

CHELMSFORD WATER DISTRICT

REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

CHELMSFORD WATER DISTRICT

REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS

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JUNE 30, 2019

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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, 2019 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, 2019, 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.

**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, 2019.

FINANCIAL HIGHLIGHTS

The assets of the Chelmsford Water District exceeded its liabilities at the close of the fiscal year by \$35,345,697. Of this amount, \$4,980,410 (unrestricted net assets) may be used to meet the ongoing obligations of the District.

The total assets of the District are \$42,748,243. Of this amount, \$8,951,849 represents current assets and \$33,733,575 represents capital assets.

The total liabilities of the District are \$7,402,546. Of this amount, \$1,016,812 represents current liabilities and \$6,385,734 represents long term liabilities.

The total deferred outflows related to pensions of the District are \$1,433,557 and the total deferred inflows are \$709,771.

The total deferred outflows related to other post employment benefits (OPEB) of the District are \$86,037 and the total deferred inflows are \$119,985.

Total net assets of the District are \$36,035,534 made up of the following categories:

\$27,363,490 Invested in Capital Assets net of related debt

\$ 1,756,992 Restricted for Capital Projects

\$ 1,934,642 Bond Debt Fund

\$ 4,980,410 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 \$6,370,084.

The overall financial position of the District is stable. The change in net assets for the fiscal year amounts to an increase of \$1,485,430

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 \$1,121,321. Actual expenditures were lower than budgeted expenditures by \$495,935.

Free cash of the District as reported to the Massachusetts Department of Revenue is \$3,645,314.

SUMMARIZED FINANCIAL DATA

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Income

Water Rates and Fees	\$ 4,764,869
Bond Debt Fee Receipts	\$ 1,412,461
Interest Income	\$ 129,188
Increase Fair Value of Investments	\$ 182,623
Total Income	\$ 6,489,142

Expenses	\$ 5,003,712
Change in Net Assets	\$ 1,485,430

CAPITAL ASSETS

The Chelmsford Water District's investment in capital assets as of June 30, 2019 amounts to \$33,733,575 (net of accumulated depreciation). This investment includes land, buildings and improvements, pumping stations and tanks, infrastructure and improvements, machinery and equipment. The District added \$1,261,704 in capital assets this year. The District transferred \$695,000 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 \$1,293,493.

The District had many ongoing capital projects at the Turnpike Storage Tank. The exterior of the storage tank was painted, infrastructure upgrades were made to include a new pit to access the replacement of piping and replacement of the 1964 altitude valve. In addition, a chlorine building was added to house all SCADA for communication purposes. Additional infrastructure upgrades included water main extension and looping of Strobel and Armand Drive. In addition, the District upgraded aging vehicles that included the replacement of a 2008 Ford F250 Truck and replacement of the 2001 sander.

FISCAL YEAR 2020

The District has appropriated a balanced annual budget for FY 2020 of \$5,042,665. The District anticipates that the revenues will be equal to projected expenses for fiscal year 2020.

