
ANNUAL REPORTS
of the
OFFICERS
Grafton Water District
for 2015



Serving your water needs
GRAFTON, MASSACHUSETTS

**REPORTS OF THE OFFICIALS OF THE
GRAFTON WATER DISTRICT
FOR THE YEAR 2015**

DISTRICT ELECTED OFFICIALS

BOARD OF WATER COMMISSIONERS

Kenneth Grew.....Term Expires 2017

Robert Frederico.....Term Expires 2018

Michael Corda.....Term Expires 2016

MODERATOR

Jesse R. Dowd, Jr.....Term Expires 2017

CLERK

Rebecca Corda.....Term Expires 2017

EMPLOYEES

MANAGER.....Matthew E. Pearson

OFFICE MANAGER.....Sharon Carroll-Tidman

OFFICE ASSISTANT.....April Grandinetti

UTILITY OPERATOR.....John Hazelwood

UTILITY OPERATOR.....Dave Erickson

UTILITY OPERATOR.....Ron Festa

YEARLY APPOINTMENTS

TREASURER.....Joseph Meichelbeck*

COUNSEL.....Mary Bassett

*Joseph Meichelbeck resigned in November and Wendy Graves was appointed to fill the position

**Grafton Water District
Annual Meeting
April 28, 2015**

Moderator Jesse Dowd called the meeting to order, at 7:30pm.

Article 1

A motion was made by Treasurer Joseph Meichelbeck and seconded by Commissioner Ken Grew, to move that the District will accept the Annual Report of the District Commissioners or take any action relative thereto. The moderator called for discussion. There was none. The moderator called for a vote, and the article passed unanimously.

Article 2

A motion was made by Commissioner Robert Frederico and seconded by Commissioner Michael Corda to move that the District will accept the Annual Report of the District Treasurer or take any action relative thereto. The moderator called for discussion. There was none. The moderator called for a vote, and the article passed unanimously.

Article 3

A motion was made by Commissioner Michael Corda and seconded by Ken Grew to move that the District will vote to appropriate from the income of the District and accept the sum of one million, nine hundred and sixty thousand, seven hundred dollars and no cents (1,960,700.00) as the Fiscal 2016 budget as printed in the Annual Report or take any action relative thereto. The moderator called for discussion. There was none. The moderator called for a vote, and the article passed unanimously.

Article 4

A motion was made by Commissioner Ken Grew and seconded by Robert Frederico, to move that the District will vote to authorize the Treasurer, with the approval of the Board of Water Commissioners, to borrow in anticipation of revenue under MGL Chapter 44, Section 4. The moderator called for discussion. There was none. The moderator called for a vote, and the article passed unanimously.

Article 5

A motion was made by Commissioner Robert Frederico and seconded by Ken Grew to move that the District will vote to authorize the Board of Water Commissioners to make pre-payments against existing loans or take any action relative thereto. The moderator called for discussion. There was none. The moderator called for a vote, and the article passed unanimously.

Article 6

A motion was made by Commissioner Michael Corda and seconded by Ken Grew to move that the District will authorize the Commissioners to enter into a long-term written lease of land, with options to extend for a period not to exceed thirty (30) years, for the purpose of constructing a water treatment pumping station and associated equipment and materials on a portion of the property owned by the Town of Grafton located off of Powerline Drive in Grafton (Book 11125 Page 258); the written lease to include terms, conditions and limitations as the Commissioners shall deem necessary and proper for the benefit of the District. The moderator called for discussion. There was none. The moderator called for a vote, and the article was passed unanimously.

Commissioner Robert Frederico addressing the exemplary performance of the Grafton District Manager Matthew E. Pearson read a letter to the members of the Grafton Water District praising him for the outstanding work and dedication over the last fiscal year.

A motion was made by Commissioner Michael Corda and seconded by Robert Frederico to adjourn the meeting. The meeting was adjourned at 7:38pm.

