

Annual Report

ACTON WATER DISTRICT

For the year ending December 31, 2022



Warrant Articles for the Annual Meeting

March 15, 2023



The new treatment plant constructed in Acton Center became operational in February 2022.

Commissioners typically meet on the second and fourth Monday of each month, at 7:00 P.M., 693 Massachusetts Avenue, Acton.

Meeting dates/times, agendas, and minutes are posted on our website www.actonwater.com

The public is welcome to attend, please join us!

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www.actonwater.com

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COMMONWEALTH OF MASSACHUSETTS
Middlesex, ss.



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

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

**All Precincts voting at Blanchard Auditorium
R.J. Grey Junior High School
16 Charter Road
Acton, Massachusetts**

**On Tuesday, April 25, 2023
Between 7:00 A.M. and 8:00 P.M.**

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

Commissioner for three years

District Clerk for three years

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

**R.J. Grey Junior High School
16 Charter Road
Acton, Massachusetts 01720**

**On Wednesday, March 15, 2023
6:00 PM.**

Then and there to Act on the following Articles:

Article 1. To fix salaries of the elected officials.

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

Article 3. To see if the District will vote to authorize the Treasurer, with the approval of the Commissioners, to borrow in anticipation of the revenue of the fiscal year beginning July 1, 2023 in accordance with the provisions of General Laws, Chapter 44, Section 4, and to renew any note or notes as may be given for a period of less than one year, in accordance with the provisions of the General Laws, Chapter 44, Section 17, or to take any other action relative thereto.

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

Article 5. To see if the District will vote, pursuant to Massachusetts General Laws c.44, §53E½, to establish a \$100,000 limitation on expenditures from the revolving fund captioned "District Revolving Fund for Mitigation," or to take any other action relative thereto.

Article 6. To see if the District will vote to transfer from Grace Stabilization Fund (W.R. Grace settlement) the sum of \$125,000 for the maintenance and repair of the various treatment facilities including, but not limited to, media replacement in the filtration tanks, aeration tower repair, and replacement of packing material or to take any other action relative thereto.

Article 7. To see if the District will vote to transfer from Surplus Revenue the sum of \$100,000 to clean and rehabilitate existing wells throughout the District or to take any other action relative thereto.

Article 8. To see if the District will vote to transfer from Surplus Revenue the sum of \$30,000 for the purpose of replacing old water mains, renewing old water services, replacing old fire hydrants or to take any other action relative thereto.

Article 9. To see if the District will vote to transfer from Surplus Revenue the sum of \$30,000 for the purpose of repairing emergency water main breaks or to take any other action relative thereto.

Article 10. To see if the District will vote to transfer from Surplus Revenue the sum of \$100,000 for the replacement of filtration media at the District's water treatment plants or to take any other action relative thereto.

Article 11. To see if the District will vote to transfer from Surplus Revenue the sum of \$150,000 to Lights, Power, and Fuel for additional utility costs or to take any other action relative thereto.

Article 12. To see if the District will appropriate \$400,000 or any other amount, to pay costs of improvements to the District's water system and water mains in Acton, as well as

costs of a Lead Service Line Inventory and Replacement Plan; to determine whether this amount shall be raised by transfer from available funds, borrowing, which may include the borrowing of funds through the Massachusetts Clean Water Trust, or any combination thereof, or to take any other action relative thereto.

Article 13. To see if the District will vote to transfer from Surplus Revenue the sum of \$25,104 to the Article 97 Stabilization Fund or to take any other action relative thereto.

Article 14. To see if the District will vote to appropriate the sum of \$100,000 to fund the Mitigation Revolving Fund or take any other action relative thereto.

Article 15. To see if the District will vote to transfer from the Other Post Employment Benefits Liability Trust Fund (OPEB) to Surplus Revenue the sum of \$84,325 to fund health insurance benefits for retirees to take any other action relative thereto.

Article 16. To see if the District will vote to appropriate the sum of \$180,000 to acquire by purchase, gift, eminent domain, or otherwise, a parcel of land at 104 Powder Mill Road Rear and 36 Knox Trail owned by or formerly owned by Baldco Inc. containing a combined 18.27 acres of land, more or less, as shown in deeds recorded in Middlesex Registry (South) of Deeds in Book 28877, Page 294; Plan 343 of 1993 and Land Court Book 0119, Page 147, Plan No. 25398J, and to enter into a long term lease with Baldco, Inc. to lease back the land to maintain its existing radio towers; said land being acquired for the purposes of protecting the groundwater aquifers and recharge areas for District water supply wells, and conserving the land for watershed protection purposes, and for all things pertinent to its duties as a water district per its enabling act, Chapter 326 of the Acts of 1912, as amended, and under the provisions of Chapter 40 and Chapter 79 of the General Laws; to determine whether this appropriation shall be raised by borrowing or otherwise; or to take any other action relative thereto.

Article 17. To see if the District will vote to appropriate the sum of \$2,400,000 for costs associated with construction of bedrock wells at 549 Main Street; to determine whether this amount shall be raised by borrowing or otherwise, which may include the borrowing of funds through the Massachusetts Clean Water Trust; or to take any other action relative thereto.

Article 18. To see if the District will vote to appropriate the sum of \$4,900,000 to acquire by purchase, gift, eminent domain, or otherwise, a parcel of land at 549 Main Street, Acton, MA owned by or formerly owned by The Brewster Conant Trust - 2017, or its nominee and containing a combined 56.85 acres of land as described in the deed recorded in Book 74052, Page 584 and shown as Parcel 2A in a plan recorded in Book 25911, Page 35, and in Plan 1168 of 1995, all recorded in Middlesex Registry (South) of Deeds, and to grant a Conservation Restriction on the same land to the Town of Acton or other entity, said land being acquired for the purposes of protecting the groundwater aquifers and recharge areas for water supply wells, and conserving the land for watershed protection purposes, and for all things pertinent to its duties as a water district per its enabling act, Chapter 326 of the Acts of 1912, as amended, and under the provisions of Chapter 40 and Chapter 79 of the General Laws; and to determine whether this appropriation shall be raised by borrowing or otherwise. The Water Commissioners are authorized to apply for funds from any private or public grant or aid programs that may be available to defray costs of this project, which funds, if any, shall

reduce the amount authorized to be borrowed for this purpose; or to take any other action relative thereto.

Article 19. To see if the District will vote to appropriate the sum of \$8,700,000 for costs associated with construction of modifications to the permanent infrastructure at the South Acton Treatment Plant to accommodate installation of a PFAS treatment system; to determine whether this amount shall be raised by borrowing or otherwise, which may include the borrowing of funds through the Massachusetts Clean Water Trust; or to take any other action relative thereto.

Article 20. To see if the District will vote to appropriate the sum of \$5,420,000 for costs associated with construction of modifications to the permanent infrastructure at the Central Acton Treatment Plant to accommodate installation of a PFAS treatment system; to determine whether this amount shall be raised by borrowing or otherwise, which may include the borrowing of funds through the Massachusetts Clean Water Trust; or to take any other action relative thereto.

Article 21. To see if the District will vote to appropriate the sum of \$955,000 for costs associated with backwash upgrades at the Clapp/Whitcomb treatment plant; to determine whether this amount shall be raised by borrowing or otherwise, which may include the borrowing of funds through the Massachusetts Clean Water Trust; or to take any other action relative thereto.

