

CHELMSFORD WATER DISTRICT

REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

CHELMSFORD WATER DISTRICT

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BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

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 – 18
Required Supplemental Information and Notes	
Other Post-Employment Benefits Schedules and Note	19
Pension Plan Schedules and Note	20
Other Supplemental Information	
Supplemental Schedule of Governmental Fund Balance-Capital Projects Activity	21

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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, 2018 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, 2018, 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**

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, 2018.

FINANCIAL HIGHLIGHTS

The assets of the Chelmsford Water District exceeded its liabilities at the close of the fiscal year by \$33,906,647. Of this amount, \$3,821,855 (unrestricted net assets) may be used to meet the ongoing obligations of the District.

The total assets of the District are \$42,237,618. Of this amount, \$8,399,733 represents current assets and \$33,765,363 represents capital assets.

The total liabilities of the District are \$8,330,971. Of this amount, \$1,076,353 represents current liabilities and \$7,254,618 represents long term liabilities.

The total deferred outflows related to pensions of the District are \$1,297,402 and the total deferred inflows are \$1,083,639.

Total net assets of the District are \$34,120,410 made up of the following categories:

\$26,464,456 Invested in Capital Assets net of related debt

\$ 2,219,510 Restricted for Capital Projects

\$ 1,614,588 Bond Debt Fund

\$ 3,821,855 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 \$7,300,907.

The overall financial position of the District is stable. The change in net assets for the fiscal year amounts to an increase of \$1,684,142.

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 \$692,713. Actual expenditures were lower than budgeted expenditures by \$621,786.

Free cash of the District as reported to the Massachusetts Department of Revenue is \$3,016,112.

SUMMARIZED FINANCIAL DATA

Page 3

Income

Water Rates and Fees	\$ 5,029,584
Bond Debt Fee Receipts	\$ 1,405,623
Interest Income	\$ 126,375
Decrease Fair Value of Investments	(\$ 84,690)
Total Income	\$ 6,476,892

Expenses	<u>\$ 4,792,750</u>
Change in Net Assets	<u>\$ 1,684,142</u>

CAPITAL ASSETS

The Chelmsford Water District's investment in capital assets as of June 30, 2018 amounts to \$33,765,363 (net of accumulated depreciation). This investment includes land, buildings and improvements, pumping stations and tanks, infrastructure and improvements, machinery and equipment. The District added \$1,347,954 in capital assets this year. The District transferred \$765,000 from the general fund to the capital projects fund to fund these expenditures.

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 \$1,252,500.

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

FISCAL YEAR 2018

The District has appropriated a balanced annual budget for FY 2019 of \$5,503,921. The District anticipates that the revenues will be equal projected expenses for fiscal year 2019.

The District has many ongoing capital projects including the completion of the directional drilling and installation of water main from Wiggins to Woodlawn. Infrastructure upgrades continued with hydrant and gate change outs in the Westlands as well. Access roadway improvements have included the replacement of the culvert to the Turnpike Wells and change out of greensand media replacement at Crooked Spring Water Treatment Plant. In addition, the District is upgrading aging vehicles including the replacement of 2001 sander truck.

