Acton Water District

Water Supply District of Acton

693 MASSACHUSETTS AVENUE
P.O. BOX 953
ACTON, MASSACHUSETTS 01720

TELEPHONE (978) 263-9107

FAX (978) 264-0148

Board of Water Commissioners

Meeting Agenda

Monday, October 17, 2022 @ 7:00 PM

Due to the COVID-19 Pandemic, meetings are being held virtually via Zoom

Please click the link below to join the webinar:

https://us02web.zoom.us/j/81339648452

Or One tap mobile :

US: +16469313860,,81339648452# or +19292056099,,81339648452#

Or Telephone:

Dial(for higher quality, dial a number based on your current location):

US: +1 646 931 3860 or +1 929 205 6099 or +1 301 715 8592 or +1 309 205 3325 or +1 312 626 6799 or +1 346 248 7799 or +1 386 347 5053 or +1 564 217 2000 or +1 669 444 9171 or +1 669 900 6833 or +1 719 359 4580 or +1 253 215 8782

Webinar ID: 813 3964 8452

International numbers available: https://us02web.zoom.us/u/kipVIlWKq

- **Representatives of Powers & Sullivan for annual audit report**
- **Comments from the public**
- **Approve minutes from the meeting of 10/3**
- **Approve Executive Session minutes from 2020, 2021 & 2022**
- **Release Executive Session minutes of 12/10/18, 10/5/20 & 11/5/20 as public record**
- **Appoint one Commissioner to approve warrants while conducting meetings virtually**

OLD BUSINESS:

- Per- and Polyfluoroalkyl Substances (PFAS)
  - Current sample data, if available
  - Update on PFAS action plan

NEW BUSINESS:

Any agenda item(s) which did not come to the attention of the Board of Water Commissioners 48 hours prior to this meeting and were not reasonably anticipated

EXECUTIVE SESSION: --To consider the purchase, exchange, lease of real property as an open meeting may have a detrimental effect on the negotiating position of the District

Agenda posted on 10/13/2022 11:42 AM

Board of Water Commissioners
Meeting Minutes
Acton Water District
693 Massachusetts Avenue, Acton, MA
Monday, October 3, 2022

AGENDA

A. Comments from the Public
B. Approve minutes from meeting of 9/12 and 9/19
C. Appoint one Commissioner to approve warrants while conducting meetings virtually

D. OLD BUSINESS:
1. Per- and Poly-Fluoroalkyl Substances (PFAS)
   - ➢Current sample data, if available
   - ➢Quarterly review of bottled water rebate program

E. NEW BUSINESS:
1. Extension of outdoor water use program
2. Fall water main flushing in South Acton beginning on Monday, October 3rd

Executive Session: to consider the purchase, lease of real property as an open meeting may have a detrimental effect on the negotiating position of the District.

Due to the Covid-19 stay-at-home order by Governor Charles Baker, the Board of Water Commissioners meeting was not held at the Acton Water District Office; instead, the meeting was held via Zoom Webinar and was recorded. The meeting was called to order at 7:06 PM on Monday, October 3, 2022, by Mr. Stephen Stuntz.

Present at Tonight's Meeting:
Commissioners: Erika Amir-Lin, Barry Rosen, Stephen Stuntz (Chair)
District Manager: Chris Allen
District Treasurer/Collector: Christine McCarthy and Mary Jo Bates
District Counsel: Mary Bassett
Assistant District Manager: Matthew Mostoller
Finance Committee: Chuck Bradley
Commissioners Secretary: Lynn Protasowicki

Public Present:
Kim Kastens

A. Comments from the Public
No comments this evening.

B. Approve minutes from meeting of 9/12 and 9/19
Mr. Rosen motioned to approve the meeting minutes of 9/12/2022. Mr. Stuntz seconded the motion, and it was unanimously approved by a roll call vote: Mr. Rosen, Ms. Amir-Lin, and Mr. Stuntz.

Mr. Rosen motioned to approve the meeting minutes of 9/19/2022. Ms. Amir-Lin seconded the motion, and it was unanimously approved by a roll call vote: Mr. Rosen, Ms. Amir-Lin, and Mr. Stuntz.

C. Appoint one Commissioner to approve warrants while conducting meetings virtually
Mr. Rosen motioned to appoint Stephen Stuntz as the Commissioner to approve warrants while conducting meetings virtually until the next meeting of the Commissioners. Ms. Amir-Lin seconded the motion, and it was unanimously approved by a roll call vote: Mr. Rosen, Ms. Amir-Lin, and Mr. Stuntz.

D. OLD BUSINESS:

1. Per- and Poly-Fluoroalkyl Substances (PFAS)

➢Current sample data, if available

➢Quarterly review of bottled water rebate program

Mr. Allen stated that recent samples for the 3rd quarter have been in excess of the 20 PPT state Maximum Contaminant Level (MCL) at North Acton and at Central Acton. We do have preliminary results from September's round. We will be providing public notice for the North Acton Water Treatment and the Central Acton Treatment Plant for the 3rd quarter's average. We are currently providing water to public from Central, North Acton and South Acton. Clapp Whitcomb is still offline and has not been utilized for the entirety of 2022.

Mr. Mostoller stated that the results haven't been validated but he is confident in sharing the numbers. South Acton for September was at 19 Parts Per Trillion (PPT) and Central Acton was at 27 PPT. Public notice will be going out as a single document and will state that these two plants exceeded the quarterly average and that all the other language will be standard and applied to both facilities. Most likely the public notice will go out during the month of December with possibility after the new year depending upon how quickly they hear from Mass DEP.

Mr. Rosen asked if we are pumping all the wells in North Acton and if so, is there a way that we can play with the mixture to get it lower. Mr. Mostoller stated that we are not pumping all the wells in North Acton. We have been using the Marshall well and three of the Kennedy wells. We have been using this configuration and, historically, have had good success. We have sampled all the individual wells and there is not a lot that can be changed to try and dilute further. With the drought we are just seeing an uptick in PFAS across the board.

Mr. Allen provided an update on the quarterly review of the bottled water rebate program for the current 3rd quarter, the total rebates for the quarter total $4,155 and to-date the rebates total $13,650 with around100 participating. We are getting applications from the sensitive sub-group population at a steady rate. Ms. Amir-Lin stated that the program should continue at least through the end of the year. The program will be reviewed again at the end of the year.

Kim Kastens stated that with respect to the new people coming into the program are they new people coming into the program (i.e., new pregnant women) or the outreach is finally reaching some people? Mr. Allen stated that we are not aware of those statistics. There has been a lot of turn around with new people coming into town (houses selling/buying) so that is probably where the new applications are coming from. It's most likely a combination of those conditions.

E. NEW BUSINESS:

1. Extension of Outdoor Water Use Program

Mr. Allen stated that as we are now have moved past the typical expiration date of October 1st of the outdoor water use program, we have decided to continue this program indefinitely. During the summer in dry conditions, we were able to maintain capacity output and keep up with demand with reduced capacity with managing PFAS concentrations. Decision was made to continue the program as we did in 2021.

Ms. Amir-Lin asked if this a time of year that people are using outdoor watering. Over the past few years, we have been seeing an uptick in water use during the months of September and October. Some people who lose their lawn due to the dry summer will install new lawns and then need to water so water use goes up.

2. *Fall Water Main Flushing in South Acton Beginning on Monday, October 3rd*

Mr. Allen stated that the flushing program was due to start today but it was postponed due to system conditions. Currently, the program will begin on Tuesday, October 4th after bacterial sampling has been completed. We will continue to evaluate the program as we go through the month to determine what kind of makeup water is available to restore storage after flushing occurs. We may need to modify or truncate the program due to capacity restrictions as we continue to maintain PFAS concentrations.

Mr. Stuntz motioned to adjourn the open meeting and move into Executive Session at 7:30 PM to discuss the purchase, exchange, lease of real property as an open meeting may have a detrimental effect on the negotiating position of the District and not re-convene in open session. Mr. Rosen seconded the motion, and it was unanimously approved by a roll call vote: Mr. Rosen, Ms. Amir-Lin, and Mr. Stuntz

Next meeting: October 17, 2022

WATER SUPPLY DISTRICT OF ACTON

REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

WATER SUPPLY DISTRICT OF ACTON

REPORT ON EXAMINATION OF BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

TABLE OF CONTENTS

Powers & Sullivan, LLC
CPAs AND ADVISORS

100 Quannapowitt Parkway, Suite 101
Wakefield, Massachusetts 01880
T 781.914.1700 | F 781.914.1701
info@pas.cpa | www.pas.cpa

Independent Auditor's Report

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

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of the Water Supply District of Acton, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Water Supply District of Acton's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the Water Supply District of Acton, as of June 30, 2022, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Water Supply District of Acton, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Water Supply District of Acton's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Water Supply District of Acton's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Water Supply District of Acton's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining schedules and additional information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining schedules and additional information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Matters

The financial statements for the prior period were audited by a predecessor auditor, whose opinion dated August 20, 2021, was unmodified. As part of our audit of the 2022 financial statements, we also audited the adjustments as described in Note 12 that were applied to restate the 2021 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the 2021 financial statements of the Water Supply District of Acton other than with respect to adjustments, and accordingly, we do not express an opinion or any other form of assurance on the 2021 financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2022, on our consideration of the Water Supply District of Acton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Water Supply District of Acton's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Water Supply District of Acton's internal control over financial reporting and compliance.

