

CHELMSFORD WATER DISTRICT

REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

CHELMSFORD WATER DISTRICT

REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS

—————
JUNE 30, 2021

TABLE OF CONTENTS

Description	Page(s)
Independent Auditor's Report	1
Management's Discussion and Analysis	2-3
Basic Financial Statements	
Statement of Net Position	4
Statement of Activities	5
Governmental Funds - Balance Sheet	6
Governmental Funds - Statement of Revenues, Expenditures and Changes in Fund Balances	7
Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Position	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	8
General Fund - Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	9
Statement of Fiduciary Net Position	10
Statement of Changes in Fiduciary Net Position	10
Notes to the Basic Financial Statements	11 – 20
Required Supplemental Information and Notes	
Other Post-Employment Benefits Schedules	21
Pension Plan Schedules and Note	22
Other Supplemental Information	
Supplemental Schedule of Governmental Fund Balance- Capital Projects Activity	23

Mara CPA, PC
Certified Public Accountant – Professional Corporation

PO Box 1555, Concord, MA 01742

maureen@maracpa.com 978-371-2113

Independent Auditor's Report

Page 1

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, 2021 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, 2021, 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
September 24, 2021

**Chelmsford Water District
Chelmsford, Massachusetts**

Page 2



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, 2021.

FINANCIAL HIGHLIGHTS

The assets of the Chelmsford Water District exceeded its liabilities at the close of the fiscal year by \$39,448,767. Of this amount, \$4,694,271 (unrestricted net assets) may be used to meet the ongoing obligations of the District.

The total assets of the District are \$44,443,120. Of this amount, \$10,602,544 represents current assets and \$33,797,086 represents capital assets.

The total liabilities of the District are \$4,778,583. Of this amount, \$979,749 represents current liabilities and \$3,798,835 represents long term liabilities.

The total deferred outflows related to pensions of the District are \$276,768 and the total deferred inflows are \$390,503.

The total deferred outflows related to other post employment benefits (OPEB) of the District are \$132,897 and the total deferred inflows are \$234,931.

Total net assets of the District are \$39,448,767 made up of the following categories:

\$29,294,613 Invested in Capital Assets net of related debt

\$ 2,673,817 Restricted for Capital Projects

\$ 2,661,067 Bond Debt Fund

\$ 125,000 Restricted for Compensated Absences

\$ 4,694,271 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 \$4,502,472.

The overall financial position of the District is stable. The change in net assets for the fiscal year amounts to an increase of \$1,898,257.

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 \$1,923,752. Actual expenditures were lower than budgeted expenditures by \$304,002.

Free cash of the District as reported to the Massachusetts Department of Revenue is \$3,137,407.

SUMMARIZED FINANCIAL DATA

Page 3

Income

Water Rates and Fees	\$ 4,951,380
Bond Debt Fee Receipts	\$ 1,462,957
Interest Income	\$ 115,507
Increase Fair Value of Investments	\$ 605,989
Total Income	\$ 7,135,833

Expenses	\$ 5,237,575
Change in Net Assets	\$ 1,898,257

CAPITAL ASSETS

The Chelmsford Water District's investment in capital assets as of June 30, 2021 amounts to \$33,797,086 (net of accumulated depreciation). This investment includes land, buildings and improvements, pumping stations and tanks, infrastructure and improvements, machinery and equipment. The District added \$1,878,782 in capital assets this year. The District transferred \$2,400,000 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 \$1,346,906.

The District completed the capital improvement plan of interior cleaning and inspection of all distribution tanks. The District replaced water main of over 600 feet of old cast iron on Woodbine and Cypress, 800 feet on Hall Road, 300 feet on Turnpike Road, as well as looping section from Turnpike Road to Alpha Road, as well as 14 hydrants and 18 gates associated with replacement of water main. The District cleaned and redeveloped 4 wells and updated and overhauled 4 pumps. The District upgraded aging vehicles that included the replacement of a 2011 Ford F150 Truck with a 2020 Ford F250, and a 2009 Ford Escape with a 2020 Ford Escape.