CHELMSFORD WATER DISTRICT					Page 4
Statement of Net Position					
June 30, 2018	<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	\$1,778,981	\$1,607,231			\$3,386,212
Due to/from unrestricted/bond debt fund	(101,357)	101,357			0
Due to/from unrestricted/capital projects	(2,219,510)		\$2,219,510		0
Investments	3,557,998				3,557,998
Accounts Receivable less allow bad debts	435,562				435,562
Unbilled Accounts Receivable	1,020,000				1,020,000
Total Current Assets	4,471,674	1,708,588	2,219,510	\$0	8,399,773
<i>Non Current Assets</i>					
Land				683,807	683,807
Depreciable Capital Assets, Net				33,081,556	33,081,556
Bond Refinance Costs, Net	72,482				72,482
Total Non Current Assets	72,482	0	0	33,765,363	33,837,845
Total Assets	4,544,156	1,708,588	2,219,510	33,765,363	42,237,618
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows Related to Pensions	1,297,402				1,297,402
LIABILITIES AND NET POSITION					
LIABILITIES					
<i>Current Liabilities</i>					
Current Portion Long Term Debt				930,823	930,823
Accrued Bond Interest Payable		94,000			94,000
Miscellaneous Liabilities	51,530				51,530
Total Current Liabilities	51,530	94,000	0	930,823	1,076,353
<i>Long Term Liabilities</i>					
Bonds Payable				6,370,084	6,370,084
Accrued Compensated Absences	234,000				234,000
Other Post Employment Benefits	259,374				259,374
Net Pension Liability	391,160				391,160
Total Long Term Liabilities	884,534	0	0	6,370,084	7,254,618
Total Liabilities	936,064	94,000	0	7,300,907	8,330,971
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows Related to Pensions	1,083,639				1,083,639
NET POSITION					
Unrestricted	3,821,855				3,821,855
Restricted for Bond Debts		1,614,588			1,614,588
Restricted for Capital Projects			2,219,510		2,219,510
Net Investment in Capital Assets				26,464,456	26,464,456
Total Net Position	\$3,821,855	\$1,614,588	\$2,219,510	\$26,464,456	\$34,120,410

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, 2018	<i>Fund</i>	<i>Fund</i>	<i>Cap Projects</i>	<i>Capital</i>	<i>Total</i>
REVENUES					
Water Rates and Services	\$5,029,584				\$5,029,584
Bond Debt Fee Receipts		\$1,405,623			1,405,623
Interest Revenue	123,727	2,648			126,375
Decrease Fair Value of Investments	(84,690)				(84,690)
Total Revenues	5,068,621	1,408,271	\$0	\$0	6,476,892
EXPENSES					
Salaries and Wages	1,552,204				1,552,204
Other Post Employment Benefits Expense	(4,804)				(4,804)
Depreciation Expense				1,252,500	1,252,500
Equipment and Building	205,634				205,634
Fuel, Light and Power	155,599				155,599
Group Insurance	316,340				316,340
FICA/Medicare Tax	18,147				18,147
System Maintenance Reserve Expense	88,632				88,632
Riverneck Rd Plant Operations	162,823				162,823
Crooked Spring Plant Operations	143,536				143,536
Smith St Plant Operations	92,411				92,411
Meters and Equipment	0				0
General Insurance	77,329				77,329
Interest & Fees Expense	0	217,527			217,527
Water Treatment	0				0
Middlesex Retirement Expense	107,500				107,500
Trucks Backhoe and Machinery	58,677				58,677
Printing Advertising Stationary	35,323				35,323
New Service and Repairs	30,392				30,392
Laboratory Testing	40,953				40,953
Consulting and Engineering	10,683				10,683
Office Equipment Maintenance	28,764				28,764
Professional Fees	45,982				45,982
Telephone and Radio	19,961				19,961
Consumer Outreach	8,225				8,225
Police Hire	12,364				12,364
Dues, Licenses, Certificates	16,020				16,020
D.E.P. Clean Water Assessment	7,266				7,266
Miscellaneous Equipment	3,772				3,772
Unemployment Compensation	2,102				2,102
Administration Misc and Transportation	1,886				1,886
Water Main Extensions	17,462				17,462
Investment Advisory Fees	30,533				30,533
Amortization Expense	9,664				9,664
Retirement Fund Expense	27,343				27,343
Total Expenses	3,322,723	217,527	0	1,252,500	4,792,750
CHANGE IN NET POSITION	1,745,897	1,190,744	0	(1,252,500)	1,684,142
Transfers General to Capital Projects	(765,000)		765,000		0
Capital Projects/Expenditures	(98,973)		(1,248,982)	1,347,954	0
Debt Principal Retired		(925,510)		925,510	0
Net Position - Beginning of Year	2,939,930	1,349,354	2,703,492	25,443,492	32,436,268
Net Position - End of Year	\$3,821,855	\$1,614,588	\$2,219,510	\$26,464,456	\$34,120,410

