

# Annual Report

# ACTON WATER DISTRICT

For the year ending December 31, 2015



Warrant Articles for the Annual Meeting

March 16, 2016



The Pall Microfiltration system is hard at work improving the water quality at the South Acton Water Treatment Plant.

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

**[www.actonwater.com](http://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.**



**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, 2 & 6 - Conant School, 80 Taylor Rd.  
Precinct 3, 4 & 5 - Blanchard Auditorium, Junior High School, 16 Charter Rd.  
Acton, Massachusetts

On Tuesday, March 29, 2016  
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**

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

Acton Memorial Library  
486 Main Street  
Acton, Massachusetts

**On Wednesday, March 16, 2016**  
**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, 2016, 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 authorize the District to seek special legislation from the Commonwealth of Massachusetts to expand the District's borders or otherwise to allow it to service and to supply water to a property in Concord, abutting 37 Knox Trail in Acton, for Concord's use of the property in Concord (former W.R. Grace property) to use as a bus maintenance depot, and other future uses, and to authorize the Commissioners to enter into an Inter-Municipal Agreement to determine the terms and conditions of such provision of water on terms determined by the Commissioners or to take any other action relative thereto.

**Article 6.** To see if the District will vote to transfer from Receipt Reserve for Appropriation Account (W.R. Grace settlement) the sum of \$150,000 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 7.** 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 8.** 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 9.** To see if the District will vote to transfer from Surplus Revenue the sum of \$40,000 for the purpose of repairing emergency water main breaks or to take any other action relative thereto.

**Article 10.** To see if the District will vote to transfer from Surplus Revenue 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 11.** To see if the District will vote to transfer from Surplus Revenue the sum of \$150,000 for maintenance and repair to the District's water storage tanks 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 \$65,000 for the purchase of two new service vehicles and to authorize the Commissioners to trade or sell the District's 2002 Chevrolet 2500 Silverado service truck 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 \$500,000 for water main improvements throughout the District's water system or to take any other action relative thereto.

**Article 14.** To see if the District will vote to appropriate the sum of \$1,000,000 for water main improvements in the Indian Village neighborhood and that to meet this appropriation, the Treasurer, with the approval of the Water Commissioners, is authorized to borrow the sum of \$1,000,000 under General Laws, Chapter 44, Sec. 8, or other 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 Surplus Revenue the sum of \$35,000 for the engineering costs for future water main improvements in the Indian Village neighborhood or to take any other action relative thereto.

**Article 16.** To see if the District will vote to transfer from Surplus Revenue the sum of \$25,000 for the costs required to commission an engineered Residuals Management Study for the filtration plants or to take any other action relative thereto.

**Article 17.** To see if the District will vote 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 or to take any other action relative thereto:

- A. Unexpended balance in the sum of \$2,684.25, Article 10 of the Annual Meeting of March 19, 2014, for the purchase of a new dump truck.
- B. Unexpended balance in the sum of \$5,000.00, Article 10 of the Annual Meeting of March 18, 2015, for upgrades to the Clapp Whitcomb well site.
- C. Unexpended balance in the sum of \$15.10, Article 13 of the Annual Meeting of March 18, 2015, for water meter replacement.
- D. Unexpended balance in the sum of \$2,650.00, Article 11 of the Annual Meeting of March 18, 2015, for the leak detection survey.
- E. Unexpended balance in the sum of \$188.04, Article 11 of the Annual Meeting of March 19, 2008, for the Indian Village water main project.

**Article 18.** To see if the District will vote to authorize the Treasurer, with the approval of the Commissioners to transfer to the Receipt Reserve for Appropriation Account (W.R. Grace settlement) the following unexpended balances remaining after the completion of projects authorized by vote of the District:

- A. Unexpended balance in the sum of \$3.00, Article 19 of the Annual Meeting of March 21, 2012, for the South Acton Treatment plant pilot.
- B. Unexpended balance in the sum of \$3,786.26, Article 11 of the Annual Meeting of March 16, 2011, for carbon replacement.
- C. Unexpended balance in the sum of \$7,886.24, Article 12 of the Annual Meeting of March 15, 2006, for the initial engineering and related costs and expenses for testing on the Assabet 3 well site.

**Article 19.** To see if the District will vote to authorize the Treasurer, with the approval of the Commissioners to rescind the borrowing authority previously authorized by vote of the District to borrow transfer for the remaining balances unissued on the following accounts:

- A. Unissued balance in the sum of \$200,000, Article 14 of the Annual Meeting of March 20, 2002, for water main improvement projects.

- B. Unissued balance in the sum of \$200,000, Article 13 of the Annual Meeting of March 19, 2008, for construction of the North Acton Treatment Plant.
- C. Unissued balance in the sum of \$340,000, Article 11 of the Annual Meeting of March 19, 2008, for on Mohawk Drive, Seneca Road and Oneida Road in Acton.
- D. Unissued balance in the sum of \$400,000, Article 13 of the Annual Meeting of March 18, 2009, for Arlington Street water mains.

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 25th day of January in the year two thousand and sixteen.

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

A true copy. ATTEST:

William T. Stanford  
District Clerk



## FY 2017 Budget and Estimated Revenue

	Actual FY 2015	Budget FY 2016	6 Month Actual	Budget FY 2017
<b>EXPENSES</b>				
Accounting		2,000	1,500	500
Audit	15,000	15,000	15,000	15,000
Auto Maint & Fuel	50,000	50,000	18,453	50,000
Backflow/Cross Conn	2,000	1,000	-	1,000
Bank Fees	0	500	-	500
Short Term Debt	0	100,000	-	100,000
Long Term Debt	845,984	1,565,000	471,947	1,543,000
Chemicals	65,000	65,000	31,376	75,000
Computer Maintenance	14,825	15,000	6,174	15,000
DEP Withdrawal	5,207	6,500	5,212	6,500
Employee Education	8,814	18,000	10,598	15,000
Engineering	45,948	50,000	15,194	55,000
Health/Life Insurance	263,229	325,000	146,686	325,000
Hydrants	10,000	10,000	9,975	10,000
Information Reports	4,212	12,000	2,010	10,000
Insurance	66,551	90,000	66,324	80,000
Laboratory Analysis	32,000	32,000	14,757	40,000
Legal	52,272	40,000	21,394	40,000
Lights/Power/Fuel	337,851	350,000	104,673	425,000
Maintenance & Operations	210,000	210,000	88,488	275,000
Middlesex Retirement	133,367	167,500	165,791	181,125
Meters	99,627	100,000	98,978	75,000
Office Supplies	17,333	18,000	5,469	18,000
OPEB Expense	150,000	100,000	100,000	100,000
Paving	48,872	60,000	13,337	60,000
Petty Cash	600	1,000	300	1,000
Postage	17,975	18,000	5,410	20,000
Reserve Fund	0	100,000	-	100,000
Salaries & Wages	1,114,862	1,250,000	622,178	1,298,000
South Acton WTP M&O	150,000	150,000	48,149	0
Telephone	13,794	18,000	7,419	16,000
<b>Total</b>	<b>3,775,323</b>	<b>4,939,500</b>	<b>2,096,792</b>	<b>4,950,625</b>
<b>REVENUE</b>				
Water Revenue	2,449,869	2,434,892	1,974,392	2,443,725
Service Fee	500,940	508,920	254,460	510,000
Debt Service Fee	726,363	1,560,688	780,344	1,541,900
Total Water Revenue	3,677,172	4,504,500	3,009,196	4,495,625
Fire Protection Sprinklers	39,059	38,000	39,808	38,000
Rent/Lease	145,659	142,000	77,088	145,000
Repairs/Installation	78,145	35,000	50,883	50,000
Cross Connection	22,423	20,000	12,676	22,000
Demand Fees	442,230	200,000	214,300	200,000
Total Other Revenue	727,516	435,000	394,755	455,000
<b>Total</b>	<b>4,404,688</b>	<b>4,939,500</b>	<b>3,403,951</b>	<b>4,950,625</b>

**Report of the Treasurer**  
**Audited Account Balances**  
**June 30, 2015**

Sovereign Bank	95,076.22
Enterprise Bank	493,978.90
MMDT	691,384.05
Citizens Bank	6,692.06
Webster Bank	41,480.24
First Trade Union	28,413.41
UniBank	413,094.59
Total	1,770,119.47

