

CHELMSFORD WATER DISTRICT

REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

CHELMSFORD WATER DISTRICT

REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS

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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, 2015 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, 2015, 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 7, 2015

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, 2015.

FINANCIAL HIGHLIGHTS

The assets of the Chelmsford Water District exceeded its liabilities at the close of the fiscal year by \$28,788,386. Of this amount, \$1,687,404 (unrestricted net assets) may be used to meet the ongoing obligations of the District.

The total assets of the District are \$41,535,511. Of this amount, \$7,120,908 represents current assets and \$34,414,602 represents capital assets.

The total liabilities of the District are \$12,747,125. Of this amount, \$1,139,195 represents current liabilities and \$11,607,930 represents long term liabilities.

Total net assets of the District are \$28,788,386 made up of the following categories:

\$24,278,083 Invested in Capital Assets net of related debt

\$ 1,807,792 Restricted for Capital Projects

\$ 1,015,108 Bond Debt Fund

\$ 1,687,404 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 \$10,136,520.

The overall financial position of the District is stable. The change in net assets for the fiscal year amounts to an increase of \$1,334,652.

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 \$461,505. Actual expenditures were higher than budgeted expenditures by \$70,670.

Free cash of the District as reported to the Massachusetts Department of Revenue is \$2,768,936.

Income

Water Rates and Fees	\$ 4,756,799
Bond Debt Fee Receipts	\$ 1,390,159
Interest Income	\$ 117,715
Increase Fair Value of Investments	\$ 67,185
Total Income	\$ 6,331,858

Expenses	<u>\$ 4,997,206</u>
Change in Net Assets	<u>\$ 1,334,652</u>

CAPITAL ASSETS

The Chelmsford Water District's investment in capital assets as of June 30, 2015 amounts to \$34,414,602 (net of accumulated depreciation). This investment includes land, buildings and improvements, pumping stations and tanks, infrastructure and improvements, machinery and equipment. The District added \$1,433,348 in capital assets this year. The District transferred \$658,000 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 \$1,208,215.

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

FISCAL YEAR 2016

The District has appropriated a balanced annual budget for FY 2016 of \$5,920,499. The District anticipates that the revenues will be equal projected expenses for fiscal year 2016.

The District has many ongoing capital projects including the rehabilitation of pump station buildings and infrastructure upgrades that include the looping of water main under wetlands and railways from Meadowbrook Road to Doral Drive along with 500 feet of water main and hydrant replacements on Linwood Street. In addition, the District will be upgrading the electrical services, pumps, and motors along with modification of the transmission water mains at the Turnpike Pump Stations.

As a conservation measure, the Chelmsford Water District's Board of Commissioners voted to raise and restructure the water rates for bills issued after January 1, 2016.

CHELMSFORD WATER DISTRICT					Page 4
Statement of Net Assets					
June 30, 2015	<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	\$1,609,057	\$1,081,058			\$2,690,114
Due to/from unrestricted/bond debt fund	(109,050)	109,050			0
Due to/from unrestricted/capital projects	(1,807,792)		\$1,807,792		0
Investments	3,136,015				3,136,015
Accounts Receivable less allow bad debts	463,666				463,666
Unbilled Accounts Receivable	824,000				824,000
Deferred Pension Asset	7,113				7,113
Total Current Assets	4,123,009	1,190,108	1,807,792	0	7,120,908
<i>Non Current Assets</i>					
Land				\$683,807	683,807
Depreciable Capital Assets				49,417,617	49,417,617
Less Accumulated Depreciation				(15,686,822)	(15,686,822)
Total Non Current Assets	0	0	0	34,414,602	34,414,602
Total Assets	\$4,123,009	\$1,190,108	\$1,807,792	\$34,414,602	\$41,535,511
LIABILITIES AND NET ASSETS					
<i>LIABILITIES</i>					
<i>Current Liabilities</i>					
Current Portion Long Term Debt				\$904,901	\$904,901
Accrued Bond Interest Payable		\$175,000			175,000
Miscellaneous Liabilities	\$59,294				59,294
Total Current Liabilities	59,294	175,000	0	904,901	1,139,195
<i>Long Term Liabilities</i>					
Bonds Payable				9,231,619	9,231,619
Accrued Compensated Absences	196,200				196,200
Other Post Employment Benefits	573,786				573,786
Net Pension Liability	1,606,325				1,606,325
Total Long Term Liabilities	2,376,311	0	0	9,231,619	11,607,930
Total Liabilities	2,435,605	175,000	0	10,136,520	12,747,125
NET ASSETS					
Net Assets	1,687,404	1,015,108	\$1,807,792	24,278,083	28,788,386
Total Liabilities and Net Assets	\$4,123,009	\$1,190,108	\$1,807,792	\$34,414,602	\$41,535,511

