



Water Supply District of Acton

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Board of Water Commissioners

Meeting Agenda

Monday, October 23, 2023 @ 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/83370164974>

Or One tap mobile :

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Or Telephone:

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International numbers available: <https://us02web.zoom.us/j/83370164974>

- **Comments from the public**
- **Approve minutes from the meeting of 10/2**
- **Appoint one Commissioner to sign warrants while conducting meetings virtually**

OLD BUSINESS:

- Per- and Polyfluoroalkyl Substances (PFAS)
 - Current sample data, if available
 - Discussion of Additional PFAS Upgrades
 - Bottled Water Rebate update
 - Financial impacts
- Discussion of District Counsel

NEW BUSINESS:

- Representatives of Powers & Sullivan for annual audit report
- Discussion of native meadow demonstration project



**Powers &
Sullivan, LLC**
CPAs AND ADVISORS

WATER DISTRICT SUPPLY OF ACTON

MANAGEMENT LETTER

JUNE 30, 2023



Powers & Sullivan, LLC
CPAs AND ADVISORS

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

In planning and performing our audit of the financial statements of the business-type activities and the aggregate remaining fund information of the Water District Supply of Acton as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Water District Supply of Acton's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose 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.

However, during our audit we became aware of several matters that represent opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions concerning those matters.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various District personnel and will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management of the Water District Supply of Acton and is not intended to be and should not be used by anyone other than these specified parties.

October 16, 2023

WATER DISTRICT SUPPLY OF ACTON

MANAGEMENT LETTER

JUNE 30, 2023

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COMMENTS AND RECOMMENDATIONS

ACCOUNTING FOR GRANT ACTIVITY IN THE GENERAL LEDGER

Comment

The District maintains separate accounts on the general ledger to account for capital expenses. These expenses are typically funded from free cash appropriations and federal and state grant receipts.

It has been District past practice to charge grant costs to these capital expense accounts and record the grant receipt as an offset to the expense account where the costs were recorded. This is an improper accounting practice of recognizing grant revenue as it does not effectively segregate revenue separate from expenses, and it does not allow for appropriate accounting of total expenses incurred.

Adjustments have been made in the financial statements as a result of the audit, and therefore the financial statements accurately depict the grant revenues and grant expenses as received and incurred by the District.

Recommendation

We recommend that the District record grant receipts within revenue accounts on the District's accounting ledgers and record the costs incurred, to be funded from that grant, in separate expense accounts. This will allow for proper reporting of the District's expenses at the gross amount of the expenses actually incurred and will allow for reporting of the revenues received on the District's financial statements.

Subsequent to year end, the District enhanced the Chart of Accounts to include grant revenue accounts. We recommend that the District utilize these accounts as intended to appropriately record grant revenues separately from the related costs.

ACCOUNTING FOR INTERIM LOAN DRAW DOWNS FROM THE MASSACHUSETTS CLEAN WATER TRUST

Comment

The District maintains an account on the general ledger noted as bond cash, which is used to account for the expenses related to approved project costs, which are to be funded from interim loan draw downs from the Massachusetts Clean Water Trust (MCWT).

Upon receipt of an interim loan draw down to fund the approved project costs, the District records the receipt as an offset within the same account in which the expenses are recorded. This is an improper accounting practice of recognizing the interim loan draw downs as it does not effectively segregate the draws separate from expenses, and it does not allow for appropriate accounting of total expenses incurred.

Interim loan draw downs should be considered short term debt until permanently financed. Upon permanent financing with the MCWT, the accumulated short term debt would then be converted to long term debt and paid down over agreed upon terms.

Adjustments have been made in the financial statements as a result of the audit, and therefore the financial statements accurately depict the interim loan draw downs as short term debt until permanently financed, and accurately records the project costs as the gross amount incurred and capitalized by the District.

Recommendation

We recommend that the District record the interim loan draw downs appropriately to the general ledger and avoid recording this activity net of the related project costs.

Subsequent to year end, the District enhanced the Chart of Accounts to include short term debt accounts. We recommend that the District utilize these accounts as intended to appropriately record the interim loan draw downs separately from the related project costs.



**Powers &
Sullivan, LLC**
CPAs AND ADVISORS

WATER SUPPLY DISTRICT OF ACTON

*REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS*

YEAR ENDED JUNE 30, 2023

WATER SUPPLY DISTRICT OF ACTON
REPORT ON EXAMINATION OF BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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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, 2023, 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, 2023, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2023, 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.



October 16, 2023

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, 2023. 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 Highlights

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. As of June 30, 2023, the District incurred \$11.8 million of eligible construction costs related to the project and has received the corresponding loan proceeds from the MCWT. In 2023, the proceeds drawn on the interim loan was bonded and is considered long-term debt on the District's financial statements.

On August 7, 2020, the Commonwealth enacted special legislation that authorized the District to enter into a lease, license or other disposition of land held for water support purposes for the construction, operation, and maintenance of a solar energy generating and energy storage facility. In 2023, the District received lease payments totaling \$502,073 for the use of the land to operate solar energy generating and storage fields. In compliance with the enacted special legislation, the District established an Article 97 Stabilization Fund, and deposited \$25,104 (5%) into the Stabilization Fund.

The District has several lease agreements related to land usage for the operation of solar energy generating and storage fields as well as for cellular towers. The District is scheduled to receive lease payments through 2028, and reported a lease receivable and corresponding deferred inflows of resources related to leases totaling \$2.0 million.

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 \$32.0 million at the close of year 2023. This represents an increase of \$1.7 million from the prior year.

The following table demonstrates the changes in the District's net position at June 30, 2023 and 2022:

	2023	2022
Assets:		
Current assets.....	\$ 6,555,755	\$ 6,338,829
Noncurrent assets (excluding capital).....	1,750,885	194,162
Capital assets, net of accumulated depreciation.....	52,758,783	51,661,947
Total assets.....	61,065,423	58,194,938
Deferred outflows of resources.....	637,831	447,258
Liabilities:		
Current liabilities (excluding debt).....	452,024	189,909
Noncurrent liabilities (excluding debt).....	4,500,937	3,464,366
Current debt.....	1,659,135	13,060,159
Noncurrent debt.....	20,912,208	10,775,109
Total liabilities.....	27,524,304	27,489,543
Deferred inflows of resources.....	2,182,585	902,244
Net position:		
Net investment in capital assets.....	30,187,440	27,826,679
Restricted.....	25,350	-
Unrestricted.....	1,783,575	2,423,730
Total net position.....	\$ 31,996,365	\$ 30,250,409

The largest portion of net position, \$30.2 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.

Net position restricted by special legislation has a year-end balance of \$25,350.

The remaining balance of *unrestricted net position* has a year-end balance of \$1.8 million.