**Report of the Collector**  
**Audited Account Balances**  
**June 30, 2015**

Accounts Receivable June 30, 2014	151,067.99
Charges	4,320,990.99
Interest Charges	25,517.30
Refunds	2,692.98
	4,500,269.26
Payments	4,351,674.67
Abatements	34,545.48
Adjustments	-
Outstanding June 30, 2015	114,049.11
	4,500,269.26

**Outstanding Debt**  
**June 30, 2015**

Description	Original Amount	Interest rate	Date of Issue	Date of Maturity	Balance
Treatment Plant	6,000,000	3.57%	2/15/2009	2/15/2029	4,200,000
Water Mains	2,135,000	2.03%	8/15/2013	8/15/2023	1,920,000
SA Treatment Plant	5,659,498	0.11%	4/15/2014	1/7/2015	-
SA Treatment Plant	13,470,767	2.00%	1/17/2015	1/7/2035	13,470,767

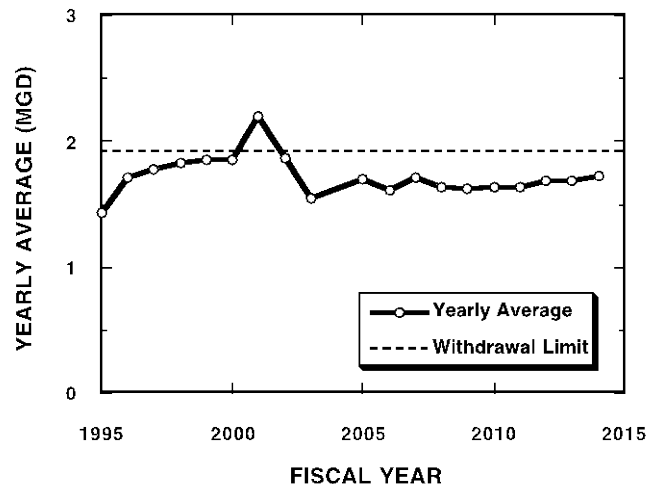
Respectfully submitted,  
Mary J. Bates  
Treasurer/Collector

## Report of the Commissioners for 2015

The Commissioners are pleased to make the following report for calendar year 2015 to the members of the Acton Water District. This was a particularly busy year for the District, and during this period the Commissioners addressed multiple water quality and supply issues. To address these challenges in a cost-effective manner, the District has increasingly relied on new technological solutions.

The recently completed South Acton Water Treatment Plant represents the District's second high-performance filtration facility. The original motivation for this \$13,500,000 project was the need to provide treatment for the Christofferson Well, which was designated by the Massachusetts Department of Environmental Protection (MassDEP) to be under the influence of surface water in 2010. The Commissioners subsequently concluded that it would be more cost-effective to construct a facility to treat all of the wells in the Schools Street and Assabet well fields, and include a filtration process capable of removing the iron and manganese that is responsible for the chronic brown water problems that customers have experienced. To facilitate the removal of existing sediment in the water distribution system, a novel flushing operation involving ice slurries was utilized for the first time on the School Street water main last October. This process was judged to be highly successful, and will likely become a routine maintenance procedure in the future.

The maintenance of an adequate supply of water is a continuing concern, given Acton's steady population growth and the strict withdrawal limits set by the Department of Environmental Protection Water Management Act. As the included chart shows, the annual water use has been nearly flat for the past 10 years. This has been accomplished through an aggressive water conservation program, the use of rebates for water-efficient toilets and washers, and periodic tests to detect leaks in the distribution system. The summer outdoor watering restrictions are an important part of this conservation effort, and District water users are to be congratulated for their high level of compliance with these regulations.



The Commissioners are pleased to acknowledge the accomplishments of the District Manager, Chris Allen, and his staff during the past year. We note that the smooth operation of the Water District is primarily the result of their hard work, dedication, and technical expertise.

Respectfully submitted,

Ronald R. Parenti, Chairman

Stephen C. Stuntz

Leonard A. Phillips

**Commissioners typically 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:**

**[www.actonwater.com](http://www.actonwater.com)**

**The public is welcome to attend.**

## Report of the Finance Committee

This report covers the calendar year 2015. Dollar figures are generally from the audited financial statements for the end of the fiscal year at June 30, 2015, unless otherwise stated.

The Water Supply District of Acton is financially healthy. Certified, by the State, Free Cash is \$1,140,254 as of June 30, 2015, exactly what we expected. Standard and Poor's Rating Service rates the District's bonded debt at AA+. We have the Grace Fund, \$2,403,103 as of June 30 to help address unanticipated problems. We have funded a greater percentage of Other Post Employment Benefits (OPEB) than any other government entity we are aware of. The debt service fee will soon start to decrease.

The District keeps its accounting records according to rules provided by the State government. The rules are substantially different from the generally accepted accounting principles used in the private sector. The biggest difference is no depreciation; a new water treatment plant is an expense in the year it is paid for, not an investment that will last for decades. The District also records the transaction according to generally accepted accounting principles, publishes both forms in the Annual Report, and has both forms audited every year.

The District gets revenue from water bills, hook-up fees called demand charges, and a few other minor sources. Water bill rates are adjusted every few years, most recently for the period beginning July 2015 to reflect rising costs of supplying the water. We hope to avoid people thinking water rates, like taxes, go up every year. Demand charges are also increased from time to time to provide an equitable buy in to the system that previous customers paid for.

The District conducts an active water conservation and efficiency campaign. This has a modest negative impact on the amount of water billed to users. Part of the campaign is restrictions on outdoor water use. Repeat offenders can be fined. The number of repeat offenders has been increasing in recent years. The budget does not include any income from fines. There is no enforcement for revenue.

The newest section on the water bill is "bond debt fee". Much of the system was built with borrowed money, but around 2006 the District had no debt at all, and no bonded debt for a while longer. Our credit rating was so good it was less expensive to pay the slightly higher interest rate for an unsecured loan than to pay for issuing bonds. When the North Acton Water Treatment Plant (NAWTP) was built in 2008 and 2009, it was financed by the largest debt in the District's history, \$6,000,000. The new South Acton Water Treatment Plant (SAWTP) is now in operation, built with \$13,500,000 of borrowed money, about twice as much as our previous maximum debt. All projects that involve bonded debt are voted up or down at District meetings. Having the impact of existing debt visible on each water bill makes it easier for voters to decide if further debt is justified. The District has paid back about 1/3 of the NAWTP loan and in January, 2016 will make the first of 20 annual payments on the SAWTP loan. The debt service fee will show a slight decrease on the July bill.

In 1987, the District received \$2,250,000 from the W. R. Grace Company as the result of suing them for contaminating the water supply. Since then, the known contamination problem has been addressed through the Superfund program and treatment by the District. The remaining money has been invested. The District has spent about \$4,500,000 from the fund for various pollution prevention and treatment efforts, and the fund had a balance of \$2,429,665 as of December 31, 2015. The fund is invested conservatively, but is not very diversified because State law currently limits it to only about a dozen particular stocks and no diversified funds. We have been working with our State Representatives and Senator for many years to be allowed to invest according to the prudent man rule, and have made no progress again this year.

The Other Post Employment Benefits (OPEB) Trust Fund provides a guaranteed means of paying medical insurance benefits of retired employees. One of the reasons OPEB was not treated as a liability in government accounts was that it was impossible to know the exact amount. Now, the amount is determined by an estimate provided by an actuarial study. As the actuaries get more information, their estimate gets more reliable. In 2009 their first estimate was \$3,515,024. Now that we have \$645,226 in the OPEB Trust Fund, as of December 31, 2015, the estimate is \$1,075,003. The fund is invested conservatively, similar to the Grace fund, but it is allowed to use the prudent man rule. We expect to add about \$100,000 to the fund most years until we get close to the then current actuarial estimate.

In spite of the general good financial health of the District, there are several financial risks ahead:

A site in Concord previously used by Nuclear Metals Incorporated is now an Environmental Protection Agency Superfund site. It is leaking pollution toward the District's Assabet well field and the new SAWTP. More information is available in other reports in this volume. The financial impact is presently unknown; it might be modest and it might be very high.

Retired District employees get their pension payments from the Middlesex County Retirement System (MCRS). The District is obligated to pay into the system trust fund an amount determined solely by the trustees of MCRS. The trust fund is underfunded, so the District's payments will increase substantially at some unknown time.

Both the business and operations of the District are heavily regulated by various State and Federal laws, policies, and regulations. Many are beneficial. Some are marginal; it takes staff time working with agencies to be sure they are not financially or operationally harmful, and to understand and implement them. The District is presently engaged in the process of renewing our permission to take water from the ground. Increased population implies we need more water per day. Some conservationists say everyone should be using less. It costs almost as much to deliver a million gallons per day less water but there is substantially less revenue. If our permitted withdrawal rate goes down, the cost per gallon to residents will go up.