CHELMSFORD WATER DISTRICT					Page 4
Statement of Net Position					
June 30, 2019	<i>Unrestricted</i>	<i>Bond Debt</i>	<i>Restricted</i>	<i>Invested in</i>	<i>Total</i>
	<i>Fund</i>	<i>Fund</i>	<i>Cap Projects</i>	<i>Capital</i>	
ASSETS					
<i>Current Assets</i>					
Cash and Cash Equivalents	\$1,714,205	\$1,884,330			\$3,598,535
Due to/from unrestricted/bond debt fund	(117,312)	117,312			0
Due to/from unrestricted/capital projects	(1,756,992)		\$1,756,992		0
Investments	3,805,413				3,805,413
Accounts Receivable	401,599				401,599
Unbilled Accounts Receivable	880,000				880,000
Net OPEB Funding Asset	266,302				266,302
Total Current Assets	5,193,215	2,001,642	1,756,992	\$0	8,951,849
<i>Non Current Assets</i>					
Land				683,807	683,807
Depreciable Capital Assets, Net				33,049,768	33,049,768
Bond Refinance Costs, Net	62,818				62,818
Total Non Current Assets	62,818	0	0	33,733,575	33,796,393
Total Assets	5,256,033	2,001,642	1,756,992	33,733,575	42,748,243
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows Related to Pensions	1,433,557				1,433,557
Deferred Outflows Related to OPEB	86,037				86,037
LIABILITIES AND NET POSITION					
LIABILITIES					
<i>Current Liabilities</i>					
Current Portion Long Term Debt				936,143	936,143
Accrued Bond Interest Payable		67,000			67,000
Miscellaneous Liabilities	13,669				13,669
Total Current Liabilities	13,669	67,000	0	936,143	1,016,812
<i>Long Term Liabilities</i>					
Bonds Payable				5,433,941	5,433,941
Accrued Compensated Absences	243,000				243,000
Net Pension Liability	708,793				708,793
Total Long Term Liabilities	951,793	0	0	5,433,941	6,385,734
Total Liabilities	965,462	67,000	0	6,370,084	7,402,546
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows Related to Pensions	709,771				709,771
Deferred Inflows Related to OPEB	119,985				119,985
NET POSITION					
Unrestricted	4,980,410				4,980,410
Restricted for Bond Debts		1,934,642			1,934,642
Restricted for Capital Projects			1,756,992		1,756,992
Net Investment in Capital Assets				27,363,490	27,363,490
Total Net Position	\$4,980,410	\$1,934,642	\$1,756,992	\$27,363,490	\$36,035,534

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, 2019	<i>Fund</i>	<i>Fund</i>	<i>Cap Projects</i>	<i>Capital</i>	<i>Total</i>
REVENUES					
Water Rates and Services	\$4,764,869				\$4,764,869
Bond Debt Fee Receipts		\$1,412,461			1,412,461
Interest Revenue	126,099	3,089			129,188
Increase Fair Value of Investments	182,623				182,623
Total Revenues	5,073,591	1,415,551	\$0	\$0	6,489,142
EXPENSES					
Salaries and Wages	1,572,334				1,572,334
Other Post Employment Benefits Expense	(62,034)				(62,034)
Depreciation Expense				1,293,493	1,293,493
Equipment and Building	237,138				237,138
Fuel, Light and Power	152,356				152,356
Group Insurance	336,417				336,417
FICA/Medicare Tax	17,681				17,681
System Maintenance Reserve Expense	99,555				99,555
Riverneck Rd Plant Operations	181,115				181,115
Crooked Spring Plant Operations	132,842				132,842
Smith St Plant Operations	51,770				51,770
Meters and Equipment	0				0
General Insurance	83,506				83,506
Interest & Fees Expense	0	164,673			164,673
Water Treatment	348				348
Middlesex Retirement Expense	115,058				115,058
Trucks Backhoe and Machinery	67,190				67,190
Printing Advertising Stationary	40,654				40,654
New Service and Repairs	34,819				34,819
Laboratory Testing	46,597				46,597
Consulting and Engineering	3,231				3,231
Office Equipment Maintenance	44,430				44,430
Professional Fees	54,123				54,123
Telephone and Radio	18,791				18,791
Consumer Outreach	6,845				6,845
Police Hire	12,150				12,150
Dues, Licenses, Certificates	10,977				10,977
D.E.P. Clean Water Assessment	7,515				7,515
Miscellaneous Equipment	4,545				4,545
Unemployment Compensation	2,121				2,121
Administration Misc and Transportation	1,236				1,236
Water Main Extensions	34,361				34,361
Investment Advisory Fees	29,441				29,441
Amortization Expense	9,664				9,664
Retirement Fund Expense	198,770				198,770
Total Expenses	3,545,545	164,673	0	1,293,493	5,003,712
CHANGE IN NET POSITION	1,528,046	1,250,877	0	(1,293,493)	1,485,430
Transfers General to Capital Projects	(695,000)		695,000		0
Capital Projects/Expenditures	(104,185)		(1,157,519)	1,261,704	0
Debt Principal Retired		(930,823)		930,823	0
Net Position - Beginning of Year as Restated	4,251,549	1,614,588	2,219,511	26,464,456	34,550,104
Net Position - End of Year	\$4,980,410	\$1,934,642	\$1,756,992	\$27,363,490	\$36,035,534