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CHELMSFORD WATER DISTRICT				Page 6
Governmental Funds - Balance Sheet				
June 30, 2018				
			<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	\$1,778,981	\$1,607,231		\$3,386,212
Investments	3,557,998			3,557,998
Accounts Receivable	435,562			435,562
Less Reserve for Uncollectible	(435,562)			(435,562)
Due to/from general/bond debt fund	(101,357)	101,357		0
Due to/from general/capital projects fund	(2,219,510)		\$2,219,510	0
Total Assets	\$3,016,112	\$1,708,588	\$2,219,510	\$6,944,210
<i>LIABILITIES AND FUND BALANCES</i>				
<i>LIABILITIES</i>				
<i>FUND BALANCES</i>				
Fund Balances	3,016,112	1,708,588	2,219,510	6,944,210
Total Liabilities and Fund Balances	\$3,016,112	\$1,708,588	\$2,219,510	\$6,944,210

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, 2018	<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	\$4,837,190			\$4,837,190
Bond Debt Fee Receipts		\$1,405,623		1,405,623
Interest Revenue	123,727	2,648		126,375
Decrease Fair Value of Investments	(84,690)			(84,690)
Total Revenues	4,876,227	1,408,271	\$0	6,284,499
EXPENSES				
Capital Project Expenditures			1,248,982	1,248,982
Salaries and Wages	1,535,204			1,535,204
Other Post Employment Benefits Expense	0			0
Retirement Fund Expense	500,000			500,000
Bonds, Interest & Fees Expense		1,149,037		1,149,037
Fuel, Light and Power	155,599			155,599
Group Insurance	316,340			316,340
FICA/Medicare Tax	18,147			18,147
Equipment and Building	234,952			234,952
System Maintenance Reserve Expense	88,632			88,632
Riverneck Rd Plant Operations	162,823			162,823
Crooked Spring Plant Operations	143,536			143,536
Smith St Plant Operations	92,411			92,411
Meters and Equipment	69,655			69,655
General Insurance	77,329			77,329
Water Treatment	0			0
Middlesex Retirement Assessment	107,500			107,500
Trucks Backhoe and Machinery	58,677			58,677
Printing Advertising Stationery	35,323			35,323
New Service and Repairs	30,392			30,392
Laboratory Testing	40,953			40,953
Consulting and Engineering	10,683			10,683
Office Equipment Maintenance	28,764			28,764
Professional Fees	45,982			45,982
Telephone and Radio	19,961			19,961
Consumer Outreach	8,225			8,225
Police Hire	12,364			12,364
Dues, Licenses, Certificates	16,020			16,020
D.E.P. Clean Water Assessment	7,266			7,266
Miscellaneous Equipment	3,772			3,772
Unemployment Compensation	2,102			2,102
Administration Misc and Transportation	1,886			1,886
Water Main Extensions	17,462			17,462
Investment Advisory Fees	30,533			30,533
Reclassify Miscellaneous Liabilities	(51,530)			(51,530)
Total Expenses	3,820,963	1,149,037	1,248,982	6,218,981
CHANGE IN NET ASSETS	1,055,265	259,234	(1,248,982)	65,517
Transfers General to Capital Projects	(765,000)		765,000	0
Fund Balances - Beginning of Year	2,725,847	1,449,354	2,703,492	6,878,693
Fund Balances - End of Year	\$3,016,112	\$1,708,588	\$2,219,510	\$6,944,210