The following table demonstrates the changes in revenues and expenses between 2023 and 2022:

	2023	2022
Operating revenues:		
Water user charges & other services.....	\$ 6,235,183	\$ 6,184,742
Mitigation fees.....	66,776	125,000
Solar field land-use rental.....	502,073	-
Total operating revenues.....	6,804,032	6,309,742
Operating expenses:		
Salaries & wages.....	1,513,117	1,440,623
Other postemployment benefits expense.....	(11,637) (A)	(52,564) (A)
Depreciation.....	1,332,250	1,321,913
Lights, power, & fuel.....	554,572	429,004
Health & life insurance.....	236,718	281,469
Maintenance & operations.....	466,116	262,156
Middlesex retirement.....	421,886	225,214
Insurance.....	97,645	93,476
Auto maintenance & fuel.....	38,197	50,597
Chemicals.....	101,504	91,772
Legal.....	55,170	58,247
Laboratory analysis.....	83,991	81,910
Education.....	9,627	11,696
Information reports.....	34,130	31,897
Office supplies.....	82,576	56,048
Paving.....	-	80,000
D.E.P. withdrawal & fees.....	5,121	4,958
Petty cash.....	-	700
Hydrants.....	-	10,000
Accounting.....	16,000	17,800
Total operating expenses.....	5,036,983	4,496,916
Nonoperating revenues (expenses):		
Investment income (loss).....	148,228	(182,235)
Interest expense.....	(607,056)	(329,812)
Federal grant revenue.....	437,735	-
Total nonoperating revenues (expenses).....	(21,093)	(512,047)
Change in net position.....	1,745,956	1,300,779
Net position, beginning of year.....	30,250,409	28,949,630
Net position, end of year.....	\$ 31,996,365	\$ 30,250,409

(A) Represents a decrease in the estimated net other postemployment benefit liability/(asset), net of related deferred outflows/(inflows) of resources.

The District's net position increased by \$1.7 million over the prior year. This increase was primarily due to income from operations totaling \$1.8 million and federal grant revenue totaling \$438,000, offset by interest expense totaling \$607,000.

Budgetary Highlights

The District's annual budget is a legally adopted budget that is approved at the District's Annual Meeting. In 2023 District Annual Meeting authorized appropriations of \$6.2 million. Additional appropriations totaling \$860,000 were voted for capital projects and funded from free cash. Actual revenues exceeded the final budget by \$632,000, primarily due to water user charges and services revenue exceeding expectations. Actual expenditures came in under budget and unexpended appropriations totaled \$776,000, 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 2023, the District had \$2.4 million in capital asset additions, mainly consisting of construction in progress and infrastructure. In 2023, \$12.6 million in construction in progress was placed in service.

In 2023, the District converted \$11.8 million in interim loans with the Massachusetts Clean Water Trust to long-term debt. The District has \$22.6 million in long-term debt outstanding at June 30, 2023, relating to general obligation bonds and loans from the Massachusetts Clean Water Trust (MCWT).

Please refer to Notes 4, 6, and 7 of the basic financial statements for further discussion of the capital assets and debt activity.

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, 2023

	Business-Type Activities
ASSETS	
CURRENT:	
Cash and cash equivalents.....	\$ 3,709,849
Investments.....	663,445
Receivables, net of allowance for uncollectibles:	
Billed user charges.....	194,393
Unbilled user charges.....	1,461,123
Intergovernmental.....	51,338
Leases.....	475,607
Total current assets.....	<u>6,555,755</u>
NONCURRENT:	
Receivables, net of allowance for uncollectibles:	
Leases.....	1,477,469
Net OPEB asset.....	273,416
Capital assets, non depreciable.....	4,049,050
Capital assets, net of accumulated depreciation.....	48,709,733
Total noncurrent assets.....	<u>54,509,668</u>
TOTAL ASSETS.....	<u>61,065,423</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions.....	551,539
Deferred outflows related to OPEB.....	86,292
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	<u>637,831</u>
LIABILITIES	
CURRENT:	
Warrants payable.....	190,718
Accrued interest.....	212,306
Compensated absences.....	49,000
Bonds payable.....	1,659,135
Total current liabilities.....	<u>2,111,159</u>
NONCURRENT:	
Compensated absences.....	190,000
Net pension liability.....	4,310,937
Bonds payable.....	20,912,208
Total noncurrent liabilities.....	<u>25,413,145</u>
TOTAL LIABILITIES.....	<u>27,524,304</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to leases.....	1,953,076
Deferred inflows related to pensions.....	64,378
Deferred inflows related to OPEB.....	165,131
TOTAL DEFERRED INFLOWS OF RESOURCES.....	<u>2,182,585</u>
NET POSITION	
Net investment in capital assets.....	30,187,440
Restricted for:	
Article 97 Stabilization.....	25,350
Unrestricted.....	1,783,575
TOTAL NET POSITION.....	<u>\$ 31,996,365</u>

See notes to basic financial statements.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2023

	Business-Type Activities
OPERATING REVENUES:	
Water user charges & other services.....	\$ 6,235,183
Mitigation fees.....	66,776
Solar field land-use rental.....	502,073
TOTAL OPERATING REVENUES	6,804,032
OPERATING EXPENSES:	
Salaries & wages.....	1,513,117
Other postemployment benefits expense.....	(11,637) (A)
Depreciation.....	1,332,250
Lights, power, & fuel.....	554,572
Health & life insurance.....	236,718
Maintenance & operations.....	466,116
Middlesex retirement.....	421,886
Insurance.....	97,645
Auto maintenance & fuel.....	38,197
Chemicals.....	101,504
Legal.....	55,170
Laboratory analysis.....	83,991
Education.....	9,627
Information reports.....	34,130
Office supplies.....	82,576
D.E.P. withdrawal & fees.....	5,121
Accounting.....	16,000
TOTAL OPERATING EXPENSES.....	5,036,983
OPERATING INCOME.....	1,767,049
NONOPERATING REVENUES (EXPENSES):	
Investment income.....	148,228
Interest expense.....	(607,056)
Federal grant revenue.....	437,735
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	(21,093)
CHANGE IN NET POSITION.....	1,745,956
NET POSITION AT BEGINNING OF YEAR.....	30,250,409
NET POSITION AT END OF YEAR.....	\$ 31,996,365

See notes to basic financial statements.

(A) Represents a decrease in the estimated net other postemployment benefit liability/(asset), net of related deferred outflows/(inflows) of resources.