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITOR'S REPORT

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, 2015	<i>Fund</i>	<i>Fund</i>	<i>Cap Projects</i>	<i>Capital</i>	<i>Total</i>
REVENUES					
Water Rates and Services	\$4,756,799				\$4,756,799
Bond Debt Fee Receipts		\$1,390,159			1,390,159
Interest Revenue	116,010	1,704			117,715
Increase Fair Value of Investments	67,185				67,185
Total Revenues	4,939,995	1,391,863	0	0	6,331,858
EXPENSES					
Salaries and Wages	1,421,171				1,421,171
Other Post Employment Benefits Expense	109,497				109,497
Depreciation Expense				1,208,215	1,208,215
Equipment and Building	217,061				217,061
Fuel, Light and Power	171,861				171,861
Group Insurance	250,012				250,012
FICA/Medicare Tax	16,044				16,044
System Maintenance Reserve Expense	74,120				74,120
Riverneck Rd Plant Operations	153,938				153,938
Crooked Spring Plant Operations	174,576				174,576
Smith St Plant Operations	96,375				96,375
Meters and Equipment	0				0
General Insurance	90,029				90,029
Interest & Fees Expense		421,382			421,382
Water Treatment	160				160
Middlesex Retirement Expense	190,471				190,471
Trucks Backhoe and Machinery	53,546				53,546
Printing Advertising Stationary	43,461				43,461
New Service and Repairs	27,139				27,139
Laboratory Testing	42,747				42,747
Consulting and Engineering	29,956				29,956
Computer Office Equip Maintenance	35,038				35,038
Professional Fees	54,617				54,617
Telephone and Radio	21,930				21,930
Consumer Outreach	19,482				19,482
Police Hire	12,136				12,136
Dues, License Certificates	6,965				6,965
D.E.P. Clean Water Assessment	7,375				7,375
Misc Equipment	3,922				3,922
Unemployment Compensation	1,735				1,735
Administration Misc and Transportation	3,526				3,526
Water Main Extensions	0				0
Investment Advisory Fees	38,717				38,717
Total Expenses	3,367,609	421,382	0	1,208,215	4,997,206
CHANGE IN NET ASSETS	1,572,386	970,481	0	(1,208,215)	1,334,652
Transfers General to Capital Projects	(658,000)		\$658,000		0
Capital Project Expenditures			(1,272,318)	1,272,318	0
Expenditures Capitalized	(161,030)			161,030	0
Debt Principal Retired		(899,606)		899,606	0
Net Assets - Beginning of Year (as revised)	934,048	944,233	2,422,110	23,153,344	27,453,734
Net Assets - End of Year	\$1,687,404	\$1,015,108	\$1,807,792	\$24,278,083	\$28,788,386

