

CHELMSFORD WATER DISTRICT

REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

CHELMSFORD WATER DISTRICT

REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS

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JUNE 30, 2020

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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, 2020 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, 2020, 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 8, 2020

**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, 2020.

FINANCIAL HIGHLIGHTS

The assets of the Chelmsford Water District exceeded its liabilities at the close of the fiscal year by \$37,550,510. Of this amount, \$5,316,183 (unrestricted net assets) may be used to meet the ongoing obligations of the District.

The total assets of the District are \$43,407,880. Of this amount, \$10,089,516 represents current assets and \$33,265,210 represents capital assets.

The total liabilities of the District are \$6,083,201. Of this amount, \$986,963 represents current liabilities and \$5,096,238 represents long term liabilities.

The total deferred outflows related to pensions of the District are \$826,373 and the total deferred inflows are \$620,803.

The total deferred outflows related to other post employment benefits (OPEB) of the District are \$173,319 and the total deferred inflows are \$153,057.

Total net assets of the District are \$37,550,510 made up of the following categories:

\$27,831,268 Invested in Capital Assets net of related debt

\$ 2,152,599 Restricted for Capital Projects

\$ 2,250,460 Bond Debt Fund

\$ 5,316,183 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 \$5,433,941.

The overall financial position of the District is stable. The change in net assets for the fiscal year amounts to an increase of \$1,514,976.

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 \$1,077,981. Actual expenditures were lower than budgeted expenditures by \$479,783.

Free cash of the District as reported to the Massachusetts Department of Revenue is \$3,711,260.

SUMMARIZED FINANCIAL DATA

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Income

Water Rates and Fees	\$ 5,075,654
Bond Debt Fee Receipts	\$ 1,401,988
Interest Income	\$ 131,427
Decrease Fair Value of Investments	\$ (120,187)
Total Income	\$ 6,488,882

Expenses	\$ 4,973,906
Change in Net Assets	\$ 1,514,976

CAPITAL ASSETS

The Chelmsford Water District's investment in capital assets as of June 30, 2020 amounts to \$33,265,210 (net of accumulated depreciation). This investment includes land, buildings and improvements, pumping stations and tanks, infrastructure and improvements, machinery and equipment. The District added \$863,725 in capital assets this year. The District transferred \$1,185,000 from the general fund to the capital projects fund to fund these expenditures. Capital Assets are replaced following a replacement schedule prepared by the District.

Property and equipment are 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 \$1,332,090

The District completed the capital improvements at Turnpike Tank with the installation of an air exchanger system to assist in the removal of Trihalomethanes. Exterior cleaning and painting of the Amble Road and Robin Hill storage tanks, along with the exterior painting of all buildings at 20 Watershed Lane were done. Infrastructure upgrades include installation of hydrants and replacement of over 600 feet of old cast iron watermain on Westland Avenue. The District upgraded aging vehicles that included the replacement of a 2008 Ford F250 Truck, and a 2010 Ford F150. In addition, the District purchased a 2019 Ford Escape and 4-Ton Crafcro Trailer Hot Box.

FISCAL YEAR 2021

The District has appropriated a balanced annual budget for FY 2021 of \$5,244,710.82. The District anticipates that the revenues will be equal to projected expenses for fiscal year 2021.

CHELMSFORD WATER DISTRICT					Page 4
Statement of Net Position					
June 30, 2020	<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	\$2,267,266	\$2,146,907			\$4,414,173
Due to/from unrestricted/bond debt fund	(161,554)	161,554			0
Due to/from unrestricted/capital projects	(2,152,599)		\$2,152,599		0
Investments	3,758,147				3,758,147
Accounts Receivable	610,423				610,423
Unbilled Accounts Receivable	1,030,000				1,030,000
Net OPEB Funding Asset	276,773				276,773
Total Current Assets	5,628,456	2,308,461	2,152,599	\$0	10,089,516
<i>Non Current Assets</i>					
Land				683,807	683,807
Depreciable Capital Assets, Net				32,581,403	32,581,403
Bond Refinance Costs, Net	53,154				53,154
Total Non Current Assets	53,154	0	0	33,265,210	33,318,364
Total Assets	5,681,610	2,308,461	2,152,599	33,265,210	43,407,880
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows Related to Pensions	826,373				826,373
Deferred Outflows Related to OPEB	173,319				173,319
LIABILITIES AND NET POSITION					
LIABILITIES					
<i>Current Liabilities</i>					
Current Portion Long Term Debt				931,469	931,469
Accrued Bond Interest Payable		58,000			58,000
Miscellaneous Liabilities	(2,506)				(2,506)
Total Current Liabilities	(2,506)	58,000	0	931,469	986,963
<i>Long Term Liabilities</i>					
Bonds Payable				4,502,472	4,502,472
Accrued Compensated Absences	250,000				250,000
Net Pension Liability	343,766				343,766
Total Long Term Liabilities	593,766	0	0	4,502,472	5,096,238
Total Liabilities	591,260	58,000	0	5,433,941	6,083,201
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows Related to Pensions	620,803				620,803
Deferred Inflows Related to OPEB	153,057				153,057
NET POSITION					
Unrestricted	5,316,183				5,316,183
Restricted for Bond Debts		2,250,460			2,250,460
Restricted for Capital Projects			2,152,599		2,152,599
Net Investment in Capital Assets				27,831,268	27,831,268
Total Net Position	\$5,316,183	\$2,250,460	\$2,152,599	\$27,831,268	\$37,550,510