Article 22. To see if the District will vote to amend the District Bylaws, pursuant to the provisions of Massachusetts General Laws Chapter 44, Section 53E½, Revolving Funds, as most recently amended by Section 86 of Chapter 218 of the Acts of 2016, the Municipal Modernization Act, by inserting the following section entitled “District Revolving Fund for New Service Meter Installations” or take any other action relative thereto.

“District Revolving Fund for New Service Meter Installations

1. Purpose. This bylaw establishes and authorizes a revolving fund for use by the District in connection with new service meter installation fees, charges or other receipts. The fund will be credited with all fees charged for new service meter installations. Expenditures will be authorized by the District Manager and will not exceed \$100,000. This revolving fund is established under and governed by Massachusetts General Laws Chapter 44, Section 53E½.
2. Expenditure Limitations. The revolving fund is established and authorized by this bylaw subject to the following limitations
 - No liability shall be incurred in excess of the available balance of the fund.
 - The total amount spent during a fiscal year shall not exceed the amount authorized by District Meeting on or before July 1 of that fiscal year, or any increased amount of that authorization that is later approved during that fiscal year by the Water Commissioners.
3. Interest. Interest earned on monies credited to a revolving fund established by this bylaw shall be credited to the General Fund.

4. Procedures and Reports. Except as provided in Massachusetts General Laws Chapter 44, Section 53E½ and this bylaw, the laws, charter provisions, bylaws, rules, regulations, policies or procedures that govern the receipt and custody of District monies and the expenditure and payment of District funds shall apply to the use of a revolving fund established and authorized by this bylaw. The District Treasurer shall include a statement on the collections credited to each fund, the encumbrances and expenditures charged to the fund and the balance available for expenditure in the regular report the District Treasurer provides.”

Article 23. To see if the District will vote, pursuant to Massachusetts General Laws c.44, §53E½ as most recently amended by §86 of Chapter 218 of the Acts of 2016, to establish a \$100,000 limitation on expenditures from the revolving fund, captioned, “District Revolving Fund for New Service Meter Installations,” or to take any other action relative thereto.

Article 24. To see if the District will vote to appropriate the sum of \$25,000 from free cash to fund the District Revolving Fund for New Service Meter Installations or to take any other action relative thereto.

Article 25. Non-Binding Resolution: Water Rate Study To determine whether the Annual Meeting shall request that the Acton Water District, as part of its next 5-yearly Master Plan update or through another timely mechanism, commission an external expert study of options for structuring future water rates, with the goal of generating sufficient revenue to cover operations, maintenance, and debt service, while strongly encouraging water conservation and keeping water affordable for low-income Acton residents.

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

Given under our hand this 6th day of February in the year two thousand and twenty-three.

Stephen C. Stuntz
Erika Amir-Lin
Barry Rosen, Water Commissioners

A true copy. ATTEST:

William T. Stanford
District Clerk

FY 2024 Budget and Estimated Revenue

	Actual FY 22	Budget FY 23	6 month actual	Budget FY 24
EXPENSES				
Audit/Accounting	17,800	22,000	16,000	20,000
Auto Maint & Fuel	50,000	52,000	18,104	52,000
Short Term Debt	505,000	326,550	245,986	-
Long Term Debt	1,459,219	1,922,298	390,519	2,752,416
Chemicals	91,772	120,000	64,335	160,000
DEP Withdrawal	4,958	5,600	5,121	5,000
Employee Education	11,695	17,500	3,204	17,500
Engineering	50,000	50,000	23,155	60,000
Health/Life Insurance Active	281,469	320,000	121,956	267,896
Health/Life Insurance Retiree			42,162	108,899
Information Reports	31,897	45,000	25,028	50,000
Insurance	93,476	110,000	98,505	118,800
Laboratory Analysis	80,000	100,000	34,385	100,000
Legal	58,247	75,000	25,505	75,000
Lights/Power/Fuel	390,000	350,000	331,297	600,000
Maintenance & Operations	347,667	471,000	187,281	420,000
Middlesex Retirement	268,502	293,362	288,240	330,838
Meters	46,035	75,000	75,000	125,000
Office Supplies	72,747	92,000	44,163	96,000
Reserve Fund	30,000	100,000	-	100,000
Salaries & Wages	1,462,763	1,677,658	766,653	1,727,988
Total	5,353,247	6,224,968	2,806,598	7,187,338
REVENUE				
Water Revenue	2,697,721	2,619,178	1,765,122	3,084,794.51
Service Fee	528,960	528,960	270,330	544,500.00
Debt Fee	2,115,840	2,115,840	1,081,320	2,752,629.00
Total Water Revenue	5,342,521	5,263,978	3,116,772	6,381,924
Fire Protection Sprinklers	41,643	40,420	39,040	41,000
Rent/Lease	122,364	446,570	254,009	493,570
Repairs/Installation	64,623	50,000	19,574	50,000
Cross Connection	23,634	24,000	9,924	21,000
Demand Fees	563,300	300,000	162,000	300,000
Mitigation Fees	125,000	100,000	44,413	100,000
Total Other Revenue	940,564	960,990	528,960	1,005,570
Total	6,283,085	6,224,968	3,645,731	7,387,494
6				

Report of the Treasurer
Audited Account Balances
June 30, 2022

Santander Bank	175,037
Enterprise Bank	745,934
MMDT	1,474,825
Lending Club	28,970
Eastern Bank	206,356
UniBank	118,189
Total	2,749,309

Report of the Collector
Audited Account Balances
June 30, 2022

Accounts Receivable June 30, 2021	183,637
Charges	6,352,449
Interest Charges	40,485
Refunds	70,712
	6,647,283
Payments	6,353,797
Abatements	83,269
Adjustments	-
Outstanding June 30, 2022	210,217
	6,647,283

Outstanding Debt
June 30, 2022

Description	Original Amount	Interest rate	Date of Issue	Date of Maturity	Balance
Treatment Plant	6,000,000	3.57%	2/15/2009	2/15/2029	2,100,000
Water Mains	2,135,000	3.00%	8/15/2013	8/15/2023	420,000
SA Treatment Plant	13,470,767	2.00%	1/17/2015	1/7/2035	9,398,520

Mitigation Revolving Fund
June 30, 2022

	6/30/21 Balance	Receipts	Expenditures	Balance
Mitigation Revolving Fund	\$ 38,906	\$ 125,000	\$ 90,682	\$ 73,224

Respectfully submitted,
Christine M. McCarthy
Treasurer/Collector

Report of the Commissioners for 2022

This was a year of transition for the Acton Water District (AWD). The AWD is, by its very nature, an operation that needs a long-term view of supplying water to the residents of Acton. In 2021 we saw great progress on a number of key long-term projects. The solar energy facility on Lawsbrook Road was commissioned, following a lengthy planning period, originally started in 2015. Significant time was spent working on the acquisition of land for permanent water supply protection and well development. Since 2018, the District has been working with the Conant family and other partners to protect the land at 549 Main Street and allow the development of at least two additional supply wells in this area. Finally, the Central Acton Water Treatment Plant was completed in February. This marked the end of a regulatory process which began in 2015 when elevated manganese, well above state guidelines, was consistently detected in the Conant 1 well.