Bowers + Sullivan LLC

September 7, 2022

Management's Discussion and Analysis

As management of the Water Supply District of Acton (the District), we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2022. The District complies with financial reporting requirements issued by the Governmental Accounting Standards Board (GASB). Management's discussion and analysis are part of these requirements.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. These basic financial statements include the single purpose business activity statements, the fiduciary fund statements and the notes to the financial statements.

The District's *business-type activities* account for all operating, capital and debt service activities.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not available to support the District's own programs.

The *other postemployment benefits (OPEB) trust fund* is used to accumulate resources to provide funding for future OPEB (other postemployment benefits) liabilities.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*, *combining schedules*, and *additional information.* A schedule of the District's proportionate share of the net pension liability and a schedule of contributions have been provided to show a multi-year trend information on the District's net pension liability in relation to the Middlesex County Retirement System. A schedule of changes in the District's net other postemployment benefit liability/(asset) and related ratios had been provided to show the components of changes in the District's net other postemployment liability/(asset). Also, combining schedules have been provided to show the impact of the combining of the District's operating funds with the long-term liabilities and assets to total the full-accrual financial statements. Also, a budgetary comparison schedule has been provided for the general fund to demonstrate compliance with the District's annual appropriated budget; and a schedule of reserve for capital projects has been provided to show the activity of the individual projects included in the basic financial statements.

Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $30.3 million at the close of year 2022. This represents an increase of $1.3 million from the prior year.

The following table demonstrates the changes in the District's net position at June 30, 2022 and 2021:

	2022	2021 (As Restated)
Assets:		
Current assets	$ 6,338,829	$ 6,227,009
Noncurrent assets (excluding capital)	194,162	306,069
Capital assets, net of accumulated depreciation	51,661,947	49,634,777
Total assets	**58,194,938**	**56,167,855**
Deferred outflows of resources	**447,258**	**281,597**
Liabilities:		
Current liabilities (excluding debt)	189,909	1,353,627
Noncurrent liabilities (excluding debt)	3,464,366	3,848,184
Current debt	13,060,159	9,736,967
Noncurrent debt	10,775,109	11,918,520
Total liabilities	**27,489,543**	**26,857,298**
Deferred inflows of resources	**902,244**	**642,524**
Net position:		
Net investment in capital assets	27,826,679	26,771,663
Unrestricted	2,423,730	2,177,967
Total net position	$ **30,250,409**	$ **28,949,630**

The largest portion of net position, $27.8 million, reflects the District's investment in capital assets (e.g., land improvements, vehicles, buildings, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its users; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of *unrestricted net position* has a year-end balance of $2.4 million.

Beginning net position of the District was restated to reflect the reclassification of the W.R. Grace Fund previously reported as a fiduciary fund. Previously reported net position of the District totaling $26,627,815 has been restated by $2,321,815 to reflect a beginning net position totaling $28,949,630.

The following table demonstrates the changes in revenues and expenses between 2022 and 2021:

		2022		2021
Operating revenues:				
Water user charges & other services	$	6,184,742	$	5,885,889
Mitigation fees		125,000		25,514
Total operating revenues		**6,309,742**		**5,911,403**
Operating expenses:				
Salaries & wages		1,440,623		1,412,658
Other postemployment benefits expense		(52,564) (A)		(84,607) (A)
Depreciation		1,321,913		1,327,652
Lights, power, & fuel		429,004		390,000
Health & life insurance		281,469		314,660
Maintenance & operations		245,513		405,697
Middlesex retirement		225,214		375,578
Insurance		93,476		86,718
Auto maintenance & fuel		50,597		46,943
Chemicals		91,772		75,000
Legal		58,247		54,060
Laboratory analysis		81,910		60,000
Education		11,696		11,759
Audit		17,000		16,000
Computer maintenance		16,643		16,000
Information reports		31,897		29,430
Office supplies		16,614		20,000
Paving		80,000		50,000
Engineering		-		31,460
Postage		20,000		19,961
Telephone		19,434		20,000
D.E.P. withdrawal & fees		4,958		5,100
Petty cash		700		400
Hydrants		10,000		9,971
Backflow/cross connection		-		291
Accounting		800		1,500
Total operating expenses		**4,496,916**		**4,696,231**
Nonoperating revenues (expenses):				
Investment income (loss)		(182,235)		3,755
Interest expense		(329,812)		(322,669)
Total nonoperating revenues (expenses)		**(512,047)**		**(318,914)**
Change in net position		**1,300,779**		**896,258**
Net position, beginning of year (as restated)		**28,949,630**		**28,053,372**
Net position, end of year	$	**30,250,409**	$	**28,949,630**

(A) Represents a decrease in the estimated net other postemployment benefit liability/(asset).

The District's net position increased by $1.3 million over the prior year. This increase was due to income from operations totaling $1.8 million offset by interest expense totaling $330,000 and a net investment loss totaling $182,000.

Budgetary Highlights

The District's annual budget is a legally adopted budget that is approved at the District's Annual Meeting. In 2022 District Annual Meeting authorized appropriations of $6.7 million, of which $5.8 million was for general fund operations, and the remaining $870,000 were voted uses of free cash for capital projects. Actual revenues exceeded the final budget by $488,000, primarily due to water user charges and services revenue exceeding expectations. Actual expenditures came in under budget and unexpended appropriations totaled $881,000, primarily due to expenses for maintenance and operations. The District's voted budget does not include the mitigation activities, which are included within the District's general fund.

Capital Asset and Debt Administration

In 2022, the District had $3.3 million in capital asset additions, mainly consisting of construction in progress, machinery and equipment, and infrastructure.

The District has $11.9 million in long-term debt outstanding at June 30, 2022, relating to general obligation bonds and a loan from the Massachusetts Clean Water Trust (MCWT).

The District had entered into an interim loan with the Massachusetts Clean Water Trust (MCWT) in 2021 totaling $12.4 million. As of June 30, 2022, the District has incurred $11.7 million of eligible construction costs related to the project and has received the corresponding loan proceeds and principal forgiveness grant proceeds from MCWT. The District is eligible to draw the remaining $700,000 of available funds.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District at 693 Massachusetts Ave, Acton, MA 01720.

Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2022

		Business-Type Activities
ASSETS		
CURRENT:		
Cash and cash equivalents	$	2,883,201
Investments		1,764,300
Receivables, net of allowance for uncollectibles:		
Billed user charges		210,125
Unbilled user charges		1,481,203
Total current assets		6,338,829
NONCURRENT:		
Net OPEB asset		194,162
Capital assets, non depreciable		15,988,887
Capital assets, net of accumulated depreciation		35,673,060
Total noncurrent assets		51,856,109
TOTAL ASSETS		58,194,938
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions		227,626
Deferred outflows related to OPEB		219,632
TOTAL DEFERRED OUTFLOWS OF RESOURCES		447,258
LIABILITIES		
CURRENT:		
Accrued interest		129,909
Compensated absences		60,000
Notes payable		11,916,748
Bonds payable		1,143,411
Total current liabilities		13,250,068
NONCURRENT:		
Compensated absences		218,000
Net pension liability		3,246,366
Bonds payable		10,775,109
Total noncurrent liabilities		14,239,475
TOTAL LIABILITIES		27,489,543
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions		671,390
Deferred inflows related to OPEB		230,854
TOTAL DEFERRED INFLOWS OF RESOURCES		902,244
NET POSITION		
Net investment in capital assets		27,826,679
Unrestricted		2,423,730
TOTAL NET POSITION	$	30,250,409

See notes to basic financial statements.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2022

		Business-Type Activities
OPERATING REVENUES:		
Water user charges & other services	$	6,184,742
Mitigation fees		125,000
TOTAL OPERATING REVENUES		6,309,742
OPERATING EXPENSES:		
Salaries & wages		1,440,623
Other postemployment benefits expense		(52,564) (A)
Depreciation		1,321,913
Lights, power, & fuel		429,004
Health & life insurance		281,469
Maintenance & operations		245,513
Middlesex retirement		225,214
Insurance		93,476
Auto maintenance & fuel		50,597
Chemicals		91,772
Legal		58,247
Laboratory analysis		81,910
Education		11,696
Audit		17,000
Computer maintenance		16,643
Information reports		31,897
Office supplies		16,614
Paving		80,000
Postage		20,000
Telephone		19,434
D.E.P. withdrawal & fees		4,958
Petty cash		700
Hydrants		10,000
Accounting		800
TOTAL OPERATING EXPENSES		4,496,916
OPERATING INCOME		1,812,826
NONOPERATING REVENUES (EXPENSES):		
Investment income (loss)		(182,235)
Interest expense		(329,812)
TOTAL NONOPERATING REVENUES (EXPENSES), NET		(512,047)
CHANGE IN NET POSITION		1,300,779
NET POSITION AT BEGINNING OF YEAR (AS RESTATED)		28,949,630
NET POSITION AT END OF YEAR	$	30,250,409

See notes to basic financial statements.