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2023

	Business-Type Activities
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Receipts from customers and users.....	\$ 6,788,506
Payments to vendors.....	(1,946,937)
Payments to employees.....	(1,552,117)
NET CASH FROM OPERATING ACTIVITIES.....	<u>3,289,452</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>	
Proceeds from the issuance of bonds and notes.....	94,486
Acquisition and construction of capital assets.....	(2,361,038)
Principal payments on bonds and notes.....	(1,358,411)
Interest expense.....	(524,659)
Federal grant revenue.....	437,735
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	<u>(3,711,887)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
Sale/(purchase) of investments.....	1,100,855
Investment income.....	148,228
NET CASH FROM INVESTING ACTIVITIES.....	<u>1,249,083</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	826,648
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	<u>2,883,201</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	<u>\$ 3,709,849</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH</u>	
<u>FROM OPERATING ACTIVITIES:</u>	
Operating income.....	\$ 1,767,049
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation.....	1,332,250
Deferred inflows related to leases.....	1,953,076
Deferred (outflows)/inflows related to pensions.....	(930,925)
Deferred (outflows)/inflows related to OPEB.....	67,617
Changes in assets and liabilities:	
Billed user charges receivable.....	15,732
Unbilled user charges receivable.....	20,080
Intergovernmental receivable.....	(51,338)
Lease receivable.....	(1,953,076)
Warrants payable.....	122,670
Compensated absences.....	(39,000)
Net pension liability.....	1,064,571
Net OPEB liability/asset.....	(79,254)
Total adjustments.....	<u>1,522,403</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>\$ 3,289,452</u>
<u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</u>	
Capital asset purchase on account.....	\$ (68,048)
Permanent financing of MCWT bond and notes - proceeds.....	11,796,234
Permanent financing of MCWT bond and notes - payments.....	(11,796,234)

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2023

		Other Postemployment Benefit Trust Fund
ASSETS		
Cash and cash equivalents.....	\$	12,587
Investments:		
Corporate bonds.....		518,497
Real estate.....		14,543
Equity securities.....		647,459
Equity mutual funds.....		<u>149,729</u>
TOTAL ASSETS.....		<u><u>1,342,815</u></u>
NET POSITION		
Restricted for other postemployment benefits.....	\$	<u><u>1,342,815</u></u>

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2023

	<u>Other Postemployment Benefit Trust Fund</u>
<u>ADDITIONS:</u>	
Contributions:	
Employer contributions for other postemployment benefit payments.... \$	84,325
Net investment income:	
Investment income.....	89,146
TOTAL ADDITIONS.....	173,471
<u>DEDUCTIONS:</u>	
Other postemployment benefit payments.....	84,325
NET INCREASE (DECREASE) IN NET POSITION.....	89,146
NET POSITION AT BEGINNING OF YEAR.....	1,253,669
NET POSITION AT END OF YEAR..... \$	1,342,815

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.

Lease Receivable

Leases are reported at the present value of noncancelable lease payments and is offset by a corresponding deferred inflow of resources. Lease revenue is recognized when earned.

Intergovernmental

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recorded as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, receivables are recorded when the qualifying expenditures are incurred, and all other grant requirements are met.

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 (except for land and construction in progress) are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
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 assets 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 assets 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, pensions and leases 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 reported as "net investment in capital assets" includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital assets.

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. Net position has been restricted for "Article 97 Stabilization," which represents amounts restricted by special legislation for specified uses.

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 \$2,429,070 and the bank balance totaled \$2,724,318. Of the bank balance, \$755,804 was covered by Federal Depository Insurance, \$294,266 was covered by the Depositors Insurance Fund, \$34,568 was covered by the Securities Investor Protection Corporation, \$1,565,961 was placed in an insured cash sweep, and \$73,719 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 33 days.

As of June 30, 2023, the District's had the following investments and maturities:

<u>Investment Type</u>	<u>Fair value</u>	<u>Maturities</u>		
		<u>Under 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>
<u>Debt securities:</u>				
U.S. treasury notes.....	\$ 79,555	\$ 79,555	\$ -	\$ -
Corporate bonds.....	765,949	346,588	419,361	-
Total debt securities.....	845,504	426,143	419,361	-
<u>Other investments:</u>				
Equity securities.....	911,906			
Equity mutual funds.....	212,993			
Real estate investment trust.....	23,270			
MMDT - Cash portfolio.....	1,293,366			
Total investments.....	\$ 3,287,039			

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 notes totaled \$79,555 and at June 30, 2023, the District's \$765,949 investments in Corporate Bonds were rated as follows:

<u>Quality Rating</u>	<u>Corporate Bonds</u>
AA-.....	\$ 18,711
A+.....	89,245
A.....	112,189
A-.....	101,181
BBB+.....	280,355
BBB.....	94,441
BBB-.....	44,972
Not Rated.....	<u>24,855</u>
 Total.....	 \$ <u>765,949</u>

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.

U.S. treasury notes, equity securities, equity mutual funds, and 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.

Investment Type	June 30, 2023	Fair Value Measurements Using		
		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:				
<u>Debt securities:</u>				
U.S. treasury notes.....	\$ 79,555	\$ 79,555	\$ -	\$ -
Corporate bonds.....	765,949	-	765,949	-
Total debt securities.....	845,504	79,555	765,949	-
<u>Other investments:</u>				
Equity securities.....	911,906	911,906	-	-
Equity mutual funds.....	212,993	212,993	-	-
Real estate investment trust.....	23,270	23,270	-	-
Total other investments.....	1,148,169	1,148,169	-	-
Total investments measured at fair value.....	1,993,673	\$ 1,227,724	\$ 765,949	\$ -
Investments measured at amortized cost:				
MMDT - Cash portfolio.....	1,293,366			
Total investments.....	\$ 3,287,039			

NOTE 3 – RECEIVABLES

At June 30, 2023, the following receivables are all considered to be collectible:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Billed user charges.....	\$ 194,393	\$ -	\$ 194,393
Unbilled user charges.....	1,461,123	-	1,461,123
Intergovernmental.....	51,338	-	51,338
Leases.....	1,953,076	-	1,953,076
Total.....	\$ 3,659,930	\$ -	\$ 3,659,930

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 2,682,750	\$ -	\$ -	\$ 2,682,750
Construction in progress.....	13,306,137	681,775	(12,621,612)	1,366,300
Total capital assets not being depreciated....	15,988,887	681,775	(12,621,612)	4,049,050
<u>Capital assets being depreciated:</u>				
Vehicles.....	\$ 765,574	\$ -	\$ -	\$ 765,574
Buildings.....	1,191,763	12,621,612	-	13,813,375
Machinery and equipment.....	3,138,581	-	-	3,138,581
Infrastructure.....	58,276,447	1,747,311	-	60,023,758
Total capital assets being depreciated.....	63,372,365	14,368,923	-	77,741,288
<u>Less accumulated depreciation for:</u>				
Vehicles.....	(667,718)	(28,752)	-	(696,470)
Buildings.....	(624,870)	(26,010)	-	(650,880)
Machinery and equipment.....	(2,666,295)	(87,482)	-	(2,753,777)
Infrastructure.....	(23,740,422)	(1,190,006)	-	(24,930,428)
Total accumulated depreciation.....	(27,699,305)	(1,332,250)	-	(29,031,555)
Total capital assets being depreciated, net.....	35,673,060	13,036,673	-	48,709,733
Total capital assets, net.....	\$ 51,661,947	\$ 13,718,448	\$ (12,621,612)	\$ 52,758,783

NOTE 5 – LEASE RECEIVABLE

The District has several lease agreements related to land usage for the operation of solar energy generating and storage fields as well as for cellular towers. The lease agreements related to land usage for the operation of solar energy generating and storage fields was the result of special legislation passed for the District. See Note 12 for further information.