Respectfully Submitted,



Rebecca A. Corda
Clerk
Grafton Water District

**Grafton Water District
Annual Budget**

	2014-2015 Budget	2015-2016 Proposal	Change
Maintenance & Operation			
Salaries	\$ 423,000	\$ 440,407	4.1%
Benefits	164,200	\$ 201,891	23.0%
Maintenance	235,500	\$ 235,100	-0.2%
Utilities	109,000	\$ 112,000	2.8%
Chemicals	51,500	\$ 57,500	11.7%
Engineering Services	30,000	\$ 30,000	0.0%
Miscellaneous	3,700	\$ 3,700	0.0%
Sub Total	\$ 1,016,900	\$ 1,080,598	6.3%
Administrative Expenses			
Office & Supplies	\$ 52,000	\$ 49,500	-4.8%
Insurance	15,500	\$ 15,500	0.0%
Accounting	7,000	\$ 10,000	42.9%
Legal	6,000	\$ 6,000	0.0%
Officers Fee	3,500	\$ 3,500	0.0%
Moderator's Fee	300	\$ 300	0.0%
Treasurer's Fee	12,500	\$ 13,000	4.0%
Sub-Total	\$ 96,800	\$ 97,800	1.0%
Debt Service	\$ 476,000	\$ 471,000	-1.1%
Capital			
Gen. System Improvements	\$ 150,000	\$ 150,000	0.0%
Capital Projects	186,000	186,000	0.0%
Vehicle	40,000		
Meters	5,000	5,000	0.0%
Sub-Total	\$ 381,000	\$ 341,000	-10.5%
Total Expenditures	\$ 1,970,700	\$ 1,990,398	1.0%
Total Revenue(Anticipated)	\$ 2,141,000	\$ 2,552,000	19.2%

April 28, 2015

To Whom It May Concern:

On April 28, 2015 the Grafton Water District held its annual election for officers in the following categories: one Commissioner.

The results are as follows:

Commissioner

Robert Frederico, 12 votes

Rebecca Corda

Clerk

Grafton Water District

Board of Water Commissioners

2015 Annual Report

The Board elected Robert Frederico as Chairman of the Board. Appointed were Joseph Meichelbeck as Treasurer and Mary Bassett as District Counsel.

During the past year the Commissioners worked on many projects as well as the general management over the operations of the District.

1. The Board had Scanlon & Associates perform a financial audit of the District finances and procedures. This audit is completed annually consistent with sound financial practice and in conformance with State and Federal reporting requirements and as by District debt covenants.
2. The Board worked with the Manager to oversee the operations of the District.
3. The Board finalized the land swap on Trinity Avenue and Pleasant Street with the Commonwealth of Massachusetts. The land on Pleasant Street was a potential well site that would not yield enough water relative to the cost of construction. So this land was swapped for land off Trinity Avenue that had been approved and is a high yield producing well. Construction of the pumping station and well should be started in mid-2016.
4. The Board has been working on an "Other Post Employee Benefits" trust fund and is anticipating that it will be adopt and will start to be funded in early 2016.
5. The Board is happy to report that Manager, Matthew Pearson has been elected President-elect of the New England Water Works Association. In this position he is able to influence issues that affect the water works industry and bring Grafton into the limelight.
6. The Board signed contracts with 2 companies to replace or install new mains in roads within the District. Projects were done on Sartell road, Hilltop road, North Street, Harrison Avenue, Maryann Drive and Leland Avenue.
7. The Board accepted the resignation of Joseph Meichelbeck as Treasurer and welcomes Wendy Graves as the new District Treasurer.
8. The District received an Energy Conservation Award from the Department of Environmental Protection for the solar project on Follette Street.
9. The Board worked with the Manager and Treasurer to produce a budget that was approved by the voters at the Annual Meeting in April.
10. The Board wishes to thank the staff of the Water District for operating the water system and maintaining it in great condition and continuing to provide safe dependable water to our customers.

Board of Water Commissioners

Robert Frederico, Chairman
Kenneth Grew, Commissioner
Michael Corda, Commissioner

MANAGERS REPORT 2015

The Grafton Water District now has 4421 service connections. These include residential, commercial and industrial.

The District pumped a total of 514,316,000 gallons of water during the year 2015 this was almost the same as the last year. A difference between years usually correlates to the type of weather we have during the summer and fall months. During a dry year the amount of water pumped is usually up during a wet year it is usually down.

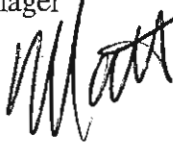
The following items address some of the projects that were worked on during the 2015 calendar year.

