

COMMONWEALTH OF MASSACHUSETTS
Middlesex, ss.



To the Clerk of the Water Supply District of Acton, GREETINGS:

You are directed to notify the inhabitants of the Town of Acton who are qualified to vote in elections and town affairs, to assemble at their precinct:

Precinct 1-The Clubhouse at Nagog Woods, 100 Nonset Path
Precincts 2 & 6-Conant School, 80 Taylor Road
Precincts 3, 4 & 5-Blanchard Auditorium R.J. Grey Jr. High School
Acton, Massachusetts

On Tuesday, March 27, 2012
Between 7:00 A.M. and 8:00 P.M.

Then and there to bring their votes on one ballot for the following officers:

Commissioner for three years

Moderator for three years

You are further directed to notify the legal voters of the Town of Acton, as aforesaid, to assemble at:

Public Safety Facility
371 Main Street
Acton, Massachusetts

**On Wednesday, March 21, 2012
7:30 P.M.**

Then and there to Act on the following Articles:

Article 1. To fix salaries of the elected officials.

Article 2. To act on the reports of the Commissioners, the Treasurer and other officers and committees of the District.

Article 3. To see if the District will vote to authorize the Treasurer, with the approval of the Commissioners, to borrow in anticipation of the revenue of the fiscal year beginning July 1, 2012, in accordance with the provisions of General Laws, Chapter 44, Section 4, and to renew any note or notes as may be given for a period of less than one year, in accordance with the provisions of the General Laws, Chapter 44, Section 17, or to take any other action relative thereto.

Article 4. To see what sums of money the District will vote to raise and appropriate to defray the usual expenses of the District.

Article 5. To see if the District will vote to transfer from Surplus Revenue the sum of \$50,000 to clean and rehabilitate existing wells throughout the District or to take any other action relative thereto.

Article 6. To see if the District will vote to transfer from Surplus Revenue the sum of \$50,000 for the purpose of repairing emergency water main breaks or to take any other action relative thereto.

Article 7. To see if the District will vote to transfer from Surplus Revenue the sum of \$35,000 for the purpose of replacing old water mains, renewing old water services, replacing old fire hydrants or to take any other action relative thereto.

Article 8. To see if the District will vote to transfer from the MTBE Stabilization Fund the sum of \$135,000 for the maintenance and repair of the various treatment facilities including, but not limited to, media replacement in the filtration tanks, aeration tower repair, and replacement of packing material, or to take any other action relative thereto.

Article 9. To see if the District will vote to authorize the Commissioners to accept a gift of land located at 37 Squirrel Hill Road, Acton, MA, owned by Barbara A. Sweeney, Christine Sweeney and Barbara Ann Sweeney, Trustees of Colonial Realty Trust, under declaration of trust dated June 4, 1954, as amended and restated, and being shown as Parcel X on a plan entitled "Plan of Land in Acton, Mass. Water Main Easement, Squirrel Hill Road," dated February 6, 1978 prepared by Acton Survey & Engineering, Inc. containing 3,818 square feet, said land is for purpose of emergency access to the interconnection of the Ticonderoga and Squirrel Hill waterman or to take any other action relative thereto.

Article 10. To see if the District will vote to transfer from the MTBE Stabilization Fund the sum of \$50,000 for the purchase of two new general usage vehicles or to take any other action relative thereto.

Article 11. To see if the District will vote to transfer from the MTBE Stabilization Fund the sum of \$60,000 for the replacement of the granular activated carbon media at the Clapp and Whitcomb well sites on Massachusetts Avenue in Acton or to take any other action relative thereto.

Article 12. To see if the District will vote to transfer from Surplus Revenue the sum of \$15,000 to complete a system-wide leak detection survey or to take any other action relative thereto.

Article 13. To see if the District will vote to transfer from Surplus Revenue the sum of \$80,000 for the purchase of a backhoe loader or to take any other action relative thereto.

Article 14. To see if the District will vote to appropriate the sum of \$500,000 for water main improvements throughout the District's water system and that to meet this appropriation, the Treasurer, with the approval of the Water Commissioners, is authorize to borrow the sum of \$500,000 under General Laws, Chapter 44, Sec. 8, or another enabling authority and the Board of Water Commissioners is authorized to take any other action necessary to carry out this project or to take any other action relative thereto.

Article 15. To see if the District will vote to transfer from the MTBE Stabilization Fund the sum of \$50,000 for an engineered Master Plan Update or to take any other action relative thereto.

Article 16. To see if the District will vote to transfer from the MTBE Stabilization Fund the sum of \$25,000 for engineering work at the North Acton Water Treatment Plant or to take any other action relative thereto.

Article 17. To see if the District will vote to transfer from Surplus Revenue the sum of \$80,000 to pay off short term debt or to take any other action relative thereto.

Article 18. To see if the District will vote to transfer from the MTBE Stabilization Fund the sum of \$50,000 to refurbish the Flagg Hill water storage tank or to take any other action relative thereto.

Article 19. To see if the District will vote to transfer from the W.R. Grace Receipt Reserve for Appropriation Account (WR Grace Fund) the sum of \$150,000 for pilot of a combined treatment facility for use at the School Street and Assabet well fields or to take any other action relative thereto.

Hereof fail not and make due returns of this Warrant with your doings thereon to the Water Commissioners on or before the time of holding of said meeting.

Given under our hand this 23rd day of January in the year two thousand and twelve.

Leonard A. Phillips
Stephen C. Stuntz
Ronald R. Parenti, Water Commissioners

A true copy. ATTEST:

Charles E. Orcutt, III
District Clerk

FY 2013 Budget and Estimated Revenue

FY 2012 Budget with Six Month Expenditures

	Budget FY 2012	6 Month Actual	Budget FY 2013
EXPENSES			
Accounting	100	-	2,000
Audit	15,000	15,000	15,000
Auto Maint & Fuel	50,000	18,147	50,000
Backflow/Cross Conn	1,000	-	1,000
Bank Fees	500	-	500
Short Term Debt	212,000	-	110,000
Long Term Debt	478,800	89,400	472,050
Chemicals	65,000	22,549	65,000
Computer Maintenance	15,000	4,303	15,000
DEP Withdrawal	6,500	-	6,500
Employee Education	15,000	4,888	15,000
Engineering	50,000	20,155	50,000
Health/Life Insurance	302,500	134,017	302,500
Hydrants	10,000	5,447	10,000
Information Reports	20,000	1,310	20,000
Insurance	60,000	46,213	60,000
Laboratory Analysis	40,000	12,505	40,000
Legal	25,000	23,496	50,000
Lights/Power/Fuel	390,000	118,382	420,000
Maintenance & Operations	137,500	75,062	145,000
Middlesex Retirement	115,359	108,825	120,634
Meters	90,000	83,484	100,000
Office Supplies	16,000	1,150	16,000
Other Post Employment Benefits			100,000
Paving	25,000	10,980	35,000
Petty Cash	1,000	-	1,000
Postage	16,000	7,637	18,000
Reserve Fund	100,000	50,000	100,000
Salaries & Wages	1,154,844	525,037	1,154,844
Telephone	12,000	6,240	15,000
Total	3,424,103	1,384,227	3,510,028
REVENUE			
Water Revenue	3,022,103	1,746,313	3,108,028
Fire Protection Sprinklers	31,000	32,327	31,000
Rent/Lease	125,000	67,323	125,000
Repairs/Installation	30,000	22,996	30,000
Cross Connection	16,000	10,559	16,000
Demand Fees	200,000	112,080	200,000
Total	3,424,103	1,991,598	3,510,028

**Report of the Treasurer
Audited Account Balances
June 30, 2011**

Sovereign Bank	65,036.09	
Enterprise Bank	331,919.57	
MMDT	124,687.88	
Citizens Bank	6,688.18	
Webster Bank	41,139.92	
First Trade Union	28,041.54	
UniBank	77,665.22	
		675,178.40
Total		