Science advances. Some chemicals that could only be detected at concentrations of a few parts per million can now be measured at a few parts per billion. Agencies have lists of "emerging contaminants". The list of things that must not be in drinking water grows slowly, year by year, and the chance of finding one also grows. The cost of removing it might be substantial.

Based on these regulations and advances in contaminant detection methods, we might be required to invest in additional or alternative treatment. Based on the little information available at this time, it may not be as expensive as the recent projects. It will definitely have a multi-million dollar cost.

We extend our thanks to the Commissioners and employees of the District. They make our work easier. It is a pleasure to work with them.

All meetings of the Finance Committee are posted and are open to the public. We welcome your interest.

Respectfully submitted,

Charles Bradley, Chairman

David A. Butler

William Guthlein

## Report of the District Manager for 2015

In 2015, the Acton Water District continued to meet regulatory challenges by commissioning the South Acton Water Treatment plant (SAWTP), conducting a water quality study of the North Acton Water Treatment plant (NAWTP), and researching solutions for water quality issues at the Conant I Well, our only groundwater source without a treatment plant.

The commissioning of the SAWTP on May 11, 2015 concluded a year and a half of construction on the project which started in October of 2013. The facility was certified by regulators on April 15<sup>th</sup>; with the full commissioning occurring on May 11<sup>th</sup>. This facility is filtering out mineral constituents, primarily iron and manganese, prior to entry into the distribution system pipes.

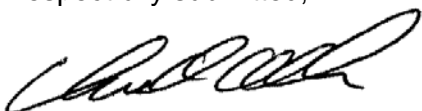
It has been six years since the commissioning of the NAWTP, serving the Kennedy and Marshall wellfields. In late 2014, the District retained the engineering firm Hazen & Sawyer to conduct an evaluation of the effectiveness of our treatment process. In particular it was designed to look at how we remove organics, including organic color from our water at this facility and what this means for compliance with disinfection byproduct formation regulations. A series of jar tests, which are bench scale evaluations of our chemical pretreatment, were conducted to evaluate the effectiveness and dosing of our processes. As series of recommendations, water quality testing protocols, and planning steps for the disposal of residual materials removed from the water was completed.

In July of 2015, we were issued a regulatory mandate by the Massachusetts Department of Environmental Protection (MassDEP) to provide a Corrective Action Plan (CAP) for the manganese (Mn) concentrations in the Conant I Well. Several years ago, the MassDEP Office of Research and Standards established a health advisory level for Mn at 0.3 parts per million (ppm). In the recent past, Conant I's levels of Mn have been creeping up and are now in excess of 0.3 ppm. With the assistance of our engineering consultant, Wright-Pierce, we examined multiple options for the source that use existing infrastructure and filtration systems. An alternate option requires new construction of a filtration plant for both the Conant I and Conant II wells. Either way it will be financed as long-term debt, increasing the "bond debt fee" on customers' water bills. In order to continue to use the source consistently and reliably, and to maintain regulatory compliance, we will have to implement a solution in the near future.

I'd like to sincerely thank Charles "Chip" Orcutt III for his many years of dedicated service to the District as Clerk. Chip resigned this past year, and he will be missed. In light of Chip's resignation, the Board of Water Commissioners appointed life-long Acton resident, William Stanford, as District Clerk to fulfill the unexpired term. Please join me in welcoming Bill to the District team!

I would like to thank the Board of Water Commissioners and the Finance Committee for their wisdom and guidance, the staff of the Water District for their daily high level of effort, and all District volunteers and officials for their conscientious and diligent service. I encourage all water takers to take an interest in District activities and events.

Respectfully submitted,



Chris Allen

# Report of the Environmental Manager for 2015

## Environmental Compliance

We completed all drinking water monitoring and notification requirements under the Safe Drinking Water Act (SDWA), including the provision of enhanced information regarding manganese. Water quality studies were implemented to optimize treatment processes at the North Acton and Clapp/Whitcomb treatment facilities. Sampling for manganese in our distribution system, arsenic at the Clapp and Whitcomb wells, and 1,4-dioxane in South Acton was conducted in coordination with the Massachusetts Department of Environmental Protection (MassDEP). With the assistance of Weston & Sampson, Inc., the renewal application of our Water Management Act Permit was completed in August. We have requested a renewal of our existing volume (1.94 million gallons per day) until it is more evident how we will be impacted by a request for additional volume.

## Water Conservation

In 2015, we 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 16 washing machines and 36 toilets being replaced with more water efficient models. Customers received 34 subsidized rainbarrels through our partnership with the Great American Rainbarrel Company. The District continued to partner with the EPA WaterSense program and the Alliance for Water Efficiency (AWE) to provide tools for our customers to make better water use decisions. Through our membership with AWE, we were selected as a partner city on the Net Blue Project. This is designed to help communities achieve water-neutral development through water demand offset programs. I continued my work as the Chair of the New England Water Works Association (NEWWA) Conservation Committee.

## Source Water Protection

This was another busy year for source protection activities. I participated on the Town of Acton Open Space Committee and Water Resources Advisory Committee (WRAC). The stormwater bylaw that WRAC has been working for a few years was approved at a Special Town meeting in November. We continued our participation in technical meetings and review of documents related to the ongoing Acton-W.R. Grace site cleanup process. In our comments to regulators, we requested that the Record of Decision (ROD) for the site be revised to include cleanup of the 1,4-dioxane in the South Acton aquifer. In response to our interest in the Nuclear Metals, Inc. (NMI) Superfund Site in Concord, we have retained Geosphere Environmental Management and special Environmental Legal Counsel, to help us navigate the emerging concerns of two Superfund Sites in proximity to our wells. MassDEP authorized funding for the installation and testing of several monitoring wells in the area of the Assabet River. This was to further delineate the contaminants and better understand the interaction of the overburden and bedrock groundwater flows with the river, since this was historically viewed as a hydraulic boundary. I presented on the perspective of a water supplier operating within the context of the emerging contaminant 1,4-dioxane, at the NEWWA Annual Meeting, held in Bretton Woods, NH in September.

## Education and Outreach Programs

We taught over 200 Acton students involved in water-related curriculum. This ranged from 4<sup>th</sup> grade classroom visits to field trips for the high school Environmental Science class. We also worked directly with Cub Scouts packs, the Friends of the Acton Arboretum, and participated in the Discover STEM event sponsored by the Acton-Boxborough Parent Involvement Project. Our publications were again streamlined to get important information to our customers without overburdening them with mailings.

Respectfully submitted,



Matthew Mostoller

## Report of the M.I.S. Coordinator for 2015

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 the new South Acton Water Treatment Plant came online and with the new plant came new technology. The Acton Water District utilizes SCADA (Supervisory Control and Data Acquisition) to monitor and control all treatment plants and storage tanks in the distribution system. This year I needed to upgrade all the SCADA nodes and install the latest software to ensure our 24 hour monitor and alarming capabilities are available to our on-call staff. This project saved the District thousands of dollars by keeping it in-house.

I continued my education this year by attending Rockwell training, furthering my knowledge of the new software driving the treatment plants. This will allow less reliance on third party vendors and quicker response time, resulting in less downtime. I plan to continue my education in this area and receive certification from Rockwell.

Did you know that we utilize the ConnectCTY system to contact our customers in an emergency or general outreach? If you have not registered your phone number with this system, we strongly encourage you to visit our website and follow the links to register. In 2015, 15 important messages were delivered using the ConnectCTY system. The more information you provide us, the more informed we can keep you, please take the time to review the phone number and email listed on your quarterly bill and update us with any needed changes. We also reach out to our customers via Twitter, please follow us @ActonWater.

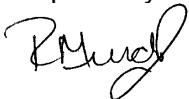
### Cross Connection Control Program

A cross connection is any actual or potential connection between a distribution pipe of potable water supplied by the public water system and any waste pipe, soil pipe, sewer, drain or other unapproved source. If not properly protected or eliminated, a cross connection can cause health problems and spread disease. There are two methods by which contamination can enter the drinking water, backpressure and backsiphonage. Backpressure occurs when the pressure in the property exceeds the drinking water pressure. Backsiphonage occurs when the drinking water pressure drops off and a vacuum pulls the water from a building. The property owner is responsible for the elimination or protection of all cross-connections on his premises. The District routinely surveys and tests all non-residential properties. Residential owners are required to have backflow protection on their irrigation systems as well as any other possible cross connections. All services are installed with a dual check backflow preventer at the meter.