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, 2018	
Total Governmental Fund Net Assets	\$6,944,210
Certain assets used in governmental activities are not financial resources, and therefore are not reported in the funds.	
Capital assets	33,765,363
Bond refinance costs	72,482
The Statement of Net Assets includes accounts receivables and other assets that are not recognized on the governmental funds	
Accounts receivable	435,562
Unbilled accounts receivable	1,020,000
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	(7,300,907)
Accrued bond interest payable	(94,000)
Miscellaneous liabilities	(51,530)
Accrued compensated absences	(234,000)
Other post employment benefits	(259,374)
Net pension liability, including deferred outflows and inflows	(177,397)
Net Position of Governmental Activities	\$34,120,410
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, 2018	
Change in Net Assets - Total Governmental Funds	\$65,517
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	1,248,982
Capital expenditures - meters expense	98,973
Depreciation expense	(1,252,500)
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	192,393
Interest expense	6,000
Amortization expense	(9,664)
Salaries/compensated absences	(17,000)
Other post employment benefits expense	4,804
Pension expense actuarially calculated	(27,343)
Reclassification of miscellaneous liabilities	(51,530)
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	925,510
Net pension liability funding	500,000
Change in Net Position on Statement of Activities	\$1,684,142

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, 2018		<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	\$4,191,786	\$4,837,190		\$645,405
Bond Debt Fee Receipts	1,400,000		\$1,405,623	5,623
Interest Revenue		123,727	2,648	126,375
Decrease Fair Value of Investments		(84,690)		(84,690)
Total Revenues	5,591,786	4,876,227	1,408,271	692,713
EXPENSES				
Salaries and Wages	1,633,000	1,535,204		97,796
Retirement Fund Expense	500,000	500,000		0
Bonds, Interest & Fees Expense	1,149,037		1,149,037	0
Equipment and Building	275,000	234,952		40,048
Fuel, Light and Power	165,000	155,599		9,401
Group Insurance	350,000	316,340		33,660
FICA/Medicare Tax	19,000	18,147		853
Riverneck Rd Plant Operations	160,000	162,823		(2,823)
Crooked Springs Plant Operations	200,000	143,536		56,464
Smith St Plant Operations	105,000	92,411		12,589
Meters and Equipment	130,000	69,655		60,345
Water Treatment	1,000	0		1,000
Middlesex Retirement Assessment	219,249	107,500		111,749
General Insurance	140,000	77,329		62,671
Laboratory Testing	50,000	40,953		9,047
System Maintenance Reserve Expense	70,000	88,632		(18,632)
Trucks Backhoe and Machinery	72,000	58,677		13,323
New Service and Repairs	40,000	30,392		9,608
Professional Fees	55,000	45,982		9,018
Printing Advertising Stationery	40,000	35,323		4,677
Consulting and Engineering	25,000	10,683		14,317
Office Equipment Maintenance	50,000	28,764		21,236
Consumer Outreach	15,000	8,225		6,775
Police Hire	20,000	12,364		7,636
Telephone and Radio	20,000	19,961		39
D.E.P. Clean Water Assessment	8,000	7,266		734
Dues, Licenses, Certificates	20,000	16,020		3,980
Miscellaneous Equipment	5,000	3,772		1,228
Administration Misc and Transportation	3,500	1,886		1,614
Unemployment Compensation	2,000	2,102		(102)
Water Main Extensions	50,000	17,462		32,538
Investment Advisory Fees		30,533		(30,533)
Reclassify Miscellaneous Liabilities		(51,530)		51,530
Total Expenses	5,591,786	3,820,963	1,149,037	621,786
REVENUES OVER EXPENDITURES	0	1,055,265	259,234	1,314,499
Transfers General Fund to Capital Projects	(765,000)	(765,000)		0
Budgetary Fund Balance - Beginning of Year	4,175,201	2,725,847	1,449,354	0
Budgetary Fund Balance - End of Year	\$3,410,201	\$3,016,112	\$1,708,588	\$1,314,499