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITOR'S REPORT

CHELMSFORD WATER DISTRICT				Page 6
Governmental Funds - Balance Sheet				
June 30, 2015				
			<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	\$1,609,057	\$1,081,058		\$2,690,114
Due to/from general/bond debt fund	(109,050)	109,050		0
Due to/from general/capital projects fund	(1,807,792)		\$1,807,792	0
Investments	3,136,015			3,136,015
Total Assets	\$2,828,230	\$1,190,108	\$1,807,792	\$5,826,130
<i>LIABILITIES AND NET ASSETS</i>				
<i>LIABILITIES</i>				
<i>Current Liabilities</i>				
Miscellaneous Liabilities	\$59,295			\$59,295
Total Current Liabilities	59,295	0	0	59,295
Total Liabilities	59,295	0	0	59,295
<i>NET ASSETS</i>				
Net Assets	2,768,936	\$1,190,108	\$1,807,792	5,766,835
Total Liabilities and Net Assets	\$2,828,230	\$1,190,108	\$1,807,792	\$5,826,130

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITOR'S REPORT

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, 2015	<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	\$4,751,682			\$4,751,682
Bond Debt Fee Receipts		\$1,390,159		1,390,159
Interest Revenue	116,010	1,704		117,715
Increase Fair Value of Investments	67,185			67,185
Total Revenues	4,934,877	1,391,863	0	6,326,740
EXPENSES				
Capital Project Expenditures			\$1,272,318	1,272,318
Salaries and Wages	1,399,171			1,399,171
Other Post Employment Benefits Expense	150,000			150,000
Retirement Fund Expense	1,000,000			1,000,000
Bonds, Interest & Fees Expense		1,335,988		1,335,988
Fuel, Light and Power	171,861			171,861
Group Insurance	250,012			250,012
FICA/Medicare Tax	16,044			16,044
Equipment and Building	217,061			217,061
System Maintenance Reserve Expense	74,120			74,120
Riverneck Rd Plant Operations	153,938			153,938
Crooked Spring Plant Operations	174,576			174,576
Smith St Plant Operations	96,375			96,375
Meters and Equipment	135,607			135,607
General Insurance	90,029			90,029
Water Treatment	160			160
Middlesex Retirement Assessment	243,247			243,247
Trucks Backhoe and Machinery	53,546			53,546
Printing Advertising Stationery	43,461			43,461
New Service and Repairs	27,139			27,139
Laboratory Testing	42,747			42,747
Consulting and Engineering	29,956			29,956
Computer Office Equip Maintenance	35,038			35,038
Professional Fees	54,617			54,617
Telephone and Radio	21,930			21,930
Consumer Outreach	19,482			19,482
Police Hire	12,136			12,136
Dues, License Certificates	6,965			6,965
D.E.P. Clean Water Assessment	7,375			7,375
Misc Equipment	3,922			3,922
Unemployment Compensation	1,735			1,735
Administration Misc and Transportation	3,526			3,526
Water Main Extensions	25,423			25,423
Investment Advisory Fees	38,717			38,717
Total Expenses	4,599,917	1,335,988	1,272,318	7,208,223
CHANGE IN NET ASSETS	334,960	55,875	(1,272,318)	(881,483)
Transfers General to Capital Projects	(658,000)		658,000	0
Fund Balances - Beginning of Year	3,091,976	1,134,233	2,422,110	6,648,319
Fund Balances - End of Year	\$2,768,936	\$1,190,108	\$1,807,792	\$5,766,835

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITOR'S REPORT

CHELMSFORD WATER DISTRICT	Page 8
Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Assets - June 30, 2015	
Total Governmental Fund Balances	\$5,766,835
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds.	34,414,602
The Statement of Net Assets includes accounts receivables and other assets that are not recognized on the governmental funds	
Accounts receivable	463,666
Unbilled accounts receivable	824,000
Deferred pension asset	7,113
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	(10,136,520)
Accrued interest payable	(175,000)
Accrued compensated absences	(196,200)
Other post employment benefits	(573,786)
Net pension liability	(1,606,325)
Net Assets of Governmental Activities	\$28,788,386
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, 2015	
Change in Net Assets - Total Governmental Funds	(\$881,483)
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	1,272,318
Capital expenditures - meters and water main expense	161,030
Depreciation expense	(1,208,215)
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 as revenue in the governmental funds.	
Water rates and services	5,118
Interest expense	15,000
Salaries/compensated absences	(22,000)
Other post employment benefits expense	(109,497)
Pension expense actuarially calculated	(190,471)
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	899,606
Other post employment benefits funding	150,000
Net pension liability funding	1,243,247
Change in Net Assets on Statement of Activities	\$1,334,652