(A) Represents the change in the estimated net other postemployment benefit liability/(asset) between years.

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2022

		Business-Type Activities
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers and users	$	6,281,213
Payments to vendors		(3,037,859)
Payments to employees		(1,462,623)
NET CASH FROM OPERATING ACTIVITIES		1,780,731
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from the issuance of bonds and notes		4,024,718
Acquisition and construction of capital assets		(3,349,083)
Principal payments on bonds and notes		(1,844,937)
Interest expense		(345,903)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES		(1,515,205)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale/(purchase) of investments		516,950
Investment income (loss)		(182,235)
NET CASH FROM INVESTING ACTIVITIES		334,715
NET CHANGE IN CASH AND CASH EQUIVALENTS		600,241
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (AS RESTATED)		2,282,960
CASH AND CASH EQUIVALENTS AT END OF YEAR	$	2,883,201
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:		
Operating income	$	1,812,826
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation		1,321,913
Deferred (outflows)/inflows related to pensions		258,530
Deferred (outflows)/inflows related to OPEB		(164,471)
Changes in assets and liabilities:		
Billed user charges receiveable		(25,942)
Unbilled user charges receiveable		(2,587)
Warrants payable		(1,207,627)
Compensated absences		(22,000)
Net pension liability		(301,818)
Net OPEB liability/asset		111,907
Total adjustments		(32,095)
NET CASH FROM OPERATING ACTIVITIES	$	1,780,731

See notes to basic financial statements.

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2022

		Other Postemployment Benefit Trust Fund
ASSETS		
Cash and cash equivalents	$	33,260
Investments:		
Corporate bonds		524,830
Real estate		43,134
Equity securities		547,476
Equity mutual funds		104,969
TOTAL ASSETS		1,253,669
NET POSITION		
Restricted for other postemployment benefits	$	1,253,669

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2022

	Other Postemployment Benefit Trust Fund
ADDITIONS:	
Contributions:	
Employer contributions for other postemployment benefit payments....	$ 61,498
Net investment income (loss):	
Investment income (loss)...	(198,762)
Less: investment expense...	(7,995)
Net investment income (loss)...	(206,757)
TOTAL ADDITIONS...	(145,259)
DEDUCTIONS:	
Other postemployment benefit payments...	61,498
NET INCREASE (DECREASE) IN NET POSITION...	(206,757)
NET POSITION AT BEGINNING OF YEAR...	1,460,426
NET POSITION AT END OF YEAR...	$ 1,253,669

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Water Supply District of Acton (District) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant District accounting policies are described herein.

A. Reporting Entity

The District is a municipality incorporated in the Commonwealth of Massachusetts with the purpose of providing water and related services to the residents and business in the Town of Acton, Massachusetts. The District is a separate municipality, distinct from the Town of Acton. The basic operations of the District are financed by water user charges and other service charges. 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.

For financial reporting purposes, the District has included all funds, organizations, agencies, boards, commissions and institutions. The District has also considered all potential Component Units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the basic financial statements to be misleading or incomplete. There are no Component Units to report within the District.

B. Government Wide and Fund Financial Statements

Government Wide Financial Statements

The District engages only in business-type and fiduciary activities. Accordingly, the proprietary fund and entity-wide financial statements use the same basis of accounting and are therefore reported as the proprietary fund statement of net position and statement of revenues, expenses, and changes in net position.

There are no differences to be reported between the proprietary fund financial statements and the government wide financial statements.

Fund Financial Statements

Separate financial statements are provided for both proprietary and fiduciary funds.

Fiduciary funds are reported by fund type.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government Wide Financial Statements

The government wide financial statements (i.e. proprietary fund statement of net position and statement of revenues, expenses and changes in net position) report all non-fiduciary activities of the primary government. There are no differences to be reported between the proprietary fund financial statements and the government wide financial statements.

Proprietary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principle ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fund Financial Statements

Fiduciary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the business-type programs.

The *other postemployment benefits (OPEB) trust fund* is used to accumulate resources to provide funding for future OPEB (other postemployment benefits) liabilities.

D. Cash and Investments

Fund Financial Statements

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition.

Investments are carried at fair value. The fair values were determined by the closing price for those securities traded on national stock exchanges and at the average bid-and-asked quotation for those securities traded in the over-the-counter market.

E. Fair Value Measurements

The District reports required types of financial instruments in accordance with the fair value standards. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards also require the government to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include actively traded equity and debt securities, U.S. government obligations, and mutual funds with quoted market prices in active markets.

Level 2 – Pricing inputs are other than quoted in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Certain fixed income securities, primarily corporate bonds, are classified as Level 2 because fair values are estimated using pricing models, matrix pricing, or discounted cash flows.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the District's financial instruments, see Note 2 – Cash and Investments.

F. Accounts Receivable

Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the proprietary funds financial statements and the fiduciary funds financial statements are reported under the accrual basis of accounting.

User Charges

Water usage is charged to all commercial and residential users based on consumption. All users are billed quarterly in January, April, July, and October, and are billed based on actual meter readings of water usage on an inclining block rate schedule, which is set by the Commissioners.

Other Services

Other services consist of new installations, repairs and upgrades to services, cross connections, sprinkler services, and rentals.

Mitigation Fees

Mitigation fees are charged for new connections or additional connections to the system. An individual who applies for water use that requires an extension or addition to the system must provide a Water Impact Report. The fee is calculated from the average estimated demand and is charged per gallon of projected use.

Since the receivables are secured via the lien process, the accounts are considered 100% collectible and therefore do not report an allowance for uncollectibles.

G. Inventories

Fund Financial Statements

Inventories are recorded as expenditures at the time of purchase. Such inventories are not material in total to the fund financial statements, and therefore are not reported.

H. Capital Assets

Proprietary Fund Financial Statements

Capital assets, which include land, construction in progress, vehicles, buildings, machinery and equipment, and infrastructure, are reported in the proprietary fund financial statements. Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation.

All purchases and construction costs are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year. The District does not have a minimum capital threshold.

Capital assets are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

Capital Asset Type	Estimated Useful Life (in years)
Vehicles	6
Buildings	40
Machinery and equipment	5-50
Infrastructure	10-100

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

I. Deferred Outflows/Inflows of Resources

Proprietary Fund Financial Statements (Net Position)

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has reported deferred outflows of resources related to OPEB and pensions in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has reported deferred inflows of resources related to OPEB and pensions in this category.

J. Interfund Receivables and Payables

During the course of its operations, transactions occur between and within individual funds that may result in amounts owed between funds.

Proprietary Fund Financial Statements (Net Position)

Transactions of a buyer/seller nature between and within the District funds are eliminated from the Proprietary fund financial statements (net position).

Fund Financial Statements

Transactions of a buyer/seller nature between and within funds are *not* eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as "Due from other funds" or "Due to other funds" on the balance sheet.

K. Interfund Transfers

During the course of its operations, resources can be permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out.

Proprietary Fund Financial Statements (Net Position)

Transfers between and within District funds are eliminated from the proprietary fund financial statements (net position).

Fund Financial Statements

Transfers between and within funds are *not* eliminated from the individual fund statements and are reported as transfers in/(out).

L. Net Position

Proprietary Fund Financial Statements (Net Position)

Net position is reported as restricted when amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use.

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

M. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Middlesex County Retirement System (System) and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. Long-term Debt

Proprietary Fund Financial Statements

Long-term debt is reported as a liability in the proprietary fund statement of net position. Material bond premiums and discounts are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

O. Investment Income

Investment income derived from business-type activities is recorded in the respective fund.

P. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on state laws and executive policies.

Proprietary Fund Financial Statements

Vested or accumulated vacation and sick leave are reported as liabilities and expensed as incurred.