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CHELMSFORD WATER DISTRICT				Page 6
Governmental Funds - Balance Sheet				
June 30, 2019				
			<i>Capital</i>	<i>Total</i>
	<i>General</i>	<i>Bond Debt</i>	<i>Projects</i>	<i>Governmental</i>
<i>ASSETS</i>	<i>Fund</i>	<i>Fund</i>	<i>Fund</i>	<i>Funds</i>
<i>Current Assets</i>				
Cash and Cash Equivalents	\$1,714,205	\$1,884,330		\$3,598,535
Investments	3,805,413			3,805,413
Accounts Receivable	401,599			401,599
Less Reserve for Uncollectible	(401,599)			(401,599)
Due to/from general/bond debt fund	(117,312)	117,312		0
Due to/from general/capital projects fund	(1,756,992)		\$1,756,992	0
Total Assets	\$3,645,314	\$2,001,642	\$1,756,992	\$7,403,948
<i>LIABILITIES AND FUND BALANCES</i>				
<i>LIABILITIES</i>				
<i>FUND BALANCES</i>				
Fund Balances	\$3,645,314	\$2,001,642	\$1,756,992	\$7,403,948
Total Liabilities and Fund Balances	\$3,645,314	\$2,001,642	\$1,756,992	\$7,403,948

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, 2019	<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	\$4,900,970			\$4,900,970
Bond Debt Fee Receipts		\$1,412,461		1,412,461
Interest Revenue	126,099	3,089		129,188
Increase Fair Value of Investments	182,623			182,623
Total Revenues	5,209,692	1,415,551	\$0	6,625,243
EXPENSES				
Capital Project Expenditures			1,157,519	1,157,519
Salaries and Wages	1,563,334			1,563,334
Other Post Employment Benefits Expense	0			0
Retirement Fund Expense	391,160			391,160
Bonds, Interest & Fees Expense		1,122,496		1,122,496
Fuel, Light and Power	152,356			152,356
Group Insurance	336,417			336,417
FICA/Medicare Tax	17,681			17,681
Equipment and Building	237,138			237,138
System Maintenance Reserve Expense	99,555			99,555
Riverneck Rd Plant Operations	181,115			181,115
Crooked Spring Plant Operations	132,842			132,842
Smith St Plant Operations	51,770			51,770
Meters and Equipment	104,185			104,185
General Insurance	83,506			83,506
Water Treatment	348			348
Middlesex Retirement Assessment	115,058			115,058
Trucks Backhoe and Machinery	67,190			67,190
Printing Advertising Stationery	40,654			40,654
New Service and Repairs	34,819			34,819
Laboratory Testing	46,597			46,597
Consulting and Engineering	3,231			3,231
Office Equipment Maintenance	44,430			44,430
Professional Fees	54,123			54,123
Telephone and Radio	18,791			18,791
Consumer Outreach	6,845			6,845
Police Hire	12,150			12,150
Dues, Licenses, Certificates	10,977			10,977
D.E.P. Clean Water Assessment	7,515			7,515
Miscellaneous Equipment	4,545			4,545
Unemployment Compensation	2,121			2,121
Administration Misc and Transportation	1,236			1,236
Water Main Extensions	34,361			34,361
Investment Advisory Fees	29,441			29,441
Total Expenses	3,885,490	1,122,496	1,157,519	6,165,506
CHANGE IN NET ASSETS	1,324,202	293,054	(1,157,519)	459,737
Transfers General to Capital Projects	(695,000)		695,000	0
Fund Balances - Beginning of Year	3,016,112	1,708,588	2,219,511	6,944,210
Fund Balances - End of Year	\$3,645,314	\$2,001,642	\$1,756,992	\$7,403,947