1. The District submitted its sixteenth Consumer Confidence Report to the District customers. The report is now available on line at www.graftonwaterdistrict.org. This report highlights the District and its water quality status. The District is pleased to report that the water in which the District supplies you meets or exceeds all of the required testing parameters required by State and Federal government.
2. This is the first year that the District has had no water mains installed by private developers. The District installed 630 feet of 8-inch pipe on Sartell Road, 340 feet of 8-inch pipe on Hillside Drive, 240 feet of 8-inch pipe on Maryann Drive, 320 feet of 6-inch pipe on Harrison Avenue and 480 feet of 6-inch pipe on Leland Avenue. The District also replaced 340 feet of pipe on Hillside Avenue that was aging and prone to breakage. The District went to public bid for these projects and the total cost was approximately \$413,509.00.
3. The District installed feet of 8-inch pipe under the North Street Bridge. This bridge crossing connected two dead ends which ended at the Massachusetts Turnpike Bridge. It took two years to design and receive approval from MassDOT to construct the bridge crossing. The pipe hangs on the steel beams below the bridge and is insulated to prevent freezing. This project cost was \$262,659.00 dollars, \$218,859.00 was for construction and the remainder was for engineering. This project created another feed to the north end of Town and much better water flows and quality in that area.
4. The District has been working with Magill Associates to complete a booster station for phase two of the Highfields development. It is anticipated that it will need to be running in early 2016 as Magill has started houses on that phase.
5. Hydrants were added on Maryann Drive and Ray Street. A hydrant was moved on Sartell Road away from a low area and bushes.
6. Regular maintenance of the District facilities was done throughout the year.

7. Employees of the District continue to take courses that keep them abreast of changes in the industry. Each employee is mandated by the State to attend a certain number of training class hours. This participation is required to keep their licenses valid and to be able to continue employment at the District. All of the District water operators carry the required State licenses.
8. All hydrants in the system were flushed and checked for proper operation. Also, hydrants were greased, painted and maintained as needed throughout the year.
9. The Board of Water Commissioners continues to support local community activities by supplying water or other services during special events. The District supported the Grafton Gazebo Road Race, Lions Club Carnival, Grafton Common lawn watering, Household Hazardous Waste Day, Grafton Land Trust and others.

I would like to take this opportunity to thank the Commissioners and employees of the District for their assistance throughout the year. It is with their continued commitment to the District, the community and to their job that I am able to concentrate my efforts on the management side of the District operation.

Matthew E. Pearson
Manager

A handwritten signature in black ink, appearing to read 'Matt', is written over the printed name 'Matthew E. Pearson'.

2015 WATER PRODUCTION (GALLONS)

	2014	2015
Total Used	514,803,000	514,316,000
Largest Day	2,164,000	2,465,000
Average Day	867,000	843,000

MAIN EXTENSIONS

Maryann Drive	6"	258'
Leland Avenue	6"	395'
Harrison Avenue	6"	309'
Sartell Road	8"	650'
Hillside Avenue (replacement)	8"	340'

WATER MAIN REPAIRS

Ray Street	6"	Worcester Street	8"
Frankie Lane	2"	Martin Drive	6"
Worcester Street	8"		

WATER SERVICE REPAIRS

Powerline Drive (2)	3/4"	Pleasant Street	3/4"
Sunrise Ave (3)	3/4"	Brigham Hill road	3/4"
Gristmill Road	3/4"	Overlook	3/4"
Seaver Farm Lane	1"	Shore Drive	3/4"
Worcester Street	3/4"	Kaye Street	3/4"
Hingham Road	3/4"		

SYSTEM MAINTENANCE

New Meters – 58	New Hydrants - 2
Replacement Meters – 115	Total Services - 4421

YEAR 2011 THROUGH 2015 COMPARISON

Year	# of Services	Gallons Pumped	Employees	Payroll
2015	4417	514,316,000	5.5	\$412,890.00
2014	4345	509,154,000	5	\$413,965.00
2013	4293	438,156,000	5	\$415,613.00
2012	4239	409,158,000	5	\$407,174.00
2011	4176	434,820,000	5	\$398,420.00

