

COMMONWEALTH OF MASSACHUSETTS  
Middlesex, ss.



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

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

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

On Tuesday, March 29, 2011  
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 for the Water Supply District of Acton Annual Meeting at:

**Acton Memorial Library  
486 Main Street  
Acton, Massachusetts**

**On Wednesday, March 16, 2011  
7:30 P.M.**

Then and there to Act on the following Warrant 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, 2011, in accordance with the provisions of General Laws, Chapter 44, Section 4, and to renew any note or notes as may be given for a period of less than one year, in accordance with the provisions of the General Laws, Chapter 44, Section 17, or to take any other action relative thereto.

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

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

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

**Article 7.** To see if the District will vote to transfer from the MTBE Stabilization Fund the sum of \$25,000 for the purpose of replacing old water mains, renewing old water services, replacing old fire hydrants, or to take any other action relative thereto.

**Article 8.** To see if the District will vote to transfer from the MTBE Stabilization Fund the sum of \$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 9.** To see if the District will vote to transfer from the MTBE Stabilization Fund the sum of \$100,000 for initial funding of the District's "Other Post Employment Benefits Liability Trust Fund" a trust fund established pursuant to Chapter 479 of the Acts of 2008 or to take any other action relative thereto.

**Article 10.** To see if the District will vote to transfer from the MTBE Stabilization Fund the sum of \$60,000 for the replacement of the granular activated carbon media at the Clapp Whitcomb well sites on Massachusetts Avenue in Acton or to take any other action relative thereto.

**Article 11.** To see if the District will vote to transfer from the MTBE Stabilization Fund the sum of \$20,000 for the internal cleaning of all water storage tanks in the District's water system or to take any other action relative thereto.

**Article 12.** To see if the District will vote to transfer from the MTBE Stabilization Fund the sum of \$35,000 for the drilling, engineering and related costs to perform replacement well investigation work for the Marshall well site or to take any other action relative thereto.

**Article 13.** To see if the District will vote to sell, trade and dispose of the District's GMC Safari van or to take any other action relative thereto.

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

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

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

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 24th day of January in the year two thousand and eleven.

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

A true copy. ATTEST:

Charles E. Orcutt, III  
District Clerk

## FY 2012 Budget and Estimated Revenue

### FY 2011 Budget with Six Month Expenditures

	Budget FY 2011	6 month expenditure	Budget FY 2012
<b>EXPENSES</b>			
Accounting	1,000	-	100
Audit	14,500	14,500	15,000
Auto Maint & Fuel	50,000	13,335	50,000
Backflow/Cross Conn	1,000	-	1,000
Bank Fees	500	-	500
Short Term Debt	125,200	-	212,000
Long Term Debt	484,800	92,400	478,800
Chemicals	35,000	13,704	65,000
Computer Maintenance	15,000	6,915	15,000
DEP Withdrawal	6,500	-	6,500
Employee Education	15,000	5,800	15,000
Engineering	50,000	26,911	50,000
Health/Life Insurance	275,000	130,329	302,500
Hydrants	10,000	5,329	10,000
Insurance	52,000	52,000	60,000
Laboratory Analysis	33,000	10,335	40,000
Legal	25,000	12,921	25,000
Lights/Power/Fuel	320,000	92,788	390,000
Maintenance & Operations	125,000	49,986	137,500
Treatment Plant M&O	100,000	56,283	0
Middlesex Retirement	113,700	56,723	115,359
Meters	70,000	49,777	90,000
Office Supplies	15,000	3,079	16,000
Paving	25,000	8,768	25,000
Petty Cash	1,000	200	1,000
Postage	15,000	7,005	16,000
Reserve Fund	100,000	-	100,000
Salaries & Wages	1,132,200	530,492	1,154,844
Telephone	10,000	3,659	12,000
Information Reports	20,000	1,425	20,000
<b>Total</b>	<b>3,240,400</b>	<b>1,244,664</b>	<b>3,424,103</b>
<b>REVENUE</b>			
Water Revenue	2,873,150	1,899,780	3,022,103
Fire Protection Sprinklers	15,250	30,286	31,000
Rent/Lease	110,000	67,030	125,000
Repairs/Installation	30,000	19,048	30,000
Cross Connection	12,000	13,254	16,000
Demand Fees	200,000	60,660	200,000
<b>Total</b>	<b>3,240,400</b>	<b>2,090,058</b>	<b>3,424,103</b>



**Report of the Treasurer  
Audited Account Balances  
June 30, 2010**

Sovereign Bank	40,801.88
Enterprise Bank	219,154.10
MMDT	113,276.19
Citizens Bank	6,686.87
Webster Bank	41,007.61
First Trade Union	27,832.08
UniBank	183,371.26
Total	632,129.99

**Report of the Collector  
Audited Account Balances  
June 30, 2010**

Accounts Receivable June 30, 2009	96,998.09
Charges	2,635,597.54
Interest Charges	18,911.31
Refunds	655.46
	2,752,162.40
Payments	2,633,125.05
Abatements	10,025.40
Adjustments	
Outstanding June 30, 2010	109,011.95
	2,752,162.40

**Outstanding Debt  
June 30, 2010**

Description	Original Amount	Interest rate	Date of Issue	Date of Maturity	Balance
Treatment Plant	6,000,000	2.29%	5/20/2008	2/15/2029	6,000,000
Water Mains	560,000	1.15%	6/1/2010	6/1/2011	400,000

Respectfully submitted,  
Mary J. Bates  
Treasurer/Collector

## **Annual Report of Commissioners**

The Commissioners are pleased to make the following report to the residents of the Acton Water District. As commissioners, we are concerned with the long-term direction of the District. Our oversight of the day-to-day affairs is fairly straightforward given the outstanding quality of the staff at the District.

As we review the year and make sure that the future gets adequate attention, I would like to note that we feel that each year we need to make about \$500,000 of repairs to our aging present system and to reserve another \$500,000 for future improvements such as treatment plants. We do not make an improvement each year nor does one cost only \$500,000. Treatment plants are considerably more costly, depending on what we need to remove from our water in order to deliver the quality that you all expect.

This year we will also be starting the reserves to cover the retirement benefits that have been promised to our employees. We have always contributed to a pension plan so this reserve is to cover health insurance for those who have worked to keep the water running and pure for many years.

During the low rainfall months this year we experienced dirty water in some areas of our Town. As much as we find this matter unpleasant, we are convinced that the water is safe but unaesthetic and thus we are planning a treatment plant in South Acton to remove the iron and manganese that are the main culprits for this unsatisfactory water that is being delivered. Our new \$6.5 million water treatment plant in North Acton in comparison has a more difficult task of removing inorganic and organic color from the water and has been performing very well since start-up last spring.

We continue to be delighted with the results that our conservation efforts have on the cost to you our customers. (See report from our environmental manager.) We are an unusual operation in that we encourage conservation and spend money so that you will use less of our product. We do recognize that servicing the customer means primarily delivering a quality and safe product but to do it at a minimum cost to our customers.

The bi-annual newsletters that we send to all of you is full of detailed information on the current state of affairs at the District and is good reading for all who are interested. Issues that are necessary to review sooner than a year are reflected in these issues.

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 serve, given the competence and dedication of the whole staff here at the Acton Water District. They care about what they do and for that we thank them.