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, 2020	<i>Fund</i>	<i>Fund</i>	<i>Cap Projects</i>	<i>Capital</i>	<i>Total</i>
REVENUES					
Water Rates and Services	\$5,075,654				\$5,075,654
Bond Debt Fee Receipts		\$1,401,988			1,401,988
Interest Revenue	127,677	3,750			131,427
Decrease Fair Value of Investments	(120,187)				(120,187)
Total Revenues	5,083,144	1,405,738	\$0	\$0	6,488,882
EXPENSES					
Salaries and Wages	1,632,226				1,632,226
Other Post Employment Benefits Expense	(64,681)				(64,681)
Depreciation Expense				1,332,090	1,332,090
Equipment and Building	237,771				237,771
Fuel, Light and Power	129,989				129,989
Group Insurance	329,360				329,360
FICA/Medicare Tax	18,678				18,678
System Maintenance Reserve Expense	126,164				126,164
Riverneck Rd Plant Operations	171,587				171,587
Crooked Spring Plant Operations	124,061				124,061
Smith St Plant Operations	76,958				76,958
Meters and Equipment	0				0
General Insurance	81,904				81,904
Interest & Fees Expense		153,777			153,777
Water Treatment	179				179
Middlesex Retirement Expense	63,546				63,546
Trucks Backhoe and Machinery	71,841				71,841
Printing Advertising Stationary	32,865				32,865
New Service and Repairs	26,528				26,528
Laboratory Testing	44,935				44,935
Consulting and Engineering	26,335				26,335
Office Equipment Maintenance	41,591				41,591
Professional Fees	43,515				43,515
Telephone and Radio	19,079				19,079
Consumer Outreach	8,305				8,305
Police Hire	13,216				13,216
Dues, Licenses, Certificates	6,994				6,994
D.E.P. Clean Water Assessment	7,402				7,402
Miscellaneous Equipment	3,582				3,582
Unemployment Compensation	7,423				7,423
Administration Misc and Transportation	1,971				1,971
Water Main Extensions	11,125				11,125
Investment Advisory Fees	30,736				30,736
Amortization Expense	9,664				9,664
Retirement Fund Expense	153,189				153,189
Total Expenses	3,488,039	153,777	0	1,332,090	4,973,906
CHANGE IN NET POSITION	1,595,105	1,251,961	0	(1,332,090)	1,514,976
Transfers General to Capital Projects	(1,185,000)		1,185,000		0
Capital Projects/Expenditures	(74,332)		(789,393)	863,725	0
Debt Principal Retired		(936,143)		936,143	0
Net Position - Beginning of Year	4,980,410	1,934,642	1,756,992	27,363,490	36,035,534
Net Position - End of Year	\$5,316,183	\$2,250,460	\$2,152,599	\$27,831,268	\$37,550,510

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CHELMSFORD WATER DISTRICT				Page 6
Governmental Funds - Balance Sheet				
June 30, 2020				
			<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	\$2,267,266	\$2,146,907		\$4,414,173
Investments	3,758,147			3,758,147
Accounts Receivable	610,423			610,423
Less Reserve for Uncollectible	(610,423)			(610,423)
Due to/from general/bond debt fund	(161,554)	161,554		0
Due to/from general/capital projects fund	(2,152,599)		\$2,152,599	0
Total Assets	\$3,711,260	\$2,308,461	\$2,152,599	\$8,172,320
<i>LIABILITIES AND FUND BALANCES</i>				
<i>LIABILITIES</i>				
<i>FUND BALANCES</i>				
Fund Balances	\$3,711,260	\$2,308,461	\$2,152,599	\$8,172,320
Total Liabilities and Fund Balances	\$3,711,260	\$2,308,461	\$2,152,599	\$8,172,320