Year	Income	Expenses	Debt Payments	Debt Balance
2015	\$2,848,456.00	\$2,051,967.00	\$475,549.00	\$4,916,621.00
2014	\$2,181,302.00	\$2,050,324.00	\$474,749.00	\$5,178,303.00
2013	\$2,260,405.00	\$1,963,347.00	\$508,817.00	\$5,427,875.00
2012	\$2,561,679.00	\$1,923,511.00	\$487,984.00	\$5,936,693.00
2011	\$2,234,488.00	\$1,908,274.00	\$491,183.00	\$6,168,808.00

Year	Extra Payments	Connection Improvements	Capital Improvements	Contributed Capital
2015	0	\$203,500.00	\$435,025.00	0
2014	0	\$203,000.00	\$787,016.00	\$238,900.00
2013	0	\$147,700.00	\$535,151.00	\$171,000.00
2012	0	\$242,922.00	\$386,554.00	\$250,160.00
2011	0	\$199,339.00	\$662,864.00	\$157,500.00

**GRAFTON WATER DISTRICT
TREASURER'S REPORT
YEAR ENDING JUNE 30, 2015**

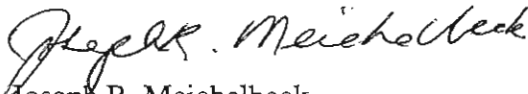
I am pleased to report that the Grafton Water District continues to operate on a sound financial basis. Operations were cost effectively managed to meet the short and long-range needs of the Grafton Community.

The accompanying financial reports provide additional information about the District's financial status.

The balance of this report consists of:

1. Independent Auditors Opinion
2. Audited Financial Statements
3. Notes to Financial Statements
4. List of Payments in Excess of \$4,000

Respectfully submitted,


Joseph R. Meichelbeck
Treasurer

Vendor Payments Over \$4000.00
7/1/2014 to 6/30/2015

Vendor	Amount
A/D Instrument	\$ 18,823.53
Adams Corporation	\$ 9,384.50
Auburn Winwater	\$ 5,121.15
Bank of America	\$ 8,098.23
Bau Hopkins	\$ 6,716.43
Bigelow Electrical Co., Inc.	\$ 11,024.55
Borden & Remington	\$ 5,512.63
CDUS Solar MT 2 LLC	\$ 107,332.18
Chapdelaine	\$ 35,956.00
Denis L. Maher Co.	\$ 35,026.80
Earthworks	\$ 75,126.75
EIS	\$ 6,257.00
Exxon Mobil	\$ 6,500.00
Fallon	\$ 73,299.40
Flowrite	\$ 31,536.40
Foster Compay	\$ 4,600.00
GE Intelligent Platforms, Inc.	\$ 8,949.08
Geosphere	\$ 11,940.00
US Postal Service	\$ 4,294.00
HACH	\$ 9,317.23
Haluch Water Contracting, Inc.	\$ 309,289.55
H.R. Prescott	\$ 5,468.45
Huhtala Oil & Propane	\$ 9,042.22
J.P. Morgan Chase Bank	\$ 319,372.50
Jones Chemicals, Inc.	\$ 6,691.64
Joseph Meichelbeck	\$ 12,499.08
Koopman	\$ 5,688.76
Lipinski & Sons	\$ 7,253.21
Mary E Bassett, Esq.	\$ 4,170.00

Vendor Payments Over \$4000.00
7/1/2014 to 6/30/2015

Vendor	Amount
MMDT	\$ 1,450,000.00
Michael Rybak	\$ 6,625.00
MILA	\$ 22,289.00
Mint Energy	\$ 65,459.22
National Grid	\$ 13,869.43
Premier Laboratory	\$ 6,034.00
Principal Financial	\$ 9,942.99
Putnam Pipe	\$ 6,573.55
R H White	\$ 42,367.53
Raschig	\$ 13,224.00
Savers Bank	\$ 21,730.88
Scanlon & Associates	\$ 6,750.00
Sharon Carroll-Tidman	\$ 18,827.91
Stiles Company	\$ 17,488.33
Tata & Howard	\$ 4,094.65
Ti Sales	\$ 6,998.92
Tighe&Bond	\$ 17,900.00
U.S. Postal Service	\$ 9,340.00
Univar	\$ 29,144.08
USDA Rural Development	\$ 76,804.00
Verizon	\$ 5,218.82
Wright Pierce	\$ 14,440.31