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, 2019	
Total Governmental Fund Net Assets	\$7,403,948
Certain assets used in governmental activities are not financial resources, and therefore are not reported in the funds.	
Capital assets	33,733,575
Bond refinance costs	62,818
The Statement of Net Assets includes accounts receivables and other assets that are not recognized on the governmental funds	
Accounts receivable	401,599
Unbilled accounts receivable	880,000
Net OPEB funding asset, including deferred outflows and inflows	232,354
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	(6,370,084)
Accrued bond interest payable	(67,000)
Miscellaneous liabilities	(13,669)
Accrued compensated absences	(243,000)
Net pension liability, including deferred outflows and inflows	14,993
Net Position of Governmental Activities	\$36,035,534
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, 2019	
Change in Net Assets - Total Governmental Funds	\$459,737
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	1,157,519
Capital expenditures - meters expense	104,185
Depreciation expense	(1,293,493)
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	(136,101)
Interest expense	27,000
Amortization expense	(9,664)
Salaries/compensated absences	(9,000)
Other post employment benefits expense	62,034
Pension expense actuarially calculated	(198,770)
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	930,823
Net pension liability funding	391,160
Change in Net Position on Statement of Activities	\$1,485,430

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, 2019		<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	\$4,103,921	\$4,900,970		\$797,049
Bond Debt Fee Receipts	1,400,000		\$1,412,461	12,461
Interest Revenue	0	126,099	3,089	129,188
Increase Fair Value of Investments	0	182,623		182,623
Total Revenues	5,503,921	5,209,692	1,415,551	1,121,321
EXPENSES				
Salaries and Wages	1,648,000	1,563,334		84,666
Retirement Fund Expense	500,000	391,160		108,840
Bonds, Interest & Fees Expense	1,122,496		1,122,496	0
Equipment and Building	275,000	237,138		37,862
Fuel, Light and Power	165,000	152,356		12,644
Group Insurance	360,000	336,417		23,583
FICA/Medicare Tax	19,000	17,681		1,319
Riverneck Rd Plant Operations	170,000	181,115		(11,115)
Crooked Springs Plant Operations	200,000	132,842		67,158
Smith St Plant Operations	105,000	51,770		53,230
Meters and Equipment	130,000	104,185		25,815
Water Treatment	1,000	348		652
Middlesex Retirement Assessment	117,225	115,058		2,167
General Insurance	110,000	83,506		26,494
Laboratory Testing	50,000	46,597		3,403
System Maintenance Reserve Expense	95,000	99,555		(4,555)
Trucks Backhoe and Machinery	80,000	67,190		12,810
New Service and Repairs	40,000	34,819		5,181
Professional Fees	55,000	54,123		877
Printing Advertising Stationery	42,000	40,654		1,346
Consulting and Engineering	25,000	3,231		21,769
Office Equipment Maintenance	50,000	44,430		5,570
Consumer Outreach	12,000	6,845		5,155
Police Hire	22,000	12,150		9,850
Telephone and Radio	22,000	18,791		3,209
D.E.P. Clean Water Assessment	8,000	7,515		485
Dues, Licenses, Certificates	20,000	10,977		9,023
Miscellaneous Equipment	5,000	4,545		455
Administration Misc and Transportation	3,000	1,236		1,764
Unemployment Compensation	2,200	2,121		79
Water Main Extensions	50,000	34,361		15,639
Investment Advisory Fees	0	29,441		(29,441)
Total Expenses	5,503,921	3,885,490	1,122,496	495,935
REVENUES OVER EXPENDITURES	0	1,324,202	293,054	1,617,256
Transfers General Fund to Capital Projects	(695,000)	(695,000)		(695,000)
Budgetary Fund Balance - Beginning of Year	4,724,700	3,016,112	1,708,588	0
Budgetary Fund Balance - End of Year	\$4,029,700	\$3,645,314	\$2,001,642	\$922,256