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, 2020	<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	\$4,707,419			\$4,707,419
Bond Debt Fee Receipts		\$1,401,988		1,401,988
Interest Revenue	127,677	3,750		131,427
Decrease Fair Value of Investments	(120,187)			(120,187)
Total Revenues	4,714,909	1,405,738	\$0	6,120,647
EXPENSES				
Capital Project Expenditures			789,393	789,393
Salaries and Wages	1,625,226			1,625,226
Bonds, Interest & Fees Expense		1,098,920		1,098,920
Fuel, Light and Power	129,989			129,989
Group Insurance	336,123			336,123
FICA/Medicare Tax	18,678			18,678
Equipment and Building	237,771			237,771
System Maintenance Reserve Expense	126,164			126,164
Riverneck Rd Plant Operations	171,587			171,587
Crooked Spring Plant Operations	124,061			124,061
Smith St Plant Operations	76,958			76,958
Meters and Equipment	74,332			74,332
General Insurance	81,904			81,904
Water Treatment	179			179
Middlesex Retirement Assessment	63,546			63,546
Trucks Backhoe and Machinery	71,841			71,841
Printing Advertising Stationery	32,865			32,865
New Service and Repairs	26,528			26,528
Laboratory Testing	44,935			44,935
Consulting and Engineering	26,335			26,335
Office Equipment Maintenance	41,591			41,591
Professional Fees	43,515			43,515
Telephone and Radio	19,079			19,079
Consumer Outreach	8,305			8,305
Police Hire	13,216			13,216
Dues, Licenses, Certificates	6,994			6,994
D.E.P. Clean Water Assessment	7,402			7,402
Miscellaneous Equipment	3,582			3,582
Unemployment Compensation	7,423			7,423
Administration Misc and Transportation	1,971			1,971
Water Main Extensions	11,125			11,125
Investment Advisory Fees	30,736			30,736
Total Expenses	3,463,963	1,098,920	789,393	5,352,276
CHANGE IN NET ASSETS	1,250,946	306,818	(789,393)	768,371
Transfers General to Capital Projects	(1,185,000)		1,185,000	0
Fund Balances - Beginning of Year	3,645,314	2,001,643	1,756,992	7,403,949
Fund Balances - End of Year	\$3,711,260	\$2,308,461	\$2,152,599	\$8,172,320

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, 2020	
Total Governmental Fund Net Assets	\$8,172,320
Certain assets used in governmental activities are not financial resources, and therefore are not reported in the funds.	
Capital assets	33,265,210
Bond refinance costs	53,154
The Statement of Net Assets includes accounts receivables and other assets that are not recognized on the governmental funds	
Accounts receivable	610,423
Unbilled accounts receivable	1,030,000
Net OPEB funding asset, including deferred outflows and inflows	297,035
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	(5,433,941)
Accrued bond interest payable	(58,000)
Miscellaneous liabilities	2,504
Accrued compensated absences	(250,000)
Net pension liability, including deferred outflows and inflows	(138,196)
Net Position of Governmental Activities	\$37,550,510
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, 2020	
Change in Net Assets - Total Governmental Funds	\$768,371
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	789,393
Capital expenditures - meters expense	74,332
Depreciation expense	(1,332,090)
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	368,235
Interest expense	9,000
Amortization expense	(9,664)
Salaries/compensated absences	(7,000)
Other post employment benefits expense	64,681
Pension expense actuarially calculated	(153,189)
Other adjustments	6,764
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	936,143
Change in Net Position on Statement of Activities	\$1,514,976