Q. Use of Estimates

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenditures/expenses during the year. Actual results could vary from estimates that were used.

NOTE 2 – CASH AND INVESTMENTS

A cash and investment pool is maintained that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position as "Cash and cash equivalents." The deposits and investments of the trust funds are held separately from those of other funds.

Statutes authorize the investment in obligations of the U.S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (the Pool). The Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth. In addition, there are various restrictions limiting the amount and length of deposits and investments.

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. At year-end, the carrying amount of deposits totaled $1,376,915 and the bank balance totaled $1,648,116. Of the bank balance, $868,324 was covered by Federal Depository Insurance, $86,371 was covered by the Securities Investor Protection Corporation, $603,565 was placed in an insured cash sweep, and $89,856 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy related to interest rate risk.

The District participates in MMDT, which maintains a cash portfolio fund with combined average maturities of approximately 3 months.

As of June 30, 2022, the District's had the following investments and maturities:

Investment Type		Fair value		Maturities Under 1 Year		Maturities 1-5 Years		Maturities 6-10 Years
Debt securities:								
U.S. treasury notes	$	344,727	$	149,718	$	195,009	$	-
Corporate bonds		1,092,069		15,004		1,011,978		65,087
Total debt securities		1,436,796	$	164,722	$	1,206,987	$	65,087
Other investments:								
Equity securities		1,154,006						
Equity mutual funds		279,315						
Real estate investment trust		114,592						
MMDT - Cash portfolio		1,539,546						
Total investments	$	4,524,255						

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the District will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The District's shares in MMDT are not subject to custodial credit risk because the investments are not evidenced by securities that exist in physical or book entry form. The District does not have a formal investment policy related to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District's investments in U.S. Treasury bonds totaled $344,727, and at June 30, 2022, the District's $1,092,069 investments in Corporate Bonds were rated as follows:

Quality Rating		Corporate Bonds
AA-	$	19,180
A+		90,284
A		129,040
A-		74,167
BBB+		444,445
BBB		205,249
BBB-		104,680
Not Rated		25,024
Total	$	1,092,069

Concentration of Credit Risk

A concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District does not have a formal policy related to the concentration of credit risk. The District did not have an investments that exceeded 5% of the total investments.

Fair Value of Investments

The District holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the District's mission, the District determines that the disclosures related to these investments only need to be disaggregated by major type. The District chooses a tabular format for disclosing the levels within the fair value hierarchy.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

		Fair Value Measurements Using		
Investment Type	June 30, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
Debt securities:				
U.S. treasury notes	$ 344,727	$ 344,727	$ -	$ -
Corporate bonds	1,092,069	-	1,092,069	-
Total debt securities	1,436,796	344,727	1,092,069	-
Other investments:				
Equity securities	1,154,006	1,154,006	-	-
Equity mutual funds	279,315	279,315	-	-
Real estate investment trust	114,592	114,592	-	-
Total other investments	1,547,913	1,547,913	-	-
Total investments measured at fair value	2,984,709	$ 1,892,640	$ 1,092,069	$ -
Investments measured at amortized cost:				
MMDT - Cash portfolio	1,539,546			
Total investments	$ 4,524,255			

U.S. treasury notes, equity securities, equity mutual funds, real estate investment trusts, classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Corporate bonds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship benchmark quoted price.

MMDT investments are valued at amortized cost. Under the amortized cost method, an investment is valued initially as its cost and adjusted for the amount of interest income accrued each day over the term of the investment to account for any difference between the initial cost and the amount payable at its maturity. If amortized cost is determined not to approximate fair value, the value of the portfolio securities will be determined under procedures established by the Advisor.

NOTE 3 – RECEIVABLES

At June 30, 2022, the following receivables are all considered to be collectible:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Billed user charges	$ 210,125	$ -	$ 210,125
Unbilled user charges	1,481,203	-	1,481,203
Total	$ 1,691,328	$ -	$ 1,691,328

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 2,677,850	$ 4,900	$ -	$ 2,682,750
Construction in progress	10,537,535	2,768,602	-	13,306,137
Total capital assets not being depreciated	13,215,385	2,773,502	-	15,988,887
Capital assets being depreciated:				
Vehicles	$ 774,210	$ 465	$ (9,101)	$ 765,574
Buildings	1,191,763	-	-	1,191,763
Machinery and equipment	3,092,546	46,035	-	3,138,581
Infrastructure	57,747,366	529,081	-	58,276,447
Total capital assets being depreciated	62,805,885	575,581	(9,101)	63,372,365
Less accumulated depreciation for:				
Vehicles	(618,601)	(58,218)	9,101	(667,718)
Buildings	(598,860)	(26,010)	-	(624,870)
Machinery and equipment	(2,570,577)	(95,718)	-	(2,666,295)
Infrastructure	(22,598,455)	(1,141,967)	-	(23,740,422)
Total accumulated depreciation	(26,386,493)	(1,321,913)	9,101	(27,699,305)
Total capital assets being depreciated, net	36,419,392	(746,332)	-	35,673,060
Total capital assets, net	$ 49,634,777	$ 2,027,170	$ -	$ 51,661,947

NOTE 5 – SHORT-TERM FINANCING

Short-term debt may be authorized and issued to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue notes (RANS).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS).

Short-term loans are general obligations and carry maturity dates that are limited by statute. The District had the following short-term debt activity during 2022:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2021	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2022
BAN	MCWT Interim Loan..............	0.00%	On Demand	$ 7,892,030	$ 3,809,718	$ -	$ 11,701,748
BAN	Bond Anticipation Note..........	0.65%	9/24/2021	715,000	-	(715,000)	-
BAN	Bond Anticipation Note..........	0.46%	9/23/2022	-	215,000	-	215,000
	Total			$ 8,607,030	$ 4,024,718	$ (715,000)	$ 11,916,748

The District had entered into an interim loan with the Massachusetts Clean Water Trust (MCWT) in 2021 totaling $12.4 million for the purposes of financing costs of a drinking water project. The loan is interest free throughout the interim period until the debt is bonded at a future date. As of June 30, 2022, the District has incurred $11.7 million of eligible construction costs related to the project and has received the corresponding loan proceeds from MCWT.

NOTE 6 – LONG-TERM DEBT

Under the provisions of Chapter 44, Section 10, Municipal Law authorizes indebtedness up to a limit of 5% of the equalized valuation. Details related to the outstanding indebtedness at June 30, 2022, and the debt service requirements are as follows:

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2022
General Obligation Bonds:				
General Obligation Bond of 2009.................	2029	$ 6,000,000	2.00-4.30	$ 2,100,000
General Obligation Bond of 2014.................	2024	2,135,000	2.00-3.00	420,000
Total General Obligation Bonds....................................				2,520,000
Direct Borrowings and Placements:				
MCWT Loan DW 12-19..............................	2035	13,470,767	2.00	9,398,520
Total Bonds Payable..				$ 11,918,520

Debt service requirements for principal and interest for business-type bonds payable in future years are as follows:

	General Obligation Bonds		Direct Borrowings and Placements		
Year	Principal	Interest	Principal	Interest	Total
2023............	$ 510,000	$ 96,300	$ 633,411	$ 202,068	$ 1,441,779
2024............	510,000	78,000	647,177	188,450	1,423,627
2025............	300,000	62,850	661,243	174,536	1,198,629
2026............	300,000	50,550	675,614	160,318	1,186,482
2027............	300,000	38,250	690,297	145,794	1,174,341
2028............	300,000	25,650	705,300	130,952	1,161,902
2029............	300,000	12,900	720,629	115,788	1,149,317
2030............	-	-	736,291	100,294	836,585
2031............	-	-	752,293	84,464	836,757
2032............	-	-	768,643	68,290	836,933
2033............	-	-	785,349	51,764	837,113
2034............	-	-	802,417	34,878	837,295
2035............	-	-	819,856	17,626	837,482
Total............	$ 2,520,000	$ 364,500	$ 9,398,520	$ 1,475,222	$ 13,758,242

Changes in Long-term Liabilities

During the year ended June 30, 2022, the following changes occurred in long-term liabilities:

	Beginning Balance	Bonds Issued	Bonds Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
General obligation bonds................	$ 3,030,000	$ -	$ (510,000)	$ -	$ -	$ 2,520,000	$ 510,000
Direct borrowings and placements.....	10,018,457	-	(619,937)	-	-	9,398,520	633,411
Total bonds payable.....................	13,048,457	-	(1,129,937)	-	-	11,918,520	1,143,411
Compensated absences..................	300,000	-	-	38,000	(60,000)	278,000	60,000
Net pension liability........................	3,548,184	-	-	225,211	(527,029)	3,246,366	-
Net OPEB liability/(asset)................	(306,069)	-	-	173,405	(61,498)	(194,162)	-
Total..	$ 16,590,572	$ -	$ (1,129,937)	$ 436,616	$ (648,527)	$ 15,248,724	$ 1,203,411

NOTE 7 – RISK FINANCING

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District participates in a premium-based health care plan for its active employees. The District purchases insurance for workers' compensation and unemployment compensation activities.