**Report of the Collector
Audited Account Balances
June 30, 2011**

Accounts Receivable June 30, 2010	109,011.95	
Charges	3,538,484.82	
Interest Charges	22,189.19	
Refunds	2,425.46	
		3,672,111.42
Payments	3,541,103.61	
Abatements	14,816.56	
Adjustments	1,906.25	
Outstanding June 30, 2011	114,285.00	
		3,672,111.42

**Outstanding Debt
June 30, 2011**

Description	Original Amount	Interest rate	Date of Issue	Date of Maturity	Balance
Treatment Plant	6,000,000	3.57%	5/20/2008	2/15/2029	5,400,000
Water Mains	400,000	1.15%	6/1/2011	6/1/2012	280,000

Respectfully submitted,
Mary J. Bates
Treasurer/Collector

Report of the Commissioners for 2011

The Commissioners are pleased to make the following report to the residents of the Acton Water District for calendar year 2011. The Commissioners establish the policies and guide the long-term direction of the District. Oversight of the District's day-to-day affairs is essentially delegated, with formal oversight of the Commissioners, to District Manager Chris Allen and the outstanding staff of the District. In keeping with the Commissioners' long-term perspective, we note the following events that occurred during the year.

The virtual lack of snowfall, save for an unseasonable snow event in October accumulating approximately 6 inches of depth, has caused concern among the Commissioners because it is the slow melt of snow cover in the Spring that provides the bulk of Acton's aquifer recharge during the early growing season. Without significant snowfall during the remainder of the winter, the aquifers are likely to experience much less than optimal recharge, leading to more stringent water use restrictions.

Litigation was initiated by the District in Land Court related to the encroachment of Assabet Sand and Gravel on District Land off High Street in South Acton. As this report is written, the legal action to resolve this encroachment is still pending.

The District evaluated the possibility of connecting to the Massachusetts Water Resources Authority water supply system. The Commissioners deferred making a decision indefinitely after concluding that the initial cost of connection coupled with the continued maintenance and operation of the District's existing distribution system would be far more expensive than continuing the use of our own wells for the foreseeable future.

The launch and operation of the North Acton Water Treatment Facility to remove color from Kennedy-Marshall Wellfield water and the aeration system to remove volatile organic contaminants (VOCs) at the Assabet wells in South Acton and granulated activated carbon (GAC) system to remove color in the Clapp-Whitcomb wells in West Acton have been successful. Looking ahead to future treatment possibilities, the Commissioners have initiated research into the cost and best available control technologies (BACTs) to treat water from the School Street and Assabet Wellfields for substances that, while not yet identified by the state to be at levels of concern requiring treatment, may in the future require treatment.

The Town of Boxborough with the cooperation of the District wrote a bill, which has been promulgated by the State revising specific language in the 1912 Act of the State Legislature that established the Acton Water District related to the rights of the Acton Water District to acquire any water source in the Town of Boxborough. The revision specifies that such acquisition would require joint filing of a bill by the Acton Water District and the town of Boxborough, acting through its Board of Selectmen, and subsequent promulgation by the State.

The District's Rules and Regulations were carefully reviewed, revised and updated by the Commissioners, District Manager Chris Allen, and District Counsel Mary Bassett. Preparations for celebrating and recognizing the upcoming 100th Anniversary of the District in 2012 were initiated under the able and enthusiastic direction of District Moderator, Richard O'Brien.

We are honored to represent Acton Water District customers as your Commissioners and encourage you to come to our Annual meeting and to our semi-monthly meetings. We are grateful for the competence and dedication of the staff of the Acton Water District and thank them for their skills and dedication to ensure the availability of high-quality water to the residents of Acton year round.

Respectfully submitted,

Leonard A. Phillips, Chairman

Stephen C. Stuntz

Ronald R. Parenti

Report of the Finance Committee for 2011

The financial condition of the District continues to be excellent and our credit rating is high at AA+. The water rates are lower than in most towns that Acton is usually compared to, and expenses have grown slowly. The final payment on the short term loan for water main improvements will be made in June of 2012. This will eliminate the short term debt. The balance of the 20 year bond for the North Acton Treatment Plant will be \$5.1 million at a rate of 3.57%.

The development of Assabet 3 will require the construction of a combined treatment plant in South Acton. Initial estimates place the cost at approximately \$10 million, and an expected completion date of September 2014. In order to meet the initial design and engineering expenses the District will need to raise water rates in 2012 and again in 2014. Short term borrowing will get the project started and the bond should be issued in 2014.

The District maintains two separate investment funds that are managed conservatively by professional money managers in accordance with guidelines established by the Finance Committee. These funds have been used specifically to keep the water supply clean. As of December 30, 2011, the Grace Fund had a market value of \$2,202,202, and the MTBE Fund had a market value of \$809,893.

At our last Annual Meeting, voters approved the establishment of the Other Post Employment Benefits Trust (OPEB) to begin addressing the unfunded liability faced by the District. The actuarial valuation estimates that liability to be approximately \$3 million. While the District plans to fund that shortfall over a 20 year period, there can be no assurance that prospective actions by either federal or state legislative entities will not cause these payments to escalate. This would cause an immediate increase in rates for the ratepayers. The first deposit was made into the Trust Fund in April of 2011 and on December 30, 2011 the market value was \$99,937.40.

Because of the requirement to build additional treatment facilities, a working group representing the Commissioners, the Finance Committee and management evaluated the possibility of joining the Massachusetts Water Resources Authority (MWRA) as a source of water, which would allow the Acton Water District to serve as a distribution and marketing arm but not a water producer. Based on the connection fee that would be imposed, the estimated cost of connecting to the MWRA system and the cost of the water itself, it was deemed economically less favorable, both short and long term, to the ratepayers of the water district to connect to MWRA rather than continue as an independent water producing and water distribution system.

The Finance committee is very pleased to recognize the appointment of Mr. William Guthlein as the first associate member of the Finance Committee. Not only do we gain Bill's expertise in finance and operations but this starts a potential succession planning environment which will allow for continued finance committee expertise.

The work of the Finance Committee is made both easier and more pleasant by the help of the Commissioners, the District Manager, the Treasurer/Collector and the other members of the District Team. We thank them all.

Respectfully submitted,

William L. Kingman, Chairman
Charles Bradley
David A. Butler

Report of the District Manager for 2011

The District had somewhat of a “Stand pat” year for 2011. We have exhausted some financial resources over the past two years and needed to recharge our available surplus revenue. This enabled us to identify and prioritize appropriations and capital improvements for the coming year.

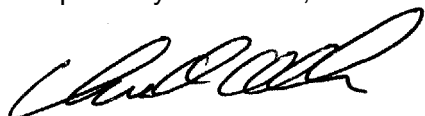
The industry, however, was not idle. There have been some advances in the area of prioritizing infrastructure improvements in Massachusetts. The Water Infrastructure Finance Commission, chaired by Acton’s own Senator Jamie Eldridge, met several times in an open public forum to gather information with which to base direction. We continue to plan perennial improvements to our aging infrastructure, and continuously must weigh the priorities of where to go next. Emerging research on the possible health effects of the secondary contaminant Manganese, the designation of the Christofferson Well and Kennedy Wells as groundwater under the direct influence (GWUDI) of surface water, and the presence of a man-made volatile organic compound (VOC) 1, 4-Dioxane have all come to the forefront in the past year. This has caused us to adjust our philosophy and line of thinking in the piloting and implementation of filtration technologies. In the realm of treatment and regulatory compliance, we now have our eye turned to South Acton, and the full scale treatment of our sources there, the Assabet and School Street wells.