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, 2020		<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>Fund</i>	<i>(Negative)</i>
REVENUES				
Water Rates and Services	\$3,642,666	\$4,707,419		\$1,064,753
Bond Debt Fee Receipts	1,400,000		\$1,401,988	1,988
Interest Revenue	0	127,677	3,750	131,427
Decrease Fair Value of Investments	0	(120,187)		(120,187)
Total Revenues	5,042,666	4,714,909	1,405,738	1,077,981
EXPENSES				
Salaries and Wages	1,697,000	1,625,226		71,774
Bonds, Interest & Fees Expense	1,098,920		1,098,920	0
Equipment and Building	275,000	237,771		37,229
Fuel, Light and Power	175,000	129,989		45,011
Group Insurance	375,000	336,123		38,877
FICA/Medicare Tax	19,000	18,678		322
Riverneck Rd Plant Operations	225,000	171,587		53,413
Crooked Springs Plant Operations	180,000	124,061		55,939
Smith St Plant Operations	75,000	76,958		(1,958)
Meters and Equipment	140,000	74,332		65,668
Water Treatment	1,000	179		821
Middlesex Retirement Assessment	63,546	63,546		0
General Insurance	125,000	81,904		43,096
Laboratory Testing	55,000	44,935		10,065
System Maintenance Reserve Expense	105,000	126,164		(21,164)
Trucks Backhoe and Machinery	72,000	71,841		159
New Service and Repairs	40,000	26,528		13,472
Professional Fees	55,000	43,515		11,485
Printing Advertising Stationery	42,000	32,865		9,135
Consulting and Engineering	25,000	26,335		(1,335)
Office Equipment Maintenance	55,000	41,591		13,409
Consumer Outreach	12,000	8,305		3,695
Police Hire	22,000	13,216		8,784
Telephone and Radio	22,000	19,079		2,921
D.E.P. Clean Water Assessment	8,000	7,402		598
Dues, Licenses, Certificates	20,000	6,994		13,006
Miscellaneous Equipment	5,000	3,582		1,418
Administration Misc and Transportation	3,000	1,971		1,029
Unemployment Compensation	2,200	7,423		(5,223)
Water Main Extensions	50,000	11,125		38,875
Investment Advisory Fees	0	30,736		(30,736)
Total Expenses	5,042,666	3,463,963	1,098,920	479,783
REVENUES OVER EXPENDITURES	0	1,250,946	306,818	1,557,764
Transfers General Fund to Capital Projects	(1,185,000)	(1,185,000)		(1,185,000)
Budgetary Fund Balance - Beginning of Year	3,645,314	3,645,314	2,001,643	5,646,957
Budgetary Fund Balance - End of Year	\$2,460,314	\$3,711,260	\$2,308,461	\$6,019,721

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CHELMSFORD WATER DISTRICT	Page 10
Statement of Fiduciary Net Position - Other Post Employment Benefits Fund	
June 30, 2020	
<i>ASSETS</i>	
Current Assets	
Investments	\$1,118,184
Total Assets	\$1,118,184
<i>LIABILITIES</i>	
<i>NET POSITION</i>	
Held in Trust for Other Post Employment Benefits	\$1,118,184
Total Net Position	\$1,118,184
CHELMSFORD WATER DISTRICT	
Statement of Changes in Fiduciary Net Position - Other Post Employment Benefits Fund	
For the Year Ended June 30, 2020	
<i>ADDITIONS</i>	
Dividend and Interest Income	\$21,777
Net Increase in Fair Value of Investments	85,918
Total Additions	107,695
<i>DEDUCTIONS</i>	
Investment Management Fees	8,390
Total Deductions	8,390
Additions over Deductions	99,305
Net Position - Beginning of Year	1,018,879
Net Position - End of Year	\$1,118,184

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

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 its budgetary reporting (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, 2020

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 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, 2020, the District had the following investments:

Description	Unrestricted Fund	OPEB Fiduciary Fund
Cash Equivalents	\$314,502	\$22,894
Equities	2,397,849	768,112
Fixed Income	1,045,796	327,178
Total Fair Value of Investments	3,758,147	1,118,184
Cost Basis of Investments	3,370,256	866,359
Unrealized Gain on Investments	\$387,891	\$251,825

During September 2020, the District liquidated \$1,000,000 from the Unrestricted Fund investments to purchase the Misty Meadows land. See Note 11 for a further description of this transaction.

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2020, \$161,554 was due to the Bond Debt Fund and \$2,152,599 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 as described in Note 9 to the financial statements. 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. The District does not provide any match contributions to the Section 457 retirement plan.

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the District for the year ended June 30, 2020 consisted of the following:

Description	Beginning Balance	Additions	Disposals	Ending Balance
Land	\$683,807			\$683,807
Infrastructure	50,632,926	\$659,387		51,292,313
Buildings	783,937	17,215		801,152
Vehicles and Equipment	2,301,867	187,119	(\$55,849)	2,433,137
Total at Historical Cost	54,402,537			55,210,409
Accumulated Depreciation	(20,668,962)	(1,332,090)	55,849	(21,945,199)
Capital Assets, Net	\$33,733,575			\$33,265,210

Additions include \$74,332 of meters that were budgeted as an expense but were capitalized as assets in accordance with generally accepted accounting principles.

