



Water Supply District of Acton

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Board of Water Commissioners

Meeting Agenda

Monday, August 19, 2019 @ 7:30 PM

- **Maureen Mara of Mara & Associates for annual audit report**
- **Comments from Citizens**
- **Approve minutes of July 15th meeting**

OLD BUSINESS:

- Confirmation of scheduling a joint meeting with the Town of Acton Selectboard
 - Proposed date of Monday, September 9th
- Follow-up discussion of alternative water rate models
 - Item was introduced by the District's Finance Committee at the meeting of 5/20
- Update from Land Court hearing on July 11th -Concord v. Littleton Water Department
- Land Disturbance permit at 28 Lawsbrook Road for the proposed Lawsbrook Road solar array

NEW BUSINESS:

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

 **DRAFT**

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Board of Water Commissioners
Meeting Minutes
693 Massachusetts Avenue, Acton, MA
Monday, July 15, 2019

AGENDA

- A. Comments from Citizens
- B. Approve Minutes of June 3, 2019 Meeting

C. OLD BUSINESS:

- 1. Follow-up Discussion on Designation of the WR Grace Settlement Fund

D. NEW BUSINESS:

- 1. Request from the Acton Selectboard for Joint Public Meeting
 - At their meeting of 6/17, the Selectboard voted to request a joint meeting with the Board of Water Commissioners.
- 2. Communication with the Town of Acton

Executive Session: To consider the purchase, exchange, lease or value of real property.

Present at Tonight's Meeting:

Commissioners: Stephen Stuntz (Chair), Erika-Amir-Lin, Barry Rosen

District Manager: Chris Allen

District Treasurer: Mary Jo Bates

District Counsel: Mary Bassett

Environmental Manager: Matt Mostoller

Commissioner's Secretary: Lynn Protasowicki

Green Acton: Lucy Kirschner

Acton Citizen: Ron Parenti

The Board of Commissioners meeting was called to order at 7:30 PM on Monday, July 15, 2019 at the Acton Water District office by Mr. Stephen Stuntz.

A. Comments from Citizens:

None this evening

B. Approve Minutes of June 3, 2019 Meeting:

Mr. Rosen had some edits. Mr. Stuntz motioned to approve the minutes of June 3, 2019 as amended. Ms. Amir-Lin seconded the motion and it was unanimously approved.

C. OLD BUSINESS:

- 1. *Follow-up Discussion on Designation of the WR Grace Settlement Fund.*

Mr. Allen wanted to have a follow-up discussion with the Commissioners on the designation of the WR Grace Settlement Fund. Mr. Rosen asked to have Ms. Bates tell the fund manager to hold off on locking the District into anything new for this fund. Counselor Bassett stated that the Commissioners need to take a vote and then it needs to get a 2/3rd vote at District meeting.

[BR1]Mr. Rosen motioned for the Acton Water District to begin the process of transferring /re-categorizing the WR Grace Fund to a WR Grace Stabilization Fund to be put onto the warrant at the March 2020 Annual District meeting. Ms. Amir-Lin seconded the motion and it was unanimously approved.

D. NEW BUSINESS:

1. Request from the Acton Selectboard for a Joint Public Meeting.

Mr. Rosen explained how the request to have a joint meeting came about. He stated that the Water Resources Advisory Committee presented a plan to do their water study in stages and asked Town to put up to \$50K. During the meeting Jon Benson, Selectboard asked if the Board would like to meet with the Board of Water Commissioners to discuss the water study. The BoS decided that they would like to have a joint meeting with the Water Commissioners.

Mr. Stuntz requested that in advance of this joint meeting, the Commissioners would like a scope of work from WRAC for the water study.

Mr. Parenti did some population analysis. In year 2025 Acton's population could be up to 35K people. Mr. Allen mentioned that the District currently serves 20K people. Mr. Mostoller will check with MAPC to see if there is an updated MAPC growth scenario beyond 2025 (ie more farmland turned into residential areas). Mr. Allen mentioned that MAPC is one of the resources in the District's Master Plan. MAPC cites population growth through 2035.

2. Communication with the Town of Acton.

Mr. Allen will request to have the Commissioners meet with the BoS on September 9th. The Commissioners agreed to have their District meeting at the library with a start time of 7 PM. Mr. Allen will request to be on the Town BoS's agenda for 8 PM.

Other New Business:

1. Mr. Allen gave a quick overview of the current rate increase which took effect with the July billing. He noted that usage down about 4% and revenue up about 10%.
2. Mr. Allen mentioned that he had a discussion with Town Engineer about an inquiry of a water line through town forest from Quarry Road to Nagog Park. The goal of this new water line would be to increase water quality in Nagog Park. As there is no Town Forest Commission to get approval to do this project, the Selectboard appointed the Conservation Commission as the point people for this project.

Mr. Stuntz moved to adjourn the open meeting at 8:22 PM and motioned to enter into Executive Session at 8:23 PM to consider the purchase, exchange, lease or value of real property as an open meeting may have a detrimental effect on the litigating position of the District and to reconvene in open session. Ms. Amir-Lin seconded the motion and it was unanimously approved by roll call vote.