### Meters and Billing

To date we have outfitted 5627 meters with the newest Orion reading technology transponders, with 993 left to be retrofitted. We have focused our replacement efforts into specific areas of Town to minimize travel and gas expense. If you receive a letter, requesting an appointment for this free service, please call us immediately. In 2015 the Orion system detected more than 1,000 potential leaks. Our last expenditure for meters was completed in June. We have purchased, at a discount, the last of the needed inventory to upgrade all the remaining meters in the system. With only 993 left, expect to see me contacting you very shortly by email and postal service.

Respectfully submitted,



Robert Murch, MIS Coordinator



WATER SUPPLY DISTRICT OF ACTON

REPORT ON EXAMINATION OF  
BASIC FINANCIAL STATEMENTS

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JUNE 30, 2015

WATER SUPPLY DISTRICT OF ACTON

REPORT ON EXAMINATION OF  
BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

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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 Water Supply District of Acton, as of and for the year ended June 30, 2015 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 Water Supply District of Acton, as of June 30, 2015, 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.

## 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, 2015. The District complies with Governmental Accounting Standards Board (GASB) reporting requirements.

### Financial Highlights

The assets of the Water Supply District of Acton exceeded its liabilities at the close of the fiscal year by \$20,235,397 (net assets). Unrestricted net assets at year end are currently a deficit of (\$1,128,885), primarily due to the District having recognized its Net Pension Liability in full.

The total assets of the District are \$44,412,841. Of this amount, \$3,960,219 represents current assets and \$40,452,622 represents capital assets.

The total liabilities of the District are \$24,177,444. Of this amount, \$2,009,460 represents current liabilities and \$22,167,984 represents long term liabilities.

Total net assets of the District are \$20,235,397. This includes \$20,772,339 invested in capital assets, net of related debt, \$591,943 which is restricted for capital projects and (\$1,128,885) which is unrestricted. The beginning balance of Unrestricted Net Assets has been adjusted by \$2,455,110 to reflect the Net Pension Liability as of June 30, 2014.

During the fiscal year ended June 30, 2015, the District reported the total Net Pension Liability of \$2,562,079, as required by GASB Statement #68. The District incurred a current period expense for the unfunded actuarial liability of \$231,684.

During the fiscal year ended June 30, 2013, the District updated the actuarial valuation for Other Post Employment Benefits (OPEB), as required by GASB Statement #45. The District incurred a current period expense for the unfunded actuarial liability of \$102,696.

### 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 \$261,082. Actual expenditures were less than budgeted expenditures by \$207,707.

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)**

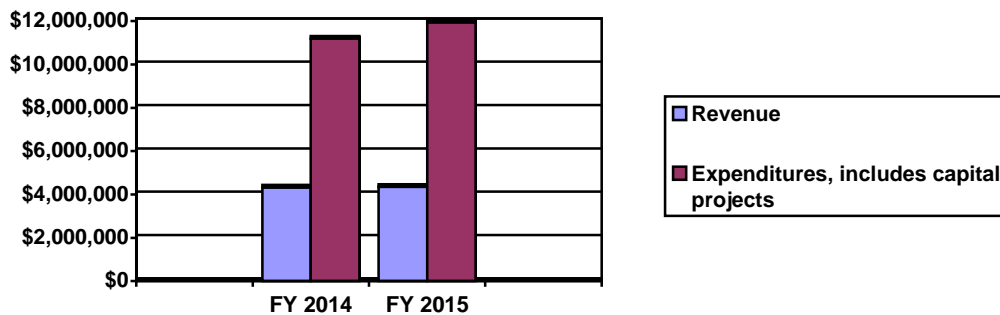
The total revenue for the District was \$4,353,254. Income for the Water Supply District of Acton is generated from water rates, installation of new services and investment income. Income from water rates and services was \$145,783 greater than last year. Investment income was \$4,801 less than last year.

Total expenditures for the year amounted to \$11,936,487. This includes the expenditure of \$8,052,022 for capital projects. Expenditures for the current fiscal year increased from the previous fiscal year by \$754,689.

At the close of the fiscal year the Unreserved Fund Balance for the General Fund (Free Cash) was \$1,140,254. This represents a decrease of \$197,204.

At the close of the fiscal year there was a balance of \$591,943 restricted for capital projects. This represents a decrease of \$191,807 from the previous fiscal year.

Below is a graph comparing revenues and expenditures for fiscal years 2014 versus 2015. 2014 and 2015 expenditures include construction of the South Acton Water Treatment Plant.



**Capital Assets**

The Water Supply District of Acton's investment in capital assets as of June 30, 2015 amounts to \$40,452,622 (net of accumulated depreciation). This investment includes land, buildings and improvements, pumping stations and tanks, infrastructure and improvements, machinery and equipment.

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 \$929,931.

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

**Fiscal Year 2016**

The District has appropriated a balanced annual budget for FY 2016 of \$4,939,500. This will be funded by the increase in water rates and Bond Debt Fee, effective July, 2015.

<b>WATER SUPPLY DISTRICT OF ACTON</b>				Page 4
Statement of Net Assets				
June 30, 2015		<i>Capital</i>	<i>Invested in</i>	
	<i>Unrestricted</i>	<i>Projects</i>	<i>Capital</i>	
	<i>Fund</i>	<i>Fund</i>	<i>Assets</i>	<i>Total</i>
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and Cash Equivalents	\$1,770,119			\$1,770,119
Due to Capital Projects Fund	(591,940)	\$591,940		0
Due from Grace Fund		3		3
Due from Clean Water Trust			\$726,554	726,554
Deferred Pension Outflow	8,652			8,652
Accounts Receivable	115,890			115,890
Unbilled Accounts Receivable	1,339,000			1,339,000
Total Current Assets	2,641,722	591,943	726,554	3,960,219
<i>Non Current Assets</i>				
Capital Assets				
Land			1,566,515	1,566,515
Depreciable Capital Assets, net			38,886,107	38,886,107
Total Non Current Assets	0	0	40,452,622	40,452,622
Total Assets	\$2,641,722	\$591,943	\$41,179,176	\$44,412,841
<b>LIABILITIES AND NET ASSETS</b>				
<i>LIABILITIES</i>				
<i>Current Liabilities</i>				
Current Portion Long Term Debt			\$1,059,906	\$1,059,906
Accrued Interest Payable	\$223,000			223,000
SAWTP Payable			726,554	726,554
Total Current Liabilities	223,000	0	1,786,460	2,009,460
<i>Long Term Liabilities</i>				
Long Term Debt, net of current portion			18,620,377	18,620,377
Accrued Compensated Absences	168,000			168,000
Other Post Employment Benefits	817,528			817,528
Net Pension Liability	2,562,079			2,562,079
Total Liabilities	3,770,607	0	20,406,837	24,177,444
<b>NET ASSETS</b>				
Unappropriated Net Assets	(1,166,810)	\$591,943	20,772,339	20,197,472
Appropriated for Maintenance & Operations	37,925			37,925
Total Net Assets	(1,128,885)	591,943	20,772,339	20,235,397
Total Liabilities and Net Assets	\$2,641,722	\$591,943	\$41,179,176	\$44,412,841