NOTE 7 - LONG TERM DEBT

The following is a summary of the changes in long term debt for the year ended June 30, 2020:

Description	Interest Rate	Beginning Balance	(Retired)	Ending Balance
Riverneck - pools 9 & 11	2.0%	\$1,725,084	(\$316,143)	\$1,408,941
Crooked Springs/Other	3.0%	4,645,000	(620,000)	4,025,000
Totals		\$6,370,084	(\$936,143)	\$5,433,941

Interest and fees expense of \$153,777 reported in the Statement of Activities reflects the accrual basis calculation of interest incurred during the year ended June 30, 2020 on long term notes, regardless of when the actual payments of interest were made by the District. Principal of \$936,143 plus interest and fees of \$162,777 for a total of \$1,098,920 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, 2020.

The annual debt service requirements for principal and interest for Long Term Debt at June 30, 2020 are as follows:

Fiscal Years	Principal	Interest	Total
2021	\$931,469	\$135,033	\$1,066,502
2022	931,801	111,085	1,042,886
2023	937,141	86,085	1,023,226
2024	932,488	68,163	1,000,650
2025	582,841	50,533	633,374
2026-2027	1,118,201	49,396	1,167,597
Totals	\$5,433,941	\$500,294	\$5,934,235

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

NOTE 7 - LONG TERM DEBT – continued

As of June 30, 2020, 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 during the year ended June 30, 2016. 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 \$9,664 has been reported in the Statement of Activities.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS

Other Post-Employment Benefits (GASB 75)

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This Statement identifies the methods and assumptions that are required to be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. All the following OPEB disclosures are based on a measurement date of June 30, 2020.

A. General Information about the OPEB Plan

Plan Description – The District administers a defined benefit healthcare plan through the Massachusetts Interlocal Insurance Association (MIIA) that provides lifetime healthcare insurance for eligible retirees and their spouses. Massachusetts General Laws Chapter 32B assigns authority for the District to establish and amend benefit provisions of the plan. The Retiree Health Plan does not issue a publicly available financial report.

Benefits Provided – The District provides medical, prescription drug, dental and life insurance benefits to retirees and their covered dependents. All active employees who retire from the District and meet the eligibility criteria will receive these benefits. 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.

Plan Membership – At the June 2020 census date, the following employees were covered by the benefit terms:

Active employees	20
Inactive employees or beneficiaries currently receiving benefit payments	12
Total participants	32

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

B. Investments – The OPEB trust fund assets consist of an asset portfolio invested under the prudent investor management policy approved by the Commonwealth of Massachusetts.

Rate of return – For the year ended June 30, 2020, the annual money weighted rate of return on investments, net of investment expense, was 9.29%.

C. Actuarial Assumptions and Other Inputs – The net OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal (Alternative Measurement Method)
Salary Increases	4.0%
Investment Rate of Return	7.0%
Healthcare Cost Trend Rates	MEDEX: 3.5% for all years; HMO Plan 5.50% down to 4.50% after 2035
Retirees' Share of Benefit-Related Costs	40.0%
Mortality Rates	Determined pursuant to the PubS.H-2010 Mortality Table-General
Coverage Status	Active employees are assumed to continue into retirement at their current coverage level.

The long-term expected rate of return on OPEB plan investments was determined using best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) 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 target asset allocation at June 30, 2020 are summarized in the following table.

Asset Class	Target Asset Allocation	Long Term Expected Real Rate of Return
Cash	8.37%	2.0%
Equities	63.80%	7.8%
Fixed Income	27.83%	6.5%
Total	100.00%	

D. Discount Rate – The discount rate used to measure the net OPEB liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on those assumptions, the OPEB plan fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

E. Net OPEB Liability – The components of the net OPEB liability, measured as of June 30, 2020, were as follows:

Total OPEB liability	\$841,412
Plan fiduciary net position	1,118,184
Net OPEB liability (asset)	(\$276,773)
Plan fiduciary net position as a % of the total OPEB liability	132.89%

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

F. Changes in the Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balances beginning of year June 30, 2019	\$752,578	\$1,018,879	(\$266,302)
Changes for the year:			
Service cost	12,594		12,594
Interest on total OPEB liability	50,317		50,317
Difference on expected and actual experience	(21,943)		(21,943)
Changes of assumptions	(12,314)		(12,314)
Net investment income		107,709	(107,709)
Benefit payments	(67,526)		(67,526)
Administrative expenses		(8,404)	8,404
Other changes	127,705		127,705
Net changes	88,834	99,305	(10,472)
Balances end of year June 30, 2020	\$841,412	\$1,118,184	(\$276,773)

G. Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate – The following presents the net OPEB asset, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage-point higher or one percentage-point lower than the current discount rate:

	1% Increase to 8.0%	Current Discount Rate 7.0%	1% Decrease to 6.0%
Net OPEB liability (asset)	(\$350,961)	(\$276,773)	(\$188,951)

H. Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates –The following presents the net OPEB asset, as well as what the net OPEB asset would be if it were calculated using healthcare cost trend rates that are one percentage-point higher or one percentage-point lower than the current healthcare cost trend rates:

	1% Increase	Current Healthcare Cost Trend Rates	1% Decrease
Net OPEB liability (asset)	(\$178,466)	(\$276,773)	(\$358,742)

I. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB –For the year ended June 30, 2020, the District recognized a negative net OPEB expense of \$64,681. At June 30, 2020, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$0	\$69,950
Changes of assumptions and other inputs	173,319	32,890
Difference between projected and actual investment earnings	0	50,217
Totals	\$173,319	\$153,057

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

Year ending June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2021	\$40,422	\$42,206
2022	40,422	42,206
2023	40,422	36,105
2024	36,209	28,655
2025	15,844	3,885
Totals	\$173,319	\$153,057

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Other Post-Employment Benefits (GASB 74)

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), replaces the requirements of Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. This applies if a trust fund has been established to fund future OPEB costs. In fiscal year 2013, the District established an OPEB Trust Fund to provide funding for future employee health care costs. All the following OPEB disclosures are based on a measurement date of June 30, 2020.

A. Investments – The OPEB trust fund assets consist of an asset portfolio invested under the prudent investor management policy approved by the Commonwealth of Massachusetts.

Rate of return – For the year ended June 30, 2020, the annual money weighted rate of return on investments, net of investment expense, was 9.29%.

B. Actuarial Assumptions and Other Inputs – The total OPEB liability was determined by an actuarial valuation as of June 30, 2020. The actuarial assumptions used in this valuation (including mortality rates, the long-term expected rate of return and discount rate) are the same assumptions outlined in GASB 75 disclosures above.

C. Net OPEB Liability (Asset) – The components of the net OPEB asset, measured as of June 30, 2020, were as follows:

Total OPEB liability	\$841,412
Plan fiduciary net position	1,118,184
Net OPEB liability (asset)	(\$276,773)
Plan fiduciary net position as a % of the total OPEB liability	132.89%

D. Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate – The following presents the net OPEB asset, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage-point higher or one percentage-point lower than the current discount rate:

	1% Increase to 8.0%	Current Discount Rate 7.0%	1% Decrease to 6.0%
Net OPEB liability (asset)	(\$350,961)	(\$276,773)	(\$188,951)

E. Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates – The following presents the net OPEB asset, as well as what the net OPEB asset would be if it were calculated using healthcare cost trend rates that are one percentage-point higher or one percentage-point lower than the current healthcare cost trend rates:

	1% Increase	Current Healthcare Cost Trend Rates	1% Decrease
Net OPEB liability (asset)	(\$178,466)	(\$276,773)	(\$358,742)

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

NOTE 9 – 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, 2019. 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, 2020 was \$63,546.

At June 30, 2020, the District reported a liability of \$343,766 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, 2020. 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, 2019, the District’s proportionate share was 0.021485%.

For the year ended June 30, 2020, the District recognized pension expense of \$153,189 in addition to its required contribution of \$63,546. At June 30, 2020, the District reported the following deferred outflows and inflows of resources related to pensions:

Deferred Outflows of Resources – differences between expected and actual experience	\$8,365
Deferred Outflows of Resources – changes of assumptions	23,674
Deferred Outflows of Resources – changes in proportion and differences between employer contributions and proportionate share of contributions	794,334
Deferred Inflows of Resources – differences between expected and actual experience	(779)
Deferred Inflows of Resources – net difference between projected and actual investment earnings on pension plan investments	(8,921)
Deferred Inflows of Resources – changes in proportion and differences between employer contributions and proportionate share of contributions	(611,103)
Net Deferred Outflows and Inflows of Resources	\$205,570

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

Year ending June 30,	
2021	\$121,793
2022	59,342
2023	83,960
2024	(59,525)
Total	\$205,570

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

NOTE 9 – PENSION PLAN - continued

Actuarial Assumptions – The total pension liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	January 1, 2020
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Prior year's total contribution increased by 6.5% for fiscal 2020 through fiscal 2027, 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	17 years from July 1, 2018 for non-ERI liability; 1 year from July 1, 2018 for 2002 ERI, 2 years from July 1, 2018 for 2003 ERI, and 4 years from July 1, 2018 for 2010 ERI.
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	3.25%
Projected salary increases	Varies by length of service with ultimate rate of 4.0% for Group 1
Cost of living adjustments	3.00% of first \$14,000 of retirement income
Rates of retirement	Varies based upon age for general employees
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-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2017
Mortality rate healthy retiree	RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2017
Mortality rate disabled retiree	RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year and projected generationally with Scale MP-2017
Investment rate of return/ Discount rate	7.30%, net of pension plan investment expense, including inflation; previously 7.50%.