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CHELMSFORD WATER DISTRICT	Page 10
Statement of Fiduciary Net Position - Other Post Employment Benefits Fund	
June 30, 2019	
ASSETS	
Current Assets	
Investments	\$1,018,879
Total Assets	\$1,018,879
LIABILITIES	
NET POSITION	
Held in Trust for Other Post Employment Benefits	\$1,018,879
Total Net Position	\$1,018,879
CHELMSFORD WATER DISTRICT	
Statement of Changes in Fiduciary Net Position - Other Post Employment Benefits Fund	
For the Year Ended June 30, 2019	
ADDITIONS	
Dividend and Interest Income	\$23,033
Net Increase in Fair Value of Investments	61,923
Total Additions	84,956
DEDUCTIONS	
Investment Management Fees	7,678
Total Deductions	7,678
Additions over Deductions	77,278
Net Position - Beginning of Year	941,601
Net Position - End of Year	\$1,018,879

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2019

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, 2019

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.

Beginning Net Position Restatement – The beginning (July 1, 2018) net position in Government Wide Statement of Net Position has been restated for a change in accounting principle pursuant to adoption of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The net position was increased from \$3,821,855 to \$4,251,549 as a result of this change.

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, 2019, the District had the following investments:

Description	Unrestricted Fund	OPEB Fiduciary Fund
Cash and equivalents	\$302,214	\$57,369
Bonds (corporate & government)	1,103,400	312,811
Equities	2,399,799	648,699
Total	\$3,805,413	\$1,018,879

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2019, \$117,312 was due to the Bond Debt Fund and \$1,756,992 was due to the Capital Projects Fund from the General Fund/Unrestricted Fund.

NOTE 5 - RETIREMENT PLANS

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

The District’s contribution (as calculated by the Middlesex County Retirement System) for the year ended June 30, 2019 was \$115,058. In addition, the District voluntarily contributed \$391,160 from the General/Unrestricted Fund to the Middlesex County Retirement System. This voluntary payment has been applied against the District’s net pension liability. The District has a voluntary Section 457 retirement plan to which employees may make pre-tax contributions. The maximum employee contribution is adjusted annually per Federal tax regulations.

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2019

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the District for the year ended June 30, 2019 consisted of the following:

Description	Beginning Balance	Additions	Disposals	Reclassifications	Ending Balance
Land	\$683,807				\$683,807
Infrastructure	49,928,741	\$639,616		\$64,569	50,632,926
Buildings	723,244	60,693			783,937
Vehicles	1,585,578	561,395			2,146,973
Office Equipment	154,894				154,894
Capital Assets Under Construction	64,569			(64,569)	0
Total at Historical Cost	53,140,832	1,261,704			54,402,537
Accumulated Depreciation	(19,375,469)	(1,293,493)			(20,668,962)
Capital Assets, Net	\$33,765,363				\$33,733,575

Additions include \$104,185 of meters that were budgeted as expenses 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, 2019:

Description	Interest Rate	Beginning Balance	(Retired)	Ending Balance
Riverneck - pools 9 & 11	2.0%	\$2,030,907	(\$305,823)	\$1,725,084
Crooked Springs/Other	3.0%	5,270,000	(625,000)	4,645,000
Totals		\$7,300,907	(\$930,823)	\$6,370,084

Interest and fees expense of \$164,673 reported in the Statement of Activities reflects the accrual basis calculation of interest incurred during the year ended June 30, 2019 on long term notes, regardless of when the actual payments of interest were made by the District. Principal of \$930,823 plus interest and fees of \$191,673 for a total of \$1,122,496 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, 2019.

The annual debt service requirements for principal and interest for Long Term Debt at June 30, 2019 are as follows:

Fiscal Years	Principal	Interest	Total
2020	\$936,143	\$160,595	\$1,096,738
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
2025-2027	1,701,042	99,929	1,800,971
Totals	\$6,370,084	\$660,890	\$7,030,973

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2019

NOTE 7 - LONG TERM DEBT – continued

As of June 30, 2019, 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, replaces the requirements of Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. The Statement 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, 2019.

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 November 2018 census date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	11
Active employees	21
Total participants	32

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2019

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, 2019, the annual money weighted rate of return on investments, net of investment expense, was 7.88%.