The issue of aging and failing water infrastructure is certainly not isolated to us in Massachusetts. According to “*Pumps & Systems*”, and industry periodical, nationally, the estimated water lost from distribution systems is 1.7-Trillion gallons at a cost of \$2.6-billion dollars per year. This can be expected, as there are approximately 1 million miles of water lines in the US. Pipes have a life cycle that can range from 15 to 100 years depending on the material and environmental factors. In Acton, we have 125-miles of water main of varying age and material. We have undertaken a replacement program, and, with the assistance of our engineering consultant, Wright-Pierce of Andover, MA are configuring a program by which theoretical modeling will assist us in prioritizing infrastructure improvements in the future. The Massachusetts Water Infrastructure Finance Commission has a monumental challenge in front of them; how to prioritize, and finance the replacement of severely aging and failing water and wastewater infrastructure in Massachusetts cities and towns.

Of course, with all of these local capital improvements, comes the discussion of how to pay for it. Over the coming years, we will be implementing incremental rate increases and financial strategies to absorb our escalating debt service. These multi-million dollar projects are financed with low interest bonds for 20 years. Therefore, as we take on more debt, we must increase our revenue. Metered sale of water is the majority of the revenue garnered; hence, rate increases are inevitable. As always, we try extremely hard to implement increases in an efficient and calculated manner. We must always evaluate the impact to our customer base, and the average water taker. Here at the District we have proficient financial professionals with years of experience advising and guiding us. Thus, we are able to make sound decisions for a sustainable financial future.

With the retirement of Bob Koch in February 2011, after 30 years of dedicated service, it is worthwhile to reflect on the changing demands and demographics of our staff. I would like to thank the staff of the Water District for their support in the critical role of accomplishing our mission; they truly are the backbone of our operation. I would also like to thank the Board of Water Commissioners, the Finance Committee and all of our elected and appointed officials for their support, guidance, and conscientious and diligent service.

Respectfully submitted,



Christopher Allen

Environmental Manager's Report for 2011

On the environmental front, the Acton Water District (AWD) accomplished the following in 2011.

Environmental Compliance

We completed all drinking water monitoring and notification requirements under the Safe Drinking Water Act (SDWA). Implementation and compliance with the Ground Water Rule continued during 2011 with one event in June requiring immediate notification to our customers. The District continues to make upgrades to our sampling programs and treatment goals to ensure safe water for our customers. Enhanced sampling for manganese in our distribution system, 1,4-dioxane in South Acton, and chlorine residual was initiated in 2011 in coordination with the Massachusetts Department of Environmental Protection. After 2 years of operation, over 100 yards of residuals were dewatered and disposed of from the removal of iron, manganese, and organic color in North Acton.

Water Conservation

In 2011, we once again offered water conservation rebates for customers replacing older toilets and washing machines with EPA WaterSense toilets and Consortium of Energy Efficiency Tier 3 washing machines. This resulted in 14 washing machines and 60 toilets being replaced with more water efficient models. Due to customer feedback, we now allow multiple rebates per customer to encourage replacement of all toilets in a home at the same time. I continued my work as a member of the New England Water Works Association (NEWWA) Conservation Committee, which provides an opportunity to network with other water suppliers and interested parties who are involved in water conservation efforts in New England.

Source Water Protection

I provided technical support to the District Counsel with respect to encroachment at the Assabet Well site. In 2011, I was appointed to the Massachusetts Waste Site Cleanup Advisory Committee to represent water supply interests on regulations and policies regarding contaminated site cleanup. We continued our participation in technical meetings and review of documents related to the ongoing Acton-WR Grace site cleanup process. Most notably, we have been following the changing regulatory status of 1,4-dioxane and participated in a community update held in May. The sediment cleanup in Sinking Pond and the North Lagoon wetlands was completed in 2011. The Landfill area treatment system continued to operate as did the Northeast Area treatment system. Both of these systems are designed to remove contaminants from the aquifer and limit the concentrations of contaminants reaching the vicinity of the District's wells.

Education and Outreach Programs

We taught over 200 Acton students involved in water-related classroom curriculum. This ranged from 4th grade classes to the high school Environmental Science class. The Water District also participated in the Acton Boxborough Parent Involvement Project (PIP) Science Technology Engineering Mathematics (S.T.E.M.) event in November where we provided outreach to both students and parents. In September I visited Acton Cub Scout Pack #1 to talk about water with over 90 scouts and parents in attendance. We actively participated in the Town of Acton's community planning process, Acton 2020 through participation in public events, meetings, and document reviews. Finally, preparations began for our 100th Anniversary being celebrated in 2012. This will include public events, a commemorative publication, and the establishment of an award to recognize "good stewards" of Acton's water resources.

Respectfully Submitted,



Matthew Mostoller

Report of the M.I.S. Coordinator for 2011

This document summarizes the main achievements of the Management Information Systems Coordinator. I continue to support, program and implement all mission critical applications.

Software/Hardware/Technology

This year I started the upgrade of our Cat 5 cabling to Cat 6. Only areas that were lacking in the number of dedicated drops were upgraded so far. This eliminated the need for additional switches and hubs and alleviated network congestion and bandwidth. We have dropped our service with Nextel due to problems with coverage and moved over to Verizon. Verizon appeared to have the best coverage and best plans for Municipalities, so far, the service has been excellent. We purchased 2 new laptops this year for VPN access and installed 2 new Sonicwall devices for security. Upgrades to our financial systems continue to provide more details and a simple graphical user interface.

Education

I continue my education at UMass Lowell, taking website design and database classes to enhance the functionality of our website. The website has become the focus of attention for many customers, providing as much relevant information as possible. An easier to navigate design and providing management with the ability to update their pages has become the goal. I continue to delve into the SCADA control for troubleshooting or repairs. Fortunately there have not been many issues this year.

Cross Connection program

This program is directed at commercial, municipal, institutional and industrial locations served by the District. Testing is done either annually or semi-annually depending on the degree of hazard and surveys are done to identify new hazards. Our second round of surveying has begun and I expect the entire town to be resurveyed by the end of the year.

Meters and Billing

To date we have 2,684 meters fitted with the newest Orion reading technology. We have installed more meters this year than in the past 7 years because of a great offering by Badger Meter. We were able to purchase, 500 Orion Transponders for the price of 400. Many of our older electronic transponders are failing and for the next 5 years, I expect to install at least 500 transponders a year. We have decided to utilize a new printer/ mailing house and have stopped our agreement with Mass Mailers. Mark Altman and Associates is our new printer/ mailing house. This change allows us to utilize both sides of the bill for dynamic printing, saved us some money on billing stock, and Altman is located right in Hudson. A redesign of our bill has started and will continue as we begin to utilize our new bill vendor. Expect to see more details on your bill as the year progresses.

Estimated Water Bills

If your Water bill has been estimated, we will upgrade your meter for free. **Please call us for an appointment!**

Staff

A valued member of the Acton Water District, Bob Koch, retired from the Water District this year. Thanks go out to Bob for all his years of service to the District. Good luck in retirement.

Respectfully Submitted,



Robert Murch

Mara & Associates, PC

Certified Public Accountants

Maureen Waters Mara, CPA, MST
70 Junction Square Drive
Concord, MA 01742

Phone: 978-369-9905
Fax: 978-371-2931
Email: maureen@maracpa.com

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Independent Auditor's Report

Board of Water Commissioners
Water Supply District of Acton
Acton, Massachusetts

We have audited the accompanying financial statements of the governmental activities and the aggregate remaining fund information of the Water Supply District of Acton as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate remaining fund information of the Water Supply District of Acton as of June 30, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 2-3, and other post-employment benefits schedule of funding progress and other post-employment benefits actuarial methods and assumptions on page 17, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. The supplemental schedule of capital projects activity on page 18 is presented for purposes of additional analysis and is not a required part of the basic financial statements. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation in the required and additional supplementary information. However, we did not audit the information and express no opinion on it.