Continued progress on addressing Per- and Polyfluoralkyl Substances (PFAS) was also at the forefront. Efforts included pilot testing treatment technologies, understanding potential changes in federal regulations, planning for implementing filtration, and working to identify funding assistance. With over 20 communities in MetroWest, from Sherborn to Chelmsford and as far west as Groton, Acton joined a coalition of communities looking at potential long-term options for water supply. The Massachusetts Water Resources Authority (MWRA) has waived the connection fee for a brief period up to a certain volume of water. This financial incentive, with the possibility of multiple communities helping to pay for the physical connection, has caused the management of the District to once again evaluate this option. Discussions are ongoing and we expect to learn more in the coming year.

In addition to our broad physical infrastructure, we cannot underestimate the importance of our human infrastructure in our kind of organization. This year we had two major transitions in staff, the District Manager and the Treasurer/Collector.

In November, Mary Jo Bates, our Treasurer/Collector, retired. For the last 21.5 years, she guided the District through the extensive borrowing necessitated by the increased need to treat all water supplied to our users. She ably supervised the major construction contracts for the treatment plants as they were built and came online and made sure payments were made. This was in addition to the yearly budgeting for the District and all the normal financial responsibilities which she handled competently and with grace. Mary Jo was particularly pleased to have been a key member of the team that so ably and happily worked together for many years for the benefit of the water users of Acton.

As Mary Jo left, we welcomed Christine McCarthy to take on the role of Treasurer/Collector for the District. The Commissioners give a warm welcome to Christine and look forward to working with her for many years to come.

As we prepare this report, our District Manager of 16 years, Chris Allen, moved into emeritus status. During his tenure, he took the AWD from a fairly simple operation with basic treatment systems to a fully treated water system with three state-of-the-art treatment plants. As we look back over the past 16 years, the Commissioners were privileged to work with Chris as the AWD manager, and we are amazed at how much he accomplished with care and courtesy. The jobs were done professionally and quietly. Chris had a complex mix of tasks from applying for permits, to getting engineering done and approved by state regulators, and then ensuring that the plants got built and the staff was trained in their operation. Here is a short list of accomplishments under his management:

- Building and putting into operation three treatment plants
- Implementing a new inground pipe replacement method, diversifying the options for the maintenance of our aging infrastructure
- Overseeing the updating of two engineering master plans that laid out the course of work for the AWD for the next several years in support of long-range system needs

As always, we are delighted to represent you as your Commissioners and invite you to come to our Annual meeting or any of our semi-monthly meetings. It is particularly gratifying to be serving with a competent and dedicated staff at the Acton Water District. They care about what they do and for that we thank them.

Respectfully submitted,

Stephen Stuntz, Chair
Erika Amir-Lin
Barry Rosen

Report of the Finance Committee for 2022

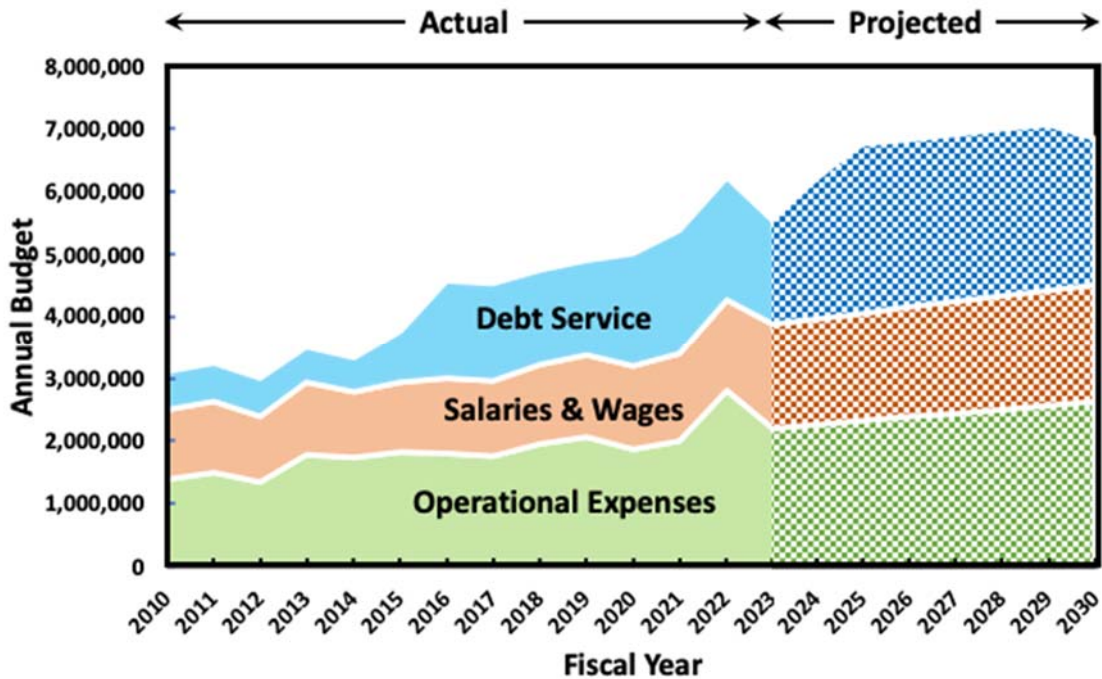
The financial condition of the Acton Water District continues to be very strong. This reflects a broad consensus within the District to ensure that water rates and fees generate sufficient revenue to cover operating costs and there is sufficient short-term borrowing capacity to deal with unexpected events. The District also has substantial long-term borrowing capacity as reflected in its AA+ Standard & Poor's bond rating. The District records all financial transactions according to generally accepted accounting principles (GAAP) and municipal/government accounting principles. Both forms of accounting are audited every year and are published in the annual report.

As of June 30, 2022, the Acton Water District had a free cash balance of \$994,309. Free cash is roughly equivalent to a company's retained earnings. Historically most routine capital expenditures approved at district meetings come from free cash, but in recent years the District has found it necessary to cover a large fraction of these costs through borrowing in order to maintain a healthy cash balance. Free cash is kept as bank deposits, as required by state law, rather than being invested.

In 1987 the district received \$2,250,000 from the Grace Company as the result of suing the Grace Company for contaminating the Assabet wells in South Acton. Funds from that settlement were used to install filtration equipment to remove the volatile organic compounds (VOCs) that contaminated the drinking water from this source. The remaining money has been invested. The district has spent \$7,030,131 from the fund for various pollution prevention efforts, and the fund had a balance of \$906,849 as of December 31, 2022. The fund is invested conservatively. In 2020, the fund was converted to a stabilization fund and the investments are now more diversified, as allowed by the prudent person rule, and earn more. The fund is managed by Boston Financial Management, and they maintain an investment mix that is approximately 50% stocks and 50% bonds.

The District also maintains an OPEB fund to cover Other Post-Employment Benefits, specifically the cost of medical insurance for retired employees. OPEB is an unfunded liability for almost all government entities at the federal, state, and local level. The District has fully funded it. The money is in an irrevocable trust, meaning it can only be used to pay for retiree's medical insurance. The money in the OPEB fund is invested according to the prudent person rule. This fund is also managed by Boston Financial, and as of December 31, 2022 the fund balance was \$1,321,770. In accordance with direction provided by the Finance Committee, the asset allocation is approximately 60% stocks and 40% bonds.