NOTE 8 – PENSION PLAN

Plan Description

The District contributes to the Middlesex County Retirement System (System), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 76 member units. The MCRS is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan.

Benefits Provided

The Systems provides retirement, disability, survivor and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are, with certain minor exceptions, uniform from system to system. The Systems provide retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System. There were no changes of benefit terms that affected the total pension liability at December 3, 2021.

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding $30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The District is required to pay into the System a legislatively mandated actuarial determined contribution. The District's contribution totaled $268,502 and was 21.11% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

Pension Liabilities

At June 30, 2022, the District reported a liability of $3,246,366 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. Accordingly, update procedures were used to roll back the total pension liability to the measurement date. The District's proportion 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, actuarially determined. At December 31, 2021, the District's proportion was 0.24%, which was an increase from the last measurement of 0.23% at December 31, 2020.

Pension Expense

For the year ended June 30, 2022, the District recognized pension expense of $225,211. The balances of deferred outflows/(inflows) of resources related to pensions at June 30, 2022 consist of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience	$ 55,326	$ -	$ 55,326
Difference between projected and actual earnings, net	-	(551,973)	(551,973)
Changes in assumptions	115,592	-	115,592
Changes in proportion and proportionate share of contributions	56,708	(119,417)	(62,709)
Total deferred outflows/(inflows) of resources	$ 227,626	$ (671,390)	$ (443,764)

The net deferred outflows/(inflows) of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	$ (94,722)
2024	(152,066)
2025	(124,279)
2026	(72,697)
Total	$ (443,764)

Actuarial Assumptions

The total pension liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement that was updated to December 31, 2021:

Valuation date	January 1, 2022
Actuarial cost method	Entry age normal cost method.
Amortization method	Prior year's total contribution increased by 6.5% for fiscal 2022 through fiscal 2028, and thereafter the remaining unfunded liability will be amortized on a 4.0% annual increasing basis; Early Retirement Incentive (ERI) liability amortized in level payments.
Remaining amortization period	17 years from July 1, 2020 for non-ERI liability, and 2 years from July 1, 2020 for 2010 ERI.
Asset valuation method	The difference between the expected return and the actual investment return on a market value basis is recognized over a five-year period. Asset value is adjusted as necessary to be within 20% of the market value.

Inflation rate	3.25%
Investment rate of return	7.15%, previously 7.30%
Discount rate	7.15%
Projected salary increases	Varies by length of service with ultimate rate of 4.00% for Group 1, 4.25% for Group 2 and 4.50% for Group 4
Cost of living adjustments	3% of first $16,000 of retirement income.
Mortality rates	Pre-retirement rates reflect the RP-2014 Blue Collar Employees table projected generationally with Scale MP-2021. Post-retirement rates reflect the RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2021. For disabled retirees, the rates reflect the RP-2014 Blue Collar Healthy Annuitant table set forward 1 year projected generationally with Scale MP-2021.

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining 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, 2022, are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.00%	6.11%
International developed markets equity	11.50%	6.49%
International emerging markets equity	4.50%	8.12%
Core fixed income	15.00%	0.38%
High-yield fixed income	8.00%	2.48%
Real estate	10.00%	3.72%
Timber	4.00%	3.44%
Hedge funds, GTAA, risk parity	10.00%	2.63%
Private equity	15.00%	9.93%
Total	100.00%	

Rate of Return

For the year ended December 31, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 19.86%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

The discount rate used to measure the total pension liability was 7.15% at December 31, 2021 and 7.30% at December 31, 2020. 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 contribution 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 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15%) or 1-percentage-point higher (8.15%) than the current rate:

	1% Decrease (6.15%)	Current Discount (7.15%)	1% Increase (8.15%)
The District's proportionate share of the net pension liability..........................	$ 4,199,281	$ 3,246,366	$ 2,443,794

Changes in Assumptions

The discount rate decreased from 7.30% to 7.15%, and there were modifications to the mortality assumption.

Changes in Plan Provisions

None.

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The Water Supply District of Acton administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the District's group health insurance plan, which covers both active and retired members. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. The Retiree Health Plan does not issue a publicly available financial report.

Summary of Significant Accounting Policies

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts (repurchase agreements) that have a maturity at the time of purchase of one year or less, which are reported at cost.

Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the District. The required contribution is based on a pay-as-you-go financing requirement. Retired plan members and beneficiaries currently receiving benefits are required to contribute 80% of the cost medical benefits. The District is required to contribute the balance of the current premiums and may contribute additional amounts to pre-fund benefits. The District contributed $61,498 during 2022 towards these benefits including the pre-funding amount discussed below. Administrative costs of the Plan are assumed to be included in the fully insured premium rates. For the year ended June 30, 2022, the District's average contribution rate as a percentage of covered-employee payroll was 4.58%.

The Commonwealth of Massachusetts passed special legislation that has allowed the District to establish the postemployment benefit trust fund and to enable the District to pre-fund its OPEB liabilities. During 2022, the District did not pre-fund future OPEB liabilities in the amount of by contributing funds to the Other Postemployment Benefit Fund in excess of the pay-as-you-go required contribution.

Plan Membership

The following table represents the Plan's membership at June 30, 2022:

Active members	15
Inactive members currently receiving benefits	10
Total	25

Components of Net OPEB Liability/(Asset)

The following table represents the components of the Plan's net OPEB liability/(asset) as of June 30, 2022:

Total OPEB liability	$	1,059,507
Less: OPEB plan's fiduciary net position		(1,253,669)
Net OPEB liability/(asset)	$	(194,162)
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability		118.33%

Significant Actuarial Methods and Assumptions

The total OPEB liability in the July 1, 2021, actuarial valuation was determined by using the actuarial assumptions as noted, applied to all periods included in the measurement that was updated to June 30, 2022, to be in accordance with GASB Statement #74 and GASB Statement #75:

Valuation date....................................	July 1, 2021
Actuarial cost method...........................	Entry Age Normal Cost Method.
Inflation Rate.......................................	3.00%
Salary increases..................................	4.00%
Investment rate of return/Discount Rate....	7.00%
Healthcare cost trend rates....................	5% for HMO and PPO Plan, Pre-Medicare, and 3.25% for Medicare Supplement Plan; 2% for Dental Plan. Ultimate Health Care Cost Trend Rate of 4.5% reached in fiscal year 2037.
Mortality rates....................................	Determined pursuant to PubG.H-2010 Mortality Table - General, using scale MP-2020

Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was -14.16%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on OPEB 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 of by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expense and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Money market funds	4.00%	2.00%
Fixed income	37.00%	6.00%
Equities	40.00%	8.00%
Exchange traded funds	16.00%	8.00%
Other assets	3.00%	6.00%
Total	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 7.00% as of both June 30, 2022, and June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Plan's funding policy. Based on these assumption, the OPEB Plan's fiduciary net position is projected to be sufficient to make all projected benefit payments to current plan members. Therefore, the long term expected rate of return on the OPEB Plan assets was applied to all projected future benefit payments.

Changes in the Net OPEB Liability/(Asset):

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(asset) (a) - (b)
Balances at June 30, 2021	$ 1,154,357	$ 1,460,426	$ (306,069)
Changes for the year:			
Service cost	21,401	-	21,401
Interest	78,652	-	78,652
Differences between expected and actual experience	(83,077)	-	(83,077)
Changes in assumptions	(50,328)	-	(50,328)
Employer contributions for OPEB payments	-	61,498	(61,498)
Net investment income	-	(206,757)	206,757
Benefit payments	(61,498)	(61,498)	-
Net change	(94,850)	(206,757)	111,907
Balances at June 30, 2022	$ 1,059,507	$ 1,253,669	$ (194,162)

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Discount Rate

The following table presents the net OPEB liability/(asset), calculated using the discount rate of 7.00%, as well as what the net OPEB liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current discount rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB liability/(asset)	$ (61,349)	$ (194,162)	$ (304,037)

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Healthcare Cost Trend Rates

The following table presents the net OPEB liability/(asset), calculated using the current healthcare trend rate, as well as what the net OPEB liability/(asset) would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher.