GRAFTON WATER DISTRICT

Report on the Examination of Basic Financial Statements

Fiscal Year Ended June 30, 2015

GRAFTON WATER DISTRICT
Report on the Examination of Basic Financial Statements
For the Year Ended June 30, 2015

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Independent Auditor's Report

To the Commissioners
Grafton Water District
Grafton, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Grafton Water District in Grafton, Massachusetts, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Grafton Water District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Grafton Water District as of June 30, 2015, and the respective changes in financial position and, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Information and the *Schedule of Funding Progress and Employer Contributions* on pages 6 through 9, 25 through 26 and page 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Grafton Water District's basic financial statements. The Supplementary Schedule, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements.

The Supplementary Schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2015, on our consideration of the Grafton Water District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Grafton Water district's internal control over financial reporting and compliance.

Scanlon and Associates, LLC

Scanlon & Associates, LLC
South Deerfield, Massachusetts

September 10, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Grafton, Massachusetts Water District, (the District) we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2015. The District's performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The District's assets exceeded its liabilities by \$16,472,537 (net position) at the close of the 2015 fiscal year. This is an increase from the previous year of \$590,152 (4%) as a result of this year's operations.
- Total liabilities of the District decreased during the year by \$155,127 (3%) to \$5,241,760. This net change resulted mainly from a net decrease in long term bond payable of \$261,682 and an increase in the Other Post Employment Benefits (OPEB) obligation payable of \$56,725 from the previous year.
- At June 30, 2015, the Water District's total current assets in the amount of \$3,112,293 exceeded its total current liabilities of \$414,283 by \$2,698,010. The relative value of the difference in those two amounts provides a good indication of the District's financial strength over the short-term.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Grafton Water District's basic financial statements. The District operates as a utility enterprise and presents its financial statements using the economic resources measurement focus and the full accrual basis of accounting. In layman's terms, this presentation means that financial information is reported using accounting methods similar to those followed by private sector companies. The statements offer both short-term and long-term financial information about the activities of the Grafton Water District.

Required Financial Statements for Business-Type Activities

In reporting on the operations of its enterprise funds, the Water District's basic financial statements include a Statement of Net Position; a Statement of Revenues, Expenses and Changes in Fund Position; and a Statement of Cash Flows. The financial statements also include notes that are considered essential to a full understanding of the data that is being presented on the face of the statements. The primary purpose of the notes is to provide additional discussion, enhanced disclosures and tabular presentation of data to further explain information in the financial statements and to provide more detailed data.

The information contained in the Statement of Net Position represents all of the Water District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations to the Water District's creditors (liabilities).

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Fund Position. This statement measures the success of the Water District's operations over the past year and can be used to determine whether the Grafton Water District has successfully recovered all of its costs through user fees and other charges. It provides the user with basic financial information about the profitability and credit worthiness of the Water District.

The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Water District's cash receipts and cash payments during the fiscal year. The statement reports cash receipts, cash payments and net changes in cash resulting from operating; noncapital financing; capital and related financing; and investing activities. The purpose of this statement is to tell the user where the Water District's cash came from, what the cash was used for, and by how much the cash balance changed over the course of the fiscal year.

In addition to the financial statements and accompanying notes, this report also presents as required supplementary information, a schedule of revenues and expenditures – budget and actual.

Financial Highlights

Statement of Net Position Highlights

	Business-Type Activities		
	2015	2014	Change
Assets:			
Current assets	\$ 3,112,293	\$ 2,279,550	\$ 832,743
Noncurrent assets	-	53,531	(53,531)
Capital assets	18,602,004	18,946,191	(344,187)
Total assets	21,714,297	21,279,272	435,025
Liabilities:			
Current liabilities (excluding debt)	146,784	96,954	49,830
Current debt	267,499	261,530	5,969
Noncurrent liabilities (excluding debt)	178,355	121,630	56,725
Noncurrent debt	4,649,122	4,916,773	(267,651)
Total liabilities	5,241,760	5,396,887	(155,127)
Net Position:			
Net investment in capital assets	13,685,383	13,767,888	(82,505)
Unrestricted	2,787,154	2,114,497	672,657
Total net position	\$ 16,472,537	\$ 15,882,385	\$ 590,152