Respectfully submitted:

Stephen C. Stuntz, Chairman

Leonard A. Phillips

Ronald R. Parenti

## Report of the Finance Committee for Calendar Year 2010

The financial condition of the district is excellent, if not quite as excellent as it was recently. The water rates are lower than in most towns that Acton is usually compared to. Our credit rating is high. Independent audits find no financial problems. We have two "reserve" funds totaling over \$3,000,000 in case we need them. Expenses have grown only slowly. Water rates were increased in 2003, 2007, and again in 2010. At the end of FY 2010, June 30, 2010, the district had a free cash balance of \$24,865 as certified by the state. This is much lower than usual. This was due to the timing of expenditures and does not indicate a systematic problem.

The district maintains two separate investment funds. Both funds have been invested conservatively as required by the finance committee with the actual investments handled by professional money managers. The W.R. Grace fund was established in 1987 with \$2,250,000 as a result of a suit about actual pollution. Since then, the district has withdrawn over \$4,500,000 leaving a balance of \$2,216,621 as of December 31. The MTBE fund was established in November 2008 with \$962,427.89 as a result of a nationwide class action lawsuit against oil companies for actual or potential pollution. We have withdrawn \$25,000 and converted the remainder into a stabilization fund with a year end balance of \$1,113,217.

An independent CPA audits the district financial statements every year. The district reports its financial results as required by the state and also according to Governmental Accounting Standards. The analysis tools available for evaluating the health of a business can generally be applied to the district.

The employees of the district are members of the Middlesex Retirement System (MRS). The trustees of that system charge the district each year to pay for current and future pension benefits and the charge appears on financial statements as an expense. The District's share of the present value of the unfunded liability in MRS is approximately \$1.6 million. The district is directly responsible for Other Post Employment Benefits (OPEB), primarily medical insurance for retirees. Until recently, these payments were expensed on a "pay as you go" basis. A recent statewide rule requires the present value of unfunded liability (PVUL) to be included on the balance sheet. The district hired a consultant to compute the PVUL. Lacking any actual data, the consultant made conservative assumptions, as required by professional standards. In this case the assumptions were long life and much illness in the future retiree population. The result is a large unfunded future liability, of approximately \$3 million. The finance committee expects the actual expense will continue to increase from year to year, somewhat more than the rate of inflation. The finance committee has recommended the district begin funding this liability in FY 2012. The Finance Committee expects the PVUL will become more realistic as we gain experience.

Science continues to advance. Scientists can now accurately measure extremely low concentrations of pollutants, concentrations so low that the pollutant could not even be detected a few years ago. Medical experiments continue to expand the list of pollutants. We do not know if the district will face a pollution battle any time in the future, but there is a substantial risk that we will. We expect any such battle to be expensive. That is why the finance committee wants to keep most of the two funds invested and growing.

Rules imposed by the state government make that goal more difficult. The investments allowed to the funds are limited to a "legal list" that contains selected bonds and only a few stocks, those being of large, well established firms, mostly in the financial and health industries. This limits the safety that comes from diversification and the growth potential that comes from firms with new ideas. The Finance Committee and the Commissioners are working with our local, elected lawmakers to change the law so the district's investments can be controlled by the "prudent investor" rule as permitted by the state for some trust funds.

Meetings of the Finance Committee are announced by public posting and are open to the public. We welcome your attention. We particularly welcome anyone that might be interested in becoming a member of the Finance Committee and we can arrange for you to be invited to our meetings.

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:

Charles Bradley, Chairman

William L. Kingman

David A. Butler

## Report of the District Manager 2010

In summarizing the major highlights of 2010, we continue to operate The North Acton Water Treatment Plant at a highly efficient level, continuously meeting our treatment goals, and providing an extremely pure product to our customers. On the heels of that facility, we look to our next treatment priority, South Acton. Further, as we attempt to get ahead of our aging infrastructure, we made strides by replacing 3500-linear feet of problematic water main on Arlington St between Hayward Road and Freedom Farme/Charter Road.

The North Acton Water Treatment Plant, our new State-of-the-art membrane filtration facility, has been operating at a high level of efficiency for almost two years now. For that, I would like to thank the Operations and Environmental staff here at AWD. There have been some challenging times, but, due to our staff's proficiency, diligence and professionalism, these challenges have been, and continue to be, met.

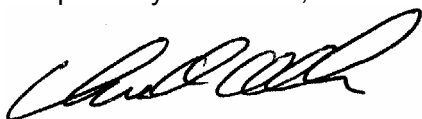
We are in the planning stages for implementation of full scale treatment in South Acton. Piloting of treatment technologies should commence early to mid 2011. This process has taken on some new challenges due to The Christofferson well being re-classified. We procured consultant services from Weston & Sampson Engineers of Peabody, MA to perform a replacement well investigation for the Christofferson Well, one of three wells in the School St supply circuit. This concluded with a recommendation to continue utilizing the existing source, and a new designation for the well as "Ground Water Under the Direct Influence" (GWUDI) of surface water. This will present some additional challenges and requirements for full-scale treatment, when implemented. Providing pure water that meets all regulatory requirements of the Safe Drinking Water Act to all of our customers is our primary mission, and we take it very seriously.

We continued our infrastructure replacement program by contracting the installation of 3,500 linear feet of water main on Arlington Street between Hayward Road and Freedom Farme Road. The contractor, Onyx Transportation of Acton, MA, did a great job, and was a pleasure to work with. After overcoming some initial unforeseen pitfalls, the project was completed well within the required timeline. This was an interesting job, as it required a combination of traditional trenching and trenchless technologies. We originally investigated performing the entire job trenchless or directionally drilled as this technology is often called. This would have been the least intrusive to the neighborhood although the subsurface conditions warranted a more hybrid approach to be adopted. Therefore, the contractor performed directional drilling under stream crossings/culverts, and the rest was typical trenched technology. Moving forward and trying to be more proactive in replacing our aging infrastructure, we are assessing the priority area for our next targeted upgrade. This project will, most likely, break ground in spring of 2012.

Moving forward, our priorities are the treatment and purification of the water from our sources to provide you with pure, palatable potable water; and continuing to upgrade our infrastructure to increase the integrity of our distribution system to reliably get this pure product to your tap.

I would like to thank the staff of The Water District for their support in the critical role of accomplishing our mission; they truly are the backbone of our operation. I would also like to thank The Board of Water Commissioners and The Finance Committee for their support, guidance, and conscientious and diligent service.

Respectfully submitted,



## **Environmental Manager's Report for 2010**

On the environmental front, the Acton Water District (AWD) accomplished the following in 2010.

### **Environmental Compliance**

We completed all drinking water monitoring and notification requirements under the Safe Drinking Water Act (SDWA). Implementation of the Ground Water Rule was successfully completed during 2010. An initial sampling event for this rule indicated no indication of the primary indicator species of microbial contamination. Lead and Copper sampling was conducted in accordance with our three year testing cycle of 30 customers and two school locations. System wide sample results were within acceptable limits demonstrating an effective corrosion control program. Federal regulations required a select group of water supplies throughout the country to undergo sampling for the Unregulated Contaminant Monitoring Rule 2 (UCMR 2). This did not result in any potentially regulated substances being found in our sources of supply.

### **Water Conservation**

In 2010, we once again offered water conservation rebates for customers replacing older toilets and washing machines with EPA WaterSense toilets and Consortium of Energy Efficiency Tier 3 washing machines. This resulted in 37 washing machines and 50 toilets being replaced with more water efficient models. Customers who received rebates in 2009 have reduced water use by approximately 15% and 13% over two years for replacing washing machines and toilets, respectively. I continued my work as a member of the New England Water Works Association (NEWWA) Conservation Committee, which provides an opportunity to network with other water suppliers and interested parties who are involved in water conservation efforts in New England.