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CHELMSFORD WATER DISTRICT	Page 10
Statement of Fiduciary Net Position - Other Post Employment Benefits Fund	
June 30, 2018	
<i>ASSETS</i>	
Current Assets	
Investments	\$941,601
Total Assets	\$941,601
<i>LIABILITIES</i>	
<i>NET POSITION</i>	
Held in Trust for Other Post Employment Benefits	\$941,601
Total Net Position	\$941,601
CHELMSFORD WATER DISTRICT	
Statement of Changes in Fiduciary Net Position - Other Post Employment Benefits Fund	
For the Year Ended June 30, 2018	
<i>ADDITIONS</i>	
Dividend and Interest Income	\$22,578
Net Increase in Fair Value of Investments	63,655
Total Additions	86,233
<i>DEDUCTIONS</i>	
Investment Management Fees	7,309
Total Deductions	7,309
Additions over Deductions	78,924
Net Position - Beginning of Year	862,677
Net Position - End of Year	\$941,601

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2018

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

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

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

The two reporting standards are briefly described here.

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

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

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

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

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

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

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2018

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, 2018, the District had the following investments:

Description	Unrestricted Fund	OPEB Fiduciary Fund
Cash and equivalents	\$155,116	\$19,368
Bonds (corporate & government)	2,248,418	633,053
Equities	1,154,464	289,180
Total	\$3,557,998	\$941,601

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2018, \$101,357 was due to the Bond Debt Fund and \$2,219,510 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, 2018 was \$107,500. In addition, the District voluntarily contributed \$500,000 from the General/Unrestricted Fund to the Middlesex County Retirement System. This voluntary payment has been applied against the District’s net pension liability. The District has a voluntary Section 457 retirement plan to which employees may make pre-tax contributions. The maximum employee contribution is adjusted annually per Federal tax regulations.

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2018

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the District for the year ended June 30, 2018 consisted of the following:

Description	Beginning Balance	Additions	Disposals	Reclassifications	Ending Balance
Land	\$683,807				\$683,807
Infrastructure	49,216,326	\$712,415			49,928,741
Buildings	396,810	317,448		\$8,986	723,244
Vehicles	1,396,147	224,204	(\$34,773)		1,585,578
Office Equipment	125,576	29,318			154,894
Capital Assets Under Construction	8,986	64,569		(8,986)	64,569
Total at Historical Cost	51,827,651	1,347,954	(34,773)		53,140,832
Accumulated Depreciation	(18,157,742)	(1,252,500)	34,773		(19,375,469)
Capital Assets, Net	\$33,669,909				\$33,765,363

Additions include \$69,655 of meters and \$29,318 of office equipment that were budgeted as expenses but were capitalized as assets in accordance with generally accepted accounting principles. The balance of Capital Assets Under Construction represents renovation work done on District buildings and a water tank.

NOTE 7 - LONG TERM DEBT

The following is a summary of the changes in long term debt for the year ended June 30, 2018:

Description	Interest Rate	Beginning Balance	(Retired)	Ending Balance
Riverneck - pools 9 & 11	2.0%	\$2,321,417	(\$290,510)	\$2,030,907
Crooked Springs/Other	3.0%	5,905,000	(635,000)	5,270,000
Totals		\$8,226,417	(\$925,510)	\$7,300,907

Interest and fees expense of \$217,527 reported in the Statement of Activities reflects the accrual basis calculation of interest incurred during the year ended June 30, 2018 on long term notes, regardless of when the actual payments of interest were made by the District. Principal of \$925,510 plus interest and fees of \$223,527 for a total of \$1,149,037 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, 2018.

The annual debt service requirements for principal and interest for Long Term Debt at June 30, 2018 are as follows:

Fiscal Years	Principal	Interest	Total
2019	\$930,823	\$189,048	\$1,119,871
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
2024-2027	2,633,530	168,092	2,801,622
Totals	\$7,300,907	\$849,937	\$8,150,844

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2018

NOTE 7 - LONG TERM DEBT – continued

As of June 30, 2018 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

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

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

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

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2018

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS - continued

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

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

Normal cost	\$23,808
Amortization of unfunded actuarial accrued liability	12,118
Annual OPEB cost	35,926
Contributions made	37,681
Decrease in net OPEB obligation	(4,804)
Net OPEB obligation- beginning of year	264,178
Net OPEB obligation- end of year	\$259,374

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligations for 2018 and the two most recent preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2018	\$35,926	105%	\$259,374
6/30/2017	\$35,926	522%	\$264,178
6/30/2016	\$35,926	522%	\$418,982

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

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

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

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2018

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS - continued

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

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

NOTE 9 - COMMITMENTS AND CONTINGENCIES

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

The District has an ongoing disagreement with East Chelmsford Water District (ECWD) with regard to supplying water to some customers inside ECWD. The two districts have begun discussions and there are no pending or threatened litigations in this matter.