FISCAL YEAR 2022

The District has appropriated a balanced annual budget for FY 2022 of \$5,420,650. 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, 2021	<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>	
<i>ASSETS</i>					
<i>Current Assets</i>					
Cash and Cash Equivalents	\$2,482,427	\$2,621,009			\$5,103,437
Due to/from unrestricted/bond debt fund	(89,057)	89,057			0
Due to/from unrestricted/capital projects	(2,673,817)		\$2,673,817		0
Investments	3,417,853				3,417,853
Accounts Receivable	492,532				492,532
Unbilled Accounts Receivable	1,090,000				1,090,000
Net OPEB Funding Asset	498,723				498,723
Total Current Assets	5,218,661	2,710,066	2,673,817	\$0	10,602,544
<i>Non Current Assets</i>					
Land				1,654,431	1,654,431
Depreciable Capital Assets, Net				32,142,655	32,142,655
Bond Refinance Costs, Net	43,490				43,490
Total Non Current Assets	43,490	0	0	33,797,086	33,840,576
Total Assets	5,262,151	2,710,066	2,673,817	33,797,086	44,443,120
<i>DEFERRED OUTFLOWS OF RESOURCES</i>					
Deferred Outflows Related to Pensions	276,768				276,768
Deferred Outflows Related to OPEB	132,897				132,897
<i>LIABILITIES AND NET POSITION</i>					
<i>LIABILITIES</i>					
<i>Current Liabilities</i>					
Current Portion Long Term Debt				931,801	931,801
Accrued Bond Interest Payable		49,000			49,000
Miscellaneous Liabilities	(1,053)				(1,053)
Total Current Liabilities	(1,053)	49,000	0	931,801	979,749
<i>Long Term Liabilities</i>					
Bonds Payable				3,570,671	3,570,671
Accrued Compensated Absences	204,000				204,000
Net Pension Liability	24,164				24,164
Total Long Term Liabilities	228,164	0	0	3,570,671	3,798,835
Total Liabilities	227,111	49,000	0	4,502,472	4,778,583
<i>DEFERRED INFLOWS OF RESOURCES</i>					
Deferred Inflows Related to Pensions	390,503				390,503
Deferred Inflows Related to OPEB	234,931				234,931
<i>NET POSITION</i>					
Unrestricted	4,694,271				4,694,271
Restricted for Compensated Absences	125,000				125,000
Fund Balance		2,661,067	2,673,817	29,294,613	34,629,497
Total Net Position	\$4,819,271	\$2,661,067	\$2,673,817	\$29,294,613	\$39,448,767

