 members and 5.25% per year for Group 4 members, including an allowance for inflation of 4.5% per year, to rates based on years of service and ultimate rates of 4.25% per year for Group 1 members, 4.5% per year for Group 2 members, and 4.75% per year for Group 4 members, including an allowance for inflation of 4.0% per year.
- The assumed retirement age for inactive vested participants was changed from age 65 to age 60 for Group 1 and 2 members and remained the same at age 55 for Group 4 members hired prior to April 2, 2012. For participants hired April 2, 2012 or later, the assumption is 60 for Group 1 members, 55 for Group 2 members, and 50 for Group 4 members.
- The administrative expense assumption was increased from \$3,100,000 for calendar year 2012 to \$3,400,000 for calendar year 2014.
- Members hired on or after April 2, 2012 are covered by the provisions of Massachusetts General Law Chapter 32 as amended by Chapter 176 of the Acts of 2011 and Chapter 139 of the Acts of 2012.

CHELMSFORD WATER DISTRICT					Page 21
Supplemental Schedule of Governmental Fund Balance - Capital Projects Activity					
For the Year Ended June 30, 2016					
		Transfers	Transfers		
	Beginning	Within	from General	Payments	Ending
	Balance	Cap Projects	Fund	(Made)	Balance
2013 4WD pickup w/ ext cab	\$91	(\$91)			\$0
2015 4 Wheel Drive Truck	48,000	(1,056)		(\$46,944)	0
2015 SUV	34,000	(3,060)		(30,940)	0
4 Doral Drive	10,500			(10,500)	0
89 Meadowbrook Rd	8,800			(8,800)	0
Access Tanks, Pump Stations, Wells	129,781			(3,615)	126,166
Arrowhead Loop to Sleigh Rd	0		\$435,000		435,000
Barnes Terrace/Cranberry Bog	100				100
Booster Station Robin Hill Rd	485	(418)		(67)	0
Chlorination Building	0		100,000		100,000
Excavator	5,354			(1,432)	3,922
Fork Lift	0		24,000		24,000
Frac Tank Trailer	100,000			(35,888)	64,112
Front-end Loader	0		225,000		225,000
Infrastructure Upgrade	137,735	110,000		(42,898)	204,838
Locke Rd Steel Tank	6,440	(5,537)		(903)	(0)
Meadowbrook 1 Generator	0		100,000		100,000
Meadowbrook/Doral Main Loop	524,533	(110,000)		(399,325)	15,208
Media Replacement at RNTP	11,291	(11,291)			0
Mill Rd Well 2 Rehab	0		140,000		140,000
Garage	41,788			(31,208)	10,580
Office Building Rehab	0	33,831			33,831
Rehabilitation of Pump Station Buildings	29,090	23,954		(38,592)	14,452
Security System Upgrade	35,108	5,537		(19,879)	20,766
Smith Street Treatment Plant	116,145				116,145
Tank Mixer Robin Hill	13,031	(12,663)		(368)	0
Tank Repairs Amble and Robin Hill	29,206	(29,206)			(0)
Turnpike Rd Well Upgrade	219,615			(118,302)	101,313
Vac Truck	290,000				290,000
Well and Water Shed Protection	16,700			(16,700)	0
Totals	\$1,807,792	\$0	\$1,024,000	(\$806,359)	\$2,025,432