Under the current lease agreements, the District is scheduled to receive lease payments through 2028. The future scheduled lease revenues as of June 30, 2023, are as follows:

Year	Governmental Activities		
	Principal	Interest	Total
2024.....	\$ 475,607	\$ 49,413	\$ 525,020
2025.....	490,700	37,380	528,080
2026.....	433,081	24,965	458,046
2027.....	445,759	14,008	459,767
2028.....	107,929	2,732	110,661
Total.....	\$ 1,953,076	\$ 128,498	\$ 2,081,574

NOTE 6 – 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 2023:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2022	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2023
BAN	MCWT Interim Loan.....	0.00%	On Demand	\$ 11,701,748	\$ 94,486	\$ (11,796,234)	\$ -
BAN	Bond Anticipation Note.....	0.46%	9/23/2022	215,000	-	(215,000)	-
	Total			\$ 11,916,748	\$ 94,486	\$ (12,011,234)	\$ -

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. As of June 30, 2023, the District incurred \$11.8 million of eligible construction costs related to the project and has received the corresponding loan proceeds from the MCWT. In 2023, the proceeds drawn on the interim loan was bonded and is considered long-term debt on the District's financial statements.

NOTE 7 – 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, 2023, and the debt service requirements are as follows:

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2023
General Obligation Bonds:				
General Obligation Bond of 2009.....	2029	\$ 6,000,000	2.00-4.30	\$ 1,800,000
General Obligation Bond of 2014.....	2024	2,135,000	2.00-3.00	210,000
Total General Obligation Bonds.....				2,010,000
Direct Borrowings and Placements:				
MCWT LOAN DW-19-16.....	2043	11,796,233	1.50	11,796,234
MCWT Loan DW 12-19.....	2035	13,470,767	2.00	8,765,109
Total Direct Borrowings and Placements.....				20,561,343
Total Bonds Payable.....				\$ 22,571,343

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

Year	General Obligation Bonds		Direct Borrowings and Placements		Total
	Principal	Interest	Principal	Interest	
2024.....	\$ 510,000	\$ 78,000	\$ 1,149,135	\$ 367,480	\$ 2,104,615
2025.....	300,000	62,850	1,171,552	331,770	1,866,172
2026.....	300,000	50,550	1,194,413	310,893	1,855,856
2027.....	300,000	38,250	1,217,728	289,596	1,845,574
2028.....	300,000	25,650	1,241,505	267,880	1,835,035
2029.....	300,000	12,900	1,265,755	245,730	1,824,385
2030.....	-	-	1,290,487	223,140	1,513,627
2031.....	-	-	1,315,709	200,104	1,515,813
2032.....	-	-	1,341,433	176,606	1,518,039
2033.....	-	-	1,367,669	152,640	1,520,309
2034.....	-	-	1,394,425	128,200	1,522,625
2035.....	-	-	1,421,713	103,272	1,524,985
2036.....	-	-	611,870	77,846	689,716
2037.....	-	-	622,050	68,668	690,718
2038.....	-	-	632,399	59,336	691,735
2039.....	-	-	642,921	49,850	692,771
2040.....	-	-	653,617	40,206	693,823
2041.....	-	-	664,492	30,402	694,894
2042.....	-	-	675,547	20,436	695,983
2043.....	-	-	686,923	10,302	697,225
Total.....	\$ 2,010,000	\$ 268,200	\$ 20,561,343	\$ 3,154,357	\$ 25,993,900

Changes in Long-term Liabilities

During the year ended June 30, 2023, 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.....	\$ 2,520,000	\$ -	\$ (510,000)	\$ -	\$ -	\$ 2,010,000	\$ 510,000
Direct borrowings and placements.....	9,398,520	11,796,234	(633,411)	-	-	20,561,343	1,149,135
Total bonds payable.....	11,918,520	11,796,234	(1,143,411)	-	-	22,571,343	1,659,135
Compensated absences.....	278,000	-	-	21,000	(60,000)	239,000	49,000
Net pension liability.....	3,246,366	-	-	1,352,811	(288,240)	4,310,937	-
Net OPEB liability/(asset).....	(194,162)	-	-	5,071	(84,325)	(273,416)	-
Total.....	\$ 15,248,724	\$ 11,796,234	\$ (1,143,411)	\$ 1,378,882	\$ (432,565)	\$ 26,847,864	\$ 1,708,135

The District is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2023, the District had the following authorized and unissued debt:

Purpose	Amount
AC Water Treatment Plant.....	\$ 595,903
Water Main Kelley's Corner.....	1,000,000
NAWTP PFAS.....	1,000,000
Lead Service Line Inventory & Replacement Program.....	400,000
104 Powder Mill Road Land Purchase.....	180,000
Construction of Bedrock Wells at 549 Main Street.....	2,400,000
549 Main Street Land Purchase.....	4,900,000
SAWTP PFAS Filtration.....	8,700,000
CAWTP PFAS Filtration.....	5,420,000
Backwash Upgrades - Clapp/Whitcomb Treatment plant..	955,000
Total.....	<u>\$ 25,550,903</u>

NOTE 8 – 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 9 – 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 30, 2022.

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 \$288,240 and was 21.80% 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, 2023, the District reported a liability of \$4,310,937 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, 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, 2022, the District's proportion was 0.25%, which was an increase from the last measurement of 0.24% at December 31, 2021.

Pension Expense

For the year ended June 30, 2023, the District recognized pension expense of \$421,886. The balances of deferred outflows/(inflows) of resources related to pensions at June 30, 2023 consist of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 31,676	\$ -	\$ 31,676
Difference between projected and actual earnings, net.....	346,584	-	346,584
Changes in assumptions.....	74,436	-	74,436
Changes in proportion and proportionate share of contributions..	98,843	(64,378)	34,465
Total deferred outflows/(inflows) of resources.....	\$ 551,539	\$ (64,378)	\$ 487,161

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

<u>Year ended June 30:</u>	
2024.....	\$ 55,158
2025.....	82,832
2026.....	136,104
2027.....	<u>213,067</u>
 Total.....	 \$ <u>487,161</u>

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, 2022:

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%.
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	20.50%	6.59%
International developed markets equity	12.00%	6.87%
International emerging markets equity	4.50%	8.30%
Core fixed income	15.00%	1.53%
High-yield fixed income	8.00%	3.54%
Real estate	10.00%	3.44%
Timber	4.00%	4.01%
Hedge funds, GTAA, risk parity	10.00%	3.06%
Private equity	16.00%	9.49%
Total	100.00%	

Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -11.54%. 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, 2022 and December 31, 2021. 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.....	\$ 5,336,347	\$ 4,310,937	\$ 3,447,626

Changes in Assumptions

None.