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, 2021	<i>Fund</i>	<i>Fund</i>	<i>Cap Projects</i>	<i>Capital</i>	<i>Total</i>
REVENUES					
Water Rates and Services	\$4,951,380				\$4,951,380
Bond Debt Fee Receipts		\$1,462,957			1,462,957
Interest Revenue	112,646	2,860			115,507
Increase Fair Value of Investments	605,989				605,989
Total Revenues	5,670,015	1,465,818	\$0	\$0	7,135,833
EXPENSES					
Salaries and Wages	1,707,324				1,707,324
Other Post Employment Benefits Expense	(99,654)				(99,654)
Depreciation Expense				1,346,906	1,346,906
Equipment and Building	255,885				255,885
Fuel, Light and Power	168,100				168,100
Group Insurance	460,631				460,631
FICA/Medicare Tax	21,558				21,558
System Maintenance Reserve Expense	125,827				125,827
Riverneck Rd Plant Operations	173,202				173,202
Crooked Spring Plant Operations	169,850				169,850
Smith St Plant Operations	57,644				57,644
Meters and Equipment	89,647				89,647
General Insurance	89,442				89,442
Interest and Fees Expense		123,742			123,742
Water Treatment	1,462				1,462
Middlesex Retirement Expense	67,843				67,843
Trucks Backhoe and Machinery	55,920				55,920
Printing Advertising Stationary	33,306				33,306
New Service and Repairs	34,565				34,565
Laboratory Testing	64,028				64,028
Consulting and Engineering	20,705				20,705
Office Equipment Maintenance	35,737				35,737
Professional Fees	59,040				59,040
Telephone and Radio	17,672				17,672
Consumer Outreach	10,565				10,565
Police Hire	23,120				23,120
Dues, Licenses, Certificates	11,219				11,219
D.E.P. Clean Water Assessment	8,334				8,334
Miscellaneous Equipment	1,258				1,258
Unemployment Compensation	2,908				2,908
Administration Misc and Transportation	1,277				1,277
Water Main Extensions	35,926				35,926
Bad Debt Expense	26,716				26,716
Investment Advisory Fees	26,505				26,505
Amortization Expense	9,664				9,664
Retirement Fund Expense	(297)				(297)
Total Expenses	3,766,928	123,742	0	1,346,906	5,237,575
CHANGE IN NET POSITION	1,903,088	1,342,076	0	(1,346,906)	1,898,257
Transfers General to Capital Projects	(2,400,000)		2,400,000		0
Capital Projects/Expenditures			(1,878,782)	1,878,782	0
Debt Principal Retired		(931,469)		931,469	0
Net Position - Beginning of Year	5,316,183	2,250,460	2,152,599	27,831,268	37,550,510
Net Position - End of Year	\$4,819,271	\$2,661,067	\$2,673,817	\$29,294,613	\$39,448,767

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CHELMSFORD WATER DISTRICT				Page 6
Governmental Funds - Balance Sheet				
June 30, 2021				
			<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	\$2,482,427	\$2,621,009		\$5,103,437
Investments	3,417,853			3,417,853
Accounts Receivable	492,532			492,532
Less Reserve for Uncollectible	(492,532)			(492,532)
Due to/from General/Bond Debt Fund	(89,057)	89,057		0
Due to/from General/Capital Projects Fund	(2,673,817)		\$2,673,817	0
Total Assets	\$3,137,407	\$2,710,068	\$2,673,817	\$8,521,291
<i>LIABILITIES AND FUND BALANCES</i>				
<i>LIABILITIES</i>				
<i>FUND BALANCES</i>				
Free Cash	\$3,012,407			\$3,012,407
Restricted for Compensated Absences	125,000			125,000
Fund Balance		\$2,710,068	\$2,673,817	5,383,884
Total Fund Balance	3,137,407	2,710,068	2,673,817	8,521,291
Total Liabilities and Fund Balances	\$3,137,407	\$2,710,068	\$2,673,817	\$8,521,291