The primary financial challenge that the District has faced in recent years is the result of capital costs related to the construction of the North Acton, South Acton, and Central Acton water treatment facilities. Each of these plants is a highly sophisticated facility that includes multiple contaminant remediation stages. They have been installed primarily to address new trace contaminant regulations established by the EPA and MassDEP, and to remove minerals that result in water discoloration. The work to install those facilities began in 2009, and since that time approximately \$35,000,000 has been spent on this construction. As a result, the debt service segment of the annual budget has grown significantly, as illustrated below. By the end of the decade, debt service charges will likely represent 1/3 of the District's budget. The revenue needed to offset these expenditures has been generated by increases in the debt service fee charged to the bill associated with each water meter.



Annual budget breakdown showing the impact of debt service costs due primarily to the construction of the North Acton, South Acton, and Central Acton treatment plants. The cost of expected upgrades that are likely to be needed for PFAS treatment has been included in the post-2023 projections. Actual budget numbers as a function of time are shown in solid colors, and the projected budget for the outyears is illustrated in hashed colors.

It had been hoped that the installation of the Central Acton Water Treatment Plant would complete the District’s distributed network of sophisticated remediation facilities, and mark the end of large expenditures for construction projects dedicated to this purpose. However, in 2020 the MassDEP issued a new regulation for (Per- and Polyfluoroalkyl Substances or PFAS) that is far below any prior limit on contaminant concentrations in drinking water. As a result, the District will likely need to retrofit each of the existing treatment plants to meet this new MassDEP regulation as well as any additional limits that may be issued by the EPA. The projected cost of these improvements has motivated the Commissioners to consider a future connection to the MWRA (Massachusetts Water Resources Authority) water supply that draws water from the Quabbin and Wachusett reservoirs in central Massachusetts. It is estimated that the timeline for such a connection could be as long as 20 years. The members of the Finance Committee are following these developments closely.

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

Respectfully submitted,

Ronald Parenti, Chair
 William Guthlein
 Charles Bradley

Report of the District Manager 2022

Central Acton Water Treatment Plant (CAWTP)

After breaking ground in June 2020, the construction of the Central Acton Water Treatment Plant (CAWTP) finally culminated in its commissioning in February. This plant is filtering the discoloring minerals iron and manganese from the raw water supply of the Conant 1 & Conant 2 wells. Due to rising concentrations of Per and Polyfluoroalkyl Substances (PFAS), we'll be conducting a pilot study of filtration technologies for their removal early in 2023. We also anticipate the addition of two bedrock wells to the supply of the CAWTP at some point in the not-too-distant future. During pump testing, these wells exhibited low to no PFAS concentration, and thus, may assist in maintaining a lower overall concentration in the water supplied to customers by blending this in the raw water supply with the existing Conant wells. Time will tell if concentrations remain low with consistent pumping. In the meantime, we'll work to determine the best strategy to consistently achieve concentrations below the state limit of 20 parts per trillion (ppt) for the sum of the six regulated PFAS compounds (PFAS6).

Per- and Polyfluoroalkyl Substances (PFAS)

Throughout 2022, by regulation, we sampled monthly for PFAS6 at all our sources supplying water to customers. Our sources continue to be impacted by these man-made chemicals to varying degrees. The most heavily impacted site continues to be the Kennedy wells that supply the North Acton Water Treatment Plant (NAWTP), an Ultrafiltration (UF) membrane plant. We continue to configure our pumping schemes in an effort to achieve concentrations <20 ppt for the sum of PFAS6, the regulatory Maximum Contaminant Level (MCL). This has been a successful strategy at our South Acton Water Treatment Plant (SAWTP), where we'll complete a pilot study of PFAS filtration technologies in late December. Alteration of the operating schedule and restriction of the output of our filtration plants reduced our supply capacity, and thus, as an additional conservation strategy, we had to regulate outdoor water use more strictly in the summer. This was further exacerbated by the drought conditions that we incurred in the spring and summer of 2022. Unfortunately, in the 3rd quarter of 2022, the concentrations at the NAWTP and CAWTP exceeded the 20 ppt MCL. This required us to provide public notification to our customers of the regulatory exceedance. We continue to monitor the impacts of PFAS and will be constructing specific filtration technology for remediation of this group of chemicals over the coming years. In October 2020, we enrolled in a national multi-District legal action through which we may be eligible to recover damages at an undetermined future date that may provide some relief to ratepayers.

Having completed a pilot study in 2020, the design of a Granular Activated Carbon (GAC) filtration system for the NAWTP is close to complete, and that construction project will be going out to bid in early 2023. This GAC system will remove PFAS6 and allow us to restore this plant to its full capacity and duty cycle. This construction project is being financed through the Massachusetts State Revolving Fund (SRF) by the Clean Water Trust via a low-interest loan that will provide some financial relief to ratepayers. The true cost impacts are yet to be determined.

A treasure trove of information and periodic updates can be found on our website at www.actonwater.com/pfas.

American Rescue Plan Act (ARPA)

With the release of \$7 million dollars of federal funds from ARPA to the Town of Acton, whereas the District was unable to directly benefit from these funds, we requested that the Selectboard allocate a portion of these monies to remedy PFAS contamination in the Kennedy and Marshall wells serving our NAWTP, where PFAS impacts are quite severe. I would like to thank the Town Manager and Selectboard for their consideration of our request, and for allocating \$450,000 to assist with PFAS remediation at this facility. We'll work closely with the town to use these funds as they're intended.

In the fall of 2022, the Selectboard did a reevaluation of the use of ARPA funds in town. Subsequently, we requested an additional \$1 million dollars to supplement funding for the water system improvements at Kelley's Corner. This portion of the project is considered "non-qualifying work", and thus, is not part of the larger funding package. Hence, the District must fund this work with its own money. This request was made due to final bids coming in approximately \$600,000 over what had been projected by the MA Department of Transportation (MA DOT) engineers, resulting in a budget shortfall in approved funds. The Selectboard allocated an additional \$235,000 to assist with this shortfall. Again, we greatly thank them for this concession.

Solar energy projects on District land

Finally, after many years of planning, permitting, design and construction, in June 2022, the Lawsbrook ground-mount photovoltaic (PV) solar array was commissioned. This 4.8-Megawatt (MW) array with battery storage is connected to the local power grid on Lawsbrook Road. The direct benefit to the District is two-fold; annual land lease revenue will supplement the budget and off-take of some power will satisfy some of our electrical load. 95% of the generated power is contractually supplied to the Town of Plymouth, MA, while the District benefits from the remaining 5%.

The 1.2 MW PV array under construction at 16 Knox Trail (former Assabet Sand & Gravel site) will directly power the SAWTP in a behind-the-meter arrangement. This will totally satisfy the electric demand of this facility. Additionally, like the Lawsbrook array, we'll benefit from land lease revenue from the Knox Trail PV array, and any overflow of generated power will flow to the local power grid where, through a Power Purchase Agreement (PPA), the District will benefit from net metering supply to our remaining electrical loads. Once this array is commissioned in early to mid-2023, all our current power needs will be satisfied through locally generated green renewable energy.