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITOR'S REPORT

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, 2015		<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	\$4,465,235	\$4,751,682		\$286,447
Bond Debt Fee Receipts	1,400,000		\$1,390,159	(9,841)
Interest Revenue		116,010	1,704	117,715
Increase Fair Value of Investments		67,185		67,185
Total Revenues	5,865,235	4,934,877	1,391,863	461,505
EXPENSES				
Salaries and Wages	1,461,000	1,399,171		61,829
Other Post Employment Benefits Expense	150,000	150,000		0
Retirement Fund Expense	500,000	1,000,000		(500,000)
Bonds, Interest & Fees Expense	1,335,988		1,335,988	0
Equipment and Building	275,000	217,061		57,939
Fuel, Light and Power	160,000	171,861		(11,861)
Group Insurance	292,000	250,012		41,988
FICA/Medicare Tax	17,500	16,044		1,456
Riverneck Rd Plant Operations	150,000	153,938		(3,938)
Crooked Springs Plant Operations	180,000	174,576		5,424
Smith St Plant Operations	130,000	96,375		33,625
Meters and Equipment	220,000	135,607		84,393
Water Treatment	3,000	160		2,840
Middlesex Retirement Assessment	243,247	243,247		0
General Insurance	116,000	90,029		25,971
Laboratory Testing	62,000	42,747		19,253
System Maintenance Reserve Expense	70,000	74,120		(4,120)
Trucks Backhoe and Machinery	80,000	53,546		26,454
New Service and Repairs	40,000	27,139		12,861
Professional Fees	60,000	54,617		5,383
Printing Advertising Stationery	45,000	43,461		1,539
Consulting and Engineering	35,000	29,956		5,044
Computer Office Equip Maintenance	35,000	35,038		(38)
Consumer Outreach	20,000	19,482		518
Police Hire	25,000	12,136		12,864
Telephone and Radio	24,000	21,930		2,070
D.E.P. Clean Water Assessment	8,000	7,375		625
Dues, License Certificates	14,000	6,965		7,035
Misc Equipment	5,000	3,922		1,078
Administration Misc and Transportation	5,000	3,526		1,474
Unemployment Compensation	3,500	1,735		1,765
Water Main Extensions	100,000	25,423		74,577
Investment Advisory Fees	0	38,717		(38,717)
Total Expenses	5,865,235	4,599,917	1,335,988	(70,670)
REVENUES OVER (UNDER) EXPENDITURES	0	334,960	55,875	390,835
Transfers General Fund to Capital Projects	(658,000)	(658,000)		0
Budgetary Fund Balance - Beginning of Year	4,226,209	3,091,976	1,134,233	0
Budgetary Fund Balance - End of Year	\$3,568,209	\$2,768,936	\$1,190,108	\$390,835

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITOR'S REPORT

CHELMSFORD WATER DISTRICT	Page 10
Statement of Fiduciary Net Assets - Other Post Employment Benefits Fund	
June 30, 2015	
<i>ASSETS</i>	
Current Assets	
Investments	\$454,175
Total Assets	\$454,175
<i>LIABILITIES</i>	
<i>NET ASSETS</i>	
Unappropriated Net Assets	\$454,175
Total Net Assets	454,175
Total Liabilities and Net Assets	\$454,175
CHELMSFORD WATER DISTRICT	
Statement of Changes in Fiduciary Net Assets - Other Post Employment Benefits Fund	
For the Year Ended June 30, 2015	
<i>ADDITIONS</i>	
Employer Contribution	\$150,000
Dividend and Interest Income	3,887
Net Increase in Fair Value of Investments	1,914
Total Additions	155,801
<i>DEDUCTIONS</i>	
Investment Management Fees	1,684
Total Deductions	1,684
Additions over Deductions	154,117
Net Assets - Beginning of Year	300,058
Net Assets - End of Year	\$454,175

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2015

NOTE 1 – GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
--

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 assets (equity) are reported in three components: invested in capital assets net of related debt, restricted for capital projects, and unrestricted.