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, 2021	<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	\$4,984,010			\$4,984,010
Bond Debt Fee Receipts		\$1,462,957		1,462,957
Interest Revenue	112,646	2,860		115,507
Increase Fair Value of Investments	605,989			605,989
Total Revenues	5,702,645	1,465,818	\$0	7,168,463
EXPENSES				
Capital Project Expenditures			1,878,782	1,878,782
Salaries and Wages	1,753,324			1,753,324
Bonds, Interest and Fees Expense		1,064,211		1,064,211
Fuel, Light and Power	168,100			168,100
Group Insurance	460,631			460,631
FICA/Medicare Tax	21,558			21,558
Equipment and Building	255,885			255,885
System Maintenance Reserve Expense	125,827			125,827
Riverneck Rd Plant Operations	173,202			173,202
Crooked Spring Plant Operations	169,850			169,850
Smith St Plant Operations	57,644			57,644
Meters and Equipment	89,647			89,647
General Insurance	89,442			89,442
Water Treatment	1,462			1,462
Middlesex Retirement Assessment	67,843			67,843
Trucks Backhoe and Machinery	55,920			55,920
Printing Advertising Stationery	33,306			33,306
New Service and Repairs	34,565			34,565
Laboratory Testing	64,028			64,028
Consulting and Engineering	20,705			20,705
Office Equipment Maintenance	35,737			35,737
Professional Fees	59,040			59,040
Telephone and Radio	17,672			17,672
Consumer Outreach	10,565			10,565
Police Hire	23,120			23,120
Dues, Licenses, Certificates	11,219			11,219
D.E.P. Clean Water Assessment	8,334			8,334
Miscellaneous Equipment	1,258			1,258
Unemployment Compensation	2,908			2,908
Administration Misc and Transportation	1,277			1,277
Water Main Extensions	35,926			35,926
Investment Advisory Fees	26,505			26,505
Total Expenses	3,876,498	1,064,211	1,878,782	6,819,492
CHANGE IN NET ASSETS	1,826,147	401,607	(1,878,782)	348,971
Transfers General to Capital Projects	(2,400,000)		2,400,000	0
Fund Balances - Beginning of Year	3,711,260	2,308,461	2,152,599	8,172,320
Fund Balances - End of Year	\$3,137,407	\$2,710,068	\$2,673,817	\$8,521,291

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, 2021	
Total Governmental Fund Net Assets	\$8,521,291
Certain assets used in governmental activities are not financial resources, and therefore are not reported in the funds.	
Capital assets	33,797,086
Bond refinance costs	43,490
The Statement of Net Assets includes accounts receivables and other assets that are not recognized on the governmental funds	
Accounts receivable	492,532
Unbilled accounts receivable	1,090,000
Net OPEB funding asset, including deferred outflows and inflows	396,689
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	(4,502,472)
Accrued bond interest payable	(49,000)
Miscellaneous liabilities	1,053
Accrued compensated absences	(204,000)
Net pension liability, including deferred outflows and inflows	(137,899)
Net Position of Governmental Activities	\$39,448,767
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, 2021	
Change in Net Assets - Total Governmental Funds	\$348,971
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	1,878,782
Depreciation expense	(1,346,906)
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	(32,630)
Interest expense	9,000
Amortization expense	(9,664)
Salaries/compensated absences	46,000
Other post employment benefits expense	99,654
Pension expense actuarially calculated	297
Bad debt expense	(26,716)
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	931,469
Change in Net Position on Statement of Activities	\$1,898,257

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, 2021		<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	\$3,844,711	\$4,984,010		\$1,139,299
Bond Debt Fee Receipts	1,400,000		\$1,462,957	62,957
Interest Revenue	0	112,646	2,860	115,507
Increase Fair Value of Investments	0	605,989		605,989
Total Revenues	5,244,711	5,702,645	1,465,818	1,923,752
EXPENSES				
Salaries and Wages	1,866,000	1,753,324		112,676
Bonds, Interest and Fees Expense	1,064,211		1,064,211	0
Equipment and Building	275,000	255,885		19,115
Fuel, Light and Power	170,000	168,100		1,900
Group Insurance	455,000	460,631		(5,631)
FICA/Medicare Tax	19,000	21,558		(2,558)
Riverneck Rd Plant Operations	175,000	173,202		1,798
Crooked Springs Plant Operations	180,000	169,850		10,150
Smith St Plant Operations	105,000	57,644		47,356
Meters and Equipment	110,000	89,647		20,353
Water Treatment	1,000	1,462		(462)
Middlesex Retirement Assessment	68,000	67,843		157
General Insurance	115,000	89,442		25,558
Laboratory Testing	75,000	64,028		10,972
System Maintenance Reserve Expense	110,000	125,827		(15,827)
Trucks Backhoe and Machinery	85,000	55,920		29,080
New Service and Repairs	40,000	34,565		5,435
Professional Fees	60,000	59,040		960
Printing Advertising Stationery	43,000	33,306		9,694
Consulting and Engineering	25,000	20,705		4,295
Office Equipment Maintenance	55,000	35,737		19,263
Consumer Outreach	10,000	10,565		(565)
Police Hire	20,000	23,120		(3,120)
Telephone and Radio	22,000	17,672		4,328
D.E.P. Clean Water Assessment	9,000	8,334		667
Dues, Licenses, Certificates	20,000	11,219		8,781
Miscellaneous Equipment	5,000	1,258		3,742
Administration Misc and Transportation	2,000	1,277		723
Unemployment Compensation	10,500	2,908		7,592
Water Main Extensions	50,000	35,926		14,074
Investment Advisory Fees	0	26,505		(26,505)
Total Expenses	5,244,711	3,876,498	1,064,211	304,002
REVENUES OVER EXPENDITURES	0	1,826,147	401,607	2,227,754
Transfers General Fund to Capital Projects	(2,400,000)	(2,400,000)		(2,400,000)
Budgetary Fund Balance - Beginning of Year	3,711,260	3,711,260	2,308,461	6,019,721
Budgetary Fund Balance - End of Year	\$1,311,260	\$3,137,407	\$2,710,068	\$5,847,475