Mara CPA, PC

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Commissioners Parenti, Stuntz and Amir-Lin
Water Supply District of Acton

August 6, 2019

During our audit of the June 30, 2019 financial statements, we made several observations that I would like to bring to your attention. I discussed these observations with Mary Jo Bates and Christopher Allen when the audit fieldwork was completed.

UNSOLD WATER PERCENTAGE

Every year, as part of the audit, I review the statistics for quantity of water pumped from the ground versus water metered/sold to customers. The improved statistics since 2016 are attributed to the completion of the South Acton Water Treatment Plant where updated technology is more accurately metering the water pumped. The District has also been very aggressive in its leak detection and leak prevention strategies. The current year results are consistent with the trends in the last few years.

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Cubic Feet Pumped	70,634,388	73,000,228	74,600,000	83,000,000	83,000,000
Cubic Feet Sold	61,666,000	64,115,099	66,100,000	69,700,000	64,000,000
Percentage Unsold	12.7%	12.2%	11.4%	16.0%	22.8%

NET PENSION LIABILITY

Governmental accounting standards mandated that municipalities report their Net Pension Liability starting with their 2015 financial statements. This is a summary of the District’s activity with its pension fund at Middlesex County Retirement System:

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Net Pension Liability beginning of year	\$3,370,594	\$3,319,310	\$2,784,648	\$2,562,079	\$2,455,110
Plus actuarially calculated expense	471,535	413,458	394,725	269,434	231,684
Less payments to MCRS	(218,063)	(203,213)	(177,725)	(165,791)	(133,367)
Plus (minus) change to net deferred outflows	116,561	(158,961)	317,662	118,926	8,652
Equals Net Pension Liability end of year	\$3,740,627	\$3,370,594	\$3,319,310	\$2,784,648	\$2,562,079

The ongoing increase in the liability can be attributed to several calculations, including the reduction in 2018 of the System’s anticipated rate of return from 7.75% to 7.50%. (When the percentage goes down, the liability goes up). See this interesting disclosure from the audit report that illustrates the impact that the anticipated rate of return on invested assets has on the net pension liability calculation.

<i>Sensitivity of the Net Pension Liability to Changes in the Discount Rate of Return on Investments</i>	1% Increase in return to 8.50%	Current Discount Rate 7.50%	1% Decrease in return to 6.50%
The District’s share of the net pension liability	\$3,068,706	\$3,740,627	\$4,537,548

OTHER POST EMPLOYMENT BENEFITS (OPEB)

The District has had actuarial valuations of its OPEB liability to provide health insurance to retirees. It started funding its OPEB Trust Fund in 2011. The amounts needed to fund the future liability were calculated at the following amounts:

Valuation Date	June 30, 2019	June 30, 2018	June 30, 2015	June 30, 2012	June 30, 2009
Liability Amount	\$1,210,474	\$1,170,622	\$1,075,000	\$2,400,000	\$3,500,000
Plan Fiduciary Net Position	\$1,162,164	\$974,781	\$552,339	\$200,512	\$0
Net OPEB Liability	\$48,311	\$195,841	\$522,661	\$2,199,488	\$3,500,000
Percent Funded	96%	83%	49%	8%	0%

The dramatic decrease in the OPEB Liability from 2009 to 2015 is a result of significant changes in assumptions used in calculating the liability. The liability appears to be more accurately calculated, as evidenced by the more moderate changes from 2015 to 2019. The 2015 liability calculation reflects the changes the District made in its health plans offerings, as well as adjustments to the percentage of employee and retiree contributions. The District is reporting its OPEB liability in accordance with new Governmental Accounting Standards, so the actual net liability of \$48,311 is reported on the Statement of Net Position, unlike prior years when accounting standards had other reporting models.

The net OPEB liability is influenced by both the anticipated rate of return on the assets invested, as well as the anticipated cost of medical benefits in the future. Here is the disclosure from the audit report that illustrates the change in the net liability based on both of those factors.

<i>Sensitivity of the Net OPEB Liability to Changes in the Discount Rate of Return on Investments</i>	1% Increase in return to 8.0%	Current Discount Rate 7.0%	1% Decrease in return to 6.0%
Net OPEB liability	(\$73,150)	\$48,311	\$194,268

<i>Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates</i>	1% Increase in costs	Current Healthcare Cost Trend Rates	1% Decrease in costs
Net OPEB liability	\$215,110	\$48,311	(\$87,819)

FUND BALANCES

Here is a comparison of the beginning and ending balances of the District Funds:

	Net Position 6/30/19	Net Position 6/30/18
Free Cash (cash basis)	\$870,376	\$1,319,945
Capital Projects Fund	\$1,373,067	\$1,371,848
Unappropriated Net Assets (accrual basis)	(\$1,315,336)	(\$902,436)
Invested in Capital Assets (net of debt)	\$23,838,520	\$22,643,138
Appropriated for Maintenance and Operations	\$168,234	\$219,771
Restricted for Mitigation	\$108,339	\$137,020
Grace Trust Fund	\$2,180,711	\$2,100,494
Grace Restricted for Capital Projects	\$135,048	\$300,000
OPEB Trust Fund	\$1,162,163	\$974,780

DISTRICT INVESTMENTS

The District currently has two investment funds (Grace Fund and OPEB Trust Fund) that are managed by Boston Financial Management with the guideline that there is low risk to principal while providing a continuing revenue stream. This is a snapshot of the cost and fair values for the past five years:

Description	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Cost Basis	\$2,907,471	\$2,677,222	\$2,851,905	\$2,773,636	\$2,732,686
Fair Value	\$3,418,509	3,035,997	3,189,984	3,081,383	2,955,442
Difference	\$511,038	\$357,775	\$338,079	\$307,747	\$222,756

ENHANCEMENTS TO WARRANT LEDGER

Mary Jo and I discussed the recommendation that she improve some of the reporting functions that are currently in place on the warrant ledger accounting system. Improvements would include identifying cash versus accrual accounts more clearly and expanding the template used to prepare cash and accrual basis financial statements at the end of the fiscal year. Mary Jo agreed that she will fine tune the scope of improvements desired, and will work with Bob Murch to cost effectively achieve these results.

The management and staff of the District were most helpful and cooperative during the audit. It is my pleasure to be the auditor for the District, and I welcome the opportunity to be of service in any way.

Sincerely yours,

Maureen Waters Mara, CPA

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Certified Public Accountant – Professional Corporation
PO Box 1555, Concord, MA 01742 maureen@maracpa.com 978-371-2113

August 6, 2019

To the Board of Commissioners
Acton Water District

We have audited the financial statements of Acton Water District for the year ended June 30, 2019, and have issued our report thereon dated July 31, 2019. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated June 17, 2019, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of Acton Water District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you during our preliminary fieldwork on June 17, 2019.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Acton Water District are described in Note 1 to the financial statements. The District started reporting its Net Other Post Employment Benefits Liability in accordance with GASB Standards 74/75. The District's Net Position was adjusted to reflect the Net Liability and deferred outflows and inflows related to OPEB as of 6/30/18. The current year expense and disclosures were reported in accordance with GASB 74/75. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 31, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

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

Sincerely yours,

Maureen Waters Mara, CPA



Engineering Department

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08/5/2019

Notice for Public Comments on Proposed Land Disturbance Permit

In accordance with Chapter X of the General Bylaws, and 5.1 of the Land Disturbance Permit Rules and Regulations, the Acton Engineering Department will accept submittals for public comment at the Engineering Department of the Town Hall, 472 Main St., Acton, MA on the application of Acton Water Solar Partners, LLC for approval of a Land Disturbance Permit, on land located at 28 Lawsbrook Road Acton, MA Map H4 parcels 113, 114, 119, 130, 134, 139-1 and 126 of the Acton Town Atlas. The application will be available for public review and comment during normal business hours for five (5) business days after the date of publication of this notice

Inspection of the permit can be done at the Engineering Department and online at <http://doc.acton-ma.gov/dsweb/View/Collection-11123>. Written comments on the permit application may be submitted to the Engineering Department

General information for Land Disturbance permits may be found on the Engineering Department's webpage: <https://www.acton-ma.gov/126/Engineering>

Permit Applicant Information: Acton Water Solar Partners, LLC
28 Lawsbrook Road
Acton, Massachusetts 01720

Event Resulted: Cross-Motions for Summary Judgment Hearing scheduled on: 07/11/2019 10:00 AM Has been: Held. - Hearing held on parties' cross-motions for summary judgment. Attorneys Peter Durning, Bryan Bertram, Katherine Stock and Jeffrey Roelofs appeared. After hearing argument from counsel on whether the Water Management Act ("WMA") impliedly repealed the special act of 1884 ("1884 Act"), the court expressed concern about whether a decision by the court would be of any use, where Littleton and Acton agreed that, under any set of circumstances, they would still be required to apply for a permit under the WMA, which application could be denied by DEP for any number of reasons having nothing to do with whether the WMA impliedly repealed the 1884 Act. The court requested the parties' views on whether the matter could more properly be raised in the context of an appeal from a decision of DEP granting or denying a permit to Littleton, at which point the parties and the court would have the benefit of DEP's analysis (which might include its view on whether the 1884 act was impliedly repealed). The court also requested that the parties consider the practical ramifications of whatever decision the court issued (how any such decision would be implemented in view of, for example, Concord's recorded taking of all of the waters in Nagog Pond). Parties to file and serve supplemental briefs on these issues on or before September 13, 2019; parties to file and serve any response to the opposing party's supplemental brief on or before September 20, 2019. The court also invited the parties to submit supplemental affidavits, to the extent they deem it useful, regarding the existence of an actual controversy requiring prompt resolution by the court.