Mara & Associates, PC
August 11, 2011

Management's Discussion and Analysis

As Management of The Water Supply District of Acton, we offer readers of the Water Supply District of Acton's financial statements this narrative overview and analysis of financial activities for the year ended June 30, 2011.

Financial Highlights

The assets of the Water Supply District of Acton exceeded its liabilities at the close of the fiscal year by \$21,340,099 (net assets). Of this amount, \$853,197 (unrestricted net assets) may be used to meet the ongoing obligations of the District.

The total assets of the District are \$27,755,059. Of this amount, \$2,505,017 represents current assets and \$25,250,042 represents capital assets.

The total liabilities of the District are \$6,414,960. Of this amount, \$667,000 represents current liabilities and \$5,747,960 represents long term liabilities.

Total net assets of the District are \$21,340,099. This includes \$19,570,042 invested in capital assets, net of related debt, \$337,125 which is restricted for capital projects, \$853,197 which is unrestricted and \$579,735 in MTBE Stabilization Funds. The change in net assets for the fiscal year amounts to a decrease of \$200,785.

During the fiscal year ended June 30, 2010 the District implemented Governmental Accounting Standards Board (GASB) Statement #45 regarding Other Post Employment Benefits (OPEB). For the second year, the District incurred an expense for its unfunded actuarial liability of \$336,480. During the fiscal year ended June 30, 2011, the District set up the OPEB Trust Fund and appropriated \$100,000 to begin funding that OPEB liability.

Overview of Financial Statements

The Water Supply District of Acton's financial statements are comprised of the following: Government Wide Financial Statement, Fiduciary Fund 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.

The District adopts an annual appropriated budget for its government wide activities. A budgetary comparison has been included. Actual revenues for the year were greater than budgeted revenues by \$302,699. Actual expenditures were less than budgeted expenditures by \$236,129.

The Fiduciary Fund Financial Statements contain revenues and expenses relating to the W.R. Grace Fund, restricted funds which can only be used for expenditures relating to improving water quality, and the OPEB Trust Fund, restricted funds which can only be used to fund the District's OPEB obligations.

Comparison of current year to prior year (Governmental Funds)

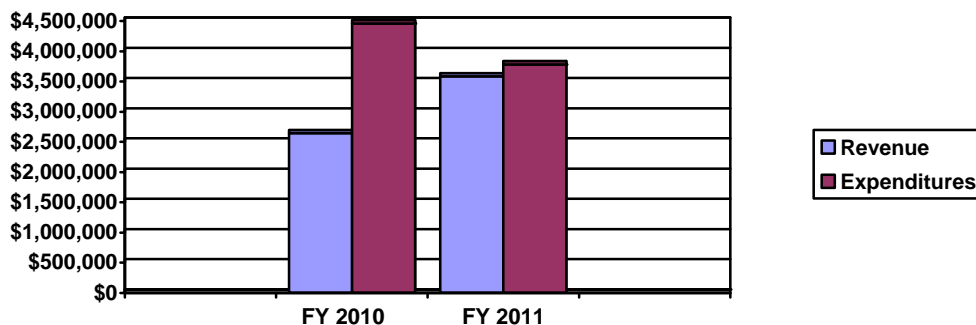
The total revenue for the District was \$3,582,477. Income for the Water Supply District of Acton is generated from water rates, installation of new services and investment income. Income from water rates and services was \$905,667 greater than last year. Investment income was \$35,211 less than last year. Income for this fiscal year also includes \$4,446 in additional MTBE Settlement Funds.

Expenditures for the current fiscal year decreased from the previous fiscal year by \$685,741. Total expenditures for the year amounted to \$3,781,400. This includes the expenditure of \$688,420 for capital projects.

At the close of the fiscal year the Unreserved Fund Balance for the General Fund (Free Cash) was \$691,873. This represents an increase of \$667,006. There was also \$579,735 in MTBE Stabilization Funds at June 30, 2011.

At the close of the fiscal year there was a balance of \$337,125 restricted for capital projects. This represents a decrease of \$275,097 from the previous fiscal year.

Below is a graph comparing revenues and expenditures for fiscal years 2010 versus 2011.



Capital Assets

The Water Supply District of Acton's investment in capital assets as of June 30, 2011 amounts to \$25,250,042 (net of accumulated depreciation). This investment includes land, buildings and improvements, pumping stations and tanks, infrastructure and improvements, machinery and equipment. The District added \$688,420 in capital assets this year.

Property and equipment is depreciated utilizing the straight line depreciation method and estimated useful lives as recommended by the Commonwealth of Massachusetts Department of Revenue Bureau of Accounts. The depreciation expense for this fiscal year was \$867,712.

Capital Assets are replaced following a replacement schedule prepared by the District. This schedule is updated every 5 years.

Fiscal Year 2012

The District has appropriated a balanced annual budget for FY 2012 of \$3,424,103. The District anticipates that revenues expenses will be in line with the current fiscal year.

WATER SUPPLY DISTRICT OF ACTON					Page 4
Statement of Net Assets					
June 30, 2011					
	<i>Unrestricted</i>	<i>Capital</i>	<i>Invested in</i>	<i>MTBE</i>	
	<i>Fund</i>	<i>Projects</i>	<i>Capital</i>	<i>Stabilization</i>	<i>Total</i>
	<i>Fund</i>	<i>Fund</i>	<i>Assets</i>	<i>Fund</i>	<i>Total</i>
ASSETS					
<i>Current Assets</i>					
Cash and Cash Equivalents	\$652,936				\$652,935
Investments				\$955,797	955,797
Due to/from MTBE Fund	84,253			(84,253)	0
Due to/from Capital Projects Fund	(45,316)	\$337,125		(291,809)	0
Accounts Receivable	114,285				114,285
Unbilled Accounts Receivable	782,000				782,000
Total Current Assets	1,588,157	337,125		579,735	2,505,017
<i>Non Current Assets</i>					
<i>Capital Assets</i>					
Land			\$828,725		828,725
Depreciable Infrastructure, net			23,073,070		23,073,070
Depreciable Buildings & Equipment, net			1,348,247		1,348,247
Total Non Current Assets	0	0	25,250,042	0	25,250,042
Total Assets	\$1,588,157	\$337,125	\$25,250,042	\$579,735	\$27,755,059
LIABILITIES AND NET ASSETS					
<i>LIABILITIES</i>					
<i>Current Liabilities</i>					
Short Term Debt			\$280,000		\$280,000
Current Portion Long Term Debt			300,000		300,000
Accrued Compensated Absences Current	\$20,000				20,000
Accrued Interest Payable	67,000				67,000
Total Current Liabilities	87,000	0	580,000	0	667,000
<i>Long Term Liabilities</i>					
Long Term Debt, net of current portion			5,100,000		5,100,000
Accrued Compensated Absences	75,000				75,000
Other Post Employment Benefits	572,960				572,960
Total Liabilities	734,960	0	5,680,000	0	6,414,960
NET ASSETS					
Net Assets	853,197	\$337,125	19,570,042	\$579,735	21,340,099
Total Liabilities and Net Assets	\$1,588,157	\$337,125	\$25,250,042	\$579,735	\$27,755,059