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CHELMSFORD WATER DISTRICT	Page 10
Statement of Fiduciary Net Position - Other Post Employment Benefits Fund	
June 30, 2021	
<i>ASSETS</i>	
Current Assets	
Investments	\$1,349,791
Total Assets	\$1,349,791
<i>LIABILITIES</i>	
<i>NET POSITION</i>	
Held in Trust for Other Post Employment Benefits	\$1,349,791
Total Net Position	\$1,349,791
CHELMSFORD WATER DISTRICT	
Statement of Changes in Fiduciary Net Position - Other Post Employment Benefits Fund	
For the Year Ended June 30, 2021	
<i>ADDITIONS</i>	
Dividend and Interest Income	\$19,582
Net Increase in Fair Value of Investments	267,498
Total Additions	287,080
<i>DEDUCTIONS</i>	
Retiree Benefits Paid by OPEB Fund	45,600
Investment Management Fees	9,873
Total Deductions	55,473
Additions over Deductions	231,607
Net Position - Beginning of Year	1,118,184
Net Position - End of Year	\$1,349,791

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

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 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, 2021

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, 2021, the District had the following investments:

Description	Unrestricted Fund	OPEB Fiduciary Fund
Cash Equivalents	\$120,623	\$22,517
Equities	2,276,139	931,514
Fixed Income	1,021,091	395,761
Total Fair Value of Investments	\$3,417,853	\$1,349,791

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2021, \$89,057 was due to the Bond Debt Fund and \$2,673,817 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, 2021

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the District for the year ended June 30, 2021 consisted of the following:

Description	Beginning Balance	Additions	Disposals	Ending Balance
Land	\$683,807	\$970,624		\$1,654,431
Infrastructure	51,281,116	749,247		52,030,368
Buildings	812,349	26,742		839,091
Vehicles and Equipment	2,433,137	132,169	(71,695)	2,493,611
Total at Historical Cost	55,210,409	1,878,782		57,017,496
Accumulated Depreciation	(21,945,199)	(1,346,906)	71,695	(23,220,410)
Capital Assets, Net	\$33,265,210			\$33,797,086

NOTE 7 - LONG TERM DEBT

The following is a summary of the changes in long term debt for the year ended June 30, 2021:

Description	Interest Rate	Beginning Balance	(Retired)	Ending Balance
Riverneck - pools 9 & 11	2.0%	\$1,408,941	(\$326,469)	\$1,082,472
Crooked Springs/Other	3.0%	4,025,000	(605,000)	3,420,000
Totals		\$5,433,941	(\$931,469)	\$4,502,472

Interest and fees expense of \$123,742 reported in the Statement of Activities reflects the accrual basis calculation of interest incurred during the year ended June 30, 2021 on long term notes, regardless of when the actual payments of interest were made by the District. Principal of \$931,469 plus interest and fees of \$132,742 for a total of \$1,064,211 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, 2021.