Staff transitions and succession planning

I would like to congratulate Mary Jo Bates, District Treasurer/Collector, for 21 years of exemplary service to the District and its ratepayers. MJ retired in November. I wish her the best of luck in all her future endeavors. In September, she was replaced by Christine McCarthy, who hit the ground running! We are extremely glad that Christine decided to join our team! I wish Christine luck in meeting the many financial challenges in the immediate and distant future facing the dynamic changes in public water supply.

In August of 2023, I'll be retiring. After the first of the year, Matthew Mostoller, Assistant District Manager, will be taking command of the District, and I'll remain on as a consultant for the remainder of my career. It has been my honor and privilege over the past 15 years to have served you and worked side-by-side with the superlative staff here at AWD to make big strides in our efforts to provide the best water possible. I can assure you that we have always given our best effort to meet your expectations. The people here at the District are among the very best in their field. As I end my 30-plus year career in the public water supply field, I do so with the knowledge that I am leaving behind an organization that will continue to meet all of the current and future challenges of this industry.

I am grateful to the Board of Commissioners, Mr. Stephen Stuntz, Ms. Erika Amir-Lin and Mr. Barry Rosen, for their patience, wisdom and guidance; the Finance Committee, Mr. William Guthlein, Mr. Charles Bradley and Mr. Ronald Parenti; District Moderator, Mr. William Mullin, and his predecessor Mr. Richard O'Brien; District Clerk, Mr. William Stanford; and all our other appointed officials and volunteers for their dedication to the District and its water takers. Last, but certainly not least, I'm extremely proud of our staff for maintaining a high level of performance and tirelessly working to ensure effective, reliable and continuous service to our water takers and the Town of Acton.

Respectfully submitted,

Chris Allen

Report of the Assistant District Manager for 2022

Our environmental staff grew this year with the hiring of Alexandra Wahlstrom in January 2022. She was instrumental in managing the multitude of regulatory, water quality, and conservation programs we administer to protect the health and safety of our water users.

Environmental Compliance

Monthly sampling of our operational sources of supply for Per- and Polyfluoroalkyl Substances (PFAS) continued through 2022. Ongoing response actions relative to PFAS, including public notice to the community, review and piloting of treatment options, and discussion of short- and long-term solutions continued to require significant staff time. The Massachusetts Department of Environmental Protection (MassDEP) worked with the District on multiple fronts in 2022, including approval for the newly completed Central Acton Water Treatment Plant, ongoing implementation of expanded lead and copper sampling, startup and a 5-day pumping test for the Assabet 3 well, and the amendment of our Water Management Act (WMA) Permit. We beta tested MassDEP's new Lead Service Line Inventory development tool and participated in a roundtable on the forthcoming federal Lead and Copper Rule Revisions. Additional sampling was completed to better improve the quality of your drinking water.

Water Conservation

A one day per week lawn watering restriction was in effect for the entirety of 2022. This was a result of operational limitations caused by PFAS as well as significant drought conditions and declining groundwater levels in the region. In 2022, we approved rebates resulting in 18 washing machines, 46 toilets, and 18 faucets or showerheads being replaced with more water efficient models with our assistance. Customers also received 52 subsidized rain barrels and 3 residential water efficiency evaluations were conducted. This summer, we participated in the ActOn Climate Festival and the Acton-Boxborough Farmers Market, deploying numerous conservation and efficiency resources into the community. The District continued to partner with the WaterSense program and the Alliance for Water Efficiency to provide tools for our customers to make better water use decisions. We received our 8th grant from MassDEP to perform a third-party audit of our water use. MassDEP also recognized the District in May with an award for Outstanding Performance and Achievement in Water Conservation for our efforts in 2021.

Source Water Protection

This was another busy year for source protection activities. I continued my participation on both the Acton Open Space and Water Resources Advisory Committees. We continued to participate in the activities at the two Superfund Sites impacting Acton, including review of potential projects on the WR Grace property. A great deal of effort was committed towards acquiring three parcels of land near Main Street and Knox Trail for water supply purposes. Efforts to protect the potential Flannery/O'Toole well off Massachusetts Avenue and to amend the Town of Acton Zoning Bylaw to include additional Zone 1 and 2 areas were initiated.

Education and Outreach Programs

We happily returned to in-person presentations this year and held three programs for the Gates school 5th grade classes. We also hosted two tours for the high school Environmental Science class and a tour for a small group of students from Minuteman Technical High School. We participated in Green Acton's virtual Water Cycle Forum, filmed an episode of *Acton in Focus*, a program of Acton TV, and celebrated the commissioning of the Lawsbrook solar array.

Respectfully submitted,

Matthew Mostoller

Report of the M.I.S. Coordinator for 2022

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

Software/Hardware/Technology

2022 was an exciting year for upgrades to our mission critical software. I.T. has finer control and monitoring of all networked workstations and District issued cell phones. From new telecom to a new treatment plant, we implemented stronger security measures using cloud-based cybersecurity software, new firewalls and two factor authentication. The security of our network is always top priority; we were awarded two municipal cybersecurity awareness grants as well as an intermunicipal grant for water utility resiliency. Working toward a paperless environment, we have partnered with Utility Cloud to provide an online presence for our work orders and a visual map of our distribution system.

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

Cross Connection Control Program

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

Meters and Billing

We have continued our partnership with WaterSmart to provide improved customer service, tips on water efficiency, timely leak alerts and paperless billing. The Orion system detected more than 3,676 potential leaks in 2022, saving customers money and water. To date we have installed 403 Neptune meters. Neptune is replacing the Orion technology, as Orion reaches its end of life.

Saying Goodbye to Old Employees

It was quite the year for the District in 2022, as MaryJo Bates (Treasurer/Collector) and Chris Allen (District Manager) announced retirement plans. Thank you both for all the great years of commitment and support!

Respectfully submitted,

Robert Murch

WATER SUPPLY DISTRICT OF ACTON

***REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS***

YEAR ENDED JUNE 30, 2022

WATER SUPPLY DISTRICT OF ACTON

REPORT ON EXAMINATION OF BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

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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, 2022, and the related notes to the financial statements, which collectively comprise the Water Supply District of Acton's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Water Supply District of Acton's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Water Supply District of Acton's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Matters

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

Other Reporting Required by *Government Auditing Standards*

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



September 7, 2022

Management's Discussion and Analysis

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

Overview of the Financial Statements

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

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

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

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

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

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

Financial Analysis

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

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

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

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

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

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

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

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

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

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

Budgetary Highlights

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

Capital Asset and Debt Administration

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

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

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

Requests for Information

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

Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2022

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

See notes to basic financial statements.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2022

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

See notes to basic financial statements.