NOTE 10 – PENSION PLAN

Plan Description – The District contributes to the Middlesex County Retirement System (MCRS) (“the System”), a cost-sharing multiple-employer defined benefit pension plan administered by the Middlesex Retirement Board (“the Board”). Substantially all employees are members of the System. The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the Commonwealth of Massachusetts General Laws assigns authority to establish and amend benefit provisions of the plan. Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth’s state law adjustments granted after 1997 must be approved by the Board and are borne by the System. The System issued an audited financial statement for the year ended December 31, 2016. 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, 2018 was \$107,500. In addition to the required contribution, the District made a voluntary contribution of \$500,000 during the fiscal year ended June 30, 2018.

At June 30, 2018, the District reported a liability of \$391,160 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, 2017, the District’s proportionate share was 0.027562%.

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2018

NOTE 10 – PENSION PLAN - continued

For the year ended June 30, 2018, the District recognized pension expense of \$27,343 in addition to its required contribution of \$107,500. At June 30, 2018, the District reported the following deferred outflows and inflows of resources related to pensions:

Deferred Outflows of Resources– differences between expected and actual experience	\$1,319
Deferred Outflows of Resources- changes of assumptions	37,390
Deferred Outflows of Resources– changes proportion and differences between employer contributions and proportionate share of contributions	1,258,693
Deferred Inflows of Resources– differences between expected and actual experience	(1,998)
Deferred Inflows of Resources– changes proportion and differences between employer contributions and proportionate share of contributions	(10,625)
Deferred Inflows of Resources– changes proportion and differences between employer contributions and proportionate share of contributions	(1,071,016)
Net Deferred Outflows and Inflows of Resources	\$213,763

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

Year ending June 30,	
2019	\$99,820
2020	99,540
2021	39,136
2022	(24,733)
Total	\$213,763

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, 2017:

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, three 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. This was previously 7.75%.

CHELMSFORD WATER DISTRICT
Notes to the Basic Financial Statements
June 30, 2018

NOTE 10 – PENSION PLAN - continued

Investment policy – The pension plan’s policy in regard to the allocation of invested assets is established by Pension Reserve Investment Trust. Plan assets are managed on a total return basis with long-term objective of achieving a fully funded status for the benefits provided through the pension plan. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of January 1, 2018 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return	Long Term Expected Asset Allocation
Domestic equity	6.15%	17.50%
International developed markets equity	7.11%	15.50%
International emerging markets equity	9.41%	6.00%
Core fixed income	1.68%	12.00%
High-yield fixed income	4.13%	10.00%
Real estate	4.90%	10.00%
Commodities	4.71%	4.00%
Hedge funds, GTAA, risk parity	3.94%	13.00%
Private equity	10.28%	12.00%
		100.00%

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, 2018, 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	\$480,078	\$391,160	\$316,182

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

CONCLUDED.

CHELMSFORD WATER DISTRICT**Required Supplemental Information and Notes to Required Supplemental Information - June 30, 2018****OTHER POST-EMPLOYMENT BENEFITS**