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, 2015

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.

Retirement Fund - This fund reported discretionary amounts that the District set aside to pay toward its unfunded actuarial accrued retirement liability at Middlesex County Retirement System. The fund was closed in 2015 when all of its funding was deposited with Middlesex County Retirement System.

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, 2015, the District had the following investments:

Description	Unrestricted Fund	OPEB Trust Fiduciary Fund
Cash and equivalents	\$183,207	\$9,773
Bonds (corporate & government)	1,549,309	152,113
Equities	1,403,499	292,289
Total	\$3,136,015	\$454,175

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2015, \$109,050 was due to the Bond Debt Fund and \$1,807,792 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.

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2015

NOTE 5 - RETIREMENT PLANS - continued

The District's contribution (as calculated by the Middlesex County Retirement System) for the year ended June 30, 2015 was \$243,247. In addition, the District voluntarily contributed \$1,000,000 from the General/Unrestricted Fund to the Middlesex County Retirement System. The \$1,000,000 voluntary contribution consisted of \$500,000 that had been provided in the annual budget, plus \$500,000 that was appropriated under Article 17 of the April 2015 Annual Meeting. These voluntary payments have 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.

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the District for the year ended June 30, 2015 consisted of the following:

Description	Beginning Balance	Additions	Reclassifications	Ending Balance
Land	\$683,807			\$683,807
Infrastructure	46,584,563	\$1,178,297	\$61,402	47,824,262
Buildings	396,000			396,000
Vehicles	801,667	244,646		1,046,313
Office Equipment	125,576			125,576
Capital Assets Under Construction	76,464	10,405	(61,402)	25,467
Total at Historical Cost	48,668,077	1,433,348		50,101,425
Less Accumulated Depreciation	(14,478,607)	(1,208,215)		(15,686,822)
Capital Assets, Net	\$34,189,470			\$34,414,603

Infrastructure additions include \$135,607 of meters and \$25,423 of water main extensions 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 consists of water main projects.

NOTE 7 - LONG TERM DEBT

The following is a summary of the changes in long-term debt for the year ended June 30, 2015:

Description	Interest Rate	Beginning Balance	(Retired)	Ending Balance
Riverneck - pool 9	2.0%	\$2,940,000	\$(250,000)	\$2,690,000
Riverneck - pool 11	2.0%	196,126	(14,606)	181,520
Crooked Springs/Other	4.0 - 5.0%	7,900,000	(635,000)	7,265,000
Totals		\$11,036,126	\$(899,606)	\$10,136,520

Interest and fees expense of \$421,382 reported in the Statement of Activities reflects the accrual basis calculation of interest incurred during the year ended June 30, 2015 on long term notes, regardless of when the actual payments of interest were made by the District.

Principal of \$899,606 plus interest and fees of \$436,382 for a total of \$1,335,988 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, 2015.

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2015

NOTE 7 - LONG TERM DEBT - continued

The annual debt service requirements for principal and interest for Long Term Debt at June 30, 2015 are as follows:

Fiscal Years	Principal	Interest	Total
2016	\$904,901	\$398,205	\$1,303,106
2017	915,202	362,138	1,277,340
2018	890,510	317,641	1,208,151
2019	905,823	275,261	1,181,084
2020	916,143	235,558	1,151,700
2021-2025	4,390,740	674,136	5,064,876
2026-2027	1,213,201	76,270	1,289,471
Totals	\$10,136,520	\$2,339,209	\$12,475,729

As of June 30, 2015 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

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. Fiscal year ended June 30, 2015 is the fourth year of implementation.

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.

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.