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

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2022

	Business-Type Activities
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Receipts from customers and users.....	\$ 6,281,213
Payments to vendors.....	(1,830,232)
Payments to employees.....	(1,462,623)
NET CASH FROM OPERATING ACTIVITIES.....	2,988,358
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>	
Proceeds from the issuance of bonds and notes.....	4,024,718
Acquisition and construction of capital assets.....	(4,556,710)
Principal payments on bonds and notes.....	(1,844,937)
Interest expense.....	(345,903)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(2,722,832)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
Sale/(purchase) of investments.....	516,950
Investment income (loss).....	(182,235)
NET CASH FROM INVESTING ACTIVITIES.....	334,715
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	600,241
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (AS RESTATED).....	2,282,960
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 2,883,201
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u>	
Operating income	\$ 1,812,826
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation.....	1,321,913
Deferred (outflows)/inflows related to pensions.....	258,530
Deferred (outflows)/inflows related to OPEB.....	(164,471)
Changes in assets and liabilities:	
Billed user charges receivable.....	(25,942)
Unbilled user charges receivable.....	(2,587)
Compensated absences.....	(22,000)
Net pension liability.....	(301,818)
Net OPEB liability/asset.....	111,907
Total adjustments.....	1,175,532
NET CASH FROM OPERATING ACTIVITIES.....	\$ 2,988,358

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2022

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

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2022

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

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The District is a municipality incorporated in the Commonwealth of Massachusetts with the purpose of providing water and related services to the residents and business in the Town of Acton, Massachusetts. The District is a separate municipality, distinct from the Town of Acton. The basic operations of the District are financed by water user charges and other service charges. Inhabitants of the Town of Acton who are qualified to vote in elections and Town affairs are eligible to vote on matters concerning the District and to act on articles of the District.

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

B. Government Wide and Fund Financial Statements*Government Wide Financial Statements*

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

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

Fund Financial Statements

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

Fiduciary funds are reported by fund type.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation*Government Wide Financial Statements*

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

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

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

Fund Financial Statements

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

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

D. Cash and Investments

Fund Financial Statements

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

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

E. Fair Value Measurements

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

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

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

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

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

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

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

F. Accounts Receivable

Fund Financial Statements

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

User Charges

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

Other Services

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

Mitigation Fees

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

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

G. Inventories

Fund Financial Statements

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

H. Capital Assets

Proprietary Fund Financial Statements

Capital assets, which include land, construction in progress, vehicles, buildings, machinery and equipment, and infrastructure, are reported in the proprietary fund financial statements. Capital assets are recorded at historical

cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation.

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

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

<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 position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has reported deferred outflows of resources related to OPEB and pensions in this category.

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

J. Interfund Receivables and Payables

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

Proprietary Fund Financial Statements (Net Position)

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

Fund Financial Statements

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

K. Interfund Transfers

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

Proprietary Fund Financial Statements (Net Position)

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

Fund Financial Statements

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

L. Net Position

Proprietary Fund Financial Statements (Net Position)

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

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

M. Pensions

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

N. Long-term Debt

Proprietary Fund Financial Statements

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

O. Investment Income

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

P. Compensated Absences

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

Proprietary Fund Financial Statements

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

Q. Use of Estimates

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

NOTE 2 – CASH AND INVESTMENTS

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

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

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

Custodial Credit Risk – Deposits

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

Interest Rate Risk

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

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

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

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

Custodial Credit Risk – Investments

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

Credit Risk

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

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

Concentration of Credit Risk

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

Fair Value of Investments

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

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

Investment Type	June 30, 2022	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.....	\$ 344,727	\$ 344,727	\$ -	\$ -
Corporate bonds.....	1,092,069	-	1,092,069	-
Total debt securities.....	1,436,796	344,727	1,092,069	-
<u>Other investments:</u>				
Equity securities.....	1,154,006	1,154,006	-	-
Equity mutual funds.....	279,315	279,315	-	-
Real estate investment trust.....	114,592	114,592	-	-
Total other investments.....	1,547,913	1,547,913	-	-
Total investments measured at fair value.....	2,984,709	\$ 1,892,640	\$ 1,092,069	\$ -
Investments measured at amortized cost:				
MMDT - Cash portfolio.....	1,539,546			
Total investments.....	\$ 4,524,255			

U.S. treasury notes, equity securities, equity mutual funds, real estate investment trusts, classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Corporate bonds

classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship benchmark quoted price.

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

NOTE 3 – RECEIVABLES

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

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Billed user charges.....	\$ 210,125	\$ -	\$ 210,125
Unbilled user charges.....	1,481,203	-	1,481,203
Total.....	<u>\$ 1,691,328</u>	<u>\$ -</u>	<u>\$ 1,691,328</u>

NOTE 4 – CAPITAL ASSETS

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

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

NOTE 5 – SHORT-TERM FINANCING

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

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

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

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

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

NOTE 6 – LONG-TERM DEBT

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

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

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

Changes in Long-term Liabilities

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

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

NOTE 7 – RISK FINANCING

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

NOTE 8 – PENSION PLAN*Plan Description*

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

Benefits Provided

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

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

Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System. There were no changes of benefit terms that affected the total pension liability at December 31, 2021.

Contributions

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

Pension Liabilities

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

Pension Expense

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

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

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

Year ended June 30:

2023.....	\$ (94,722)
2024.....	(152,066)
2025.....	(124,279)
2026.....	(72,697)
Total.....	\$ (443,764)

Actuarial Assumptions

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

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

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

Investment Policy

The pension plan’s policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of January 1, 2022, are summarized in the following table:

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

Rate of Return

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

Discount Rate

The discount rate used to measure the total pension liability was 7.15% at December 31, 2021 and 7.30% at December 31, 2020. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15%) or 1-percentage-point higher (8.15%) than the current rate:

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

Changes in Assumptions

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

Changes in Plan Provisions

None.

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

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

Summary of Significant Accounting Policies

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

Funding Policy

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

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

Plan Membership

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

Active members.....	15
Inactive members currently receiving benefits.....	<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, 2022:

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

Significant Actuarial Methods and Assumptions

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

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

Rate of Return

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return of by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expense and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

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

Discount Rate

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

Changes in the Net OPEB Liability/(Asset):

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

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

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

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

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

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

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

OPEB Expense and Deferred Outflows of Resources Related to OPEB

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

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

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

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

Changes of Assumptions

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

Changes in Plan Provisions

None.

NOTE 10 – COMMITMENTS & CONTINGENCIES

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

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

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

NOTE 11 – SUBSEQUENT EVENTS

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

NOTE 12 – RESTATEMENT OF NET POSITION PREVIOUSLY REPORTED

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

NOTE 13 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2022, the following GASB pronouncements were implemented:

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

The following GASB pronouncements will be implemented in the future:

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

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

Required Supplementary Information

Pension Plan Schedules

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

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

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

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
MIDDLESEX COUNTY RETIREMENT SYSTEM**

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

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

See notes to required supplementary information.

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
MIDDLESEX COUNTY RETIRMENT SYSTEM

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

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

See notes to required supplementary information.

Other Postemployment Benefit Plan Schedules

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

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

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

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

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

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

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

See notes to required supplementary information.

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

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

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

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
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

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

Changes in Plan Provisions

None.

NOTE B – OTHER POSTEMPLOYMENT BENEFITS

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

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

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

Schedule of the District's Contributions

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

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

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

Schedule of Investment Returns

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

Changes of Assumptions:

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

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.

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

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

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

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

COMBINING SCHEDULE OF NET POSITION

JUNE 30, 2022

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

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2022

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

(A) Represents a decrease in the estimated net pension liability and net OPEB liability/(asset).

(B) Represents a decrease in the estimated compensated absences liability.

(C) Represents capital asset additions from general fund expenditures.