	1% Decrease	Current Trend	1% Increase
Net OPEB liability/(asset)	$ (317,086)	$ (194,162)	$ (43,384)

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the financial reporting year ended June 30, 2022, the District recognized OPEB expense of $8,934. The District also reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience	$ 7,701	$ (107,228)	$ (99,527)
Difference between projected and actual earning, net	143,700	-	143,700
Changes in assumptions	68,231	(123,626)	(55,395)
Total deferred outflows/(inflows) of resources	$ 219,632	$ (230,854)	$ (11,222)

Amounts reported as deferred outflows/(inflows) of resources related to OPEB will be recognized in OPEB expense in the following periods:

Reporting year ended June 30:	
2023	$ (3,942)
2024	(8,150)
2025	(9,699)
2026	37,422
2027	(21,306)
2028	(5,547)
Total	$ (11,222)

Changes of Assumptions

The starting per capita costs were updated using the most recent premiums and the health care trend rates were reset. Additionally, the mortality assumptions the martial status assumptions were updated.

Changes in Plan Provisions

None.

NOTE 10 – COMMITMENTS & CONTINGENCIES

The District continues to be engaged in legal and environmental negotiations with the Massachusetts Department of Environmental Protection and the Federal Environmental Protection Agency regarding the Superfund cleanup projects. These efforts are also intendent to protect the Assabet well field.

The District continues to conduct vigorous research regarding the extent and remediation of Per – and Poly fluoroalkyl (PFAS) contamination in the water supply. The District is a part of a class action lawsuit by a retaining law firm to prosecute any legal claim for negligence against any and all parties, individuals, or corporations that are found to be liable under the law for injuries and/or property damages arising from contamination of water supplies by PFAS. It is possible that the District may be responsible for costs associated with PFAS remediation, and these future costs may be significant. While the amounts may be substantial the ultimate liability cannot be determined because of the considerable uncertainties that exist. Therefore, it is possible that there could be material negative outcomes affected by certain contingencies existing as of June 30, 2022. The full extent of the financial impact cannot be determined at the date of the financial statements.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2022.

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 7, 2022, which is the date the financial statements were available to be issued.

NOTE 12 – RESTATEMENT OF NET POSITION PREVIOUSLY REPORTED

Beginning net position of the District was restated to reflect the reclassification of the W.R. Grace fund previously reported as a fiduciary fund. Previously reported net position of the District totaling $26,627,815 has been restated by $2,321,815 to reflect a beginning net position totaling $28,949,630.

NOTE 13 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2022, the following GASB pronouncements were implemented:

- GASB Statement #87, *Leases*. This pronouncement did not impact the basic financial statements.
- GASB Statement #89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This pronouncement did not impact the basic financial statements.
- GASB Statement #92, *Omnibus 2020*. This pronouncement did not impact the basic financial statements.
- GASB Statement #93, *Replacement of Interbank Offered Rates*. This pronouncement did not impact the basic financial statements.
- GASB Statement #97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #91, *Conduit Debt Obligations*, which is required to be implemented in 2023.
- The GASB issued Statement #94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which is required to be implemented in 2023.
- The GASB issued Statement #96, *Subscription-Based Information Technology Arrangements*, which is required to be implemented in 2023.
- The GASB issued Statement #99, *Omnibus 2022*, which is required to be implemented in 2023.
- The GASB issued Statement #100, *Accounting Changes and Error Corrections*, which is required to be implemented in 2024.
- The GASB issued Statement #101, *Compensated Absences*, which is required to be implemented in 2025.

Management is currently assessing the impact the implementation of these pronouncements will have on the basic financial statements.

Required Supplementary Information

Pension Plan Schedules

The Schedule of the District's Proportionate Share of the Net Pension Liability presents multi-year trend information on the District's net pension liability and related ratios.

The Schedule of the District's Contributions presents multi-year trend information on the District's required and actual contributions to the pension plan and related ratios.

These schedules are intended to present information for ten years. Until a ten-year trend is compiled, information is presented for those years for which information is available.

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

MIDDLESEX COUNTY RETIREMENT SYSTEM

Year	Proportion of the net pension liability/(asset)	Proportionate share of the net pension liability/(asset)	Covered Payroll	Net position liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2021..........	0.24%	$ 3,246,366	$ 1,246,732	260.39%	61.14%
December 31, 2020..........	0.23%	3,548,184	1,275,867	278.10%	49.45%
December 31, 2019..........	0.23%	3,732,674	1,225,561	304.57%	49.45%
December 31, 2018..........	0.24%	3,740,627	1,188,771	314.66%	46.40%
December 31, 2017..........	0.24%	3,370,594	1,141,452	295.29%	49.27%
December 31, 2016..........	0.23%	3,319,310	1,136,133	292.16%	45.49%
December 31, 2015..........	0.22%	2,784,648	1,013,745	274.69%	46.13%
December 31, 2014..........	0.21%	2,562,079	974,755	262.84%	47.65%

Note: this schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS

MIDDLESEX COUNTY RETIREMENT SYSTEM

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2022................	$ 268,502	$ 268,502	$ -	$ 1,271,667	21.11%
June 30, 2021................	256,971	256,971	-	1,301,384	19.75%
June 30, 2020................	243,164	243,164	-	1,250,072	19.45%
June 30, 2019................	218,063	218,063	-	1,212,546	17.98%
June 30, 2018................	203,213	203,213	-	1,164,281	17.45%
June 30, 2017................	177,725	177,725	-	1,158,856	15.34%
June 30, 2016................	165,791	165,791	-	1,034,020	16.03%
June 30, 2015................	133,367	133,367	-	994,250	13.41%

Note: this schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

Other Postemployment Benefit Plan Schedules

The Schedule of Changes in the District's Net Other Postemployment Benefit Liability/(Asset) and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability/(asset). It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability/(asset) as a percentage of covered-employee payroll.

The Schedule of the District's Contributions presents multi-year trend information on the District's actual contributions to the other postemployment benefit plan and related ratios.

The Schedule of Investment Return presents multi-year trend information on the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

These schedules are intended to present information for ten years. Until a ten-year trend is compiled, information is presented for those years for which information is available.

SCHEDULE OF CHANGES IN THE
DISTRICT'S NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Total OPEB Liability						
Service Cost	$ 18,046	$ 18,605	$ 19,350	$ 22,376	$ 24,148	$ 21,401
Interest	58,372	73,230	78,986	82,041	75,789	78,652
Differences between expected and actual experience	-	33,670	-	(60,438)	-	(83,077)
Changes of assumptions	-	18,838	-	(66,514)	-	(50,328)
Other Charges	19,824	20,229	26,014	(46)	-	-
Benefit payments	(76,445)	(80,182)	(84,498)	(76,922)	(56,551)	(61,498)
Net change in total OPEB liability	19,797	84,390	39,852	(99,503)	43,386	(94,850)
Total OPEB liability - beginning	1,066,435	1,086,232	1,170,622	1,210,474	1,110,971	1,154,357
Total OPEB liability - ending (a)	$ 1,086,232	$ 1,170,622	$ 1,210,474	$ 1,110,971	$ 1,154,357	$ 1,059,507
Plan fiduciary net position						
Employer contributions	$ 100,000	$ 100,000	$ 100,000	$ -	$ -	$ -
Employer contributions for OPEB payments	76,445	80,182	84,498	76,922	56,551	61,498
Net investment income (loss)	55,673	54,890	87,382	50,492	247,771	(206,757)
Benefit payments	(76,445)	(80,182)	(84,498)	(76,922)	(56,551)	(61,498)
Net change in plan fiduciary net position	155,673	154,890	187,382	50,492	247,771	(206,757)
Plan fiduciary net position - beginning of year	664,218	819,891	974,781	1,162,163	1,212,655	1,460,426
Plan fiduciary net position - end of year (b)	$ 819,891	$ 974,781	$ 1,162,163	$ 1,212,655	$ 1,460,426	$ 1,253,669
Net OPEB liability/(asset) - ending (a)-(b)	$ 266,341	$ 195,841	$ 48,311	$ (101,684)	$ (306,069)	$ (194,162)
Plan fiduciary net position as a percentage of the total OPEB liability	75.48%	83.27%	96.01%	109.15%	126.51%	118.33%
Covered-employee payroll	$ 1,167,318	$ 1,191,141	$ 1,230,570	$ 1,249,659	$ 1,317,826	$ 1,344,183
Net OPEB liability/(asset) as a percentage of covered-employee payroll	22.82%	16.44%	3.93%	-8.14%	-23.23%	-14.44%

Note: this schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
June 30, 2022	$ 61,498	$ (61,498)	$ -	$ 1,344,183	4.58%
June 30, 2021	56,551	(56,551)	-	1,317,826	4.29%
June 30, 2020	76,922	(76,922)	-	1,249,659	6.16%
June 30, 2019	84,498	(184,498)	(100,000)	1,230,570	14.99%
June 30, 2018	80,182	(180,182)	(100,000)	1,191,141	15.13%
June 30, 2017	76,445	(176,445)	(100,000)	1,167,318	15.12%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

Year	Annual money-weighted rate of return, net of investment expense
June 30, 2022	-14.16%
June 30, 2021	15.38%
June 30, 2020	7.48%
June 30, 2019	8.53%
June 30, 2018	6.31%
June 30, 2017	7.81%

Note: this schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

NOTE A – PENSION PLAN

Schedule of the District's Proportionate Share of the Net Pension Liability

The Schedule of the District's Proportionate Share of the Net Pension Liability details the allocated percentages of the net pension liability, the proportionate share of the net pension liability, and the employee payroll. It also demonstrates the net position as a percentage of the pension liability and the net pension liability as a percentage of employee payroll.