Changes in Plan Provisions

None.

NOTE 10 – 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 \$84,325 during 2023 towards these benefits. Administrative costs of the Plan are assumed to be included in the fully insured premium rates. For the year ended June 30, 2023, the District’s average contribution rate as a percentage of covered-employee payroll was 6.15%.

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 2023, 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. As of June 30, 2023, the balance in the other postemployment benefit trust totaled \$1.3 million.

Plan Membership

The following table represents the Plan's membership at June 30, 2023:

Active members.....	15
Inactive members currently receiving benefits.....	<u>10</u>
Total.....	<u><u>25</u></u>

Components of Net OPEB Liability/(Asset)

The following table represents the components of the Plan's net OPEB liability/(asset) as of June 30, 2023:

Total OPEB liability.....	\$	1,069,399
Less: OPEB plan's fiduciary net position.....		<u>(1,342,815)</u>
Net OPEB liability/(asset).....	\$	<u><u>(273,416)</u></u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....		125.57%

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, 2023, 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, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 7.11%. 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%	

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, 2022.....	\$ 1,059,507	\$ 1,253,669	\$ (194,162)
Changes for the year:			
Service cost.....	25,954	-	25,954
Interest.....	68,263	-	68,263
Employer contributions for OPEB payments.....	-	84,325	(84,325)
Net investment income.....	-	89,146	(89,146)
Benefit payments.....	(84,325)	(84,325)	-
Net change.....	9,892	89,146	(79,254)
Balances at June 30, 2023.....	\$ 1,069,399	\$ 1,342,815	\$ (273,416)

Discount Rate

The discount rate used to measure the total OPEB liability was 7.00% as of both June 30, 2023, and June 30, 2022. 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.

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).....	\$ (149,026)	\$ (273,416)	\$ (377,886)

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).....	\$ (393,642)	\$ (273,416)	\$ (126,933)

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the financial reporting year ended June 30, 2023, the District recognized OPEB expense/(revenue) of (\$11,637). 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.....	\$ 2,254	\$ (79,495)	\$ (77,241)
Difference between projected and actual earning, net.....	44,164	-	44,164
Changes in assumptions.....	39,874	(85,636)	(45,762)
Total deferred outflows/(inflows) of resources.....	\$ 86,292	\$ (165,131)	\$ (78,839)

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

<u>Reporting year ended June 30:</u>	
2024.....	\$ (26,040)
2025.....	(27,589)
2026.....	19,537
2027.....	(39,196)
2028.....	<u>(5,551)</u>
Total.....	\$ <u>(78,839)</u>

Changes of Assumptions

None.

Changes in Plan Provisions

None.

NOTE 11 – COMMITMENTS & CONTINGENCIES

Superfund Cleanup Projects

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 intended to protect the Assabet well field & School Street well fields.

Per – and Poly Fluoroalkyl Contamination

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.

To further address PFAS contamination based on currently known regulations, the District has assessed capital improvements to their existing Water Treatment Plants as well as the Bedrock Wells. Subsequent to year end, the District has been approved by the Massachusetts Clean Water Trust (MCWT) to borrow \$1.0 million, interest free, to finance modifications needed at the North Acton Water Treatment Plant to accommodate PFAS filtration equipment. The closing documents for the Interim Loan were executed and submitted to MCWT. Once the Plant is prepared to accommodate the PFAS filtration equipment, the District plans to lease the filtration equipment from Suez WTS Services USA, Inc.

At the District's most recent Annual District Meeting, the District was authorized to borrow \$5.4 million, \$8.7 million, and \$2.4 million from the MCWT for the Center Acton Water Treatment Plant, South Acton Water

Treatment Plant, and Bedrock Wells, respectively. These projects are currently in the preliminary design phases, and as of the date of the financial statements, the District has not yet borrowed for these construction costs. Subsequent to year end, the District has issued a \$976,000 Bond Anticipation Note to pay for engineering costs related to upgrades to the District's Plants. Furthermore, the District is seeking federal grant funding to reimburse other costs associated with PFAS mitigation efforts at all of the District's Water Treatment Plants.

The District currently incurs costs related to the PFAS contamination. It is possible that the District may be responsible for further 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, 2023. The full extent of the financial impact cannot be determined at the date of the financial statements.

Litigation

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, 2023.

NOTE 12 – ARTICLE 97 STABILIZATION FUND

Article 97 of the Amendments to the Massachusetts Constitution (the Article) establishes a right to a clean environment including its natural, scenic, historical, and aesthetic qualities for the citizens of the Commonwealth. The Article also declares the conservation of natural resources a public purpose and provides that land or easements subject to the Article cannot be used for other purposes or disposed of without a two-thirds roll call vote of the Legislature. On August 7, 2020, the Commonwealth enacted special legislation that authorized The Water Supply District of Acton (District) to enter into a lease, license or other disposition of land held for water support purposes for the construction, operation, and maintenance of a solar energy generating and energy storage facility. The land under this authorization is located off Lawsbrook Road and The Knox Trail within the Town of Acton.

The special legislation required that the District establish a stabilization fund for the purpose of acquiring qualified land for water supply and protection purposes to replace the land now used as solar energy generating and storage fields. The District must deposit 5% of each lease payment or any other proceeds received as compensation for the use of the leased land up to a cumulative amount equal to the fair market value or value in proposed use, whichever is greater, of the leased land.

In 2023, the District received lease payments totaling \$502,073 for the use of the land to operate solar energy generating and storage fields. In compliance with the enacted special legislation, the District established an Article 97 Stabilization Fund, and deposited \$25,104 (5%) into the Stabilization Fund. This is reported as restricted net position in the District's Statement of Net Position at June 30, 2023.

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 16, 2023 which is the date the financial statements were available to be issued.