Additional Information

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

YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
REVENUES:					
Water rates and services.....	\$ 5,825,107	\$ 5,825,107	\$ 6,184,742	\$ -	\$ 359,635
Mitigation fees.....	-	-	125,000	-	125,000 (A)
Interest income.....	-	-	3,609	-	3,609
TOTAL REVENUES.....	5,825,107	5,825,107	6,313,351	-	488,244
EXPENDITURES:					
Current:					
Salaries and wages.....	1,550,150	1,550,150	1,462,623	-	87,527
Lights, power, and fuel.....	390,000	390,000	429,004	-	(39,004)
Health and life insurance.....	286,000	286,000	281,469	-	4,531
Maintenance and operations.....	350,000	350,000	245,513	-	104,487
Meters.....	75,000	75,000	46,035	-	28,965
Reserve.....	100,000	70,000	-	-	70,000
Mitigation.....	-	-	90,683	-	(90,683) (A)
Middlesex retirement.....	268,502	268,502	268,502	-	-
Insurance.....	95,000	95,000	93,476	-	1,524
Chemicals.....	100,000	100,000	91,772	-	8,228
Laboratory analysis.....	80,000	80,000	81,910	-	(1,910)
Auto maintenance and fuel.....	50,000	50,000	50,597	-	(597)
Information reports.....	45,000	45,000	31,897	-	13,103
Telephone.....	22,000	22,000	19,434	-	2,566
Legal.....	65,000	65,000	58,247	-	6,753
Computer maintenance.....	16,000	16,000	16,643	-	(643)
Office supplies.....	20,000	20,000	16,614	-	3,386
Education.....	17,500	17,500	11,696	-	5,804
Audit.....	17,000	17,000	17,000	-	-
Paving.....	50,000	80,000	80,000	-	-
Engineering.....	50,000	50,000	50,000	-	-
Hydrants.....	10,000	10,000	10,000	-	-
Postage.....	20,000	20,000	20,000	-	-
D.E.P withdrawal and fees.....	6,000	6,000	4,958	-	1,042
Cross connection.....	1,000	1,000	-	-	1,000
Accounting.....	2,000	2,000	800	-	1,200
Petty cash.....	1,000	1,000	700	-	300
Debt service:					
Debt principal.....	1,129,937	1,129,937	1,129,937	-	-
Debt interest.....	1,008,018	1,008,018	334,281	-	673,737
TOTAL EXPENDITURES.....	5,825,107	5,825,107	4,943,791	-	881,316
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	-	-	1,369,560	-	1,369,560
OTHER FINANCING SOURCES (USES):					
Use of free cash.....	870,000	870,000	-	-	(870,000)
Transfers out.....	(870,000)	(870,000)	(870,000)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	-	-	(870,000)	-	(870,000)
NET CHANGE IN FUND BALANCE.....	-	-	499,560	-	499,560
BUDGETARY FUND BALANCE, Beginning of year.....	2,243,606	2,243,606	2,243,606	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ 2,243,606	\$ 2,243,606	\$ 2,743,166	\$ -	\$ 499,560
COMPONENTS OF BUDGETARY FUND BALANCE:					
Reserved for maintenance and operations.....			\$ 199,303		
Reserved for mitigation.....			73,223		
Unassigned/unreserved.....			2,470,640		
Total Budgetary Fund Balance, End of Year.....			\$ 2,743,166		

(A) The District does not budget for 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, 2022

	Beginning Balance 6/30/2021	Transfers (To) From General Fund	Debt Borrowed (Paid)	Payments Made Capitalize	Ending Balance 6/30/2022
From Capital Projects Fund:					
Clean Rehab Wells.....	\$ 14,961	\$ 100,000	\$ -	\$ 114,961	\$ -
Easements Conant II.....	17,500	-	-	4,900	12,600
Eminent Domain Main Street.....	19,519	-	-	-	19,519
Flagg Hill Tank Repairs.....	3,504	-	-	-	3,504
Marshall Well Replacement.....	54	-	-	-	54
Media Replacement.....	66,734	130,000	-	66,734	130,000
New Vehicle.....	60,465	-	-	465	60,000
Replace Old Mains.....	21,709	40,000	-	37,287	24,422
Residuals Management Tank.....	15,513	-	-	-	15,513
Storage Tank Repairs.....	75	-	-	-	75
Water Main Emergency.....	19,064	30,000	-	34,413	14,651
Water Main Improvements.....	707,490	500,000	-	64,863	1,142,627
Master Plan Update.....	-	70,000	-	10,493	59,507
A.C. Water Treatment Plant.....	-	-	3,809,718	3,809,718	-
Total Reserved for Capital - Capital Projects Fund.....	\$ 946,588	\$ 870,000	\$ 3,809,718	4,143,834 (A)	1,482,472
From W.R. Grace Fund:					
Assabet III-(Grace).....	\$ 1,000,000	\$ -	\$ -	\$ 126,863	\$ 873,137
ARPA/PILOT Central Acton Water Treatment Plant.....	-	200,000	-	14,167	185,833
PILOT South Acton Water Treatment Plant.....	-	200,000	-	1,163	198,837
Total Reserved for Capital - W.R. Grace Fund.....	\$ 1,000,000	\$ 400,000	\$ -	142,193 (B)	\$ 1,257,807

(A) Inclusive of previous year capital asset additions on account totaling \$1,207,627.

(B) Exclusive of capital asset additions from the balance reserved for operations and maintenance totaling \$83,965.

NOTE A – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**A. Budgetary Information**

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

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

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

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

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

B. Appropriation Deficits

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

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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, 2022, and the related notes to the financial statements, which collectively comprise Water Supply District of Acton's basic financial statements, and have issued our report thereon dated September 7, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Reporting on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and

accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink, appearing to read "Bowers & Sullivan LLC". The signature is written in a cursive, flowing style.

September 7, 2022

Minutes of April 13, 2022 Annual District Meeting

Held at the
Acton Water District
693 Massachusetts Avenue
Acton MA
6:00 PM

- Article 1.** To fix salaries of the elected officials.
Unanimously approved.
- Article 2.** To act on the reports of the Commissioners, the Treasurer and other officers and committees of the District.
Unanimously approved.
- Article 3.** To see if the District will vote to authorize the Treasurer, with the approval of the Commissioners, to borrow in anticipation of the revenue of the fiscal year beginning July 1, 2022 in accordance with the provisions of General Laws, Chapter 44, Section 4, and to renew any note or notes as may be given for a period of less than one year, in accordance with the provisions of the General Laws, Chapter 44, Section 17, or to take any other action relative thereto.
Unanimously approved.
- Article 4.** To see what sums of money the District will vote to raise and appropriate to defray the usual expenses of the District.
Unanimously approved.
- Article 5.** To see if the District will vote, pursuant to Massachusetts General Laws c.44, §53E½, to establish a \$100,000 limitation on expenditures from the revolving fund captioned "District Revolving Fund for Mitigation," or to take any other action relative thereto.
Unanimously approved.
- Article 6.** To see if the District will vote to transfer from Grace Stabilization Fund (W.R. Grace settlement) the sum of \$125,000 for the maintenance and repair of the various treatment facilities including, but not limited to, media replacement in the filtration tanks, aeration tower repair, and replacement of packing material or to take any other action relative thereto.
Approved by a 2/3rds vote.
- Article 7.** To see if the District will vote to transfer from Surplus Revenue the sum of \$100,000 to clean and rehabilitate existing wells throughout the District or to take any other action relative thereto.
Unanimously approved.
- Article 8.** To see if the District will vote to transfer from Surplus Revenue the sum of \$40,000 for the purpose of replacing old water mains, renewing old water services, replacing old fire hydrants or to take any other action relative thereto.
Unanimously approved.
- Article 9.** To see if the District will vote to transfer from Surplus Revenue the sum of \$30,000 for the purpose of repairing emergency water main breaks or to take any other action relative thereto.