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, 2020 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return	Long Term Expected Asset Allocation
Domestic equity	21.00%	6.15%
International developed markets equity	13.00%	6.78%
International emerging markets equity	5.00%	8.65%
Core fixed income	15.00%	1.11%
High-yield fixed income	8.00%	3.51%
Real estate	10.00%	4.33%
Commodities	4.00%	4.13%
Hedge funds, GTAA, risk parity	11.00%	3.19%
Private equity	13.00%	9.99%
	100.00%	

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

NOTE 9 – PENSION PLAN - continued

Discount rate – The discount rate used to measure the total pension liability was 7.3%. 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, 2020, calculated using the discount rate of 7.3%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.3%) or 1% higher (8.3%) than the current rate:

	1% Decrease to 6.3%	Current Discount 7.3%	1% Increase to 8.3%
The District's proportionate share of the net pension liability	\$422,461	\$343,766	\$277,546

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.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

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

In July 2019 East Chelmsford Water District relinquished and transferred to Chelmsford Water District all rights and services of 22 properties located in East Chelmsford that are supplied water and/or fire suppression by Chelmsford Water District. At June 30, 2020 East Chelmsford Water District owes Chelmsford Water District \$26,716 for water delivered to that district before the June 2019 transfer of services. East Chelmsford Water District has disputed the charge and Chelmsford Water District is pursuing collection of the amount due.

NOTE 11 – SUBSEQUENT EVENTS

On September 30, 2020 the District purchased a parcel of land known as Misty Meadows for future development as a well and water treatment plant site. The purchase was approved by voters at a Special Meeting held on August 19, 2020. The cost of the parcel, including fees and acquisition costs, was approximately \$1,000,000, which the District paid for by liquidating \$1,000,000 from its Unrestricted Fund investment account.

Management has evaluated subsequent events through October 8, 2020, which is the date the financial statements were available to be issued.

CONCLUDED.

CHELMSFORD WATER DISTRICT

Required Supplemental Information and Notes to Required Supplemental Information - June 30, 2020

OTHER POST-EMPLOYMENT BENEFITS

Schedule of Changes in the District's Net OPEB Liability and Related Ratios	6/30/20	6/30/19	6/30/18
<i>Total OPEB Liability</i>			
Service Cost	\$12,594	\$14,768	\$16,350
Interest on Total OPEB Liability	50,317	48,829	51,275
Differences Between Expected & Actual Experience	(21,943)		
Changes of Assumptions and Other Inputs	(12,314)		
Benefit Payments	(67,526)	(38,202)	(34,909)
Other Changes	127,705	10,522	41,353
Net Change in Total OPEB Liability	88,834	35,918	(33,293)
Total OPEB Liability Beginning of Year	752,578	716,660	749,953
Total OPEB Liability End of Year	\$841,412	\$752,578	\$716,660
<i>Plan Fiduciary Net Position</i>			
Employer Contributions			
Net Investment Income	\$107,709	\$84,956	\$86,233
Difference Between Expected & Actual Experience			
Administrative Expenses	(8,404)	(7,678)	(7,309)
Other Changes			
Net Change in Plan Fiduciary Net Position	99,305	\$77,278	\$78,924
Plan Fiduciary Net Position Beginning of Year	1,018,879	941,601	862,677
Plan Fiduciary Net Position End of Year	\$1,118,184	\$1,018,879	\$941,601
<i>Net OPEB Liability (Asset)</i>	(\$276,773)	(\$266,302)	(\$224,941)
Plan Net Position as a % of the Total OPEB Liability	132.89%	135.39%	131.39%
Covered Employee Payroll	\$1,625,226	\$1,563,334	\$1,535,204
Net OPEB Liability as a % of Covered Employee Payroll	N/A not a net liability	N/A not a net liability	N/A not a net liability

Schedule of Investment Returns	6/30/20	6/30/19	6/30/18
Annual money-weighted rate of return, net of investment expenses	9.29%	7.88%	8.75%

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 the District's financial statements for summary of significant actuarial methods and assumptions.