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITOR'S REPORT

<b>WATER SUPPLY DISTRICT OF ACTON</b>				Page 5
Statement of Activities		<i>Capital</i>	<i>Invested in</i>	
For the Year Ended June 30, 2015	<i>Unrestricted</i>	<i>Projects</i>	<i>Capital</i>	
	<i>Fund</i>	<i>Fund</i>	<i>Assets</i>	<i>Total</i>
<b>REVENUES</b>				
Water Rates and Services	\$4,740,803			\$4,740,803
Interest Income	4,272			4,272
Total Revenues	4,745,076	0	0	4,745,076
<b>EXPENDITURES</b>				
Salaries and Wages	1,125,862			1,125,862
Other Post Employment Benefits Expense	102,696			102,696
Interest and Fees	365,445		(\$11,189)	354,256
Depreciation Expense			929,931	929,931
Lights, Power and Fuel	337,851			337,851
Health and Life Insurance	263,229			263,229
Maintenance & Operations	319,141			319,141
Middlesex Retirement	231,684			231,684
Insurance	66,551			66,551
Auto Maintenance and Fuel	50,000			50,000
Chemicals	65,000			65,000
Legal	52,272			52,272
Laboratory Analysis	32,000			32,000
Education	8,814			8,814
Accounting	2,000			2,000
Audit	15,000			15,000
Computer Maintenance	14,825			14,825
Information Reports	4,212			4,212
Office Supplies	17,333			17,333
Paving	48,872			48,872
Engineering	45,948			45,948
Postage	17,975			17,975
Telephone	13,794			13,794
D.E.P. Withdrawal and Fees	5,207			5,207
Petty Cash	600			600
Hydrants	10,000			10,000
South Acton WTP M&O	150,000			150,000
Total Expenditures	3,366,312	0	918,742	4,285,054
<b>REVENUES OVER (UNDER) EXPENDITURES</b>				
	1,378,764	0	(918,742)	460,022
Bond Proceeds Received		\$7,084,715	(7,084,715)	0
Capital Project Expenditures		(8,052,022)	8,052,022	0
Transfers from Unrestricted to Capital Projects	(775,500)	775,500		0
Bonds Repaid	(515,000)		515,000	0
Expenditures Capitalized	(205,165)		205,165	0
Net Change in Fund Balances	(116,901)	(191,807)	768,730	460,022
Net Assets - Beginning of Year (as revised)	(1,011,984)	783,750	20,003,609	19,775,375
Net Assets - End of Year	(\$1,128,885)	\$591,943	\$20,772,339	\$20,235,397

<b>WATER SUPPLY DISTRICT OF ACTON</b>			Page 6
Governmental Funds - Balance Sheet			
June 30, 2015			
		<i>Capital</i>	<i>Total</i>
	<i>General</i>	<i>Projects</i>	<i>Governmental</i>
	<i>Fund</i>	<i>Fund</i>	<i>Funds</i>
<i>ASSETS</i>			
Cash and Cash Equivalents	\$1,770,119		\$1,770,119
Accounts Receivable	115,890		115,890
Less Reserve for Uncollectible	(115,890)		(115,890)
Due to Capital Projects Fund	(591,940)	\$591,940	0
Due from Grace Fund		3	3
Total Assets	\$1,178,179	\$591,943	\$1,770,122
<i>LIABILITIES AND FUND BALANCES</i>			
<i>LIABILITIES</i>			
<i>FUND BALANCES</i>			
Unappropriated Fund Balance	\$1,140,254	\$591,943	\$1,732,197
Appropriated for Maint & Operations	37,925		37,925
Total Fund Balances	1,178,179	591,943	1,770,122
Total Liabilities and Fund Balances	\$1,178,179	\$591,943	\$1,770,122

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITOR'S REPORT



<b>WATER SUPPLY DISTRICT OF ACTON</b>			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, 2015	<i>General</i>	<i>Projects</i>	<i>Governmental</i>
	<i>Fund</i>	<i>Fund</i>	<i>Funds</i>
<b>REVENUES</b>			
Water Rates and Services	\$4,348,981		\$4,348,981
Interest Income	4,272		4,272
Total Revenues	4,353,254		4,353,254
<b>EXPENDITURES</b>			
Salaries and Wages	1,114,862		1,114,862
Other Post Employment Benefits Expense	150,000		150,000
Capital Project Expenditures		\$8,052,022	8,052,022
Bonds Interest and Fees	845,984		845,984
Lights, Power and Fuel	337,851		337,851
Health and Life Insurance	263,229		263,229
Maintenance & Operations	319,141		319,141
Middlesex Retirement	133,367		133,367
South Acton WTP M&O	150,000		150,000
Meters	99,627		99,627
Insurance	66,551		66,551
Chemicals	65,000		65,000
Auto Maintenance and Fuel	50,000		50,000
Legal	52,272		52,272
Laboratory Analysis	32,000		32,000
Information Reports	4,212		4,212
Office Supplies	17,333		17,333
Accounting	2,000		2,000
Audit	15,000		15,000
Education	8,814		8,814
Paving	48,872		48,872
Engineering	45,948		45,948
Postage	17,975		17,975
Telephone	13,794		13,794
D.E.P. Withdrawal and Fees	5,207		5,207
Computer Maintenance	14,825		14,825
Hydrants	10,000		10,000
Petty Cash	600		600
Total Expenditures	3,884,465	8,052,022	11,936,487
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	468,789	(8,052,022)	(7,583,233)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from General Fund to Capital Projects	(775,500)	775,500	0
Bond Proceeds Received		7,084,715	7,084,715
Net Change in Fund Balances	(306,711)	(191,807)	(498,518)
Fund Balances - Beginning of Year	1,484,890	783,750	2,268,640
Fund Balances - End of Year	\$1,178,179	\$591,943	\$1,770,122

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITOR'S REPORT

<b>WATER SUPPLY DISTRICT OF ACTON</b>	Page 8
Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Assets - June 30, 2015	
Total Governmental Fund Balances	\$1,770,122
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds.	40,452,622
The Statement of Activities accrues accounts receivable on billed and unbilled water pumped, whereas in the governmental funds, revenue is not reported until collected.	
Deferred Pension Outflow	8,652
Accounts Receivable	115,890
Unbilled Accounts Receivable	1,339,000
The Statement of Activities includes accounts payable and debts, whereas in governmental funds these are not reported until paid.	
Accrued Compensated Absences	(168,000)
Accrued Interest Payable	(223,000)
Current Portion Long Term Debt	(1,059,906)
Long Term Debt	(18,620,377)
Other Post Employment Benefits Liability	(817,528)
Net Pension Liability	(2,562,079)
Net Assets of Governmental Activities	\$20,235,397
<b>WATER SUPPLY DISTRICT OF ACTON</b>	
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, 2015	
Net Change in Fund Balances - Total Governmental Funds	(\$498,518)
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	8,052,022
Expenditures Capitalized	205,165
Short Term Bond Proceeds	(7,084,715)
Bond Principal Repayment	515,000
Depreciation Expense	(929,931)
Some revenue/expenses reported in the Statement of Activities do not provide (use) current financial resources and therefore are not reported as revenue or expenditure in the governmental funds.	
Water Revenue Accrual	391,822
Other Post Employment Benefits (OPEB) Expense	47,304
Bond Premium Amortization	11,189
Interest Accrual	(140,000)
Compensated Absences Reported as Salaries and Wages	(11,000)
Retirement Accrual	(98,317)
Change in Net Assets of Governmental Activities	\$460,022

<b>WATER SUPPLY DISTRICT OF ACTON</b>			Page 9
General Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2015			
			<i>Variance</i>
			<i>Positive</i>
	<i>Budget</i>	<i>Actual</i>	<i>(Negative)</i>
<b>REVENUES</b>			
Water Rates and Services	\$4,092,172	\$4,348,981	\$256,809
Interest Income	0	4,272	4,272
Total Revenues	4,092,172	4,353,254	261,082
<b>EXPENDITURES</b>			
Salaries and Wages	1,219,226	1,114,862	104,364
Bonds, Interest and Fees	834,988	845,984	(10,996)
Lights, Power and Fuel	350,000	337,851	12,149
Health and Life Insurance	325,000	263,229	61,771
Maintenance & Operations	210,000	319,141	(109,141)
Middlesex Retirement	135,958	133,367	2,591
Insurance	75,000	66,551	8,449
Chemicals	65,000	65,000	0
Reserve Fund	100,000	0	100,000
South Acton WTP M&O	150,000	150,000	0
Laboratory Analysis	32,000	32,000	0
Auto Maintenance and Fuel	50,000	50,000	0
Information Reports	12,000	4,212	7,788
Telephone	18,000	13,794	4,206
Legal	50,000	52,272	(2,272)
Computer Maintenance	15,000	14,825	175
Office Supplies	18,000	17,333	667
Education	18,000	8,814	9,186
Audit	15,000	15,000	0
Paving	60,000	48,872	11,128
Engineering	50,000	45,948	4,052
Hydrants	10,000	10,000	0
Postage	18,000	17,975	25
D.E.P. Withdrawal and Fees	6,500	5,207	1,293
Bank Fees	500	0	500
Cross Connection	1,000	0	1,000
Accounting	2,000	2,000	0
Meters	100,000	99,627	373
Petty Cash	1,000	600	400
OPEB Expense	150,000	150,000	0
Total Expenditures	4,092,172	3,884,465	207,707
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	0	468,789	468,789
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from General to Capital Projects Fund		(775,500)	(775,500)
Net Change in Fund Balance	0	(306,711)	(306,711)
Budgetary Fund Balance - Beginning of Year	1,484,890	1,484,890	0
Budgetary Fund Balance - End of Year	\$1,484,890	\$1,178,179	(\$306,711)