NOTE 14 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2023, the following GASB pronouncements were implemented:

- GASB Statement #91, *Conduit Debt Obligations*. This pronouncement did not impact the basic financial statements.
- GASB Statement #94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This pronouncement did not impact the basic financial statements.
- GASB Statement #96, *Subscription-Based Information Technology Arrangements*. This pronouncement did not impact the basic financial statements.
- GASB Statement #99, *Omnibus 2022*. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

- 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, 2022.....	0.25%	\$ 4,310,937	\$ 1,296,052	332.62%	52.61%
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, 2023.....	\$ 288,240	\$ (288,240)	-	\$ 1,321,973	21.80%
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	June 30, 2023
Total OPEB Liability							
Service Cost.....	\$ 18,046	\$ 18,805	\$ 19,350	\$ 22,378	\$ 24,148	\$ 21,401	\$ 25,954
Interest.....	58,372	73,230	78,986	82,041	75,789	78,652	68,263
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)	(84,325)
Net change in total OPEB liability.....	19,797	84,390	39,852	(99,503)	43,386	(94,850)	9,892
Total OPEB liability - beginning.....	1,066,435	1,086,232	1,170,622	1,210,474	1,110,971	1,154,357	1,059,507
Total OPEB liability - ending (a).....	\$ 1,086,232	\$ 1,170,622	\$ 1,210,474	\$ 1,110,971	\$ 1,154,357	\$ 1,059,507	\$ 1,069,399
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	84,325
Net investment income (loss).....	55,673	54,890	87,382	50,492	247,771	(206,757)	89,146
Benefit payments.....	(76,445)	(80,182)	(84,498)	(76,922)	(56,551)	(61,498)	(84,325)
Net change in plan fiduciary net position.....	155,673	154,890	187,382	50,492	247,771	(206,757)	89,146
Plan fiduciary net position - beginning of year.....	664,218	819,891	974,761	1,162,163	1,212,655	1,460,426	1,253,669
Plan fiduciary net position - end of year (b).....	\$ 819,891	\$ 974,781	\$ 1,162,163	\$ 1,212,655	\$ 1,460,426	\$ 1,253,669	\$ 1,342,815
Net OPEB liability/(asset) - ending (a)-(b).....	\$ 266,341	\$ 195,841	\$ 48,311	\$ (101,684)	\$ (306,069)	\$ (194,152)	\$ (273,416)
Plan fiduciary net position as a percentage of the total OPEB liability.....	75.48%	83.27%	96.01%	109.15%	126.51%	118.33%	125.57%
Covered-employee payroll.....	\$ 1,167,318	\$ 1,191,141	\$ 1,230,570	\$ 1,249,659	\$ 1,317,826	\$ 1,344,183	\$ 1,371,066
Net OPEB liability/(asset) as a percentage of covered-employee payroll.....	22.82%	16.44%	3.93%	-8.14%	-23.23%	-14.44%	-19.94%

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, 2023.....	\$ 84,325	\$ (84,325)	-	1,371,066	6.15%
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**

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
June 30, 2023.....	7.11%
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 PLANSchedule 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

None.

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:

None.

Changes in Plan Provisions:

None.

Combining Schedules

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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.

Article 97 Stabilization Fund- This fund was established through special legislation in the current fiscal year with funds from District owned land leased by the District for solar energy generation and storage. 5% of the funds from the leases must be deposited into this fund. The purpose of this fund is for the District to acquire qualified land for water supply and protection purposes to replace the land now used as solar energy generating and storage fields.

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, 2023

	General	Article 97 Stabilization	W R. Grace Stabilization	Capital Projects	Long-Term Obligations	Capital Assets	Total
ASSETS							
CURRENT:							
Cash and cash equivalents.....	\$ 1,933,275	\$ 25,350	\$ 121,979	\$ 1,629,245	\$ -	\$ -	\$ 3,709,849
Investments.....	-	-	663,445	-	-	-	663,445
Receivables, net of allowance for uncollectibles:							
Billed user charges.....	194,393	-	-	-	-	-	194,393
Unbilled user charges.....	1,461,123	-	-	-	-	-	1,461,123
Intergovernmental.....	-	-	51,338	-	-	-	51,338
Leases.....	475,607	-	-	-	-	-	475,607
Total current assets.....	4,064,398	25,350	836,762	1,629,245	-	-	6,555,755
NONCURRENT:							
Receivables, net of allowance for uncollectibles:							
Leases.....	1,477,469	-	-	-	-	-	1,477,469
Net OPEB asset.....	-	-	-	-	273,416	-	273,416
Capital assets, non depreciable.....	-	-	-	-	-	4,049,050	4,049,050
Capital assets, net of accumulated depreciation.....	-	-	-	-	-	48,709,733	48,709,733
Total noncurrent assets.....	1,477,469	-	-	-	273,416	52,758,783	54,509,668
TOTAL ASSETS	5,541,867	25,350	836,762	1,629,245	273,416	52,758,783	61,065,423
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows related to pensions.....	-	-	-	-	551,539	-	551,539
Deferred outflows related to OPEB.....	-	-	-	-	86,292	-	86,292
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	637,831	-	637,831
LIABILITIES							
CURRENT:							
Warrants payable.....	122,670	-	68,048	-	-	-	190,718
Accrued interest.....	-	-	-	-	212,306	-	212,306
Compensated absences.....	-	-	-	-	49,000	-	49,000
Bonds payable.....	-	-	-	-	1,659,135	-	1,659,135
Total current liabilities.....	122,670	-	68,048	-	1,920,441	-	2,111,159
NONCURRENT:							
Compensated absences.....	-	-	-	-	190,000	-	190,000
Net pension liability.....	-	-	-	-	4,310,937	-	4,310,937
Bonds payable.....	-	-	-	-	20,912,208	-	20,912,208
Total noncurrent liabilities.....	-	-	-	-	25,413,145	-	25,413,145
TOTAL LIABILITIES	122,670	-	68,048	-	27,333,586	-	27,524,304
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to leases.....	1,953,076	-	-	-	-	-	1,953,076
Deferred inflows related to pensions.....	-	-	-	-	64,378	-	64,378
Deferred inflows related to OPEB.....	-	-	-	-	165,131	-	165,131
TOTAL DEFERRED INFLOWS OF RESOURCES	1,953,076	-	-	-	229,509	-	2,182,585
NET POSITION							
Net investment in capital assets.....	-	-	-	-	(22,571,343)	52,758,783	30,187,440
Unrestricted:							
Reserved for capital.....	-	-	93,182	1,629,245	-	-	1,722,427
Reserved for maintenance and operations.....	199,303	-	127,178	-	-	-	326,481
Reserved for mitigation.....	82,220	-	-	-	-	-	82,220
Unassigned/unreserved.....	3,184,598	25,350	548,354	-	(4,080,505)	-	(322,203)
TOTAL NET POSITION	\$ 3,466,121	\$ 25,350	\$ 768,714	\$ 1,629,245	\$ (26,651,848)	\$ 52,758,783	\$ 31,996,365