Schedule of the District's Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The total appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the system's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The total appropriations are payable on July 1 and January 1. The District may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual District contributions may be less than the "total appropriation".

Changes in Assumptions

The discount rate decreased from 7.30% to 7.15%, and there were modifications to the mortality assumptions.

Changes in Plan Provisions

None.

NOTE B – OTHER POSTEMPLOYMENT BENEFITS

The District administers a single-employer defined benefit healthcare plan ("The Retiree Health Plan"). The plan provides lifetime healthcare, dental and life insurance for eligible retirees and their spouses through the District's group health insurance plan, which covers both active and retired members.

The Schedule of Changes in the District's Net Other Postemployment Benefit Liability/(Asset) and Related Ratios

The Schedule of Changes in the District's Net Other Postemployment Benefit Liability/(Asset) and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability/(asset). It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net OPEB liability/(asset) as a percentage of covered-employee payroll.

Schedule of the District's Contributions

The Schedule of the District's Contributions includes the District's annual required contribution to the Plan, along with the contributions made in relation to the actuarially determined contribution and the covered-employee payroll. The District is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered payroll.

Methods and assumptions used to determine contribution rates are as follows:

Valuation date....................................	July 1, 2021
Actuarial cost method..........................	Entry Age Normal Cost Method.
Inflation Rate......................................	3.00%
Salary increases.................................	4.00%
Investment rate of return/Discount Rate....	7.00%
Healthcare cost trend rates....................	5% for HMO and PPO Plan, Pre-Medicare, and 3.25% for Medicare Supplement Plan; 2% for Dental Plan. Ultimate Health Care Cost Trend Rate of 4.5% reached in fiscal year 2037.
Mortality rates.....................................	Determined pursuant to PubG.H-2010 Mortality Table - General, using scale MP-2020

Schedule of Investment Returns

The Schedule of Investment Returns includes the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

Changes of Assumptions:

The starting per capita costs were updated using the most recent premiums and the health care trend rates were reset. Additionally, the Mortality assumptions and the martial status assumptions were updated.

Changes in Plan Provisions:

None.

Combining Schedules

This page left intentionally blank

Combining Schedules

The Water Supply District of Acton accounts for the general operations, the W.R. Grace stabilization fund, and capital acquisitions of the District as separate activities and the internal ledgers report them as indicated below. The schedules provide a reconciliation between the internal ledgers and financial statements.

General Fund – This fund is the primary operating fund. It is used to account for all financial resources, except those that are required to be accounted for in another fund.

W.R. Grace Stabilization Fund – This fund is used to maintain the purity of the District's water sources upon approval of District meeting. This fund was established with proceeds from the W.R. Grace lawsuit settlement and was converted to a stabilization fund at the June 2020 Annual Meeting to enable investments to be managed under the prudent investment rule established under Massachusetts General Law Chapter 203c.

Capital Projects Fund – This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets of the District.

Long-Term Obligations Fund – This fund is used to account for liabilities that have maturities greater than one year.

Capital Assets Fund – This fund is used to account for capital asset additions, retirements and depreciation expense.

COMBINING SCHEDULE OF NET POSITION

JUNE 30, 2022

	General	W.R. Grace Stablization	Capital Projects	Long-Term Obligations	Capital Assets	Total
ASSETS						
CURRENT:						
Cash and cash equivalents	$ 1,266,838	$ 133,891	$ 1,482,472	$ -	$ -	$ 2,883,201
Investments	-	1,764,300	-	-	-	1,764,300
Receivables, net of allowance for uncollectibles:						
Billed user charges	210,125	-	-	-	-	210,125
Unbilled user charges	1,481,203	-	-	-	-	1,481,203
Total current assets	2,958,166	1,898,191	1,482,472	-	-	6,338,829
NONCURRENT:						
Net OPEB asset	-	-	-	194,162	-	194,162
Capital assets, non depreciable	-	-	-	-	15,988,887	15,988,887
Capital assets, net of accumulated depreciation	-	-	-	-	35,673,060	35,673,060
Total noncurrent assets	-	-	-	194,162	51,661,947	51,856,109
TOTAL ASSETS	2,958,166	1,898,191	1,482,472	194,162	51,661,947	58,194,938
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions	-	-	-	227,626	-	227,626
Deferred outflows related to OPEB	-	-	-	219,632	-	219,632
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	-	-	447,258	-	447,258
LIABILITIES						
CURRENT:						
Accrued interest	-	-	-	129,909	-	129,909
Compensated absences	-	-	-	60,000	-	60,000
Notes payable	215,000	-	11,701,748	-	-	11,916,748
Bonds payable	-	-	-	1,143,411	-	1,143,411
Total current liabilities	215,000	-	11,701,748	1,333,320	-	13,250,068
NONCURRENT:						
Compensated absences	-	-	-	218,000	-	218,000
Net pension liability	-	-	-	3,246,366	-	3,246,366
Bonds payable	-	-	-	10,775,109	-	10,775,109
Total noncurrent liabilities	-	-	-	14,239,475	-	14,239,475
TOTAL LIABILITIES	215,000	-	11,701,748	15,572,795	-	27,489,543
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pensions	-	-	-	671,390	-	671,390
Deferred inflows related to OPEB	-	-	-	230,854	-	230,854
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	902,244	-	902,244
NET POSITION						
Net investment in capital assets	(215,000)	-	(11,701,748)	(11,918,520)	51,661,947	27,826,679
Unrestricted:						
Reserved for capital	-	1,257,807	1,482,472	-	-	2,740,279
Reserved for maintenance and operations	199,303	56,092	-	-	-	255,395
Reserved for mitigation	73,223	-	-	-	-	73,223
Unassigned/unreserved	2,685,640	584,292	-	(3,915,099)	-	(645,167)
TOTAL NET POSITION	$ 2,743,166	$ 1,898,191	$ (10,219,276)	$ (15,833,619)	$ 51,661,947	$ 30,250,409

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2022

	General	W.R. Grace Stablization	Capital Projects	Long-Term Obligations	Capital Assets	Total
OPERATING REVENUES:						
Water user charges & other services	$ 6,184,742	$ -	$ -	$ -	$ -	$ 6,184,742
Mitigation fees	125,000	-	-	-	-	125,000
TOTAL OPERATING REVENUES	6,309,742	-	-	-	-	6,309,742
OPERATING EXPENSES:						
Salaries & wages	1,462,623	-	-	(22,000) (B)	-	1,440,623
Other postemployment benefits expense	-	-	-	(52,564) (A)	-	(52,564) (A)
Depreciation	-	-	-	-	1,321,913	1,321,913
Lights, power, & fuel	429,004	-	-	-	-	429,004
Health & life insurance	281,469	-	-	-	-	281,469
Maintenance & operations	245,513	-	-	-	-	245,513
Meters	46,035	-	-	-	(46,035) (C)	-
Mitigation	90,683	-	-	-	(90,683) (C)	-
Middlesex retirement	268,502	-	-	(43,288) (A)	-	225,214
Insurance	93,476	-	-	-	-	93,476
Auto maintenance & fuel	50,597	-	-	-	-	50,597
Chemicals	91,772	-	-	-	-	91,772
Legal	58,247	-	-	-	-	58,247
Laboratory analysis	81,910	-	-	-	-	81,910
Education	11,696	-	-	-	-	11,696
Audit	17,000	-	-	-	-	17,000
Computer maintenance	16,643	-	-	-	-	16,643
Information reports	31,897	-	-	-	-	31,897
Office supplies	16,614	-	-	-	-	16,614
Paving	80,000	-	-	-	-	80,000
Engineering	50,000	-	-	-	(50,000) (C)	-
Postage	20,000	-	-	-	-	20,000
Telephone	19,434	-	-	-	-	19,434
D.E.P. withdrawal & fees	4,958	-	-	-	-	4,958
Petty cash	700	-	-	-	-	700
Hydrants	10,000	-	-	-	-	10,000
Accounting	800	-	-	-	-	800
TOTAL OPERATING EXPENSES	3,479,573	-	-	(117,852)	1,135,195	4,496,916
OPERATING INCOME (LOSS)	2,830,169	-	-	117,852	(1,135,195)	1,812,826
NONOPERATING REVENUES (EXPENSES):						
Investment income (loss)	3,609	(185,844)	-	-	-	(182,235)
Capital outlay	-	(226,158)	(2,936,207)	-	3,162,365	-
Interest & fees expense	(334,281)	(11,622)	-	16,091	-	(329,812)
Debt service - principal	(1,129,937)	-	-	1,129,937	-	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET	(1,460,609)	(423,624)	(2,936,207)	1,146,028	3,162,365	(512,047)
INCOME (LOSS) BEFORE TRANSFERS	1,369,560	(423,624)	(2,936,207)	1,263,880	2,027,170	1,300,779
TRANSFERS:						
Transfers in (out)	(870,000)	-	870,000	-	-	-
CHANGE IN NET POSITION	499,560	(423,624)	(2,066,207)	1,263,880	2,027,170	1,300,779
NET POSITION AT BEGINNING OF YEAR (AS RESTATED)	2,243,606	2,321,815	(8,153,069)	(17,097,499)	49,634,777	28,949,630
NET POSITION AT END OF YEAR	$ 2,743,166	$ 1,898,191	$ (10,219,276)	$ (15,833,619)	$ 51,661,947	$ 30,250,409