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITOR'S REPORT

<b>WATER SUPPLY DISTRICT OF ACTON</b>		Page 10
Statement of Fiduciary Net Assets		
June 30, 2015		
	<i>WR GRACE</i>	<i>OPEB</i>
	<i>FUND</i>	<i>FUND</i>
<b>ASSETS</b>		
<i>Current Assets</i>		
Cash and Cash Equivalents	\$92,507	
Investments	2,403,103	\$552,339
Total Assets	\$2,495,609	\$552,339
<b>LIABILITIES</b>		
<b>NET ASSETS</b>		
Unappropriated Net Assets	\$2,332,863	\$552,339
Net Assets Appropriated for Capital Projects	3	
Net Assets Appropriated for Other Activities	162,743	
Total Net Assets	2,495,609	552,339
Total Liabilities and Net Assets	\$2,495,609	\$552,339
<b>WATER SUPPLY DISTRICT OF ACTON</b>		
Statement of Changes in Fiduciary Net Assets		
For the Year Ended June 30, 2015		
<b>ADDITIONS</b>		
Addition to Fund		\$150,000
Dividend and Interest Income	\$52,201	8,006
Net Increase (Decrease) in Fair Value of Investments	11,921	(3,125)
Total Additions	64,122	154,881
<b>DEDUCTIONS</b>		
Investment Management Fees	11,961	2,478
Total Deductions	11,961	2,478
Additions over Deductions	52,161	152,403
Net Assets - Beginning of Year	2,443,448	399,936
Net Assets - End of Year	\$2,495,609	\$552,339

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITOR'S REPORT

**WATER SUPPLY DISTRICT OF ACTON**  
**Notes to the Basic Financial Statements - June 30, 2015**

**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 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 assets (equity) are reported in three components: invested in capital assets net of related debt, restricted for capital projects, and unrestricted.

**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 and the WR Grace Fiduciary 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, 2015**

**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.

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, 2015, the District had the following investments:

Description	WR Grace Fiduciary Fund	OPEB Trust Fiduciary Fund
Cash and equivalents	\$142,126	\$89,189
Bonds (corporate & government)	1,270,632	135,138
Equities	990,345	328,012
Total	\$2,403,103	\$552,339

**WATER SUPPLY DISTRICT OF ACTON**  
**Notes to the Basic Financial Statements - June 30, 2015**

**NOTE 4 - INTERFUND RECEIVABLES/PAYABLES**

As of June 30, 2015, the District had the following amounts of interfund receivables/payables:

Due to Capital Projects Fund from:	
General Fund	\$591,940
Grace Fiduciary Fund	3
Total	\$591,943

**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 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 contributions for the year ended June 30, 2015 were \$133,367.

The District has a voluntary Section 457 retirement plan. Employees may make pre-tax contributions up to the amount allowed by the Internal Revenue Code, and the District matches contributions up to 3% of the participating employee's base salary. District match contributions for the year ended June 30, 2015 were \$25,074 which is included in Salaries and Wages.

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the District for the year ended June 30, 2015 consisted of the following:

Description	Balance 6/30/14	Additions	Disposals	Reclassi- fications	Balance 6/30/15
Land	\$1,566,515				\$1,566,515
Infrastructure	36,958,065	\$8,640,965		\$7,678,700	53,277,730
Buildings	1,115,913	38,300			1,154,213
Vehicles	519,723	129,865	\$57,258		592,330
Machinery & Equipment	2,560,678	174,612			2,735,290
Capital Assets Under Construction	7,678,700			(7,678,700)	0
Total at Historical Cost	50,399,594				59,326,078
Less Accumulated Depreciation	18,000,783	929,931	(57,258)		18,873,456
Capital Assets, Net	\$32,398,810				\$40,452,622

**WATER SUPPLY DISTRICT OF ACTON**  
**Notes to the Basic Financial Statements - June 30, 2015**

**NOTE 7 - SHORT TERM DEBT**

The District has utilized short term debt to finance construction of the South Acton Water Treatment Plant. In 2015 the District added \$7,811,269 of short term debt to the \$5,659,498 that had been previously borrowed on a revolving construction loan, and then rolled the entire amount into new long term debt of \$13,470,767. The following is a summary of the changes in short term debt for the year ended June 30, 2015:

Description	Interest Rate	Due Date	Balance 6/30/14	Issued	(Retired)	Balance 6/30/15
South Acton Water Treatment Plant	.11%	On demand	\$5,659,498	\$7,811,269	(\$13,470,767)	\$0

**NOTE 8 - LONG TERM DEBT**

The District has general obligation bonds to finance the construction of the North Acton Water Treatment Plant, the South Acton Water Treatment Plant and water mains and land purchased. The following is a summary of the changes in long term debt for the year ended June 30, 2015:

Description	Interest Rate	Issue Date	Due Date	Balance 6/30/14	Issued/ (Retired)	Balance 6/30/15
North Acton Water Treatment Plant	2.0% to 4.3%	2/15/09	2/15/29	\$4,500,000	(\$300,000)	\$4,200,000
South Acton WTP, Water Mains and Land	2.0% to 3.0%	8/15/13	8/15/23	2,135,000	(215,000)	1,920,000
South Acton Water Treatment Plant	2.0%	1/7/15	1/7/35	0	13,470,767	13,470,767
Subtotal						19,590,767
Bond Premium		8/15/13	8/15/23	100,705	(11,189)	89,516
Total Long Term Debt						\$19,680,283

The annual debt service requirements for long term debt outstanding at June 30, 2015 are as follows:

Fiscal Years	Principal	Interest	Total
2016	\$1,059,906	\$481,577	\$1,541,483
2017	1,071,749	450,742	1,522,491
2018	1,083,849	424,907	1,508,756
2019	1,096,212	398,080	1,494,292
2020	1,108,844	371,006	1,479,850
2021-2025	5,513,518	1,419,930	6,933,448
2026-2030	4,728,131	734,927	5,463,058
2031-2035	3,928,558	239,091	4,167,649
Total	\$19,590,767	\$4,520,261	\$24,111,028



**WATER SUPPLY DISTRICT OF ACTON**  
**Notes to the Basic Financial Statements - June 30, 2015**

**NOTE 8 - LONG TERM DEBT – continued**

Principal of \$515,000 plus interest and fees of \$330,984 for a total of \$845,984 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, 2015. This is the total paid on both Short and Long Term Debt.

Interest and Fees of \$365,445 less amortization of bond premium of \$11,189 for a total of \$354,256 is reported on the Statement of Activities to reflect the accrual basis calculation of interest incurred during the year ended June 30, 2015, regardless of when the actual interest payments were made by the District. This is the total incurred on both Short and Long Term Debt.

As of June 30, 2015 the District has the following debt authorized and unissued:

Purpose	Date of Vote	Authorized	Issued	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
Treatment Plant	June 25, 2012	12,000,000	12,000,000	0
Treatment Plant	September 24, 2013	1,500,000	1,470,767	29,233
Total		\$18,500,000	\$17,330,767	\$1,169,233

**NOTE 9 – COMMITMENTS & CONTINGENCIES**

The District has ongoing commitments for the construction of capital projects. The District has engaged additional legal counsel to provide environmental law services to protect the Assabet well field and to represent the District in negotiations with the Massachusetts Department of Environmental Protection and the Federal Environmental Protection Agency regarding the Superfund cleanup project.

**NOTE 10 – PENSION PLAN**

*Plan Description* – The District contributed to the Middlesex County Retirement System (“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, 2014. 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 contribution to the System for the year ended June 30, 2015 was \$133,367, which equaled its required contribution.

At June 30, 2015, the District reported a liability of \$2,562,079 for its proportional share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014. 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, 2014, the District’s proportionate share was 0.21%.

**WATER SUPPLY DISTRICT OF ACTON**  
**Notes to the Basic Financial Statements - June 30, 2015**

**NOTE 10 – PENSION PLAN– continued**

For the year ended June 30, 2015, the District recognized a pension expense of \$231,684. At June 30, 2015, the District reported deferred outflows of resources related to pensions of \$8,652 from the net difference between projected and actual investment earnings on pension plan investments. Since the system performs an actuarial valuation bi-annually, there are not reported differences between expected and actual experience or a change of assumptions as of December 31, 2014. Additionally, the changes in proportion and differences between employer contributions and proportionate share of contributions are not presented in the initial year of reporting in accordance with GASB Statements 67, 68 and 71.