WATER SUPPLY DISTRICT OF ACTON					Page 5
Statement of Activities			<i>Capital</i>	<i>Invested in</i>	<i>MTBE</i>
For the Year Ended June 30, 2011		<i>Unrestricted</i>	<i>Projects</i>	<i>Capital</i>	<i>Stabilization</i>
	<i>Fund</i>	<i>Fund</i>	<i>Assets</i>	<i>Fund</i>	<i>Total</i>
REVENUES					
Water Rates and Services	\$3,510,861				\$3,510,861
Other Income: Settlement Proceeds				\$4,446	4,446
Interest Income	4,730			0	4,730
Net Increase in Fair Value of Investments				34,932	34,932
Total Revenues	3,515,591	0	0	39,378	3,554,968
EXPENDITURES					
Salaries and Wages	1,039,825				1,039,825
Other Post Employment Benefits Expense	336,480				336,480
Interest and Fees	181,400				181,400
Depreciation Expense			\$867,712		867,712
Lights, Power and Fuel	212,976				212,976
Health and Life Insurance	252,152				252,152
Maintenance & Operations Other	124,375			84,203	208,577
Maintenance & Operations Treatment Plant	97,862				97,862
Middlesex Retirement	113,447				113,447
Meters	69,361				69,361
Insurance	52,000				52,000
Auto Maintenance and Fuel	43,502				43,502
Chemicals	33,902				33,902
Legal	25,000				25,000
Reserve Expense	25,000				25,000
Laboratory Analysis	24,029				24,029
Education	7,233				7,233
Audit	14,500				14,500
Computer Maintenance	12,640				12,640
Information Reports	10,539				10,539
Office Supplies	13,670				13,670
Paving	21,752				21,752
Engineering	47,889				47,889
Postage	14,794				14,794
Telephone	9,236				9,236
D.E.P. Withdrawal and Fees	5,050				5,050
Petty Cash	600				600
Hydrants	9,820				9,820
Bank/Management Fees	300			4,506	4,806
Total Expenditures	2,799,332	0	867,712	88,709	3,755,753
REVENUES OVER (UNDER) EXPENDITURES	716,259	0	(867,712)	(49,331)	(200,785)
Transfer from Capital Projects to Unrestricted	28,177	(28,177)		0	0
Transfer from MTBE to Capital Projects		441,500		(441,500)	0
Transfer from MTBE to Unrestricted Fund	100,000	0	0	(100,000)	0
Bonds Repaid	(420,000)		420,000		0
Capital Project Expenditures		(688,420)	688,420		0
Net Assets - Beginning of Year	428,761	612,222	19,329,334	1,170,566	21,540,884
Net Assets - End of Year	\$853,197	\$337,125	\$19,570,042	\$579,735	\$21,340,099

WATER SUPPLY DISTRICT OF ACTON				Page 6
Governmental Funds - Balance Sheet				
June 30, 2011				
		<i>Capital</i>	<i>MTBE</i>	<i>Total</i>
	<i>General</i>	<i>Projects</i>	<i>Stabilization</i>	<i>Governmental</i>
	<i>Fund</i>	<i>Fund</i>	<i>Fund</i>	<i>Funds</i>
<i>ASSETS</i>				
Cash and Cash Equivalents	\$652,935			\$652,936
Investments			\$955,797	955,797
Accounts Receivable	114,285			114,285
Less Reserve for Uncollectible	(114,285)			(114,285)
Due to/from MTBE Fund	84,253		(84,253)	0
Due to/from Capital Projects Fund	(45,316)	\$337,125	(291,809)	0
Total Assets	\$691,873	\$337,125	\$579,735	\$1,608,732
<i>LIABILITIES AND FUND BALANCES</i>				
<i>LIABILITIES</i>				
<i>FUND BALANCES</i>	\$691,873	\$337,125	\$579,735	\$1,608,732
Total Liabilities and Fund Balances	\$691,873	\$337,125	\$579,735	\$1,608,732

WATER SUPPLY DISTRICT OF ACTON				Page 7
Governmental Funds - Statement of Revenues, Expenditures and Changes in Fund Balances For the Year Ended June 30, 2011	<i>General Fund</i>	<i>Capital Projects Fund</i>	<i>MTBE Stabilization Fund</i>	<i>Total Governmental Funds</i>
<i>REVENUES</i>				
Water Rates and Services	\$3,538,370			\$3,538,370
Interest Income	4,730			4,730
Other Income Settlement Proceeds			\$4,446	4,446
Net Increase in Fair Value of Investments			34,932	34,932
Total Revenues	3,543,099	\$0	39,378	3,582,477
<i>EXPENDITURES</i>				
Salaries and Wages	1,053,244			1,053,244
Capital Project Expenditures		688,420		688,420
Bonds, Interest and Fees	609,400			609,400
Lights, Power and Fuel	212,976			212,976
Health and Life Insurance	252,152			252,152
Maintenance & Operations Other	124,375		84,203	208,577
Maintenance & Operations Treatment Plant	97,862			97,862
Middlesex Retirement	113,447			113,447
Meters	69,361			69,361
Insurance	52,000			52,000
Chemicals	33,902			33,902
Auto Maintenance and Fuel	43,502			43,502
Legal	25,000			25,000
Laboratory Analysis	24,029			24,029
Information Reports	10,539			10,539
Office Supplies	13,670			13,670
Audit	14,500			14,500
Education	7,233			7,233
Paving	21,752			21,752
Engineering	47,889			47,889
Postage	14,794			14,794
Telephone	9,236			9,236
D.E.P. Withdrawal and Fees	5,050			5,050
Computer Maintenance	12,640			12,640
Reserve Expense	25,000			25,000
Bank/Management Fees	300		4,506	4,806
Hydrants	9,820			9,820
Petty Cash	600			600
Other Post Employment Benefits Expense	100,000			100,000
Total Expenditures	3,004,271	688,420	88,709	3,781,400
<i>REVENUES (UNDER) EXPENDITURES</i>	538,829	(688,420)	(49,331)	(198,923)
<i>OTHER FINANCING SOURCES (USES)</i>				
Transfers from Capital Projects to General Fund	28,177	(28,177)		0
Transfer from MTBE to Unrestricted Fund	100,000		(100,000)	0
Transfers from MTBE to Capital Projects Fund		441,500	(441,500)	0
Net Change in Fund Balances	667,006	(275,097)	(590,831)	(198,923)
Fund Balances - Beginning of Year	24,867	612,222	1,170,566	1,807,655
Fund Balances - End of Year	\$691,873	\$337,125	\$579,735	\$1,608,732

WATER SUPPLY DISTRICT OF ACTON	Page 8
Reconciliation of the Governmental Funds Balance Sheet Total Fund Balance to the Statement of Net Assets - June 30, 2011	
Total Governmental Fund Balances	\$1,608,732
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	25,250,042
The Statement of Activities accrues accounts receivable on billed and unbilled water pumps whereas in the governmental funds, revenue is not reported until collected	
Accounts Receivable	114,285
Unbilled Accounts Receivable	782,000
The Statement of Activities includes accounts payable and debts whereas in governmental funds these are not reported until paid	
Accrued Compensated Absences	(75,000)
Accrued Compensated Absences Current	(20,000)
Accrued Interest Payable	(67,000)
Short Term Debt	(280,000)
Current Portion Long Term Debt	(300,000)
Long Term Debt	(5,100,000)
Other Post Employment Benefits Liability	(572,960)
Net Assets of Governmental Activities	\$21,340,099
WATER SUPPLY DISTRICT OF ACTON	
Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2011	
Net Change in Fund Balances - Total Governmental Funds	(\$198,923)
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	688,420
Bond Principal Repayment	420,000
Depreciation Expense	(867,712)
Some revenue/expenses reported in the Statement of Activities do not provide (use) current financial resources and therefore are not reported as revenue in the governmental funds	
Water Revenue Accrual	(27,509)
Other Post Employment Benefits (OPEB) Expenses	(336,480)
Salaries and Wages Accrual	13,419
Interest Accrual	8,000
OPEB funding is not reported as an expense on the Statement of Activities	100,000
Change in Net Assets of Governmental Activities	(\$200,785)