**Statement of Revenues, Expenses and
Changes in Net Position Highlights**

	2015	2014	Change
Operating Revenues:			
Charges for services - Rates	\$ 2,607,509	\$ 2,181,302	\$ 426,207
Service and entrance fees	203,500	203,000	500
Miscellaneous fees	37,447	33,728	3,719
Total revenues	2,848,456	2,418,030	430,426
Expenses:			
Salaries and wages	409,288	412,890	(3,602)
Employee benefits	213,739	233,680	(19,941)
Professional fees	34,024	58,569	(24,545)
Office expenses	37,378	50,627	(13,249)
Maintenance and operating	492,575	454,016	38,559
Depreciation	864,963	840,542	24,421
Total expenses	2,051,967	2,050,324	1,643
Non-operating revenues (expenses):			
Interest Income	8,226	13,636	(5,410)
Contributed Capital	-	238,900	(238,900)
Interest Expense	(214,563)	(226,356)	11,793
Total non-operating revenues (expenses)	(206,337)	26,180	(232,517)
Change in net position	590,152	393,886	196,266
Net position - beginning of year	15,882,385	15,488,499	393,886
Net position - end of year	\$ 16,472,537	\$ 15,882,385	\$ 590,152

The Water District's net position (i.e., the difference between assets and liabilities) is one way to measure financial health or financial position. Over time, increases or decreases in the Water District's net assets are a general indicator of whether its financial health is improving or deteriorating. In addition to the relative change in net assets, readers will also have to take into consideration the impact on operations of other non-financial factors and external influences. These would include, but are not limited to, economic conditions, population growth, unusual rainfall patterns, changes in governmental legislation, restrictions on outdoor water use, the issuance of new regulations and the utilization of new technologies.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets exceeded liabilities by \$16,472,537 at the close of fiscal year 2015.

Net position of \$13,685,383 (83%) reflects its investment in capital assets (e.g., infrastructure); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance is *unrestricted net position* of \$2,787,154 (17%) and may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the District is able to report positive balances in all categories of net position for its business-type activities.

The *Water Fund* is the financing and operations of the District's water system. The water fund shows an increase in net position of \$590,152 (4%) during the current fiscal year, which reflects the results of operations. This change was mainly due to operating revenues exceeding current operating costs by \$796,489, interest income of \$8,226, and interest expense of \$214,563. Operating revenues increased by \$430,426 (19%) while operating expenses increased by \$5,245 (under 1%) from the prior year.

The revenue change was mainly due to an increase in water rates.

Capital Asset and Debt Administration

Capital Assets. The District's investment in capital assets as of June 30, 2015 amounts to \$18,602,004.

The investment in capital assets includes land, construction in progress, buildings and renovations, machinery, equipment and other and infrastructure.

Major capital events during the current fiscal year included the following:

- Purchase of a vehicle for \$35,956.
- Infrastructure improvements for \$484,820.

Debt Administration. The District's outstanding governmental debt as of June 30, 2015, totaled \$4,916,621 for various water projects.

Please refer to note 2C and 2D for further discussion of the capital and debt activity.

Next Year's Annual District Meeting

The District operates under the "Open Meeting" concept where each registered voter has an equal vote in the adopting of District's budgets and appropriations. The financial statements for June 30, 2015 do not reflect the fiscal year 2016 District meeting action. The annual District meeting on April 28, 2015 authorized a fiscal year 2016 operating budget as follows:

From Water receipts	<u>\$ 1,990,398</u>
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Requests for Information

The financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Treasurer, Grafton Water District, 44 Millbury Street, Grafton, Massachusetts.