### **Source Water Protection**

I continued to serve on Acton's Water Resource Advisory Committee as the Town continues to implement storm water programs in accordance with Federal regulations. The Towns of Concord and Sudbury both adopted Zone 2 areas in their communities to help protect our drinking water sources. In Acton, I worked with the Town Planner to bring forth our State approved Zone 2 areas for adoption by the 2011 Town meeting. An unwanted medication take back program was implemented in May 2010 by the Town of Acton in cooperation with the Water District, local businesses and community groups. We continued our participation in technical meetings and review of documents related to the ongoing Acton-WR Grace site cleanup process. The focus in 2010 was on the start up of the Northeast Area groundwater treatment system, approval of the effectiveness of plume capture in the Landfill Area, and review of sediment cleanup plans in Sinking Pond.

### **Education and Outreach Programs**

We taught over 250 Acton students involved in water-related classroom curriculum. This ranged from 4<sup>th</sup> and 5<sup>th</sup> grade classes to the high school Envirothon Team. The Water District also participated as a community table at the Acton-Boxborough Farmers Market in September where we provided outreach to over 60 individual homeowners. Green Acton hosted a water forum in May where I was one of three panelists discussing various aspects of water in Acton.

Respectfully Submitted,



Matthew Mostoller  
Environmental Manager

## **Report of the M.I.S. Coordinator**

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

### **Software and Applications**

Our internal systems are continually being enhanced and tweaked to provide easier and faster access to data. This year the tie-card program went mobile. The tie-card program allows Acton Water District staff members to view drawings of curbstops and gate valves in the system. A major revision to our software allowed quicker access to drawings while being able to load all the images onto Netbooks for the Operations staff to view in the field. This modification will allow up to the minute drawings to be available to all staff members and significantly reduce the man-hours required to maintain, update and access hand written drawings.

### **Hardware/Technology**

We purchased 6 netbooks and installation brackets for the trucks this year. Our Tie-card program was installed on these netbooks allowing the operations staff to access all drawings, historical records and up-to-date customer information. 2 new managed switches went in this year, I have never had to deal with managed switches, it made for some small hurdles and I expect to put in some new Cat6 wiring in the near future. I purchased 2 new desktops for the office and experienced Windows 7 and all its headaches. Some of our hardware does not have software versions and virtual XP will need to be used. A new notebook for remote access was also purchased this year.

### **Education**

There have been a few issues this year with our website and my education in Dreamweaver has been fast tracked. A lot of consideration went into going out-of-office for this project but in the end, I will need to be familiar with the programming software so I decided to learn Dreamweaver and develop the website in-house. Such an in-depth software has a steep learning curve but I expect to see pages rolled out by June.

The new server was still a major hurdle this year and required a lot of attention. The support contract was up and left me to learn or pay. I learned a lot and can say that the server is operating perfectly with nothing more to do than install patches and view log files now.

### **Meters and Billing**

To date we have 2,201 meters fitted with the newest Orion reading technology. Badger has come out with some enhancements to their meter reading technology. We are now installing meters with 2 new features, Data Profiling and Repeater Mode. Data Profiling allows customers to request historical data that is stored inside of their metering technology. The Repeater mode allows the metering technology to pass data from device to device and in theory allow a meter reader to stop at one end of a street and pick up all the meters on that street without actually having to drive down it.

Respectfully Submitted,



Robert Murch  
MIS Coordinator

# Mara & Associates, PC

Certified Public Accountants

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

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

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## Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities and the aggregate remaining fund information of the Water Supply District of Acton as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate remaining fund information of the Water Supply District of Acton as of June 30, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

*Mara & Associates PC*

Mara & Associates, PC  
August 12, 2010



## **Management's Discussion and Analysis**

As Management of The Water Supply District of Acton, we offer readers of the Water Supply District of Acton's financial statements this narrative overview and analysis of financial activities for the year ended June 30, 2010.

### **Financial Highlights**

The assets of the Water Supply District of Acton exceeded its liabilities at the close of the fiscal year by \$21,540,844 (net assets). Of this amount, \$428,761 (unrestricted net assets) may be used to meet the ongoing obligations of the District.

The total assets of the District are \$28,304,783. Of this amount, \$2,731,449 represents current assets and \$25,573,334 represents capital assets.

The total liabilities of the District are \$6,763,899. Of this amount, \$941,000 represents current liabilities and \$5,822,899 represents long term liabilities.

Total net assets of the District are \$21,540,884. This includes \$19,329,334 invested in capital assets, net of related debt, \$612,222 which is restricted for capital projects, \$428,761 which is unrestricted and \$1,170,566 in MTBE Stabilization Funds. The change in net assets for the fiscal year amounts to a decrease of \$794,556.

The District has implemented a rate increase as of July, 2010. This increase is projected to generate an additional \$550,000 in revenue for the fiscal year ending June 30, 2011.

During the fiscal year ended June 30, 2010 the District implemented Governmental Accounting Standards Board (GASB) Statement #45 regarding Other Post Employment Benefits. As a result, the District incurred an expense for its unfunded actuarial liability of \$336,480.

### **Overview of Financial Statements**

The Water Supply District of Acton's financial statements are comprised of the following: Government wide Financial Statement, Fiduciary Fund Financial Statement, Governmental Funds Financial Statement, Reconciliations of the Financial Statements and a Comparison of Actual to Budget. These statements provide different views of the District. One includes assets and liabilities of the District and the other focuses on the governmental funds.

The MTBE Stabilization Fund is no longer included in the Fiduciary Fund Financial Statements. This is a result of the vote at the Annual District Meeting on March 17, 2010 to appropriate those funds into a Stabilization Fund. These funds require appropriation at District Meeting.

The District adopts an annual appropriated budget for its government wide activities. A budgetary comparison has been included. Actual revenues for the year were less than budgeted revenues by \$476,895. Actual expenditures were less than budgeted expenditures by \$191,979.

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



### Comparison of current year to prior year (Governmental Funds)

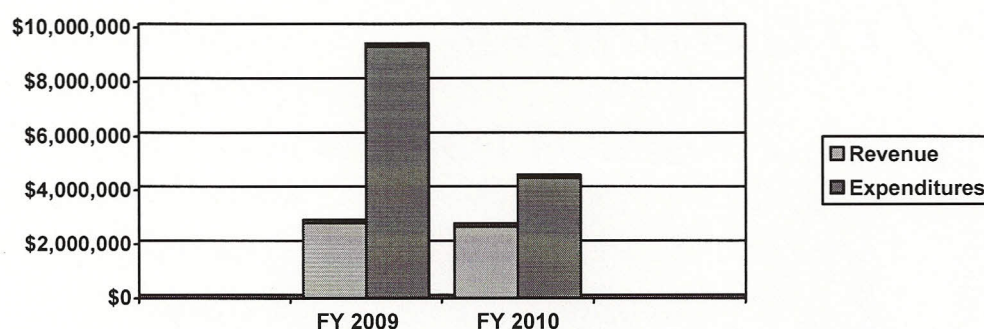
The total revenue for the District was \$2,806,192. Income for the Water Supply District of Acton is generated from water rates, installation of new services and investment income. Income from water rates and services was \$87,157 less than last year. Investment income was \$13,480 greater than last year. Income for this fiscal year also includes \$99,817 in additional MTBE Settlement Funds.

Expenditures for the current fiscal year decreased from the previous fiscal year by \$4,824,845. Total expenditures for the year amounted to \$4,467,141. This includes the expenditure of \$1,273,239 for capital projects.