WATER SUPPLY DISTRICT OF ACTON			Page 9
General Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2011			
			<i>Variance</i>
			<i>Positive</i>
	<i>Budget</i>	<i>Actual</i>	<i>(Negative)</i>
REVENUES			
Water Rates and Services	\$3,240,400	\$3,538,370	\$297,970
Interest Income	0	4,730	4,730
Total Revenues	3,240,400	3,543,099	302,699
EXPENDITURES			
Salaries and Wages	1,132,200	1,053,244	78,956
Bonds, Interest and Fees	610,000	609,400	600
Lights, Power and Fuel	320,000	212,976	107,024
Health and Life Insurance	275,000	252,152	22,849
Maintenance & Operations Other	125,000	124,375	625
Middlesex Retirement	113,700	113,447	253
Insurance	52,000	52,000	0
Chemicals	35,000	33,902	1,098
Reserve Fund	100,000	25,000	75,000
Laboratory Analysis	33,000	24,029	8,971
Auto Maintenance and Fuel	50,000	43,502	6,498
Information Reports	20,000	10,539	9,461
Telephone	10,000	9,236	764
Legal	25,000	25,000	0
Computer Maintenance	15,000	12,640	2,360
Office Supplies	15,000	13,670	1,330
Education	15,000	7,233	7,767
Audit	14,500	14,500	0
Paving	25,000	21,752	3,248
Engineering	50,000	47,889	2,111
Hydrants	10,000	9,820	180
Postage	15,000	14,794	206
D.E.P. Withdrawal and Fees	6,500	5,050	1,450
Bank Fees	500	300	200
Cross Connection	1,000	0	1,000
Accounting	1,000	0	1,000
Meters	70,000	69,361	639
Petty Cash	1,000	600	400
Maintenance & Operations Treatment Plant	100,000	97,862	2,138
Other Post Employment Benefits Expense	0	100,000	(100,000)
Total Expenditures	3,240,400	3,004,271	236,129
REVENUES OVER EXPENDITURES	0	538,829	538,829
OTHER FINANCING SOURCES			
Transfers to General Fund from Capital Projects Fund		28,177	28,177
Transfers from MTBE to General Fund		100,000	100,000
Net Change in Fund Balance	0	667,006	667,006
Budgetary Fund Balance - Beginning of Year	308,031	24,867	0
Budgetary Fund Balance - End of Year	\$308,031	\$691,873	\$667,006

WATER SUPPLY DISTRICT OF ACTON		Page 10
Statement of Fiduciary Net Assets		
June 30, 2011		
	<i>WR GRACE</i>	<i>OPEB</i>
	<i>FUND</i>	<i>FUND</i>
ASSETS		
<i>Current Assets</i>		
Cash and Cash Equivalents	\$118,275	
Investments	2,157,259	\$98,708
Total Assets	\$2,275,534	\$98,708
LIABILITIES		
NET ASSETS	\$2,275,534	\$98,708
Total Liabilities and Net Assets	\$2,275,534	\$98,708
WATER SUPPLY DISTRICT OF ACTON		
Statement of Changes in Fiduciary Net Assets	<i>WR GRACE</i>	<i>OPEB</i>
For the Year Ended June 30, 2011	<i>FUND</i>	<i>FUND</i>
ADDITIONS		
Employer Contribution		\$100,000
Dividend and Interest Income	\$76,133	311
Net Increase (Decrease) Fair Value of Investments	62,739	(1,603)
Total Additions	138,872	98,708
DEDUCTIONS		
Investment Management Fees	9,925	
Maintenance and Operations	28,057	
Total Deductions	37,981	0
Additions Over Deductions	100,891	98,708
Net Assets - Beginning of Year	2,174,643	0
Net Assets - End of Year	\$2,275,534	\$98,708

WATER SUPPLY DISTRICT OF ACTON
Notes to the Basic Financial Statements - June 30, 2011

NOTE 1 – GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The Water Supply District of Acton (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 Acton. The District is a separate municipality, distinct from the Town of Acton. 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 Acton 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 Statement 34 (GASB 34) and with the Commonwealth of Massachusetts uniform reporting system. The financial statements include reconciliations that report the differences between the GASB 34 statements and the Commonwealth of Massachusetts statements.

The two reporting standards are briefly described here.

GASB 34 - 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 and short and long term debt. The net assets (equity) are reported in four components: invested in capital assets net of related debt, restricted for capital projects, restricted for the MTBE stabilization fund, and unrestricted.

COMMONWEALTH OF MASSACHUSETTS – 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, the WR Grace Fiduciary Fund and the MTBE Stabilization 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, machinery and equipment, are reported in the Government Wide financial statements at historical cost or estimated historical cost. Depreciation is provided using the straight-line method over 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 50% of a retiring employee's unused sick time, up to a maximum of 85 days sick time.

WATER SUPPLY DISTRICT OF ACTON
Notes to the Basic Financial Statements - June 30, 2011

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.

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.

MTBE Stabilization Fund - This fund is for future capital projects, treatment for contaminants in the water supply, reduction of outstanding bonds or for any other lawful purpose. This fund was established with proceeds from the MTBE class action lawsuit settlement.

The following *fiduciary funds* are reported:

WR Grace Fund - This fund is to maintain the purity of the District's water sources upon approval of District meeting. This fund was established with proceeds from the WR Grace lawsuit settlement.

Other Post Employment Benefits (OPEB) Fund - This fund is an irrevocable trust fund established by the District in 2011 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. The District maintains some of its cash in an investment account that is not insured. The District has not experienced any loss in that account. The District believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 3 - INVESTMENTS

The District's investments are managed pursuant to Massachusetts General Laws by Boston Financial Management 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, 2011, the District had the following investments:

Description	WR Grace Fiduciary Fund	OPEB Trust Fiduciary Fund	MTBE Stabilization Fund
Cash and equivalents	\$28,445	\$1,106	\$17,952
Bonds (corporate & government)	1,630,213	50,774	937,845
Equities	498,601	46,828	
Total	\$2,157,259	\$98,708	\$955,797

WATER SUPPLY DISTRICT OF ACTON
Notes to the Basic Financial Statements - June 30, 2011

NOTE 4-INTERFUND RECEIVABLES/ PAYABLES

At June 30, 2011, \$45,316 is due to the Capital Projects Fund from the General Fund and \$291,809 is due to the Capital Projects Fund from the MTBE Stabilization Fund. In addition, \$84,253 is due to the General Fund from the MTBE Stabilization Fund.

NOTE 5 - RETIREMENT PLANS

Substantially all employees of the District are members of the Middlesex Retirement System. The retirement system is funded by both employer and employee contributions. The District's annual contributions to the retirement system are determined on a "pay-as-you-go" basis by the State Division of Insurance and are estimates of pensions actually payable during an accounting period. In addition, employees contribute 5%, 7%, 8% or 9% of their base pay depending on when they entered the system. The District's contributions for the year ended June 30, 2011 were \$113,447.

The District has a voluntary Section 457 retirement plan. Employees may make pre-tax contributions, and the District will match contributions up to 3% of the participating employee's base salary. The maximum employee and District combined contribution is \$16,500 per year (\$22,000 for employees age 50 or older). District match contributions for the year ended June 30, 2011 were \$24,817, which are included in Salaries and Wages.