The District's deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,:	
2016	\$2,163
2017	2,163
2018	2,163
2019	2,163
<b>Total</b>	<b>\$8,652</b>

*Actuarial Assumptions* – The total pension liability in the January 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement updated to December 31, 2014:

Valuation date	January 1, 2014
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Prior year's total contribution increased by 6.5% for fiscal 2016 through fiscal 2020, 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, 2014, six years remained for 2003 ERI liability, and 21 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	4.00%
Projected salary increases	Varies by length of service with ultimate rate of 4.25% for Group 1
Cost of living adjustments	3.00% of first \$14,000 of retirement income
Rates of retirement	Varies based upon age
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-2000 Employee Mortality Table projected 22 years with Scale AA
Mortality rate healthy retiree	RP-2000 Employee Annuitant Mortality Table projected 17 years with Scale AA
Disabled retiree	RP-2000 Employee Annuitant Mortality Table set forward 3 years projected 17 years with Scale AA
Investment rate of return/ Discount rate	7.875%, net of pension plan investment expense, including inflation

**WATER SUPPLY DISTRICT OF ACTON**  
**Notes to the Basic Financial Statements - June 30, 2015**

**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, 2014 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return	Long Term Expected Asset Allocation
Domestic equity	6.60%	19.60%
International developed markets equity	7.10%	15.60%
International emerging markets equity	9.40%	6.50%
Core fixed income	2.20%	15.30%
High-yield fixed income	4.70%	8.30%
Real estate	4.40%	9.90%
Commodities	4.40%	3.90%
Short-term government money market	1.8%	0.00%
Hedge fund, GTAA, Risk parity	3.90%	9.80%
Private equity	11.70%	11.10%

*Discount rate* – The discount rate used to measure the total pension liability was 7.875%. 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, calculated using the discount rate of 7.875%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.875%) or 1% higher (8.875%) than the current rate:

	1% Decrease to 6.875%	Current Discount 7.875%	1% Increase to 8.875%
The District’s proportionate share of the net pension liability	\$3,098,100	\$2,562,079	\$2,105,724

*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.

**WATER SUPPLY DISTRICT OF ACTON**  
**Notes to the Basic Financial Statements - June 30, 2015**

**NOTE 10 – PENSION PLAN– continued**

*Restatement of the June 30, 2014 Net Assets* – The beginning net position of Unrestricted Fund Net Assets has been revised to reflect the implementation of GASB Statements 67, 68 and 71 as follows:

	Unrestricted Fund Net Assets
Balance June 30, 2014 as previously reported	\$1,443,126
Reduction for prior year Net Pension Liability	(2,455,110)
Balance June 30, 2014 as revised	(\$1,011,984)

**NOTE 11 – 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. Fiscal year ended June 30, 2015 is the fourth year of implementation.

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 80 percent of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 20 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	\$52,381
Amortization of unfunded actuarially accrued liability	168,369
Annual OPEB expense	220,750
Contributions made	(268,054)
Decrease in net OPEB obligation	(47,304)
Net OPEB obligation- beginning of year	864,832
Net OPEB obligation- end of year	\$817,528

**WATER SUPPLY DISTRICT OF ACTON**  
**Notes to the Basic Financial Statements - June 30, 2015**

**NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS - continued**

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligations for years ended June 30, 2010 through 2015 were as follows:

Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	\$212,479	126%	\$817,528
6/30/2014	\$212,479	126%	\$864,832
6/30/2013	\$212,479	53%	\$912,136
6/30/2012	\$408,085	42%	\$809,440
6/30/2011	\$408,085	42%	\$572,960
6/30/2010	\$408,085	18%	\$336,480

*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	UUAL as a % of Covered Payroll
7/1/2012	\$200,501	\$2,403,921	\$2,203,420	8.3%	\$1,020,000	216%
7/1/2009	0	\$3,515,024	\$3,515,024	0%	1,057,000	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.

In the July 1, 2012 actuarial valuation, actuarial liabilities were determined using the projected unit credit method. The actuarial assumptions included a 7.0% investment return assumption, which is based on the expected yield on the assets of the District.

**WATER SUPPLY DISTRICT OF ACTON**  
**Required Supplemental Information and Notes to Required Supplemental Information - June 30, 2015**

**PENSION PLAN SCHEDULES**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY OF MIDDLESEX COUNTY RETIREMENT (MCRS)	December 31, 2014
District's proportion of the MCRS Net Pension Liability	\$2,562,079
District's percentage share of the MCRS Net Pension Liability	0.21%
District's covered employee payroll as reported in the 1/1/14 funding valuation report	\$974,755
District's Net Pension Liability as a percentage of its covered-employee payroll	262.84%
MCRS fiduciary net position as a percentage of its total pension liability	47.65%

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS TO THE MIDDLESEX COUNTY RETIREMENT SYSTEM	Year Ended June 30, 2015
Actuarially determined contribution based on the 1/1/14 actuarial valuation	\$133,367
Contributions made in relation to the actuarially determined contribution	\$133,367
Contribution deficiency (excess)	----
Covered employee payroll per 1/1/14 funding valuation report	\$974,755
Contributions as a percentage of covered employee payroll	13.68%

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 actuarial cost method was changed to better reflect the impact of the plan changes effective for employees hired on or after April 2, 2012.
- The pre-retirement mortality assumption was changed from the RP-2000 Employee Mortality Table projected 12 years with Scale AA to the RP-2000 Employee Mortality Table projected 22 years with Scale AA.
- The mortality assumption for non-disabled retirees was changed from the RP-2000 Healthy Annuitant Mortality Table projected 12 years with Scale AA to the RP-2000 Healthy Annuitant Mortality Table projected 17 years with Scale AA.
- The mortality assumption for disabled participants was changed from the RP-2000 Healthy Annuitant Mortality Table set forward two years to the RP-2000 Healthy Annuitant Mortality Table set forward three years projected 17 years with Scale AA.
- The investment return assumption was lowered from 8.00% to 7.875%.
- The salary increase assumption was changed from level rates of 4.75% per year for Group 1 and Group 2 members and 5.25% per year for Group 4 members, including an allowance for inflation of 4.5% per year, to rates based on years of service and ultimate rates of 4.25% per year for Group 1 members, 4.5% per year for Group 2 members, and 4.75% per year for Group 4 members, including an allowance for inflation of 4.0% per year.
- The assumed retirement age for inactive vested participants was changed from age 65 to age 60 for Group 1 and 2 members and remained the same at age 55 for Group 4 members hired prior to April 2, 2012. For participants hired April 2, 2012 or later, the assumption is 60 for Group 1 members, 55 for Group 2 members, and 50 for Group 4 members.
- The administrative expense assumption was increased from \$3,100,000 for calendar year 2012 to \$3,400,000 for calendar year 2014.
- Members hired on or after April 2, 2012 are covered by the provisions of Massachusetts General Law Chapter 32 as amended by Chapter 176 of the Acts of 2011 and Chapter 139 of the Acts of 2012.

**WATER SUPPLY DISTRICT OF ACTON**  
**Required Supplemental Information and Notes to Required Supplemental Information - June 30, 2015**

**OTHER POST-EMPLOYMENT BENEFITS SCHEDULES**

SCHEDULE OF FUNDING PROGRESS		
Actuarial valuation date	7/1/2012	7/1/2009
Actuarial value of assets	\$200,501	0
Actuarial accrued liability (AAL)	\$2,403,901	\$3,515,024
Unfunded AAL (UAAL)	\$2,203,420	\$3,515,024
Funded ratio	8.3%	0%
Covered payroll	\$1,020,000	\$1,057,000
UAAL as a percentage of covered payroll	216%	333%
ACTUARIAL METHODS AND ASSUMPTIONS		
Actuarial cost method	Projected Unit Credit	Projected Unit Credit
Amortization method	Level Dollar	Level Dollar
Remaining amortization period	27 years	30 years
Investment rate of return	7%	3%
Health care trend rate	7.9% down to 5% longer than 10 years	9.5% or 10%, graded to 5% longer than 10 years
Dental care trend rate	4.1% for all years	5.5% for all 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
6/30/15	\$212,479	\$268,054	126%	11	16	27
6/30/14	212,479	268,054	126%	12	15	27
6/30/13	212,479	118,054	53%	12	13	25
6/30/12	408,085	171,605	42%	10	13	23
6/30/11	408,085	171,605	42%	9	14	23
6/30/10	408,085	71,605	18%	8	15	23