BASIC FINANCIAL STATEMENTS

**GRAFTON WATER DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015**

	Business-Type Activity Enterprise Fund
	Water Fund
ASSETS	
CURRENT:	
Cash and Cash Equivalents	\$ 84,445
Investments	2,294,247
User Charges, net of allowance for uncollectibles	607,629
Betterment Receivable	86,093
Due from Other Governments	39,879
Total current assets	3,112,293
NONCURRENT:	
Capital Assets, net of accumulated depreciation	
Nondepreciable	1,188,786
Depreciable	17,413,218
Total noncurrent assets	18,602,004
Total Assets	21,714,297
LIABILITIES	
CURRENT:	
Accounts Payable	94,565
Accrued Payroll	13,297
Accrued Interest	38,922
Bonds Payable	267,499
Total current liabilities	414,283
NONCURRENT:	
Other Post Employment Benefits Payable	178,355
Bonds Payable	4,649,122
Total noncurrent liabilities	4,827,477
Total Liabilities	5,241,760
NET POSITION	
Net Investment in Capital Assets	13,685,383
Unrestricted	2,787,154
Total Net Position	\$ 16,472,537

The Notes to the Financial Statements are an integral part of this Statement.

**GRAFTON WATER DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015**

	Business-Type Activity Enterprise Fund
	Water Fund
Operating Revenues:	
Charges for Services - Rates	\$ 2,607,509
Service and Entrance Fees	203,500
Miscellaneous Fees	37,447
Total Operating Revenues	2,848,456
Operating Expenses:	
Salaries & Wages	409,288
Employee Benefits	213,739
Professional Fees	34,024
Office Expenses	37,378
Maintenance and Operating	492,575
Depreciation	864,963
Total Operating Expenses	2,051,967
Operating Income (Loss)	796,489
Non-Operating Revenues (Expenses):	
Interest Income	8,226
Interest Expense	(214,563)
Total Non-Operating Revenues (Expenses)	(206,337)
Change in Net Position	590,152
Net Position at Beginning of Year	15,882,385
Net Position at End of Year	\$ 16,472,537

The Notes to the Financial Statements are an integral part of this Statement.

**GRAFTON WATER DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015**

	Business-Type Activity Enterprise Fund
	Water Fund
Cash Flows From Operating Activities:	
Receipts from Customers and Users	\$ 2,761,126
Payments to Vendors	(668,060)
Payments to Employees	(407,849)
Net Cash Provided by (Used for) Operating Activities	1,685,217
Cash Flows from Capital and Related Financing Activities:	
Acquisition and Construction of Capital Assets	(520,776)
Principal Payments on Bonds and Notes	(261,682)
Interest Expense	(213,866)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(996,324)
Cash Flows from Investing Activities:	
Investment Income	8,226
Purchase of Investments	(1,054,457)
Net Cash Provided by (Used for) Investing Activities	(1,046,231)
Net Increase (Decrease) in Cash and Cash Equivalents	(357,338)
Cash and Cash Equivalents at Beginning of Year	441,783
Cash and Cash Equivalents at End of Year	\$ 84,445

**Reconciliation of Operating Income (Loss) to Net Cash
Provided by (Used For) Operating Activities:**

Operating Income (Loss)	\$ 796,489
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	864,963
Change in Assets and Liabilities:	
Increase (Decrease) in Warrants Payable	47,694
Increase (Decrease) in Accrued Payroll	1,439
Increase (Decrease) in Other Post Employment Benefits Payable	56,725
Decrease (Increase) in Due from Other Governments	5,237
Decrease (Increase) in Betterment Receivable	14,944
Decrease (Increase) in User Charges Receivable	(102,274)
Total Adjustments	888,728
Net Cash Provided by (Used for) Operating Activities	\$ 1,685,217

The Notes to the Financial Statements are an integral part of this Statement.

GRAFTON, MASSACHUSETTS WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Grafton Water District (Water District) was created pursuant to Chapter 135 of the Acts of 1984 and amended by Chapter 427 of the Acts of 1987 as a public entity, politic and corporate, for the purpose of acquiring, consolidating, improving, and operating the existing water systems serving the Town of Grafton. The Water District is a separate governmental unit granted independent authority by the Commonwealth of Massachusetts to allow the Water District's Board of Directors to set rates, fees, and charges without oversight, supervision, or direction from any other State or local entity or agency.

For financial reporting purposes, the Water District has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The Water District has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and/or significance of their relationship with the Water District are such that exclusion would cause the basic financial statements to be misleading or incomplete. In fiscal year 2015, it was determined that no entities met the required GASB-39 and GASB-61 criteria for component units. The District is considered to be a special-purpose government.