C. Actuarial Assumptions and Other Inputs – The net OPEB liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019, 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: 3.6% for all years
Retirees' Share of Benefit-Related Costs	40.0%
Mortality Rates	Determined pursuant to the RP-2014 Combined Annuitant Mortality Table for males and females. The Mortality Table reflects recent rates developed by the Society of Actuaries.
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 as of June 30, 2019 are summarized in the following table.

Asset Class	Target Asset Allocation	Long Term Expected Real Rate of Return
Cash	4.17%	1.5%
Equities	63.37%	7.8%
Fixed Income	32.46%	6.0%
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, 2019, were as follows:

Total OPEB liability	\$752,578
Plan fiduciary net position	1,018,879
Net OPEB liability (asset)	(\$266,302)
Plan fiduciary net position as a % of the total OPEB liability	135.39%

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2019

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

F. Changes in the Net OPEB Liability – Update procedures were used to roll the amounts from the June 30, 2018 valuation date to June 30, 2019. Accordingly, there are no changes of benefit, assumptions or experience.

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balances beginning of year June 30, 2018	\$716,660	\$941,601	(\$224,941)
Changes for the year:			
Service cost	14,768		14,768
Interest on total OPEB liability	48,829		48,829
Net investment income		77,278	(77,278)
Benefit payments	(38,202)		(38,202)
Other changes	10,522		10,522
Net changes	35,918	77,278	(41,360)
Balances end of year June 30, 2019	\$752,578	\$1,018,879	(\$266,302)

G. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the net OPEB liability, as well as what the net OPEB liability 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)	(\$341,760)	(\$266,302)	(\$176,388)

H. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates –The following presents the net OPEB liability, as well as what the net OPEB liability 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)	(\$175,289)	(\$266,302)	(\$350,631)

I. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB –For the year ended June 30, 2019, the District recognized a negative net OPEB expense of \$62,034. At June 30, 2019, 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		\$65,867
Changes of assumptions and other inputs	\$86,037	28,885
Difference between projected and actual investment earnings		25,233
Totals	\$86,037	\$119,985

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
2020	\$17,778	\$27,928
2021	17,778	27,928
2022	17,778	27,928
2023	17,778	27,928
2024	13,565	21,826
2025	1,360	14,375
Totals	\$86,037	\$119,985

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2019

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, 2019.

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, 2019, the annual money weighted rate of return on investments, net of investment expense, was 7.88%.

B. Actuarial Assumptions and Other Inputs – The total OPEB liability was determined by an actuarial valuation as of June 30, 2019. 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 – The components of the net OPEB liability, measured as of June 30, 2019, were as follows:

Total OPEB liability	\$752,578
Plan fiduciary net position	1,018,879
Net OPEB liability (asset)	(\$266,302)
Plan fiduciary net position as a % of the total OPEB liability	135.39%

D. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the net OPEB liability, as well as what the net OPEB liability 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)	(\$341,760)	(\$266,302)	(\$176,388)

E. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the net OPEB liability, as well as what the net OPEB liability 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)	(\$175,289)	(\$266,302)	(\$350,631)

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2019

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, 2018. 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, 2019 was \$115,058. In addition to the required contribution, the District made a voluntary contribution of \$391,160 during the fiscal year ended June 30, 2019.

At June 30, 2019, the District reported a liability of \$708,793 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, 2018. 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, 2018, the District’s proportionate share was 0.045451%.