At the close of the fiscal year the Unreserved Fund Balance for the General Fund (Free Cash) was \$24,867. This represents a decrease of \$1,054,651. There was also \$1,170,566 in MTBE Stabilization Funds at June 30, 2010.

At the close of the fiscal year there was a balance of \$612,222 restricted for capital projects. This represents a decrease of \$561,261 from the previous fiscal year.

Below is a graph comparing revenues and expenditures for fiscal years 2009 versus 2010.



### Capital Assets

The Water Supply District of Acton's investment in capital assets as of June 30, 2010 amounts to \$25,573,334 (net of accumulated depreciation). This investment includes land, buildings and improvements, pumping stations and tanks, infrastructure and improvements, machinery and equipment. The District added \$1,417,239 in capital assets this year.

Property and equipment is depreciated utilizing the straight line depreciation method and estimated useful lives as recommended by the Commonwealth of Massachusetts Department of Revenue Bureau of Accounts. The depreciation expense for this fiscal year was \$889,615.

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

### Fiscal Year 2011

The District has appropriated a balanced annual budget for FY 2011 of \$3,118,404. The District anticipates that with the rate increase, revenues will be higher and expenses will be in line with the current fiscal year.

WATER SUPPLY DISTRICT OF ACTON					Page 4
Statement of Net Assets					
June 30, 2010					
	<i>Unrestricted</i>	<i>Capital</i>	<i>Invested in</i>	<i>MTBE</i>	
	<i>Fund</i>	<i>Projects</i>	<i>Capital</i>	<i>Stabilization</i>	
	<i>Fund</i>	<i>Fund</i>	<i>Assets</i>	<i>Fund</i>	<i>Total</i>
<b>ASSETS</b>					
<i>Current Assets</i>					
Cash and Cash Equivalents	\$431,343	\$200,787			\$632,130
Investments				\$1,175,525	1,175,525
Due to/from MTBE Fund	4,959			(4,959)	0
Due to/from Capital Projects Fund	(411,435)	411,435			0
Accounts Receivable	103,792				103,792
Unbilled Accounts Receivable	820,001				820,001
Total Current Assets	948,661	612,222		1,170,566	2,731,449
<i>Non Current Assets</i>					
Capital Assets					
Land			\$777,225		777,225
Projects in Progress			169,145		169,145
Depreciable Infrastructure, net			23,134,816		23,134,816
Depreciable Buildings & Equipment, net			1,492,148		1,492,148
Total Non Current Assets	0	0	25,573,334	0	25,573,334
Total Assets	\$948,661	\$612,222	\$25,573,334	\$1,170,566	\$28,304,783
<b>LIABILITIES AND NET ASSETS</b>					
<i>LIABILITIES</i>					
<i>Current Liabilities</i>					
Accounts Payable			\$144,000		\$144,000
Short Term Debt			400,000		400,000
Current Portion Long Term Debt			300,000		300,000
Accrued Compensated Absences Current	\$22,000				22,000
Accrued Interest Payable	75,000				75,000
Total Current Liabilities	97,000	0	844,000	0	941,000
<i>Long Term Liabilities</i>					
Long Term Debt, net of current portion			5,400,000		5,400,000
Accrued Compensated Absences	86,419				86,419
Other Post Employment Benefits	336,480				336,480
Total Liabilities	519,899	0	6,244,000	0	6,763,899
<b>NET ASSETS</b>					
Net Assets	428,761	\$612,222	19,329,334	\$1,170,566	21,540,884
Total Liabilities and Net Assets	\$948,661	\$612,222	\$25,573,334	\$1,170,566	\$28,304,783



WATER SUPPLY DISTRICT OF ACTON					Page 5
Statement of Activities					
For the Year Ended June 30, 2010					
	<i>Unrestricted</i>	<i>Capital</i>	<i>Invested in</i>	<i>MTBE</i>	
	<i>Fund</i>	<i>Projects</i>	<i>Capital</i>	<i>Stabilization</i>	
	<i>Fund</i>	<i>Fund</i>	<i>Assets</i>	<i>Fund</i>	<i>Total</i>
<b>REVENUES</b>					
Water Rates and Services	\$2,791,952				\$2,791,952
Other Income: Settlement Proceeds				\$99,817	99,817
Interest Income	8,806	\$491		30,644	39,941
Net Increase in Fair Value of Investments				33,732	33,732
Total Revenues	2,800,758	491	0	164,193	2,965,441
<b>EXPENDITURES</b>					
Salaries and Wages	1,057,165				1,057,165
Other Post Employment Benefits Expense	336,480				336,480
Interest and Fees	210,000				210,000
Depreciation Expense			\$889,615		889,615
Lights, Power and Fuel	275,068				275,068
Health and Life Insurance	246,175				246,175
Maintenance & Operations Other	122,904			4,959	127,863
Maintenance & Operations Treatment Plant	98,248				98,248
Middlesex Retirement	108,804				108,804
Meters	55,000				55,000
Insurance	47,693				47,693
Auto Maintenance and Fuel	45,000				45,000
Chemicals	25,464				25,464
Legal	19,059				19,059
Reserve Expense	40,000				40,000
Laboratory Analysis	28,713				28,713
Education	8,049				8,049
Audit	14,500				14,500
Computer Maintenance	14,499				14,499
Information Reports	17,366				17,366
Office Supplies	12,088				12,088
Paving	20,000				20,000
Engineering	30,000				30,000
Postage	14,366				14,366
Telephone	8,000				8,000
D.E.P. Withdrawal and Fees	5,299				5,299
Petty Cash	800				800
Hydrants	413				413
Bank/Management Fees	0			4,271	4,271
Total Expenditures	2,861,152	0	889,615	9,230	3,759,997
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(60,395)</b>	<b>491</b>	<b>(889,615)</b>	<b>154,963</b>	<b>(794,556)</b>
Transfer from Unrestricted to Capital Projects	(511,487)	511,487			0
Bond Proceeds Received		200,000	(200,000)		0
Bonds Repaid	(660,000)		660,000		0
Capital Project Expenditures		(1,273,239)	1,273,239		0
Net Assets - Beginning of Year	1,660,643	1,173,483	18,485,710	1,015,603	22,335,440
Net Assets - End of Year	\$428,761	\$612,222	\$19,329,334	\$1,170,566	\$21,540,884

SEE ACCOMPANYING NOTES AND ACCOUNTANTS REPORT

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<b>WATER SUPPLY DISTRICT OF ACTON</b>				Page 6
Governmental Funds - Balance Sheet				
June 30, 2010				
		<i>Capital</i>	<i>MTBE</i>	<i>Total</i>
	<i>General</i>	<i>Projects</i>	<i>Stabilization</i>	<i>Governmental</i>
	<i>Fund</i>	<i>Fund</i>	<i>Fund</i>	<i>Funds</i>
<i>ASSETS</i>				
Cash and Cash Equivalents	\$431,343	\$200,787		\$632,130
Investments			\$1,175,525	1,175,525
Accounts Receivable	103,792			103,792
Less Reserve for Uncollectible	(103,792)			(103,792)
Due to/from MTBE Fund	4,959		(4,959)	0
Due to/from Capital Projects Fund	(411,435)	411,435		0
Total Assets	\$24,867	\$612,222	\$1,170,566	\$1,807,655
<i>LIABILITIES AND FUND BALANCES</i>				
<i>LIABILITIES</i>				
<i>FUND BALANCES</i>	\$24,867	\$612,222	\$1,170,566	\$1,807,655
Total Liabilities and Fund Balances	\$24,867	\$612,222	\$1,170,566	\$1,807,655