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2015

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS - continued

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

Normal cost	\$75,865
Amortization of unfunded actuarial accrued liability	84,238
Annual OPEB cost	160,103
Contributions made	200,606
Decrease in net OPEB obligation	(40,503)
Net OPEB obligation- beginning of year	614,289
Net OPEB obligation- end of year	\$573,786

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
6/30/2015	\$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 Process- As of July 1, 2012, the most recent actuarial valuation date, the actuarially accrued liability benefits was \$1,456,649 all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$1,251,443 and the ratio of unfunded actuarially accrued liability to the covered payroll was 116%.

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.

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, 2012 actuarial valuation, actuarial liabilities were determined using the projected unit credit method. The assumptions included a 4% investment return, which is based on the expected yield on the assets of the District.

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2015

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.

In the last calendar quarter of 2013, the District began billing East Chelmsford Water District for water delivered into ECWD based on readings at the “pit meter” rather than at account locations within the East District. The new billing system has resulted in significantly higher billed amounts. The East District has refused to pay the full amounts billed, and has paid lower amounts. The District intends to continue asserting its claim for payment in full, and counsel for East District has threatened litigation in response. Due to the uncertainty regarding this dispute and the amount that may be ultimately realized, the District has not recorded any of the accounts receivable from the East District as of June 30, 2015 over the amounts that East District has paid.

NOTE 10 – PENSION PLAN

Plan Description – The District contributed 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, 2014. 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, 2015 was \$243,247. In addition to the required contribution, the District made two additional contributions of \$500,000 each during the fiscal year ended June 30, 2015. The first contribution was received by MCRS before its actuarial report dated December 31, 2014. The second payment was received by MCRS after its report dated December 31, 2014, but before Chelmsford Water District’s fiscal year ended June 30, 2015. Therefore, Chelmsford Water District has reported a Net Pension Liability as of June 30, 2015 that is \$500,000 lower than the Net Pension Liability reported by MCRS.

At June 30, 2015, the District reported a liability of \$1,606,325 for its proportional share of the net pension liability. The net pension liability was measured as of December 31, 2014, with the subsequent payment of \$500,000 having been subtracted from liability as reported by MCRS. 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, 2014, the District’s proportionate share was 0.18%.

For the year ended June 30, 2015, the District recognized a pension expense of \$243,247. At June 30, 2015, the District reported deferred outflows of resources related to pensions of \$7,113 from the net difference between projected and actual investment earnings on pension plan investments. Since the system performs an actuarial valuation bi-annually, there are not reported differences between expected and actual experience or a change of assumptions as of December 31, 2014. Additionally, the changes in proportion and differences between employer contributions and proportionate share of contributions are not presented in the initial year of reporting in accordance with GASB Statements 67, 68 and 71.

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2015

NOTE 10 – PENSION PLAN - continued

The District's deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,:	
2016	\$1,778
2017	1,778
2018	1,778
2019	1,779
Total	\$7,113

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

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.

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2015

NOTE 10 – PENSION PLAN - continued

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	6.60%	19.60%
International developed markets equity	7.10%	15.60%
International emerging markets equity	9.40%	6.50%
Core fixed income	2.20%	15.30%
High-yield fixed income	4.70%	8.30%
Real estate	4.40%	9.90%
Commodities	4.40%	3.90%
Short-term government money market	1.8%	0.00%
Hedge fund, GTAA, Risk parity	3.90%	9.80%
Private equity	11.70%	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, 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. NOTE: These amounts have each been reduced by \$500,000 from what was reported by MCRS to reflect payment made after December 31, 2014 valuation.

	1% Decrease to 6.875%	Current Discount 7.875%	1% Increase to 8.875%
The District's proportionate share of the net pension liability.	\$2,046,996	\$1,606,325	\$1,231,148

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.

Restatement of the June 30, 2014 Net Assets – The beginning net position of Unrestricted Fund Net Assets has been revised to reflect the implementation of GASB Statements 67, 68 and 71 as follows:

	Unrestricted Fund Net Assets
Balance June 30, 2014 as previously reported	\$3,586,036
Reduction for prior year Net Pension Liability	(2,651,988)
Balance June 30, 2014 as revised	\$934,048

CONCLUDED.