The annual debt service requirements for principal and interest for Long Term Debt at June 30, 2021 are as follows:

Fiscal Years	Principal	Interest	Total
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	578,201	33,196	611,397
2027	540,000	16,200	556,200
Totals	\$4,502,472	\$365,261	\$4,867,734

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

NOTE 7 - LONG TERM DEBT – continued

As of June 30, 2021, the District has authorized and unissued debt as follows:

Purpose	Date of Vote	Original Authorization	Amount Issued	Amount Rescinded	Amount Unissued
Booster Station	January 2008	\$1,500,000	\$800,000		\$700,000
Treatment Plant	January 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, 2021.

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 2021 valuation date, the following employees were considered 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, 2021

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, 2021, the annual money weighted rate of return on investments, net of investment expense, was 22.5%.

C. Actuarial Assumptions and Other Inputs – The net OPEB liability was determined by an actuarial valuation as of June 30, 2021, 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, 2021 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, 2021, were as follows:

Total OPEB liability	\$851,068
Plan fiduciary net position	1,349,791
Net OPEB liability (asset)	(\$498,723)
Plan fiduciary net position as a % of the total OPEB liability	158.6%

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

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, 2020	\$841,412	\$1,118,184	(\$276,773)
Changes for the year:			
Service cost	13,265		13,265
Interest on total OPEB liability	56,785		56,785
Net investment income		287,080	(287,080)
Benefit payments	(60,393)		(60,393)
Retiree benefits paid by OPEB Fund		(45,600)	45,600
Administrative expenses		(9,873)	9,873
Net changes	9,657	231,607	(221,950)
Balances end of year June 30, 2021	\$851,068	\$1,349,791	(\$498,723)

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)	(\$574,855)	(\$498,723)	(\$408,755)

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)	(\$397,863)	(\$498,723)	(\$582,939)

I. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB –For the year ended June 30, 2021, the District recognized a negative net OPEB expense of \$99,654. At June 30, 2021, 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	\$52,091
Changes of assumptions and other inputs	132,897	24,581
Difference between projected and actual investment earnings	0	158,259
Totals	\$132,897	\$234,931

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
2022	\$40,422	\$73,226
2023	40,422	67,125
2024	36,209	59,675
2025	15,844	34,905
Totals	\$132,897	\$234,931

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

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, 2021.

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, 2021, the annual money weighted rate of return on investments, net of investment expense, was 22.5%.

B. Actuarial Assumptions and Other Inputs – The total OPEB liability was determined by an actuarial valuation as of June 30, 2021. 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, 2021, were as follows:

Total OPEB liability	\$851,068
Plan fiduciary net position	1,349,791
Net OPEB liability (asset)	(\$498,723)
Plan fiduciary net position as a % of the total OPEB liability	158.6%

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)	(\$574,855)	(\$498,723)	(\$408,755)

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)	(\$397,863)	(\$498,723)	(\$582,939)

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

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, 2021 was \$67,843.

At June 30, 2021, the District reported a liability of \$24,164 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, 2020, the District’s proportionate share was 0.001578%.

For the year ended June 30, 2021, the District recognized pension expense of negative (\$297) in addition to its required contribution of \$67,843. At June 30, 2021, the District reported the following deferred outflows and inflows of resources related to pensions:

Deferred Outflows of Resources – differences between expected and actual experience	\$442
Deferred Outflows of Resources – changes of assumptions	922
Deferred Outflows of Resources – changes in proportion and differences between employer contributions and proportionate share of contributions	275,404
Deferred Inflows of Resources – differences between expected and actual experience	(29)
Deferred Inflows of Resources – net difference between projected and actual investment earnings on pension plan investments	(1,370)
Deferred Inflows of Resources – changes in proportion and differences between employer contributions and proportionate share of contributions	(389,104)
Net Deferred Outflows and Inflows of Resources	(\$113,735)