SEE ACCOMPANYING NOTES AND ACCOUNTANTS REPORT

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WATER SUPPLY DISTRICT OF ACTON				Page 7
Governmental Funds - Statement of Revenues, Expenditures and				
Changes in Fund Balances		Capital	MTBE	Total
For the Year Ended June 30, 2010	General	Projects	Stabilization	Governmental
	Fund	Fund	Fund	Funds
<b>REVENUES</b>				
Water Rates and Services	\$2,632,703			\$2,632,703
Interest Income	8,806	\$491	\$30,644	39,941
Other Income Settlement Proceeds			99,817	99,817
Net Increase in Fair Value of Investments			33,732	33,732
Total Revenues	2,641,509	491	164,193	2,806,192
<b>EXPENDITURES</b>				
Salaries and Wages	1,057,165			1,057,165
Capital Project Expenditures		1,273,239		1,273,239
Bonds Interest and Fees	870,000			870,000
Lights, Power and Fuel	275,068			275,068
Health and Life Insurance	246,175			246,175
Maintenance & Operations Other	122,904		4,959	127,863
Maintenance & Operations Treatment Plant	98,248			98,248
Middlesex Retirement	108,804			108,804
Meters	55,000			55,000
Insurance	47,693			47,693
Chemicals	25,464			25,464
Auto Maintenance and Fuel	45,000			45,000
Legal	19,059			19,059
Laboratory Analysis	28,713			28,713
Information Reports	17,366			17,366
Office Supplies	12,088			12,088
Audit	14,500			14,500
Education	8,049			8,049
Paving	20,000			20,000
Engineering	30,000			30,000
Postage	14,366			14,366
Telephone	8,000			8,000
D.E.P. Withdrawal and Fees	5,299			5,299
Computer Maintenance	14,499			14,499
Reserve Expense	40,000			40,000
Bank/Management Fees	0		4,271	4,271
Hydrants	413			413
Petty Cash	800			800
Total Expenditures	3,184,672	1,273,239	9,230	4,467,141
REVENUES (UNDER) EXPENDITURES	(543,164)	(1,272,748)	154,963	(1,660,949)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from General Fund to Capital Projects Fund	(511,487)	511,487		0
Bond Proceeds Received		200,000		200,000
Net Change in Fund Balances	(1,054,651)	(561,261)	154,963	(1,460,949)
Fund Balances - Beginning of Year	1,079,518	1,173,483	1,015,603	3,268,604
Fund Balances - End of Year	\$24,867	\$612,222	\$1,170,566	\$1,807,655

SEE ACCOMPANYING NOTES AND ACCOUNTANTS REPORT

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<b>WATER SUPPLY DISTRICT OF ACTON</b>	Page 8
Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Assets - June 30, 2010	
Total Governmental Fund Balances	\$1,807,655
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds.	25,573,334
The Statement of Activities accrues accounts receivable on billed and unbilled water whereas in the governmental funds, revenue is not reported until collected.	
Accounts Receivable	103,792
Unbilled Accounts Receivable	820,001
The Statement of Activities includes accounts payable and debts, whereas in governmental funds these are not reported until paid.	
Accounts Payable	(144,000)
Accrued Compensated Absences	(86,419)
Accrued Compensated Absences Current	(22,000)
Accrued Interest Payable	(75,000)
Short Term Debt	(400,000)
Current Portion Long Term Debt	(300,000)
Long Term Debt	(5,400,000)
Other Post Employment Benefits Liability	(336,480)
Net Assets of Governmental Activities	\$21,540,884
<b>WATER SUPPLY DISTRICT OF ACTON</b>	
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2010	
Net Change in Fund Balances - Total Governmental Funds	(\$1,660,949)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost is allocated over the estimated useful lives and is depreciated.	
Capital Expenditures	1,273,239
Bond Principal Repayment	660,000
Depreciation Expense	(889,615)
Some revenue/expenses reported in the Statement of Activities do not provide (use) current financial resources and therefore are not reported as revenue in the governmental funds.	
Water Revenue Accrual	159,249
Other Post Employment Benefits Expense	(336,480)
Change in Net Assets of Governmental Activities	(\$794,556)

SEE ACCOMPANYING NOTES AND ACCOUNTANTS REPORT

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<b>WATER SUPPLY DISTRICT OF ACTON</b>			Page 9
General Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2010			
			<i>Variance</i>
			<i>Positive</i>
	<i>Budget</i>	<i>Actual</i>	<i>(Negative)</i>
<b>REVENUES</b>			
Water Rates and Services	\$3,118,404	\$2,632,703	(\$485,701)
Interest Income	0	8,806	8,806
Total Revenues	3,118,404	2,641,509	(476,895)
<b>EXPENDITURES</b>			
Salaries and Wages	1,110,000	1,057,165	52,835
Bonds, Interest and Fees	870,000	870,000	0
Lights, Power and Fuel	300,000	275,068	24,932
Health and Life Insurance	260,000	246,175	13,825
Maintenance & Operations Other	125,000	122,904	2,096
Middlesex Retirement	108,804	108,804	0
Insurance	48,000	47,693	307
Chemicals	30,000	25,464	4,536
Reserve Fund	100,000	40,000	60,000
Laboratory Analysis	33,000	28,713	4,287
Auto Maintenance and Fuel	45,000	45,000	0
Information Reports	20,000	17,366	2,634
Telephone	8,000	8,000	0
Legal	22,000	19,059	2,941
Computer Maintenance	15,000	14,499	501
Office Supplies	15,000	12,088	2,912
Education	15,000	8,049	6,951
Audit	14,500	14,500	0
Paving	20,000	20,000	0
Engineering	30,000	30,000	0
Hydrants	10,000	413	9,587
Postage	15,000	14,366	634
D.E.P. Withdrawal and Fees	6,500	5,299	1,201
Bank Fees	500	0	500
Cross Connection	1,000	0	1,000
Accounting	100	0	100
Meters	55,000	55,000	0
Petty Cash	1,000	800	200
Maintenance & Operations Treatment Plant	100,000	98,248	1,752
Total Expenditures	3,378,404	3,184,672	191,979
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(260,000)	(543,164)	(284,916)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers General Fund to Capital Projects Fund	(511,487)	(511,487)	0
Net Change in Fund Balance	(771,487)	(1,054,651)	(284,916)
Budgetary Fund Balance - Beginning of Year	1,079,518	1,079,518	0
Budgetary Fund Balance - End of Year	\$308,031	\$24,867	(\$284,916)

SEE ACCOMPANYING NOTES AND ACCOUNTANTS REPORT

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<b>WATER SUPPLY DISTRICT OF ACTON</b>	Page 10
WR Grace Fiduciary Fund - Statement of Fiduciary Net Assets	
June 30, 2010	
<i>ASSETS</i>	
<i>Current Assets</i>	
Cash and Cash Equivalents	\$46,178
Investments	2,128,465
Total Assets	\$2,174,643
<i>LIABILITIES</i>	
<i>NET ASSETS</i>	\$2,174,643
Total Liabilities and Net Assets	\$2,174,643
<b>WATER SUPPLY DISTRICT OF ACTON</b>	
WR Grace Fiduciary Fund - Statement of Changes in Fiduciary Net Assets	
For the Year Ended June 30, 2010	
<i>ADDITIONS</i>	
Dividend and Interest Income	\$84,050
Net Increase Fair Value of Investments	47,444
Total Additions	131,494
<i>DEDUCTIONS</i>	
Investment Management Fees	9,570
Maintenance and Operations	127,696
Total Deductions	137,267
Additions over (under) Deductions	(5,772)
Net Assets - Beginning of Year	2,180,415
Net Assets - End of Year	\$2,174,643

SEE ACCOMPANYING NOTES AND ACCOUNTANTS REPORT

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**WATER SUPPLY DISTRICT OF ACTON**  
**Notes to the Basic Financial Statements - June 30, 2010**

**NOTE 1 – GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity** - The Water Supply District of Acton ("the District") is a municipality incorporated in the Commonwealth of Massachusetts with the purpose of providing water and related services to the residents and businesses of Acton. The District is a separate municipality, distinct from the Town of Acton. There are no component units included within the reporting entity. The basic operations of the District are financed by water rate and services charges. The District's financial statements include the accounts of all District operations. Inhabitants of the Town of Acton who are qualified to vote in elections and town affairs are eligible to vote on matters concerning the District and to act on articles of the District.