CHELMSFORD WATER DISTRICT**Required Supplemental Information and Notes to Required Supplemental Information - June 30, 2015****OTHER POST-EMPLOYMENT BENEFITS**

SCHEDULE OF FUNDING PROGRESS		
Actuarial valuation date	7/1/12	7/1/09
Actuarial value of assets	0	0
Actuarial accrued liability (AAL)	\$1,456,649	\$2,936,775
Unfunded AAL (UAAL)	\$1,456,649	\$2,936,775
Funded ratio	0%	0%
Covered payroll	\$1,251,443	\$1,223,887
UAAL as a percentage of covered payroll	116%	240%
ACTUARIAL METHODS		
Actuarial cost method	Projected Unit Credit	Projected Unit Credit
Amortization method	Level Dollar	Level Dollar
Remaining amortization period	30 years	30 years
ACTUARIAL ASSUMPTIONS		
Investment rate of return	4%	3%
Health care trend rate	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
6/30/15	\$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 0%. 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, 2015****PENSION PLAN SCHEDULES**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY OF MIDDLESEX COUNTY RETIREMENT (MCRS)	December 31, 2014
District's proportion of the MCRS Net Pension Liability	\$2,562,079
District's percentage share of the MCRS Net Pension Liability	0.21%
District's covered employee payroll as reported in the 1/1/14 funding valuation report	\$974,755
District's Net Pension Liability as a percentage of its covered-employee payroll	262.84%
MCRS fiduciary net position as a percentage of its total pension liability	47.65%

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS TO THE MIDDLESEX COUNTY RETIREMENT SYSTEM	Year Ended June 30, 2015
Actuarially determined contribution based on the 1/1/14 actuarial valuation	\$133,367
Contributions made in relation to the actuarially determined contribution	\$133,367
Contribution deficiency (excess)	----
Covered employee payroll per 1/1/14 funding valuation report	\$974,755
Contributions as a percentage of covered employee payroll	13.68%

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, 2015					
		Transfers	Transfers		
	Beginning	Within	From	(Payments	Ending
	Balance	Capital	General	Made)	Balance
		Projects	Fund		
4WD Pickup with Exterior Cab 2013	\$92				\$92
4WD Truck 2015	0		\$48,000		48,000
Access Tanks, Pump Stations, Wells	123,743	\$20,000		(\$13,962)	129,781
Barnes Terrace/Cranberry Bog	100				100
Booster Station Robin Hill Rd	655			(170)	485
Doral Drive #4 Easement	0		10,500		10,500
Excavator	250,000			(244,646)	5,354
Frac Tank Trailer	0	100,000			100,000
Infrastructure Upgrade	142,244			(4,509)	137,735
Jordan Pump Station	4,318	(4,318)			0
Locke Rd Steel Tank	28,107	(20,000)		(1,667)	6,440
Meadowbrook Rd #89 Easement	0		8,800		8,800
Meadowbrook/Doral Main Loop	434,938		100,000	(10,405)	524,533
Media Replacement Riverneck Rd TP	375,000	(100,000)		(263,709)	11,291
New Garage	617,691			(575,903)	41,788
Rehabilitation of Pump Station Buildings	82,147			(53,057)	29,090
Repairs and Cleaning Amble & Robin Hill	29,206				29,206
Security System Upgrade	54,589	7,898		(27,379)	35,108
Smith Street Treatment Plant	116,144				116,144
Sports Utility Vehicle 2015	0		34,000		34,000
Summit Tank Repairs	8,137	(3,580)		(4,557)	0
Tank Mixer Robin Hill Tank	80,000			(66,969)	13,031
Turnpike Rd Well Upgrade	75,000		150,000	(5,385)	219,615
Vac Truck	0		290,000		290,000
Well and Water Shed Protection	0		16,700		16,700
Totals	\$2,422,110	\$0	\$658,000	(\$1,272,318)	\$1,807,792