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

Year ending June 30,	
2022	\$7,528
2023	31,760
2024	(106,367)
2025	(46,656)
Total	(\$113,735)

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

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 2021 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

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	22.00%	6.28%
International developed markets equity	12.00%	7.00%
International emerging markets equity	5.00%	8.82%
Core fixed income	15.00%	0.38%
High-yield fixed income	8.00%	2.97%
Real estate	10.00%	3.50%
Timber	4.00%	3.45%
Hedge fund, GTAA, risk parity	10.00%	2.35%
Private equity	14.00%	10.11%
	100.00%	

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

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, 2021, 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	\$30,111	\$24,164	\$19,161

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.

The District joined a class action lawsuit by retaining a law firm to prosecute any legal claim for negligence against any and all parties, individuals and/or corporations that are found to be liable under the law for injuries and/or property damages arising from the contamination of water supplies by Per- and Poly- fluoroalkyl substances (PFAS) and 1,4 – Dioxane.

The District approved changes to its rate structure that will be effective with the January 1, 2022 billing cycles. Water rates were increased 5%, the bond fees were decreased 60% and an infrastructure fee of \$25 per quarter was approved.

The District was awarded a grant of \$199,999 for PFAS mitigation in April 2021. It expects to be reimbursed in fiscal year 2022 for qualified expenses.

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 24, 2021 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, 2021

OTHER POST-EMPLOYMENT BENEFITS

Schedule of Changes in the District's Net OPEB Liability and Related Ratios	6/30/21	6/30/20	6/30/19	6/30/18
<i>Total OPEB Liability</i>				
Service Cost	\$13,265	\$12,594	\$14,768	\$16,350
Interest on Total OPEB Liability	56,785	50,317	48,829	51,275
Differences Between Expected & Actual Experience		(21,943)		
Changes of Assumptions and Other Inputs		(12,314)		
Benefit Payments	(60,393)	(67,526)	(38,202)	(34,909)
Other Changes		127,705	10,522	41,353
Net Change in Total OPEB Liability	9,657	88,834	35,918	(33,293)
Total OPEB Liability Beginning of Year	841,412	752,578	716,660	749,953
Total OPEB Liability End of Year	\$851,068	\$841,412	\$752,578	\$716,660
<i>Plan Fiduciary Net Position</i>				
Employer Contributions				
Net Investment Income	\$287,080	\$107,709	\$84,956	\$86,233
Retiree Benefits Paid by OPEB Fund	(45,600)			
Administrative Expenses	(9,873)	(8,404)	(7,678)	(7,309)
Other Changes				
Net Change in Plan Fiduciary Net Position	231,607	99,305	\$77,278	\$78,924
Plan Fiduciary Net Position Beginning of Year	1,118,184	1,018,879	941,601	862,677
Plan Fiduciary Net Position End of Year	\$1,349,791	\$1,118,184	\$1,018,879	\$941,601
<i>Net OPEB Liability (Asset)</i>	<i>(\$498,723)</i>	<i>(\$276,773)</i>	<i>(\$266,302)</i>	<i>(\$224,941)</i>
Plan Net Position as a % of the Total OPEB Liability	158.60%	132.89%	135.39%	131.39%
Covered Employee Payroll	\$1,753,324	\$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	N/A not a net liability

Schedule of Investment Returns	6/30/21	6/30/20	6/30/19	6/30/18
Annual money-weighted rate of return, net of investment expenses	22.5%	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, 2021

PENSION PLAN SCHEDULES

District's Share of Net Pension Liability (NPL) of Middlesex County Retirement System (MCRS):