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2023

	General	Article 97 Stabilization	W R Grace Stabilization	Capital Projects	Long-Term Obligations	Capital Assets	Total
OPERATING REVENUES							
Water user charges & other services	\$ 6,235,183	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,235,183
Mitigation fees	66,776	-	-	-	-	-	66,776
Solar field land-use rental	502,073	-	-	-	-	-	502,073
TOTAL OPERATING REVENUES	6,804,032	-	-	-	-	-	6,804,032
OPERATING EXPENSES							
Salaries & wages	1,552,117	-	-	-	(39,000) (B)	-	1,513,117
Other postemployment benefits expense	-	-	-	-	(11,637) (A)	-	(11,637) (A)
Depreciation	-	-	-	-	-	1,332,250	1,332,250
Lights, power, & fuel	554,572	-	-	-	-	-	554,572
Health & life insurance	236,718	-	-	-	-	-	236,718
Maintenance & operations	466,116	-	-	-	-	-	466,116
Meters	75,000	-	-	-	-	(75,000) (C)	-
Mitigation	59,780	-	-	-	-	(59,780) (C)	-
Middlesex retirement	288,240	-	-	-	133,646	-	421,886
Insurance	97,645	-	-	-	-	-	97,645
Auto maintenance & fuel	38,197	-	-	-	-	-	38,197
Chemicals	101,504	-	-	-	-	-	101,504
Legal	55,170	-	-	-	-	-	55,170
Laboratory analysis	83,991	-	-	-	-	-	83,991
Education	9,627	-	-	-	-	-	9,627
Information reports	34,130	-	-	-	-	-	34,130
Office supplies	82,576	-	-	-	-	-	82,576
Engineering	30,319	-	-	-	-	(30,319) (C)	-
D E P withdrawal & fees	5,121	-	-	-	-	-	5,121
Accounting	16,000	-	-	-	-	-	16,000
TOTAL OPERATING EXPENSES	3,786,823	-	-	-	83,009	1,167,151	5,036,983
OPERATING INCOME (LOSS)	3,017,209	-	-	-	(83,009)	(1,167,151)	1,767,049
NONOPERATING REVENUES (EXPENSES)							
Investment income	53,375	-	94,853	-	-	-	148,228
Capital outlay	-	-	(1,421,274)	(842,713)	-	2,263,987	-
Interest & fees expense	(519,114)	246	(5,791)	-	(82,397)	-	(607,056)
Federal grant revenue	-	-	202,735	235,000	-	-	437,735
Issuance of bonds	-	-	-	11,796,234	(11,796,234)	-	-
Debt service - principal	(1,143,411)	-	-	-	1,143,411	-	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET	(1,609,150)	246	(1,129,477)	11,188,521	(10,735,220)	2,263,987	(21,093)
INCOME (LOSS) BEFORE TRANSFERS	1,408,059	246	(1,129,477)	11,188,521	(10,818,229)	1,096,836	1,745,956
TRANSFERS							
Transfers in (out)	(685,104)	25,104	-	660,000	-	-	-
CHANGE IN NET POSITION	722,955	25,350	(1,129,477)	11,848,521	(10,818,229)	1,096,836	1,745,956
NET POSITION AT BEGINNING OF YEAR	2,743,166	-	1,898,191	(10,219,276)	(15,833,619)	51,661,947	30,250,409
NET POSITION AT END OF YEAR	\$ 3,466,121	\$ 25,350	\$ 768,714	\$ 1,629,245	\$ (26,651,848)	\$ 52,758,783	\$ 31,996,365

(A) Represents a decrease in the estimated net OPEB liability(asset), net of related deferred outflows/(inflows) of resources

(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, 2023

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
REVENUES:							
Water rates and services.....	\$ -	\$ 5,722,895	\$ 5,722,895	\$ 5,722,895	\$ 6,235,183	\$ -	\$ 512,288
Mitigation fees.....	-	-	-	-	66,776	-	66,776 (A)
Solar field land-use rental.....	-	502,073	502,073	502,073	502,073	-	-
Interest income.....	-	-	-	-	53,375	-	53,375
TOTAL REVENUES.....	-	6,224,968	6,224,968	6,224,968	6,857,407	-	632,439
EXPENDITURES:							
Current:							
Salaries and wages.....	-	1,677,658	1,677,658	1,677,658	1,552,117	-	125,541
Lights, power, and fuel.....	-	350,000	350,000	450,000	554,572	-	(104,572)
Health and life insurance.....	-	320,000	320,000	320,000	236,718	-	83,282
Maintenance and operations.....	-	471,000	471,000	471,000	466,116	-	4,884
Meters.....	-	75,000	75,000	75,000	75,000	-	-
Reserve.....	-	100,000	100,000	-	-	-	-
Mitigation.....	-	-	-	-	59,780	-	(59,780) (A)
Middlesex retirement.....	-	293,362	293,362	293,362	288,240	-	5,122
Insurance.....	-	110,000	110,000	110,000	97,645	-	12,355
Chemicals.....	-	120,000	120,000	120,000	101,504	-	18,496
Laboratory analysis.....	-	100,000	100,000	100,000	83,991	-	16,009
Auto maintenance and fuel.....	-	52,000	52,000	52,000	38,197	-	13,803
Information reports.....	-	45,000	45,000	45,000	34,130	-	10,870
Legal.....	-	75,000	75,000	75,000	55,170	-	19,830
Office supplies.....	-	92,000	92,000	92,000	82,576	-	9,424
Education.....	-	17,500	17,500	17,500	9,627	-	7,873
Engineering.....	-	50,000	50,000	50,000	30,319	-	19,681
D.E.P withdrawal and fees.....	-	5,600	5,600	5,600	5,121	-	479
Accounting.....	-	22,000	22,000	22,000	16,000	-	6,000
Debt service:							
Debt principal.....	-	1,358,411	1,358,411	1,358,411	1,143,411	-	215,000
Debt interest.....	-	890,437	890,437	890,437	519,114	-	371,323
TOTAL EXPENDITURES.....	-	6,224,968	6,224,968	6,224,968	5,449,348	-	775,620
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	-	-	-	-	1,408,059	-	1,408,059
OTHER FINANCING SOURCES (USES):							
Use of free cash.....	-	-	-	660,000	-	-	(660,000)
Transfers out.....	-	-	-	(660,000)	(685,104)	-	(25,104)
TOTAL OTHER FINANCING SOURCES (USES).....	-	-	-	-	(685,104)	-	(685,104)
NET CHANGE IN FUND BALANCE.....	-	-	-	-	722,955	-	722,955
BUDGETARY FUND BALANCE, Beginning of year.....	-	2,743,166	2,743,166	2,743,166	2,743,166	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ -	\$ 2,743,166	\$ 2,743,166	\$ 2,743,166	\$ 3,466,121	\$ -	\$ 722,955
COMPONENTS OF BUDGETARY FUND BALANCE:							
Reserved for maintenance and operations.....					\$ 199,303		
Reserved for mitigation.....					82,220		
Unassigned/unreserved.....					3,184,598		
Total Budgetary Fund Balance, End of Year.....					\$ 3,466,121		

(A) The District does not budget for mitigation 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, 2023