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the District for the year ended June 30, 2011 consisted of the following:

Description	Balance 6/30/10	Additions	Transfers	Balance 6/30/11
Land	\$777,225	\$51,500		\$828,725
Infrastructure	35,528,507	492,920	\$169,145	36,190,572
Buildings	1,084,969			1,084,969
Vehicles	424,470			424,470
Machinery & Equipment	2,197,004			2,197,004
Capital Assets Under Construction	169,145		(169,145)	0
Total at Historical Cost	40,181,320	544,420	0	40,725,740
Less Accumulated Depreciation				
Infrastructure	12,393,690	723,811		13,117,501
Buildings	297,123	27,124		324,247
Vehicles	311,487	33,128		344,615
Machinery & Equipment	1,605,686	83,649		1,689,335
Total Accumulated Depreciation	14,607,986	867,712		15,475,698
Capital Assets, Net	\$25,573,334			\$25,250,042

WATER SUPPLY DISTRICT OF ACTON
Notes to the Basic Financial Statements - June 30, 2011

NOTE 7 - SHORT TERM DEBT

The District has issued bond anticipation notes on a short term basis to fund the capital project costs incurred prior to selling permanent debt. The following is a summary of the changes in short term debt for the year ended June 30, 2011:

Description	Interest Rate	Due Date	Balance 6/30/10	Issued	(Redeemed)	Balance 6/30/11
Water Mains -						
Coughlin St	1.15%	6/01/11	\$200,000		(\$200,000)	\$0
Arlington St	1.15%	6/01/11	200,000		(200,000)	0
Coughlin/Arlington	1.05%	6/01/12	0	\$280,000		280,000
Total			\$400,000	\$280,000	(\$400,000)	\$280,000

NOTE 8 - LONG TERM DEBT

The District has issued a general obligation bond to finance the construction of the water treatment plant at the Kennedy Marshall well site. The interest rates on the bond vary from 2.0% to 4.3% according to annual maturities, with an average rate of 3.64%. The following is a summary of the changes in long term debt for the year ended June 30, 2011:

Description	Issue Date	Due Date	Balance 6/30/10	(Retired)	Balance 6/30/11
Water Treatment Plant	2/15/09	2/15/29	\$5,700,000	(\$300,000)	\$5,400,000

The annual debt service requirements for long term debt outstanding at June 30, 2011 are as follows:

Fiscal Year	Principal	Interest	Total
2012	\$300,000	178,800	\$478,800
2013	300,000	172,050	472,050
2014	300,000	166,050	466,050
2015	300,000	159,300	459,300
2016	300,000	151,800	451,800
2017-2021	1,500,000	633,900	2,133,900
2022-2026	1,500,000	373,050	1,873,050
2027-2029	900,000	76,800	976,800
Total	\$5,400,000	\$1,911,750	\$7,311,750

Principal of \$420,000 plus interest and fees of \$189,400, for a total of \$609,400, 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, 2011. This includes payments on both Short and Long Term Debt.

Interest and Fees of \$181,400 is reported on the Statement of Activities and reflects the accrual basis calculation of interest actually incurred during the year ended June 30, 2011 on both short term and long term notes, regardless of when the actual interest payments were made by the District.

WATER SUPPLY DISTRICT OF ACTON
Notes to the Basic Financial Statements - June 30, 2011

NOTE 8 - LONG TERM DEBT - continued

As of June 30, 2011 the District has the following debt authorized and unissued:

Purpose	Date of Vote	Amount Authorized	Amount Issued	Amount Unissued
Water Mains	March 20, 2002	\$1,500,000	\$1,300,000	\$200,000
Treatment Plant	March 19, 2008	1,700,000	1,500,000	200,000
Water Mains	March 19, 2008	1,200,000	860,000	340,000
Water Mains	March 18, 2009	600,000	200,000	400,000
Total		\$5,000,000	\$3,860,000	\$1,140,000

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS

During fiscal year 2010 the District implemented Governmental Accounting Standards Board Statement 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions (GASB 45). As allowed by GASB 45, the District established the net Other Post-Employment Benefits (OPEB) obligation at zero at the beginning of 2010 year and applied the measurement and recognition requirements of GASB 45 on a prospective basis.

During fiscal year 2011 the District established the “Other Post Employment Benefits Trust Fund” and began funding its liability through this irrevocable trust. The OPEB Trust Fund is reported as a Fiduciary Fund in the accompanying financial statements.

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.

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 90 percent of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 10 percent of their premium costs.

Annual OPEB Expense and Net OPEB Obligation - The District’s annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of 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	\$228,752
Amortization of unfunded actuarially accrued liability	179,333
Annual OPEB expense	408,085
Contributions made	(171,605)
Increase in net OPEB obligation	236,480
Net OPEB obligation- beginning of year	336,480
Net OPEB obligation- end of year	\$572,960

WATER SUPPLY DISTRICT OF ACTON
Notes to the Basic Financial Statements - June 30, 2011

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS - continued

The District's annual OPEB expense, the percentage of annual OPEB expense contributed to the plan, and the net OPEB obligation for the two fiscal years of OPEB reporting were as follows:

Fiscal year ended	6/30/10	6/30/11
Annual OPEB expense	\$408,085	\$408,085
Percentage of annual OPEB expense contributed	18%	42%
Net OPEB obligation	\$336,480	\$572,960

Funded Status and Funding Process- As of July 1, 2009, the most recent actuarial valuation date, the actuarially accrued liability was \$3,515,024, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$1,057,000 and the ratio of unfunded actuarially accrued liability to the covered payroll was 333%.

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 multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarially accrued liabilities of benefits.

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

WATER SUPPLY DISTRICT OF ACTON		Page 17
Required Supplemental Information - June 30, 2011		
OTHER POST-EMPLOYMENT BENEFITS		
SCHEDULE OF FUNDING PROGRESS		
Actuarial valuation date	7/1/09	
Actuarial value of assets	0	
Actuarial accrued liability (AAL)	\$3,515,024	
Unfunded AAL (UAAL)	3,515,024	
Funded ratio	0%	
Covered payroll	1,057,000	
UAAL as a percentage of covered payroll	333%	
ACTUARIAL METHODS		
Actuarial cost method	Projected Unit Credit	
Amortization method	Level Dollar	
Remaining amortization period	30 years	
ACTUARIAL ASSUMPTIONS		
Investment rate of return	3%	
Health care trend rate	9.5% or 10% graded to 5% over 10 years	
Dental care trend rate	5.5% for all years	
SCHEDULE OF EMPLOYER CONTRIBUTIONS	6/30/10	6/30/11
Annual required contributions (ARC)	\$408,085	\$408,085
Actual contributions made	71,605	171,605
Percentage contributed	18%	42%
PLAN MEMBERSHIP		
Current retirees, beneficiaries, and dependents	8	9
Current active members	15	14
Total	23	23
WATER SUPPLY DISTRICT OF ACTON		
Notes to Required Supplemental Information - June 30, 2011		
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 Massachusetts Interlocal Insurance Association (MIIA) health insurance plan, which covers both active and retired members.		
The District currently finances its other post-employment benefits (OPEB) on a “pay-as-you-go” basis. As a result, the funded ratio (actuarial value of assets expressed as a percentage of the actuarial accrued liability) is 0%. In accordance with Governmental Accounting Standards Board Statement 45 (GASB 45), the District has recorded its OPEB cost equal to the actuarial determined annual required contribution (ARC) which includes the normal cost of providing benefits for the year and a component for the amortization of the total unfunded actuarial accrued liability of the plan.		
The Schedule of Funding Progress presents multi-year trend information which compares, over time, the actuarial accrued liability for benefits with the actuarial value of accumulated plan assets. Since 2010 was the District's initial year of implementation of GASB 45, information for years prior to 2010 is not available.		
Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations.		