Valuation Date	District's proportion of the MCRS NPL	District's percentage share of the MCRS NPL	District's covered payroll	District's NPL as a % of its covered payroll	MCRS fiduciary net position as a % of its total pension liability
12/31/20	\$24,164	0.001578%	\$1,463,629	1.65%	53.42%
12/31/19	\$343,766	0.021485%	\$1,405,409	24.46%	49.45%
12/31/18	\$708,793	0.045451%	\$1,390,459	50.98%	46.40%
12/31/17	\$391,160	0.027562%	\$1,333,719	29.33%	49.27%
12/31/16	\$1,165,154	0.082234%	\$1,282,932	90.82%	45.49%
12/31/15	\$1,402,613	0.108728%	\$1,222,528	114.73%	46.13%
12/31/14	\$2,106,325	0.175335%	\$1,175,508	179.18%	47.65%

District's Contributions to the Middlesex County Retirement System:

Fiscal Year Ended	Date of actuarial valuation	Actuarially determined contribution	Contributions made in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a % of covered payroll
6/30/21	1/1/20	\$67,843	\$67,843	----	\$1,463,629	4.64%
6/30/20	1/1/20	\$63,546	\$63,546	----	\$1,405,409	4.52%
6/30/19	1/1/18	\$115,058	\$506,218	(\$391,160)	\$1,390,459	36.41%
6/30/18	1/1/18	\$107,500	\$607,500	(\$500,000)	\$1,333,719	45.55%
6/30/17	1/1/16	\$199,317	\$699,317	(\$500,000)	\$1,282,932	54.51%
6/30/16	1/1/16	\$186,049	\$1,186,049	(\$1,000,000)	\$1,222,528	97.01%
6/30/15	1/1/14	\$243,247	\$743,247	(\$500,000)	\$1,175,508	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:

- None

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

- None

CHELMSFORD WATER DISTRICT					Page 23
Supplemental Schedule of Governmental Fund Balance - Capital Projects Activity					
For the Year Ended June 30, 2021					
		Transfers	Transfers		
	Beginning	Within	from General	Payments	Ending
	Balance	Cap Projects	Fund	(Made)	Balance
0 Billerica Road Property Purchase	\$0		\$10,000	(\$2,200)	\$7,800
4-wheel drive SUV 20	40,000			(36,267)	3,733
4x4 truck with 8' utility body 20	50,000			(47,963)	2,037
Cleaning Raw Water Main to RNTP	0		45,000		45,000
Exterior rehab of office garages	110,339			(13,601)	96,738
Hot Box 19	478	(\$478)			0
Infrastructure Upgrade	179,808	4,832	145,000	(118,255)	211,385
Meadowbrook 1	4,166	(4,166)			0
Mill Rd #1 Rehab 19	317,345			(176,320)	141,025
Misty Meadows	0		1,000,000	(968,424)	31,576
PFAS DEP Regulations	0		80,000	(7,710)	72,290
Rehab of Pump Station Buildings	26,954			(13,141)	13,813
Rehab of Summit Storage Tank	150,000			(63,506)	86,494
Security System Upgrades	60,803			(3,129)	57,674
Smith St Treatment Plant	55,778			(37,740)	18,038
Somerset Pl To Little Rd Main Looping	400,000			(4,010)	395,991
Storage Tanks Pump Stations Wells	140,327			(1,863)	138,463
Summit and Amble Storage Tanks	5,550			(5,550)	0
Tank Temp Probes	0		70,000		70,000
Transit Cargo Van 20	45,000	(189)		(44,811)	0
Truck 11 2021 10 Wheel Dump Truck	0		200,000		200,000
Turnpike Storage Tank	14,659			(7,935)	6,724
Water Exploration and Well Planning	0		115,000	(9,465)	105,535
Water Main and Service Replacement 19	551,393		275,000	(312,643)	513,751
Water Meter Upgrade and Exchange	0		120,000		120,000
Water Supply Protection & Recharge	0		300,000		300,000
Watershed Ln Stream Crossing	0		40,000	(4,250)	35,750
Totals	\$2,152,599	(\$0)	\$2,400,000	(\$1,878,782)	\$2,673,818