Unanimously approved.

Article 10. To see if the District will vote to transfer from Surplus Revenue the sum of \$130,000 for the replacement of filtration media at the District's water treatment plants or to take any other action relative thereto.

Unanimously approved.

Article 11. To see if the District will vote to transfer from Surplus Revenue the sum of \$100,000 for the management of the North Acton Water Treatment Plant filtration residuals or to take any other action relative thereto.

Unanimously approved.

Article 12. To see if the District will vote to transfer from Surplus Revenue the sum of \$70,000 to engage the District's Engineering Consultant to update the District's Master Plan or to take any other action relative thereto.

Unanimously approved.

Article 13. To see if the District will vote to authorize the Commissioners to enter into an amendment to the District's solar leases located at Knox Trail and Lawsbrook Road in Acton to include therein an additional 5-year option to extend, for a total term of thirty-five (35) years, for use of a ground-mount solar photovoltaic system and associated equipment and materials on land owned by the District or to take any other action relative thereto.

Unanimously approved.

Article 14. To see if the District will vote to transfer from Surplus Revenue the sum of \$500,000 for improvements to the District's water system and water mains in Acton or to take any other action relative thereto.

Unanimously approved.

Article 15. To see if the District will vote to appropriate the sum of \$1,000,000 for the engineering, construction and other costs associated with the watermain improvement and replacement project at Kelly's Corner and that to meet this appropriation, the Treasurer, with the approval of the Water Commissioners, is authorized to borrow the sum of \$1,000,000 under General Laws, Chapter 44, Sec. 8, or another enabling authority and the Board of Water Commissioners is authorized to take any other action necessary to carry out this project or to take any other action relative thereto.

Approved by a 2/3rds vote.

Article 16. To see if the District will vote to appropriate from Grace Stabilization Fund (W.R. Grace settlement) the sum of \$400,000 for the piloting of filtration technology for the removal of Per- and Polyfluoroalkyl Substances (PFAS) at the District's Central and South Acton Water Treatment Plants or to take any other action relative thereto.

Approved by a 2/3rds vote.

Article 17. To see if the District will vote to appropriate the sum of \$1,000,000 for costs associated with construction of modifications to the permanent infrastructure at the North Acton Treatment Plant to accommodate installation of a temporary PFAS treatment system and that to meet this appropriation, the Treasurer, with the approval of the Water Commissioners, is authorized to borrow the sum of \$1,000,000 under General Laws, Chapter 44, Sec. 8 and/or Chapter 29C of the General Laws, as most recently amended by St. 1998, c.78; and that such bonds or notes shall be general obligations of the District unless the Treasurer with the approval of the Board of Water Commissioners determines

that they should be issued as limited obligations and may be secured by local system revenues as defined in Section 1 of Chapter 29C, as most recently amended by St. 1998, c.78; and that the Treasurer with the approval of the Board of Water Commissioners be authorized to borrow all or a portion of such amount from the Massachusetts Clean Water Trust established pursuant to Chapter 29C, as most recently amended by St. 1998, c.78 and in connection therewith to enter into a loan agreement and/or security agreement with the Massachusetts Clean Water Trust and otherwise to contract with the Massachusetts Clean Water Trust and the Department of Environmental Protection with respect to such loan and for any federal or state aid available for the project or for the financing thereof and that the Board of Water Commissioners be authorized to enter into a project regulatory agreement with the Department of Environmental Protection, to expend all funds available for the project and to take any other action necessary to carry out the project or to take any other action relative thereto.

Approved by a 2/3rds vote.

Motion to dissolve the meeting at 7:09 PM was seconded and unanimously approved.

Water District Organization

ELECTED OFFICIALS

Commissioners	Stephen C. Stuntz Erika Amir-Lin Barry Rosen	Term Expires 2023 Term Expires 2024 Term Expires 2025
District Clerk	William T. Stanford	Term Expires 2023
District Moderator	William Mullin	Term Expires 2024

APPOINTED OFFICIALS

Finance Committee	Charles Bradley William Guthlein Ronald Parenti	Term Expires 2023 Term Expires 2024 Term Expires 2025
District Manager	Christopher D. Allen	Contract Expires 2023
Treasurer/Collector	Christine M. McCarthy	Term Expires 2023
District Counsel	Mary Bassett	Term Expires 2023
District Assistant Clerk	Helen F. Argento	Term Expires 2023
Commissioners Secretary	Lynn Protasowicki	Term Expires 2023

Water Land Management Advisory Committee	Paul Malchodi Charles Olmstead John Cipar
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Water District Staff	Matthew L. Mostoller Robert Murch Alexandra Wahlstrom Julia Hawkins Elizabeth Secinaro Charles Rouleau Andrew Peterson Robert P. Dionne, Jr. James Trippier Keith Kupfer Matthew Walsh Joshua Richard Nicholas Richard	Assistant District Manager MIS Coordinator Environmental Analyst A/P Bookkeeper/Secretary A/R Bookkeeper/Secretary Water Operations Administrator Foreman Assistant Foreman Operator/Treatment Operator/Distribution Operator/Treatment Operator/Distribution Water Systems Laborer
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Acton Water



Water Supply District of Acton

P.O. Box 953

Acton, MA 01720

OUTDOOR WATER USE RESTRICTIONS EFFECTIVE UNTIL FURTHER NOTICE

Due to reduced production capacity resulting from the presence of per- and polyfluoroalkyl substances (PFAS), the District will be modifying its outdoor water use restrictions. These restrictions are subject to change to reflect current conditions. Please visit our website at www.actonwater.com/conservation/outdoor-water-restrictions for a map of water use days and updates throughout the year.

- **Lawn Watering, 1 day per week, before 7 am and after 7pm** (watering mid-day wastes water to evaporation).
 - **Tuesday: North Acton** – North of Brook Street including Great Road from Brook Street to Littleton line
 - **Wednesday: Acton Center/East Acton** – North of Route 2 to South of Brook Street (562 Main Street follows this schedule) including Pope Road and Great Road to Concord line
 - **Thursday: West Acton** – South of Route 2 and West of Main Street (even side of Main Street follows this schedule)
 - **Friday: South Acton** – South of Route 2 and East of Main Street (odd side of Main Street follows this schedule)
- All other outdoor water uses (gardens, pool filling, vehicle washing, power washing, dust control, etc.) will follow odd/even restrictions. Even addresses may use water outdoors Tuesday, Thursday, Saturday and odd addresses may use water outdoors Wednesday, Friday, and Sunday.
- No outdoor usage will be allowed on Mondays.

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