**Summary of Significant Accounting Policies** - The following significant accounting policies were applied in the preparation of the accompanying financial statements:

**Basis of Accounting and Presentation** - The District reports its financial statements in accordance with both the Governmental Accounting Standards Board Statement 34 (GASB 34) and with the Commonwealth of Massachusetts uniform reporting system. The financial statements include reconciliations that report the differences between the GASB 34 statements and the Commonwealth of Massachusetts statements.

The two reporting standards are briefly described here.

**GASB 34** - This financial model includes the presentation of Management's Discussion and Analysis as well as Government Wide financial statements that are prepared on the accrual method of accounting. Revenues are reported when earned and expenses are reported when incurred, regardless of when payments are either received or made. The accrual basis financial statements report capital assets and the related depreciation expense and accumulated depreciation. All liabilities are reported, including compensated absences and short and long term debt. The net assets (equity) are reported in three components: invested in capital assets, net of related debt, restricted for capital projects and unrestricted.

**COMMONWEALTH OF MASSACHUSETTS** - This financial model presents the District's governmental funds. Under this method, revenues are recorded when received and expenditures are recorded when they are paid. Accounts receivable are fully reserved until they are collected and recorded as income.

Capital assets and infrastructure are not recorded in the governmental funds. Funds used to acquire capital assets are accounted for as expenditures in the Capital Projects Fund in the fiscal year payment is made. Appropriation balances of capital projects are carried forward in the Capital Projects Fund until completion of the project or until unexpended balances are transferred to the General Fund by approval of the Annual Meeting. The governmental funds report the unreserved fund balance, commonly referred to as "Free Cash."

**Budgets and Budgetary Accounting** - The District's annual budget is a legally adopted budget that is approved at the District's Annual Meeting. Appropriations for the Capital Projects Fund, the WR Grace Fiduciary Fund and the MTBE Stabilization Fund are also approved at the Annual Meeting. Any budget overrides or additional appropriations must be approved at a specially called District Meeting.

**Capital Assets** - Capital assets, which include land, infrastructure, buildings, vehicles, machinery and equipment, are reported in the Government-Wide financial statements at historical cost or estimated historical cost. Depreciation is provided using the straight-line method over the estimated useful lives recommended by the Massachusetts Department of Revenue, Division of Local Services, Bureau of Accounts.

**Compensated Absences** - The District has a policy of buying back 50% of a retiring employee's unused sick time, up to a maximum of 85 days sick time.

**WATER SUPPLY DISTRICT OF ACTON**  
**Notes to the Basic Financial Statements - June 30, 2010**

**NOTE 1 – GENERAL STATEMENT AND SIGNIFICANT ACCOUNTING POLICIES - continued**

**District Funds** - The District categorizes its funds into governmental and fiduciary funds. The following governmental funds are reported:

**Unrestricted Fund** - This primary operating fund is used for financial resources other than those that are required to be accounted for in another fund.

**Restricted Capital Projects Fund** - This fund reports the activity for the appropriations and spending for construction projects or for acquiring assets.

**Invested in Capital Assets Fund** - This fund reports the historical cost of fixed assets less accumulated depreciation.

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

The following fiduciary fund is reported:

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

**NOTE 2 - CASH AND CASH EQUIVALENTS**

The District considers all highly liquid investments with a maturity date of less than one year to be cash equivalents. The District maintains some of its cash in an investment account that is not insured. The District has not experienced any loss in that account. The District believes it is not exposed to any significant credit risk on cash.

**NOTE 3 - INVESTMENTS**

The WR Grace Fiduciary Fund and MTBE Stabilization Fund investments are managed pursuant to Massachusetts General Laws by Boston Financial Management with the guideline that there is low risk to principal while providing a continuing revenue stream. The investments are carried at fair value. As of June 30, 2010, the District had the following investments:

Description	WR Grace Fiduciary Fund	MTBE Stabilization Fund
Cash and Equivalents	\$371,645	\$133,711
Government and Agency Bonds	911,808	813,200
Corporate Bonds	426,338	228,614
Equities	418,674	
Total	\$2,128,465	\$1,175,525

**NOTE 4-INTERFUND RECEIVABLE/ PAYABLE**

At June 30, 2010, \$411,435 is due to the Capital Projects Fund from the General Fund and \$4,959 is due to the General Fund from the MTBE Stabilization Fund.



**WATER SUPPLY DISTRICT OF ACTON**  
**Notes to the Basic Financial Statements - June 30, 2010**

**NOTE 5 - RETIREMENT PLANS**

Substantially all employees of the District are members of the Middlesex Retirement System. The retirement system is funded by both employer and employee contributions. The District's annual contributions to the retirement system are determined on a "pay-as-you-go" basis by the State Division of Insurance and are estimates of pensions actually payable during an accounting period. In addition, employees contribute 5%, 7%, 8% or 9% of their base pay depending on when they entered the system. The District's contributions for the year ended June 30, 2010 were \$108,804.

The District has a voluntary Section 457 retirement plan. Employees may make pre-tax contributions, and the District will match contributions up to 3% of the participating employee's base salary. The maximum employee and District combined contribution is \$15,500 per year (\$20,500 for employees age 50 or older). District match contributions for the year ended June 30, 2010 were \$24,314, which are included in Salaries and Wages.

**NOTE 6 - COMMITMENTS**

The District has entered into certain contracts for construction of water main installations.

**NOTE 7 - CAPITAL ASSETS**

Capital asset activity for the District the year ended June 30, 2010 consisted of the following:

Description	Balance 6/30/09	Additions	Reclassify	Balance 6/30/10
Land	\$777,225			\$777,225
Infrastructure	28,240,204	\$671,718	\$6,616,585	35,528,507
Buildings	1,084,969			1,084,969
Vehicles	376,951	47,519		424,470
Machinery & Equipment	2,197,004			2,197,004
Capital Assets Under Construction	6,641,730	144,000	(\$6,616,585)	169,145
Total at Historical Cost	39,318,083	863,237	0	40,181,320
Less Accumulated Depreciation				
Infrastructure	11,683,120	710,570		12,393,690
Buildings	269,999	27,124		297,123
Vehicles	273,345	38,142		311,487
Machinery & Equipment	1,491,907	113,779		1,605,686
Total Accumulated Depreciation	13,718,371	889,615		14,607,986
Capital Assets, Net	\$25,599,712			\$25,573,334

**WATER SUPPLY DISTRICT OF ACTON**  
**Notes to the Basic Financial Statements - June 30, 2010**

**NOTE 8 - SHORT TERM DEBT**

The District has issued bond anticipation notes (BAN's) on a short term basis to fund the capital project costs incurred prior to selling permanent debt. The following is a summary of the changes in short term debt for the year ended June 30, 2010:

Description	Interest Rate	Due Date	Balance 6/30/09	Issued	Redeemed	Rolled Over	Balance 6/30/10
Water Mains-Indian Village	1.94%	6/01/10	\$160,000		(\$160,000)		-
Water Mains-Coughlin St	1.94%	6/01/10	400,000		(200,000)	(\$200,000)	-
Water Mains-Coughlin St	1.15%	6/01/11	-			200,000	\$200,000
Water Mains-Arlington St	1.15%	6/01/11	-	\$200,000			200,000
Total			\$560,000	\$200,000	(\$360,000)	0	\$400,000

**NOTE 9 - LONG TERM DEBT**

The District has issued a general obligation bond to finance the construction of the water treatment plant at the Kennedy Marshall well site. The interest rates on the bond vary from 2.0% to 4.3% according to annual maturities, with an average rate of 3.64%. The following is a summary of the changes in long term debt for the year ended June 30, 2010:

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

The annual debt service requirements for long term debt outstanding at June 30, 2010 are as follows:

Fiscal Year	Principal	Interest	Total
2011	\$300,000	\$184,800	\$484,800
2012	300,000	178,800	478,800
2013	300,000	172,050	472,050
2014	300,000	166,050	466,050
2015	300,000	159,300	459,300
2016-2020	1,500,000	677,250	2,177,250
2021-2025	1,500,000	430,950	1,930,950
2026-2029	1,200,000	127,350	1,327,350
Total	\$5,700,000	\$2,096,550	\$7,796,550

Principal of \$660,000 plus interest and fees of \$210,00, for a total of \$870,000, is reported as "Bond Interest and Fees" on the Governmental Funds - Statement of Revenues, Expenditures and Changes in Fund Balances for the year ended June 30, 2010. This includes payments on both Short and Long Term Debt.

"Interest and Fees" of \$210,000 is reported on the Statement of Activities and reflects the accrual basis calculation of interest actually incurred during the year ended June 30, 2010 on both short term and long term notes, regardless of when the actual interest payments were made by the District.



**WATER SUPPLY DISTRICT OF ACTON**  
**Notes to the Basic Financial Statements - June 30, 2010**

**NOTE 9 - LONG TERM DEBT - continued**

As of June 30, 2010 the District has the following debt authorized and unissued:

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

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

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

*Plan Description-* The District administers a defined benefit healthcare plan through the Massachusetts Interlocal Insurance Association (MIIA) that provides lifetime healthcare insurance for eligible retirees and their spouses. Massachusetts General Laws Chapter 32B assigns authority for the District to establish and amend benefit provisions of the plan. The Retiree Health Plan does not issue a publicly available financial report.

*Funding Policy-* Contribution requirements are set by the Board of Water Commissioners and approved with a Special Meeting vote by the water takers of the District. The required contribution is based on a pay-as-you-go financing requirement. The District contributes 90 percent of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 10 percent of their premium costs.

*Annual OPEB Cost and Net OPEB Obligation-* The District's annual other post-employment benefits (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The components of the District's annual obligation are summarized in the following table:

Normal cost	\$228,752
Amortization of unfunded actuarial accrued liability	179,333
Annual OPEB cost (expense)	408,085
Contributions made	(71,605)
Increase in net OPEB obligation	336,480
Net OPEB obligation- beginning of year	0
Net OPEB obligation- end of year	\$336,480

**WATER SUPPLY DISTRICT OF ACTON**  
**Notes to the Basic Financial Statements - June 30, 2010**

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

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2010 were as follows:

Fiscal Year Ended	6/30/10
Annual OPEB Cost	\$408,085
Percentage of Annual OPEB Cost Contributed	17.5%
Net OPEB obligation	\$336,480

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

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities of benefits.

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

In the July 1, 2009 actuarial valuation, actuarial liabilities were determined using the projected unit credit method. The actuarial assumptions included a 3% investment return assumption, which is based on the expected yield on the assets of the District.



<b>WATER SUPPLY DISTRICT OF ACTON</b>	Page 17
<b>Required Supplemental Information - June 30, 2010</b>	
<b>OTHER POST-EMPLOYMENT BENEFITS</b>	
<b>SCHEDULE OF FUNDING PROGRESS</b>	
Actuarial valuation date	7/1/09
Actuarial value of assets	0
Actuarial accrued liability (AAL)	\$3,515,024
Unfunded AAL (UAAL)	3,515,024
Funded ratio	0.00%
Covered payroll	1,057,000
UAAL as a percentage of covered payroll	332.55%
<b>ACTUARIAL METHODS</b>	
Actuarial cost method	Projected Unit Credit
Amortization method	Level Dollar
Remaining amortization period	30 years
<b>ACTUARIAL ASSUMPTIONS</b>	
Investment rate of return	3.00%
Health care trend rate	9.5% or 10% graded to 5% over 10 years
Dental care trend rate	5.5% for all years
<b>PLAN MEMBERSHIP</b>	
Current retirees, beneficiaries, and dependants	8
Current active members	15
Total	23
<b>WATER SUPPLY DISTRICT OF ACTON</b>	
<b>Notes to Required Supplemental Information - June 30, 2010</b>	
<b>NOTE A – OTHER POST-EMPLOYMENT BENEFITS</b>	
<p>The District administers a defined benefit healthcare plan that provides lifetime healthcare insurance for eligible retirees and their spouses through the Massachusetts Interlocal Insurance Association (MIIA) health insurance plan, which covers both active and retired members.</p>	
<p>The District currently finances its other post-employment benefits (OPEB) on a “pay-as-you-go” basis. As a result, the funded ratio (actuarial value of assets expressed as a percentage of the actuarial accrued liability) is 0%. In accordance with Governmental Accounting Standards Board Statement 45 (GASB 45), the District has recorded its OPEB cost equal to the actuarial determined annual required contribution (ARC) which includes the normal cost of providing benefits for the year and a component for the amortization of the total unfunded actuarial accrued liability of the plan.</p>	
<p>The Schedule of Funding Progress presents multi-year trend information which compares, over time, the actuarial accrued liability for benefits with the actuarial value of accumulated plan assets. Since this is the District's initial year of implementation of GASB 45, information for prior years is not available.</p>	
<p>Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.</p>	