For the year ended June 30, 2019, the District recognized pension expense of \$198,770 in addition to its required contribution of \$115,058. At June 30, 2019, the District reported the following deferred outflows and inflows of resources related to pensions:

Deferred Outflows of Resources – differences between expected and actual experience	\$1,450
Deferred Outflows of Resources – net difference between projected and actual investment earnings on pension plan investments	31,594
Deferred Outflows of Resources – changes of assumptions	44,050
Deferred Outflows of Resources – changes in proportion and differences between employer contributions and proportionate share of contributions	1,356,463
Deferred Inflows of Resources – differences between expected and actual experience	(2,471)
Deferred Inflows of Resources – changes in proportion and differences between employer contributions and proportionate share of contributions	(707,300)
Net Deferred Outflows and Inflows of Resources	\$723,786

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

Year ending June 30,	
2020	\$256,105
2021	192,895
2022	124,853
2023	149,933
Total	\$723,786

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2019

NOTE 9 – PENSION PLAN - continued

Actuarial Assumptions – The total pension liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement updated to December 31, 2018:

Valuation date	January 1, 2018
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Prior year's total contribution increased by 6.5% for fiscal 2018 through fiscal 2024, and thereafter the remaining unfunded liability will be amortized on a 4.0% annual increasing basis; Early Retirement Incentive (ERI) liability amortized in level payments.
Remaining amortization period	As of July 1, 2018, two years remained for 2003 ERI liability, and 17 years remained for remaining unfunded liability.
Asset valuation method	The difference between the expected return and the actual investment return on a market value basis is recognized over a five-year period. Asset value is adjusted as necessary to be within 20% of the market value.
Inflation rate	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	7.50%, 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, 2019 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return	Long Term Expected Asset Allocation
Domestic equity	7.62%	17.00%
International developed markets equity	7.80%	14.90%
International emerging markets equity	9.31%	6.00%
Core fixed income	4.00%	13.00%
Value-added fixed income	7.58%	8.10%
Private equity	11.15%	12.10%
Real estate	6.59%	9.40%
Timberland	7.00%	4.10%
Hedge funds, PCS	6.83%	14.20%
Liquidating portfolios/Overlay	0.00%	1.20%
		100.00%

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2019

NOTE 9 – PENSION PLAN - continued

Discount rate – The discount rate used to measure the total pension liability was 7.50%. 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, 2019, calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.50%) or 1% higher (8.50%) than the current rate:

	1% Decrease to 6.50%	Current Discount 7.50%	1% Increase to 8.50%
The District's proportionate share of the net pension liability	\$859,798	\$708,793	\$581,474

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 the 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.

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 18, 2019, 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, 2019

OTHER POST-EMPLOYMENT BENEFITS

Schedule of Changes in the District's Net OPEB Liability and Related Ratios	6/30/19	6/30/18
<i>Total OPEB Liability</i>		
Service Cost	\$14,768	\$16,350
Interest on Total OPEB Liability	48,829	51,275
Differences Between Expected & Actual Experience		
Changes of Assumptions and Other Inputs		
Benefit Payments	(38,202)	(34,909)
Other Changes	10,522	41,353
Net Change in Total OPEB Liability	35,918	(33,293)
Total OPEB Liability Beginning of Year	716,660	749,953
Total OPEB Liability End of Year	\$752,578	\$716,660
<i>Plan Fiduciary Net Position</i>		
Employer Contributions		
Net Investment Income	\$77,278	\$78,924
Difference Between Expected & Actual Experience		
Administrative Expenses		
Other Changes		
Net Change in Plan Fiduciary Net Position		
Plan Fiduciary Net Position Beginning of Year	941,601	862,677
Plan Fiduciary Net Position End of Year	\$1,018,879	\$941,601
<i>Net OPEB Liability (Asset)</i>	<i>(\$266,302)</i>	<i>(\$224,941)</i>
Plan Net Position as a % of the Total OPEB Liability	135.39%	131.39%
Covered Employee Payroll	\$1,563,334	\$1,535,204
Net OPEB Liability as a % of Covered Employee Payroll		

Schedule of Investment Returns	6/30/19	6/30/18
Annual money-weighted rate of return, net of investment expenses	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, 2019****PENSION PLAN SCHEDULES**