WATER SUPPLY DISTRICT OF ACTON					Page 18
Supplemental Schedule of Governmental Fund Balance - Capital Projects Activity					
For the Year Ended June 30, 2011					
	<i>BEGINNING</i>	<i>TRANSFERS</i>	<i>TRANSFERS</i>	<i>PAYMENTS</i>	<i>ENDING</i>
	<i>BALANCE</i>	<i>(TO)FROM</i>	<i>FROM</i>	<i>MADE</i>	<i>BALANCE</i>
	<i>06/30/10</i>	<i>GEN'L FUND</i>	<i>MTBE</i>		<i>06/30/11</i>
Arlington Street Engineering	\$14,855			\$14,855	\$0
Arlington Street Mains	450,000			450,000	0
Clean Rehab Storage Tanks	11,700			9,567	2,133
Eminent Domain Main Street	19,519				19,519
Great Hill Valve	40,178	(\$36,438)		3,740	0
Indian Village Mains	188				188
Leak Detection	3,430	(3,430)			0
Media Replacement Clapp/Whit	10,882				10,882
Pickup Truck 08	2				2
Service Truck	6,582	(6,582)			0
UniDirectional Flushing 08	11,727	(11,727)			0
Water Main Emergency 10	18,034			7,815	10,219
Water Main Replacement 10	18,931	30,000		46,558	2,373
Well Clean and Rehab 10	6,194			6,194	0
Carbon Replacement	0		\$60,000	48,000	12,000
Clean Rehab Storage Tanks 2011	0		20,000	12,280	7,720
Knox Trail	0		51,500	51,500	0
Main Replacement 2011	0		25,000	17,267	7,733
Marshall Well Replacement	0		35,000	1,434	33,566
S Acton Pilot 2010	0		150,000		150,000
Water Main Emergency 11	0		50,000		50,000
Well Clean and Rehab 11	0		50,000	19,210	30,790
Total	\$612,222	(28,177)	\$441,500	\$688,420	\$337,125
		See Independent Auditor's Report			

Minutes of March 16, 2011 Annual Meeting

Held at the Acton Public Library, 486 Main Street, Acton, MA

- Article 1.** To fix the salaries of the elected officials. Unanimously approved.
- Article 2.** To accept the reports of the Commissioners, the Treasurer and other Officers of the District. Unanimously approved.
- Article 3.** To authorize the Treasurer, with the approval of the Commissioners, to borrow in anticipation of the revenue of the fiscal year beginning July 1, 2011, in accordance with the provisions of General Laws, Chapter 44, Section 4, and to renew any note or notes as may be given for a period of less than one year, in accordance with the provisions of the General Laws, Chapter 44, Section 17. Unanimously approved.
- Article 4.** To raise and appropriate to defray the usual expenses of the District. Unanimously approved.
- Article 5.** To transfer from the MTBE Stabilization Fund the sum of \$50,000 to clean and rehabilitate existing wells throughout the District. Unanimously approved.
- Article 6.** To transfer from the MTBE Stabilization Fund the sum of \$50,000 for the purpose of repairing emergency water main breaks. Unanimously approved.
- Article 7.** To transfer from the MTBE Stabilization Fund the sum of \$25,000 for the purpose of replacing old water mains, renewing old water services, replacing old fire hydrants. Unanimously approved.
- Article 8.** To transfer from the MTBE Stabilization Fund the sum of \$125,000 for the maintenance and repair of the various treatment facilities including, but not limited to, media replacement in the filtration tanks, aeration tower repair, and replacement of packing material. Unanimously approved.
- Article 9.** To transfer from the MTBE Stabilization Fund the sum of \$100,000 for initial funding of the District's "Other Post-Employment Benefits Liability Trust Fund" a trust fund established pursuant to Chapter 479 of the Acts of 2008. Unanimously approved.
- Article 10.** To transfer from the MTBE Stabilization Fund the sum of \$60,000 for the replacement of the granular activated carbon media at the Clapp Whitcomb well sites on Massachusetts Avenue in Acton. Unanimously approved.
- Article 11.** To transfer from the MTBE Stabilization Fund the sum of \$20,000 for the internal cleaning of all water storage tanks in the District's water system. Unanimously approved.
- Article 12.** To transfer from the MTBE Stabilization Fund the sum of \$35,000 for the drilling, engineering and related costs to perform replacement well investigation work for the Marshall well site. Unanimously approved.
- Article 13.** To sell, trade and dispose of the District's GMC Safari van. Unanimously approved.

Article 14. To authorize the Commissioners to enter into a long-term written lease, with options to extend for a period not to exceed twenty (20) years, for the purpose of a telecommunication tower and associated building, equipment and materials on land owned by the District, located off of Main Street and Wyndcliff Drive in Acton. The written lease shall include the most favorable annual rental charge received in response to a request for proposal to be issued by the District and shall provide for annual increases based on the consumer price index. The lease shall include other terms, conditions and limitations as the Commissioners shall deem necessary and proper to protect the public water supply, to satisfy the requirements and regulations of the Department of Environmental Protection, and to be in compliance with all the terms and conditions of a special permit to be issued by the Town of Acton.

Unanimously approved.

Article 15. To authorize the Treasurer, with the approval of the Commissioners to transfer to Surplus Revenue the following unexpended balances remaining after the completion of projects authorized by vote of the District:

- A. Unexpended balance in the sum of \$6,581.60, Article 5 of the Special Meeting of September 22, 2008, for the purchase of a new service truck.
- B. Unexpended balance in the sum of 11,726.56, Article 14 of the Annual Meeting of March 19, 2008, for the unidirectional water flushing project.
- C. Unexpended balance in the sum of \$36,438.21, Article 14 of the Annual Meeting of March 18, 2009, for the Great Hill tank Altitude valve.
- D. Unexpended balance in the sum of \$3,430.00, Article 14 of the Annual Meeting of March 17, 2010, for a leak detection survey.

Unanimously approved.

Mr. O'Brien moved to adjourn the meeting at 8:20 p.m., Mr. Stuntz seconded the motion and all were in favor. The motion to adjourn was unanimously approved.

Water District Organization

ELECTED OFFICIALS

Commissioners	Leonard A. Phillips, Chairman	Term Expires 2012
	Ronald R. Parenti	Term Expires 2013
	Stephen C. Stuntz	Term Expires 2014
District Clerk	Charles E. Orcutt III	Term Expires 2014
District Moderator	Richard P. O'Brien	Term Expires 2012

APPOINTED OFFICIALS

Finance Committee	William L. Kingman, Chairman	Term Expires 2012
	David A. Butler	Term Expires 2013
	Charles Bradley	Term Expires 2014
District Manager	Christopher D. Allen	Contract Expires 2014
Treasurer/Collector	Mary J. Bates	Term Expires 2012
District Counsel	Mary Bassett	Term Expires 2012
District Assistant Clerk	Helen F. Argento	Term Expires 2012
Commissioners Secretary	Lynn Protasowicki	Term Expires 2012
Auditor	Maureen Waters Mara, CPA, MST	Term Expires 2012

Water Land Management Advisory Committee

Margaretha Eckhardt
Paul Malchodi
Charles Olmstead
Barry Rosen

Water District Staff

Matthew L. Mostoller	Environmental Manager
Elaine Lawson	Secretary /A/P Bookkeeper
Elizabeth Secinaro	A/R Bookkeeper/Secretary
Robert Murch	MIS Coordinator
Stephen G. Peterson, Jr.	Superintendent
Paul McGovern	Operator/Pump Stations
Charles Rouleau	General Foreman
Andrew Peterson	Operator/Distribution
James Trippier	Operator/Distribution
Robert P. Dionne, Jr.	Operator/Distribution
Keith Kupfer	Operator/Distribution

The Acton Water District welcomes you to visit our Website at:

www.actonwater.com

**Our mailings are always available on our website.
If you would prefer to opt out of receiving future mailings by U.S. Postal Service,
please visit our website and click on opt out.**

**Commissioners meet on the second and fourth Monday of each month, at
7:30 P.M., 693 Massachusetts Avenue, Acton.
Meeting agendas and minutes are posted on our website.
The public is welcome to attend.
Please call us at 978-263-9107 with any questions or concerns.**

**OUTDOOR WATER USE RESTRICTIONS
EFFECTIVE MAY 1 – OCTOBER 1**

- Those of you with even numbered addresses may water outdoors on Tuesdays, Thursdays and Saturdays.
- Those of you with odd numbered addresses may water outdoors on Wednesdays, Fridays and Sundays.
- No lawn watering may occur between 7:00 AM and 7:00 PM. (Watering mid-day wastes water to evaporation.)
- No outdoor usage will be allowed on Mondays.

The Monday restriction will give our storage tanks a chance to recover after the weekend. Maintenance of adequate levels is critical to serving both our domestic needs, as well as providing fire protection, if needed.