WATER SUPPLY DISTRICT OF ACTON					Page 18
Supplemental Schedule of Governmental Fund Balance - Capital Projects Activity					
For the Year Ended June 30, 2010					
	<i>BEGINNING</i>	<i>TRANSFERS</i>	<i>PAYMENTS</i>	<i>BOND</i>	<i>ENDING</i>
	<i>BALANCE</i>	<i>(TO)FROM</i>	<i>MADE</i>	<i>PROCEEDS</i>	<i>BALANCE</i>
	<i>06/30/09</i>	<i>GEN'L FUND</i>		<i>&amp; INTEREST</i>	<i>06/30/10</i>
Arlington Street Engineering	\$0	\$40,000	\$25,145		\$14,855
Arlington Street Mains	0	250,000		\$200,000	450,000
Clean Rehab Storage Tanks	0	20,000	8,300		11,700
Coughlin Taylor Mains	307,199		307,199		0
Eminent Domain Knox Trail	10,500		10,500		0
Eminent Domain Main Street	23,000		3,481		19,519
Garage Addition 06	31	(31)			0
Great Hill Altitude Valve	50,000		9,822		40,178
Indian Village Water Mains	139	5,500	5,451		188
Kennedy Marshall WTP	502,933		502,933		0
KMTP Bond Interest	31,934		32,425	491	0
KMTP Engineering	12,126		12,126		0
Leak Detection Survey 08	1,931	(1,931)			0
Leak Detection Survey 10	0	15,000	11,570		3,430
Main Street Mains	98,867		98,867		0
Master Plan Update 06	1,100	(1,100)			0
Media Replacement 2010	0	80,000	69,118		10,882
Media Replacement Clapp/Whit	5,951	(5,951)			0
Pickup Truck	9,103		9,101		2
Service Truck	45,000		38,418		6,582
UniDirectional Flushing 08	11,727				11,727
Water Main Emergency 09	24,425	20,000	44,425		0
Water Main Emergency 10	0	25,000	6,966		18,034
Water Main Replacement 07	3,029		3,029		0
Water Main Replacement 08	14,488		14,488		0
Water Main Replacement 09	20,000		20,000		0
Water Main Replacement 10	0	25,000	6,069		18,931
Well Clean and Rehab 09	0	10,000	10,000		0
Well Clean and Rehab 10	0	30,000	23,806		6,194
Total	\$1,173,483	\$511,487	\$1,273,239	\$200,491	\$612,222
	See Independent Auditor's Report				



## **Minutes of March 17, 2010 Annual Meeting**

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

- 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, 2010, in accordance with the provisions of General Laws, Chapter 44, Section 4, and to renew any note or notes as may be given for a period of less than one year, in accordance with the provisions of the General Laws, Chapter 44, Section 17, or to take any other action relative thereto. Unanimously approved.
- Article 4.** To see what sums of money the District will vote to raise and appropriate to defray the usual expenses of the District. Unanimously approved.
- Article 5.** To see if the District will vote to transfer from Surplus Revenue the sum of \$30,000 to clean and rehabilitate existing wells throughout the District, or to take any other action relative thereto. Unanimously approved.
- Article 6.** To see if the District will vote to transfer from Surplus Revenue the sum of \$25,000 for the purpose of repairing emergency water main breaks, or to take any other action relative thereto. Unanimously approved.
- Article 7.** To see if the District will vote to transfer from Surplus Revenue the sum of \$25,000 for the purpose of replacing old water mains, renewing old water services, replacing old fire hydrants, or to take any other action relative thereto. Unanimously approved.
- Article 8.** To see if the District will vote to transfer from Receipt Reserve for Appropriation Account (MTBE) 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. Unanimously approved.
- Article 9.** To see if the District will vote to transfer from Receipt Reserve for Appropriation Account (MTBE) the sum of \$150,000 for pilot studies for water treatment in South Acton, or to take any other action relative thereto. Unanimously approved.
- Article 10.** To see if the District will vote to transfer the balance of the MTBE settlement funds in the approximate amount of \$777,000, now in an Receipt Reserved for Appropriation Fund, into a Stabilization Fund for the purpose future capital projects, treatment for contaminants in the water supply, reduction of outstanding bonds or for any other lawful purpose as voted by a future district meeting 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 \$80,000 for the replacement of the granular activated carbon media at the Clapp Whitcomb well sites on Massachusetts Avenue in Acton or to take any other action relative thereto. Unanimously approved.

- Article 12.** To see if the District will vote to transfer from Surplus Revenue the sum of \$40,000 for engineering services and related costs associated with planned water main improvements on Arlington Street in Acton or to take any other action relative thereto.  
Unanimously approved.
- Article 13.** To see if the District will vote to transfer from Surplus Revenue the sum of \$250,000 for the construction of infrastructure improvements to the water distribution system on Arlington Street in Acton 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 \$15,000 for a leak detection survey throughout the District, or to take any other action relative thereto.  
Unanimously approved.
- Article 15.** To see if the District will vote to transfer from Surplus Revenue the sum of \$260,000 to pay down the bond issued for construction and related costs associated with the water main improvements on Main Street in Acton, per District vote in Article 11 at the Annual Meeting on March 18, 2009 or to take any other action relative thereto.  
Unanimously approved.
- Article 16.** To see if the District will vote to transfer from Surplus Revenue the sum of \$20,000 for the internal cleaning of all water storage tanks in the District's water system or to take any other action relative thereto.  
Unanimously approved.
- Article 17.** To see if the District will vote to authorize the Treasurer, with the approval of the Commissioners to transfer to Surplus Revenue the following unexpended balances remaining after the completion of projects authorized by vote of the District:
- A. Unexpended balance in the sum of \$9,103.00, Article 6, of the Special Meeting of September 22, 2008, for the purchase of a new mid-size pick-up truck.
  - B. Unexpended balance in the sum of \$1,100.00, Article 1, of the Special Meeting of November 27, 2006, for the Master Plan Update.
  - C. Unexpended balance in the sum of \$5,951.00, Article 9, of the Annual Meeting of March 18, 2009, for carbon media replacement.
  - D. Unexpended balance in the sum of \$1,931.00, Article 2, of the Annual Meeting of March 19, 2008, for the system-wide leak detection survey.
  - E. Unexpended balance in the sum of \$30.69, Article 3, of the Annual Meeting of March 15, 2006, for purchase the engineering and construction of a new garage.

Mr. Phillips explained that the \$9,103.00 in subsection A will not be transferred to surplus revenue as those funds were expended for a new truck to replace one that was totaled in an accident. Mr. Phillips moved to amend the pending motion, as presented, by deleting from the pending motion, the words: "A. Unexpended balance in the sum of \$9,103.00, Article 6, of the Special Meeting of September 22, 2008, for the purchase of a new mid-size pick-up truck." Mr. Stuntz seconded the motion. Mr. O'Brien called for any discussion on the amendment. Mr. O'Brien then called a vote on the "motion to amend" the pending motion.

The amended article was unanimously approved.

The amendment was unanimously approved.

Mr. O'Brien moved to adjourn the meeting at 8:00 p.m., Mr. Parenti seconded the motion and all were in favor. The motion to adjourn was unanimously approved.

# Water District Organization

## ELECTED OFFICIALS

### Commissioners

Stephen C. Stuntz, Chairman	Term Expires 2011
Leonard A. Phillips	Term Expires 2012
Ronald R. Parenti	Term Expires 2013

<b>District Clerk</b>	Charles E. Orcutt III	Term Expires 2011
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<b>District Moderator</b>	Richard P. O'Brien	Term Expires 2012
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## APPOINTED OFFICIALS

<b>Finance Committee</b>	Charles Bradley, Chairman	Term Expires 2011
	William L. Kingman	Term Expires 2012
	David A. Butler	Term Expires 2013

<b>District Manager</b>	Christopher D. Allen	Contract Expires 2011
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<b>Treasurer/Collector</b>	Mary J. Bates	Term Expires 2011
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<b>District Counsel</b>	Mary Bassett	Term Expires 2011
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<b>District Assistant Clerk</b>	Helen F. Argento	Term Expires 2011
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<b>Commissioners Secretary</b>	Lynn Protasowicki	Term Expires 2011
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<b>Auditor</b>	Maureen Waters Mara, CPA, MST	Term Expires 2011
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### Water Land Management Advisory Committee

John Cipar  
Margaretha Eckhardt  
Paul Malchodi  
Charles Olmstead  
Barry Rosen

### Water District Staff

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

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

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

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

**Commissioners meet on the second and fourth Monday of each month, at  
7:30 P.M., 693 Massachusetts Avenue, Acton  
Meeting agendas and minutes are posted on our website  
The public is welcome to attend**

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

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

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