(A) Represents a decrease in the estimated net pension liability and net OPEB liability/(asset).
(B) Represents a decrease in the estimated compensated absences liability.
(C) Represents capital asset additions from general fund expenditures.

Additional Information

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2022

	Budgeted Amounts				
	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
REVENUES:					
Water rates and services	$ 5,825,107	$ 5,825,107	$ 6,184,742	$ -	$ 359,635
Mitigation fees	-	-	125,000	-	125,000 (A)
Interest income	-	-	3,609	-	3,609
TOTAL REVENUES	5,825,107	5,825,107	6,313,351	-	488,244
EXPENDITURES:					
Current:					
Salaries and wages	1,550,150	1,550,150	1,462,623	-	87,527
Lights, power, and fuel	390,000	390,000	429,004	-	(39,004)
Health and life insurance	286,000	286,000	281,469	-	4,531
Maintenance and operations	350,000	350,000	245,513	-	104,487
Meters	75,000	75,000	46,035	-	28,965
Reserve	100,000	70,000	-	-	70,000
Mitigation	-	-	90,683	-	(90,683) (A)
Middlesex retirement	268,502	268,502	268,502	-	-
Insurance	95,000	95,000	93,476	-	1,524
Chemicals	100,000	100,000	91,772	-	8,228
Laboratory analysis	80,000	80,000	81,910	-	(1,910)
Auto maintenance and fuel	50,000	50,000	50,597	-	(597)
Information reports	45,000	45,000	31,897	-	13,103
Telephone	22,000	22,000	19,434	-	2,566
Legal	65,000	65,000	58,247	-	6,753
Computer maintenance	16,000	16,000	16,643	-	(643)
Office supplies	20,000	20,000	16,614	-	3,386
Education	17,500	17,500	11,696	-	5,804
Audit	17,000	17,000	17,000	-	-
Paving	50,000	80,000	80,000	-	-
Engineering	50,000	50,000	50,000	-	-
Hydrants	10,000	10,000	10,000	-	-
Postage	20,000	20,000	20,000	-	-
D.E.P withdrawal and fees	6,000	6,000	4,958	-	1,042
Cross connection	1,000	1,000	-	-	1,000
Accounting	2,000	2,000	800	-	1,200
Petty cash	1,000	1,000	700	-	300
Debt service:					
Debt principal	1,129,937	1,129,937	1,129,937	-	-
Debt interest	1,008,018	1,008,018	334,281	-	673,737
TOTAL EXPENDITURES	5,825,107	5,825,107	4,943,791	-	881,316
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	1,369,560	-	1,369,560
OTHER FINANCING SOURCES (USES):					
Use of free cash	870,000	870,000	-	-	(870,000)
Transfers out	(870,000)	(870,000)	(870,000)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(870,000)	-	(870,000)
NET CHANGE IN FUND BALANCE	-	-	499,560	-	499,560
BUDGETARY FUND BALANCE, Beginning of year	2,243,606	2,243,606	2,243,606	-	-
BUDGETARY FUND BALANCE, End of year	$ 2,243,606	$ 2,243,606	$ 2,743,166	$ -	$ 499,560

COMPONENTS OF BUDGETARY FUND BALANCE:	
Reserved for maintenance and operations	$ 199,303
Reserved for mitigation	73,223
Unassigned/unreserved	2,470,640
Total Budgetary Fund Balance, End of Year	$ 2,743,166

(A) The District does not budget for mitgiation revenue or mitigation expenditures as part of their operating budget, however this activity is reported within the General Fund.

See notes to additional information.

SCHEDULE OF RESERVE FOR CAPITAL PROJECTS

YEAR ENDED JUNE 30, 2022

	Beginning Balance 6/30/2021	Transfers (To) From General Fund	Debt Borrowed (Paid)	Payments Made Capitalize	Ending Balance 6/30/2022
From Capital Projects Fund:					
Clean Rehab Wells	$ 14,961	$ 100,000	$ -	$ 114,961	$ -
Easements Conant II	17,500	-	-	4,900	12,600
Eminent Domain Main Street	19,519	-	-	-	19,519
Flagg Hill Tank Repairs	3,504	-	-	-	3,504
Marshall Well Replacement	54	-	-	-	54
Media Replacement	66,734	130,000	-	66,734	130,000
New Vehicle	60,465	-	-	465	60,000
Replace Old Mains	21,709	40,000	-	37,287	24,422
Residuals Management Tank	15,513	-	-	-	15,513
Storage Tank Repairs	75	-	-	-	75
Water Main Emergency	19,064	30,000	-	34,413	14,651
Water Main Improvements	707,490	500,000	-	64,863	1,142,627
Master Plan Update	-	70,000	-	10,493	59,507
A.C. Water Treatment Plant	-	-	3,809,718	3,809,718	-
Total Reserved for Capital - Capital Projects Fund	$ 946,588	$ 870,000	$ 3,809,718	4,143,834 (A)	1,482,472

	Beginning Balance 6/30/2021	Transfers (To) From W.R. Grace Fund	Debt Borrowed (Paid)	Payments Made Capitalize	Ending Balance 6/30/2022
From W.R. Grace Fund:					
Assabet III-(Grace)	$ 1,000,000	$ -	$ -	$ 126,863	$ 873,137
ARPA/PILOT Central Acton Water Treatment Plant	-	200,000	-	14,167	185,833
PILOT South Acton Water Treatment Plant	-	200,000	-	1,163	198,837
Total Reserved for Capital - W.R. Grace Fund	$ 1,000,000	$ 400,000	$ -	$ 142,193 (B)	$ 1,257,807

(A) Inclusive of previous year capital asset additions on account totaling $1,207,627.
(B) Exclusive of capital asset additions from the balance reserved for operations and maintenance totaling $83,965.

NOTE A – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Municipal Law requires the adoption of a balanced budget that is approved at District Annual Meeting. The District Manager presents an annual budget at District Annual Meeting, which includes recommendations of expenditures and other financing uses.

Increases or transfers between and within line items in the District and other budget adjustments, subsequent to the approval of the annual budget, are authorized by a Special District Meeting.

The majority of appropriations are non-continuing which lapse at the end of each year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior year be carried forward and made available for spending in the current year. These carry forwards are included as part of the subsequent year's original budget.

Generally, expenditures may not exceed the legal level of spending authorized for an appropriation account. However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by Annual District Meeting.

The District adopts an annual budget for the General Fund in conformity with the guidelines described above. The original 2022 approved budget for the General Fund authorized $6.7 million in appropriations. The District Manager has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

B. Appropriation Deficits

Actual expenditures exceeded appropriations for lights, power, and fuel, laboratory analysis, auto maintenance and fuel, and computer maintenance.

This page left intentionally blank

Powers & Sullivan, LLC
CPAs AND ADVISORS

100 Quannapowitt Parkway, Suite 101
Wakefield, Massachusetts 01880
T. 781.914.1700 | F. 781.914.1701
info@pas.cpa | www.pas.cpa

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, and the aggregate remaining fund information of the Water Supply District of Acton (District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Water Supply District of Acton's basic financial statements, and have issued our report thereon dated September 7, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be a material weakness, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Reporting on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

September 7, 2022