	Beginning Balance 6/30/2022	Transfers (To) From General Fund	Grant Revenue Received	Debt Borrowed (Paid)	Payments Made Capitalize	Ending Balance 6/30/2023
From Capital Projects Fund:						
Clean Rehab Wells.....	\$ -	\$ 100,000	\$ -	\$ -	\$ 52,735	\$ 47,265
Easements Conant II.....	12,600	-	-	-	-	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.....	130,000	100,000	-	-	-	230,000
New Vehicle.....	60,000	-	-	-	-	60,000
Replace Old Mains.....	24,422	30,000	-	-	27,353	27,069
Residuals Management Tank.....	15,513	-	-	-	-	15,513
Storage Tank Repairs.....	75	-	-	-	-	75
Water Main Emergency.....	14,651	30,000	-	-	18,081	26,570
Water Main Improvements.....	1,142,627	400,000	235,000	-	647,151	1,130,476
Master Plan Update.....	59,507	-	-	-	2,907	56,600
Water Treatment Plant.....	-	-	-	94,486	94,486	-
Total Reserved for Capital - Capital Projects Fund.....	\$ 1,482,472	\$ 660,000	\$ 235,000	\$ 94,486	\$ 842,713	\$ 1,629,245
From W.R. Grace Fund:						
Assabet III-(Grace).....	\$ 873,137	\$ -	\$ -	\$ -	\$ 873,077	\$ 60
ARPA/PILOT Central Acton Water Treatment Plant.....	185,833	-	202,735	-	317,662	70,906
PILOT South Acton Water Treatment Plant.....	198,837	-	-	-	176,621	22,216
Total Reserved for Capital - W.R. Grace Fund.....	\$ 1,257,807	\$ -	\$ 202,735	\$ -	\$ 1,367,360	\$ 93,182
					(A)	

(A) Exclusive of capital asset additions from the balance reserved for operations and maintenance totaling \$53,914.

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 2023 approved budget for the General Fund authorized \$6.2 million in appropriations. Additional appropriations totaling \$660,000 were voted for capital projects and funded from free cash. 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.

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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, 2023, 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 October 16, 2023.

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.

A handwritten signature in cursive script that reads "Bowers & Sullivan LLC".

October 16, 2023

Matt Mostoller

From: Matt Mostoller
Sent: Monday, October 23, 2023 4:39 PM
To: AWD Commissioners
Cc: Alexandra Wahlstrom
Subject: FW: Request for use of a plot of land

Good Afternoon,

Here is the email request regarding using AWD open space for a demonstration wildflower meadow. This would be similar to our collaboration with the garden club, girl scouts, and AB schools to demonstrate water wise gardens. Both of these demonstrations support our conservation goals of reducing non-essential water use by highlighting viable alternatives to traditional lawns and high maintenance landscaping. Given Heather's request for a contract or commitment to allow the use for a certain period of time and based on underground utilities located in front of the office, it may be necessary to discuss alternative sites. Once such site is a small area of the 549 Main Street parcel that Brewster currently maintains as manicured lawn. During discussions over the past few months with Brewster, he has questioned what we plan to do with that area and specifically asked that we proactively convert it from turf to wildflower. I have pushed back saying we are not obligated to improve this area, only maintain it as open meadow, but if we had a partner willing to take the lead then a conversion could be viable. This site could pose a better opportunity than the site Heather initially requested.

Thank you, Matt

-----Original Message-----

From: Heather Morton <heatheresmorton@gmail.com>
Sent: Monday, October 23, 2023 2:22 PM
To: Matt Mostoller <Matt@actonwater.com>
Subject: Request for use of a plot of land

Dear Matt,

I'm looking for a flat rectangular plot of 20 by 40 feet on any site under AWD control on which to plant a wildflower meadow with 100% native flowers and grasses, which I will maintain for five years. I'd like to sign a contract with the Acton Water District for the installation and maintenance of the plot. I'm happy to assume all costs for the project, but would appreciate any help the Acton Water District is willing to give.

I would like to proceed as follows. After the turf is removed, I will put up a sign indicating a wildflower meadow is coming. The ground will remain unseeded for six weeks while weeds on the land sprout and are manually removed. Then I will seed the site with a mixture of an annual nurse crop and slower-growing perennials. I will mow or trim the site periodically the first growing season at increasing heights to match the growth of the perennials. Once it is fully established, around the third growing season, the site only needs to be mowed once a year. I'll maintain the site so that invasive plants and weeds are minimally present. I won't use any chemicals, such as soil amendments, herbicides, or pesticides.

I'm proposing this as an Acton resident who wants to learn more about creating and maintaining a native meadow. For over 30 years, Larry Weaner, a well-known landscape designer, has been advocating ecological principles in landscape design that promise low maintenance. Having self-sustaining meadows is crucial for getting large areas of biodiverse, pollinator friendly habitats that don't revert to an ugly tangle of invasive species when the gardener leaves. I have taken two classes with Larry Weaner to learn the system. With the help of Nick Novick, who has installed and maintained

ecologically based meadows in Massachusetts for 20 years, I hope to replicate Weaner's work in a modest "proof of concept." My work is part of a growing movement that aims to replace our European turf lawns with sustainable, biodiverse native meadows that support local insect populations. I'll be looking to share what I learn from this proof of concept with anyone who is interested in furthering the goal of replacing turf with meadows.

Thanks for your consideration. If I can answer any questions, don't hesitate to contact me.

Heather Morton
1 River Street

PFAS Cost Considerations

- Clean Water Trust Loans
- Operating Costs
- Debt Repayment Model
- Additional Projects
 - Permanent North Acton Solution
 - Clapp/Whitcomb WTP
 - Non-PFAS Capital Projects
- Status of MWRA



Description	Maturity Date	FY 26 Qtrly Fee	FY 30 Qtrly Fee	FY 36 Qtrly Fee
North Acton Water Treatment Plant	2029	9.85	-	-
South Acton Water Treatment Plant	2035	23.48	23.50	-
Center Acton Water Treatment Plant	2043	19.57	19.58	19.59
549 Main Street	2044	4.28	4.28	4.28
Kelley's Corner	2044	2.25	2.25	2.25
Clapp Whitcomb Backwash Upgrades	2047	-	2.15	2.15
Anticipated MCWT Loan NAWTP PFAS	2034	1.94	1.94	-
Anticipated MCWT Loan Bedrock Wells	2045	3.37	3.37	3.37
Anticipated MCWT Loan CAWTP PFAS	2045	7.61	7.61	7.61
Anticipated MCWT Loan SAWTP PFAS	2045	12.22	12.22	12.22
Total Debt Fee/Qtr:		\$ 84.58	\$ 76.91	\$ 51.48
		\$ 25.14	\$ 27.29	\$ 25.35

Note: Per unit fees are based on 8,900 units. PFAS related debt is represented with blue font.

PFAS State Revolving Fund Borrowing

- North Acton PFAS FY25
 - 10-year term
- South Acton PFAS FY26
 - 20-year term
- Acton Center PFAS & Bedrock Wells FY26
 - 20-year term