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

Year Ended	EMPLOYER CONTRIBUTIONS			PLAN MEMBERSHIP		
	Annual Required Contributions (ARC)	Actual Contributions Made	Percentage Contributed	Current retirees, beneficiaries & dependents	Current active members	Total Members
6/30/18	\$35,926	\$37,681	105%	18	19	37
6/30/17	\$35,926	\$187,681	522%	17	21	38
6/30/16	\$35,926	\$187,681	522%	17	21	38
6/30/15	\$160,103	\$200,606	125%	17	21	38
6/30/14	\$160,103	\$350,606	219%	17	19	36
6/30/13	\$160,103	\$50,606	34%	17	18	35
6/30/12	\$285,098	\$53,333	19%	17	19	36
6/30/11	\$285,098	\$53,333	19%	17	20	37
6/30/10	\$285,098	\$53,333	19%	17	21	38

NOTE A - OTHER POST-EMPLOYMENT BENEFITS

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

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

CHELMSFORD WATER DISTRICT**Required Supplemental Information and Notes to Required Supplemental Information - June 30, 2018****PENSION PLAN SCHEDULES**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY OF MIDDLESEX COUNTY RETIREMENT (MCRS)	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)	\$391,160	\$1,165,154	\$1,402,613	\$2,106,325
District's % share of the MCRS NPL	0.027562%	0.082234%	0.108728%	0.175335%
District's covered employee payroll	\$1,333,719	\$1,282,932	\$1,222,528	\$1,175,508
District's NPL as a % of its covered payroll	29.33%	90.82%	114.73%	179.18%
MCRS fiduciary net position as % of its total pension liability	49.27%	45.49%	46.13%	47.65%

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS TO THE MIDDLESEX COUNTY RETIREMENT SYSTEM	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	1/1/2016	1/1/2016	1/1/2014
Actuarially determined contribution	\$107,500	\$199,317	\$186,049	\$243,247
Contributions made	\$607,500	\$699,317	\$1,186,049	\$743,247
Contribution deficiency (excess)	(\$500,000)	(\$500,000)	(\$1,000,000)	(\$500,000)
Covered employee payroll	\$1,333,719	\$1,282,932	\$1,222,528	\$1,175,508
Contributions as a % of covered employee payroll	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, 2018 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 following plan provision changes were reflected in the January 1, 2018 actuarial valuation:

- NONE

CHELMSFORD WATER DISTRICT					Page 21
Supplemental Schedule of Governmental Fund Balance - Capital Projects Activity					
For the Year Ended June 30, 2018					
		Transfers	Transfers		
	Beginning	Within	from General	Payments	Ending
	Balance	Cap Projects	Fund	(Made)	Balance
4 Wheel Drive Truck 17	\$50,000	(\$547)		(\$49,453)	\$0
4-wheel drive truck 18	0		\$50,000		50,000
6 Wheel Dump Truck 2017	140,000	(8,794)		(131,206)	0
Arrowhead Loop to Sleigh Rd	695	(695)			0
Barnes Terrace	100				100
Chlorination Building	100,000			(6,790)	93,210
Exterior rehab of office garages	0		200,000	(13,393)	186,608
Frac Tank Trailer	63,992	(26,200)		(37,793)	0
Garage	9,770			(2,398)	7,372
Infrastructure Upgrade	180,117	35,000		(11,000)	204,117
Meadowbrook 1	40,199	(35,000)		(1,034)	4,165
Media Replacement CSTP	275,000			(225,245)	49,755
Mill Rd Well 2	125,595	(47,342)		(78,253)	0
Office Building Rehab	315,053	(2)		(315,051)	0
One ton pick up truck with sander	0		130,000		130,000
Rehab of Pump Station Buildings	14,452	56,136			70,588
Security System Upgrades	20,766			(5,753)	15,013
Smith St Treatment Plant	26,705		65,000	(1,100)	90,605
Storage Tanks Pump Stations Wells	141,403	1,244		(14,741)	127,906
Summit and Amble Storage Tanks	50,000			(44,450)	5,550
Turnpike Storage Tank	350,000		320,000	(44,386)	625,614
Turnpike Well Upgrade	44,645			(1,029)	43,616
Vac Truck	390,000	26,200			416,200
Wiggins Woodlawn Mains 17	365,000			(265,910)	99,090
Totals	\$2,703,492	\$0	\$765,000	(\$1,248,982)	\$2,219,510