**NOTE B - 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 postemployment benefits (OPEB) on combined pre-funded and a pay-as-you-go basis whereby the funding schedule is designed to pay the normal cost currently and amortizes the unfunded liability over a period of 30 years. As a result, the funded ratio (actuarial value of assets expressed as a percentage of the actuarially accrued liability) as of the most recent valuation was 8.3%. In accordance with Governmental Accounting Standards, 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 actuarially accrued liability for benefits with the actuarial value of accumulated plan assets. The Schedule of Actuarial Methods and Assumptions presents factors that significantly affect the identification of trends in the amounts reported. The Schedule of Employer Contributions presents multiyear trend information of contributions relating to the plan. 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 benefits costs between the employer and the 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 22	
Supplemental Schedule of Governmental Fund Balance - Capital Projects Activity					
For the Year Ended June 30, 2015					
	<i>BEGINNING</i>	<i>TRANSFERS</i>	<i>FUNDS</i>	<i>PAYMENTS</i>	<i>ENDING</i>
	<i>BALANCE</i>	<i>FROM (TO)</i>	<i>BORROW</i>	<i>MADE</i>	<i>BALANCE</i>
	<i>06/30/14</i>	<i>GEN'L FUND</i>			<i>06/30/15</i>
Assabet S&G Purchase 14	\$12,210				\$12,210
Carbon Vessel Repair 14	79,500	(\$79,500)			0
Clapp Whitcomb Upgrades 15	0	40,000		\$35,000	5,000
Clean Rehab Wells 14	2,737			2,737	0
Clean Rehab Wells 15	0	50,000		18,520	31,480
Dump Truck	90,000			85,653	4,347
Hayward /Stow St Mains	355,314			355,314	(0)
Indian Village Mains	188				188
Leak Detection 15	0	15,000		12,350	2,650
Main Street Land	19,519				19,519
Media Replacement 14	18,482			18,482	0
Media Replacement 15	0	60,000		46,350	13,650
NAWTP Platform	38,300			38,300	0
Replace Old Mains 13	78			78	0
Replace Old Mains 14	20,983			20,983	(0)
Replace Old Mains 15	0	35,000		14,547	20,453
SAWTP 15	0		\$5,711,544	5,711,544	0
SAWTP Engineering 15	0		480,557	480,557	0
SAWTP Mains 15	0		748,789	748,789	0
SAWTP Police Details 15	0		143,825	143,825	0
Service Truck 15	0	40,000		40,000	0
Storage Tank Upgrades 13	55,000				55,000
Vehicle 13	4,212			4,212	0
Water Main Emergency 13	15,859			15,859	0
Water Main Emergency 14	50,000			28,206	21,794
Water Main Emergency 15	0	40,000			40,000
Water Main Improvements 15	0	500,000		140,331	359,669
Water Meters 15	0	75,000		74,985	15
<i>Subtotal General Fund</i>	<i>762,382</i>	<i>775,500</i>	<i>7,084,715</i>	<i>8,036,622</i>	<i>585,975</i>
Marshall Well Replacement	54				54
NAWTP Engineering 12	532				532
Flagg Hill Tank Repairs 12	20,779			15,400	5,379
<i>Subtotal MTBE Fund</i>	<i>21,365</i>	<i>0</i>	<i>0</i>	<i>15,400</i>	<i>5,965</i>
S Acton Pilot 12	3				3
<i>Subtotal Grace Fund</i>	<i>3</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>3</i>
<b>Total</b>	<b>\$783,750</b>	<b>\$775,500</b>	<b>\$7,084,715</b>	<b>\$8,052,022</b>	<b>\$591,943</b>



# Minutes of March 18, 2015 Annual Meeting

Held at the Acton Memorial Library  
486 Main Street  
Acton, Massachusetts

**Article 1.** To fix salaries of the elected officials.  
Unanimously approved.

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

**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, 2015, 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.  
Unanimously approved.

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

**Article 5.** To see if the District will vote to transfer from Receipt Reserve for Appropriation Account (W.R. Grace settlement) the sum of \$150,000 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.  
Unanimously approved.

**Article 6.** 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.  
Unanimously approved.

**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.  
Unanimously approved.

**Article 8.** To see if the District will vote to transfer from Surplus Revenue the sum of \$40,000 for the purpose of repairing emergency water main breaks or to take any other action relative thereto.  
Unanimously approved.

**Article 9.** To see if the District will vote to transfer from Surplus Revenue 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.  
Unanimously approved.

**Article 10.** To see if the District will vote to transfer from Surplus Revenue the sum of \$40,000 for improvements and upgrades to the District's wells at the Clapp and Whitcomb well sites on Massachusetts Avenue in Acton or to take any other action relative thereto.  
Unanimously approved.

**Article 11.** 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.

Unanimously approved.

**Article 12.** To see if the District will vote to transfer from Surplus Revenue the sum of \$40,000 to purchase a new service truck and to authorize the Commissioners to trade or sell the District's 2002 Chevrolet 2500 Silverado service truck or to take any other action relative thereto.

Unanimously approved.

**Article 13.** To see if the District will vote to transfer from Surplus Revenue the sum of \$75,000 for the purpose of purchasing water meters to replace existing outdated technology on District service lines, or to take any other action relative thereto.

Unanimously approved.

**Article 14.** To see if the District will vote to Transfer from Surplus Revenue the sum of \$500,000 for water main improvements throughout the District's water system or to take any other action relative thereto.

Unanimously approved.

**Article 15.** To see if the District will vote 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 ground-mount solar photovoltaic system and associated equipment and materials on land owned by the District, located at 16 Knox Trail and the School Street well sites at 62 Lawsbrook Road in Acton. The written lease shall include the most favorable annual lease payment or power purchase agreement terms received in response to a request for proposal to be issued by the District and shall provide for electric power supply to the District's wells and treatment facilities. The lease or power purchase agreement shall include other terms, conditions and limitations as the Commissioners shall deem necessary and proper to protect the public water supply or to take any other action relative thereto.

Unanimously approved.

**Article 16.** To see if the District will vote to authorize the Treasurer, with the approval of the Commissioners to transfer to Surplus Revenue the following unexpended balance remaining after the completion of projects authorized by vote of the District: Unexpended balance in the sum of \$79,500.00, Article 12, of the Annual Meeting of March 18, 2014, for the repair of the granular activated carbon vessels Clapp/Whitcomb pump station or to take any other action relative thereto.

Unanimously approved.

Mr. O'Brien moved to adjourn the meeting at 8:05 p.m., Mr. Stuntz seconded the motion and all were in favor. The motion to adjourn was unanimously approved.

# Water District Organization

## ELECTED OFFICIALS

<b>Commissioners</b>	Ronald R. Parenti, Chair Stephen C. Stuntz Leonard A. Phillips	Term Expires 2016 Term Expires 2017 Term Expires 2018
<b>District Clerk</b>	William T. Stanford	Term Expires 2017
<b>District Moderator</b>	Richard P. O'Brien	Term Expires 2018

## APPOINTED OFFICIALS

<b>Finance Committee</b>	David A. Butler Charles Bradley William Guthlein	Term Expires 2016 Term Expires 2017 Term Expires 2018
<b>District Manager</b>	Christopher D. Allen	Contract Expires 2017
<b>Treasurer/Collector</b>	Mary J. Bates	Term Expires 2016
<b>District Counsel</b>	Mary Bassett	Term Expires 2016
<b>District Assistant Clerk</b>	Helen F. Argento	Term Expires 2016
<b>Commissioners Secretary</b>	Lynn Protasowicki	Term Expires 2016
<b>Auditor</b>	Maureen Waters Mara, CPA, MST	Term Expires 2016

## **Water Land Management Advisory Committee**

Paul Malchodi  
Charles Olmstead  
Barry Rosen  
John Cipar

## **Water District Staff**

Matthew L. Mostoller	Environmental Manager
Julia Hawkins	Secretary A/P Bookkeeper
Elizabeth Secinaro	A/R Bookkeeper/Secretary
Robert Murch	MIS Coordinator
Stephen G. Peterson, Jr.	Superintendent
Charles Rouleau	General Foreman
Andrew Peterson	Assistant Foreman
James Trippier	Operator/Distribution
Robert P. Dionne, Jr.	Operator/Distribution
Keith Kupfer	Operator/Distribution
Matthew Walsh	Operator/Distribution
Lucas Peterson	Operator/Distribution
Josh Richard	Operator/Distribution

## Acton Water



Water Supply District of Acton

P.O. Box 953

Acton, MA 01720

### **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.