Schedule of the District's Proportionate Share of the Net Pension Liability of Middlesex County Retirement (MCRS)	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)	\$708,793	\$391,160	\$1,165,154	\$1,402,613	\$2,106,325
District's % share of the MCRS NPL	.045451%	0.027562%	0.082234%	0.108728%	0.175335%
District's covered employee payroll	\$1,390,459	\$1,333,719	\$1,282,932	\$1,222,528	\$1,175,508
District's NPL as a % of its covered payroll	50.98%	29.33%	90.82%	114.73%	179.18%
MCRS fiduciary net position as % of its total pension liability	46.40%	49.27%	45.49%	46.13%	47.65%

Schedule of the District's Contributions to the Middlesex County Retirement System	Year Ended 6/30/19	Year Ended 6/30/18	Year Ended 6/30/17	Year Ended 6/30/16	Year Ended 6/30/15
Date of actuarial valuation	1/1/2018	1/1/2018	1/1/2016	1/1/2016	1/1/2014
Actuarially determined contribution	\$115,058	\$107,500	\$199,317	\$186,049	\$243,247
Contributions made	\$506,218	\$607,500	\$699,317	\$1,186,049	\$743,247
Contribution deficiency (excess)	(\$391,160)	(\$500,000)	(\$500,000)	(\$1,000,000)	(\$500,000)
Covered employee payroll	\$1,390,459	\$1,333,719	\$1,282,932	\$1,222,528	\$1,175,508
Contributions as a % of covered employee payroll	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, 2019 actuarial valuation:

- The mortality tables for healthy participants were changed from the RP-2000 Employee and Healthy Annuitant Mortality Tables projected generationally using Scale BB2D from 2009 to the RP-2014 Blue Collar Employee and Healthy Annuitant Mortality Tables projected generationally using Scale MP-2017.
- The mortality tables for disabled participants were changed from the RP-2000 Healthy Annuitant Mortality Table projected generationally using Scale BB2D from 2015 to the RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year projected generationally using Scale MP-2017.
- The long-term salary increase assumption was lowered by 0.25% to 4.00% for Group 1 participants.
- The investment rate of return assumption was reduced from 7.75% to 7.50%.
- The inflation rate was reduced from 3.50% to 3.25%.

The following plan provision changes were reflected in the January 1, 2018 actuarial valuation:

- NONE

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Supplemental Schedule of Governmental Fund Balance - Capital Projects Activity					
For the Year Ended June 30, 2019					
		Transfers	Transfers		
	Beginning	Within	from General	Payments	Ending
	Balance	Cap Projects	Fund	(Made)	Balance
4-wheel drive SUV 19	\$0		\$37,000		\$37,000
4-wheel drive truck 18	50,000	(\$324)		(\$49,676)	0
4-wheel drive truck extended cab 19	0		43,000		43,000
4-wheel drive truck utility body19	0		60,000		60,000
Amble and Robin Hill Tank Exterior 19	0		200,000		200,000
Barnes Terrace	100				100
Chlorination Building	93,210	(35,183)		(58,027)	0
Exterior rehab of office garages	186,608			(59,403)	127,205
Garage	7,372			(1,290)	6,082
Hot Box 19	0		55,000		55,000
Infrastructure Upgrade	204,117			(14,259)	189,858
Meadowbrook 1	4,165				4,165
Media Replacement CSTP	49,755	(49,755)			0
Mill Rd #1 Rehab 19	0	128,555			128,555
One ton pick up truck with sander	130,000	(17,500)		(107,212)	5,288
Rehab of Pump Station Buildings	70,588			(43,635)	26,954
Security System Upgrades	15,013				15,013
Smith St Treatment Plant	90,605			(49,340)	41,265
Storage Tanks Pump Stations Wells	127,906	17,500		(5,079)	140,327
Summit and Amble Storage Tanks	5,550				5,550
Turnpike Storage Tank	625,614	(120,000)		(337,515)	168,099
Turnpike Well Upgrade	43,617	(43,617)			0
Vac Truck	416,200	(11,693)		(404,507)	0
Water Main and Service Replacement 19	0	230,691	300,000	(27,160)	503,531
Wiggins Woodlawn Mains 17	99,090	(98,673)		(417)	0
Totals	\$2,219,511	\$0	\$695,000	(\$1,157,519)	\$1,756,992