CHELMSFORD WATER DISTRICT**Required Supplemental Information and Notes to Required Supplemental Information - June 30, 2020****PENSION PLAN SCHEDULES**

Schedule of the District's Proportionate Share of the Net Pension Liability of Middlesex County Retirement (MCRS)	Year Ended 12/31/19	Year Ended 12/31/18	Year Ended 12/31/17	Year Ended 12/31/16	Year Ended 12/31/15	Year Ended 12/31/14
District's proportion of the MCRS Net Pension Liability (NPL)	\$343,766	\$708,793	\$391,160	\$1,165,154	\$1,402,613	\$2,106,325
District's % share of the MCRS NPL	.021485%	.045451%	0.027562%	0.082234%	0.108728%	0.175335%
District's covered employee payroll	\$1,405,409	\$1,390,459	\$1,333,719	\$1,282,932	\$1,222,528	\$1,175,508
District's NPL as a % of its covered payroll	24.46%	50.98%	29.33%	90.82%	114.73%	179.18%
MCRS fiduciary net position as % of its total pension liability	49.45%	46.40%	49.27%	45.49%	46.13%	47.65%

Schedule of the District's Contributions to the Middlesex County Retirement System	Year Ended 6/30/20	Year Ended 6/30/19	Year Ended 6/30/18	Year Ended 6/30/17	Year Ended 6/30/16	Year Ended 6/30/15
Date of actuarial valuation	1/1/2020	1/1/2018	1/1/2018	1/1/2016	1/1/2016	1/1/2014
Actuarially determined contribution	\$63,546	\$115,058	\$107,500	\$199,317	\$186,049	\$243,247
Contributions made	\$63,546	\$506,218	\$607,500	\$699,317	\$1,186,049	\$743,247
Contribution deficiency (excess)	0	(\$391,160)	(\$500,000)	(\$500,000)	(\$1,000,000)	(\$500,000)
Covered employee payroll	\$1,405,409	\$1,390,459	\$1,333,719	\$1,282,932	\$1,222,528	\$1,175,508
Contributions as a % of covered employee payroll	4.52%	36.41%	45.55%	54.51%	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 following assumption changes were reflected in the January 1, 2020 actuarial valuation:

- The investment rate of return assumption was reduced from 7.50% to 7.30%.

The following plan provision changes were reflected in the January 1, 2020 actuarial valuation:

- As permitted by Section 19 of Chapter 188 of the Acts of 2010, the Cost of Living Adjustment base was increased from \$14,000 to \$16,000 as of July 1, 2019.

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Supplemental Schedule of Governmental Fund Balance - Capital Projects Activity					
For the Year Ended June 30, 2020					
		Transfers	Transfers		
	Beginning	Within	from General	Payments	Ending
	Balance	Cap Projects	Fund	(Made)	Balance
4-wheel drive SUV 19	\$37,000	(\$1,120)		(\$35,880)	\$0
4-wheel drive SUV 20	-		\$40,000		40,000
4-wheel drive truck extended cab 19	43,000	(3,120)		(39,880)	-
4-wheel drive truck utility body 19	60,000	(2,626)		(57,374)	-
4x4 truck with 8' utility body 20	-		50,000		50,000
Amble and Robin Hill Tank Exterior 19	200,000	(23,909)		(176,091)	-
Barnes Terrace	100	(237,848)	250,000	(12,252)	-
Exterior rehab of office garages	127,205			(16,865)	110,339
Garage	6,083	(5,733)		(350)	(0)
Hot Box 19	55,000	(17,000)		(37,522)	478
Infrastructure Upgrade	189,858			(10,050)	179,808
Meadowbrook 1	4,165				4,165
Mill Rd #1 Rehab 19	128,555	58,796	150,000	(20,006)	317,345
One ton pick up truck with sander	5,288	(5,288)			-
Rehab of Pump Station Buildings	26,954				26,954
Rehab of Summit Storage Tank	-		150,000		150,000
Security System Upgrades	15,013		50,000	(4,210)	60,803
Smith St Treatment Plant	41,265		50,000	(35,487)	55,778
Somerset Pl To Little Rd Main Looping	-		400,000		400,000
Storage Tanks Pump Stations Wells	140,327				140,327
Summit and Amble Storage Tanks	5,550				5,550
Transit Cargo Van 20	-		45,000		45,000
Turnpike Storage Tank	168,099			(153,440)	14,659
Water Main and Service Replacement 19	503,531	237,848		(189,985)	551,393
Totals	\$1,756,992	\$0	\$1,185,000	(\$789,393)	\$2,152,599