B. Basis of Presentation

The business-type activities are financed in whole or in part by fees charged to external parties. All activities of the Water District are considered business-type activities.

Fund Financial Statements. The Government-wide Financial Statements provide information about the Water District's funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions. The Water District has one fund category – proprietary funds.

Enterprise Fund

The Enterprise Fund is used to account for those operations that (a) are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Water District operates as a singular enterprise fund.

GRAFTON, MASSACHUSETTS WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

C. Measurement Focus and Basis of Accounting

The Water District uses the accrual method of accounting for financial reporting. Under this method, revenues are recognized when earned and expenses are recognized when incurred.

Operating revenues and expenses are distinguished from non-operating items. Operating revenues and expenses generally resulted from providing water and related services to residents and business entities. The principal operating revenues consist of charges for water usage, repair services and entrance fees. Operating expenses include payroll and benefits, power, chemicals, repairs and maintenance, and other operating expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Cash and Cash Equivalents

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

E. Investments

State statutes place certain limitations on the nature of deposits and investments available to the District. Deposits (including demand deposits, term deposits and certificates of deposit) in any one financial institution may not exceed certain levels without collateralization by the financial institutions involved. Investments can be made in securities issued by or unconditionally guaranteed by the U. S. Government or agencies that have a maturity of less than one year from the date of purchase and repurchase agreements guaranteed by such securities with maturity dates of no more than ninety (90) days from the date of purchase and units in the Massachusetts Municipal Depository Trust. All investments are carried at fair value.

F. Receivables

The recognition of revenues related to accounts receivable reported in the government-wide financial statements are reported under the accrual basis of accounting and the modified accrual basis of accounting, respectively.

User Charges

User charges consist of water that is levied based on individual meter readings and usage and are subject to penalties and interest and sales if they are not paid by the respective due date. User charges also include sales and connections.

Receivables are reviewed periodically to establish or update the provision for uncollectible amounts. These provisions are estimated based on an analysis of the age of the various accounts. The District records as revenue the amount of earned but unbilled betterments.

Due from Other Governments

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

These receivables are considered 100% collectible and, therefore, do not report an allowance for uncollectibles.

GRAFTON, MASSACHUSETTS WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

G. Capital Assets

Capital assets, which include land, construction in progress, buildings and renovations, machinery, equipment and other, and infrastructure assets (e.g. water mains), are reported in the applicable government wide financial statements. Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value.

All purchase and construction costs in excess of \$5,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

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

<u>Capital Asset Type</u>	<u>Years</u>
Buildings and related improvements	10-25
Machinery, equipment and other	3-7
Infrastructure	30

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

H. Long-term Debt

Long-term debt is reported as liabilities in the government-wide statement of net position.

I. Post Retirement Benefits

In addition to providing pension benefits, health insurance coverage is provided for retired employees and their survivors in accordance with Massachusetts General Law, Chapter 32, on a pay-as-you-go basis. The cost of providing health insurance is recognized by recording the employer's share of insurance premiums for retirees and spouses and surviving spouses in the general fund in the fiscal year paid.

J. Net Position

Net position in the proprietary fund financial statements are classified as net investment in capital assets, restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments imposed by law through State statute. Unrestricted net position represents the net position available for future operations.

Net position classified as net investment in capital assets, consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

K. Use of Estimates

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

GRAFTON, MASSACHUSETTS WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

2. DETAILED NOTES

A. Cash and Investments

Custodial Credit Risks – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The government does not have a deposit policy for custodial credit risk. Deposits at June 30, 2015 were \$91,925. Of these, none were exposed to custodial credit risk as uninsured and uncollateralized.

Investment Policies

Investments of funds, except for trust funds, are generally restricted by Massachusetts General Laws, Chapter 44, Section 55. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposit of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, in participation units in the Massachusetts Municipal Depository Trust ("MMDT"), or in shares in SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

The MMDT is an investment pool created by the Commonwealth under the supervision of the State Treasurer's office. According to the State Treasurer, the Trust's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U. S. Government obligations and highly-rated corporate securities with maturities of one year or less.

As of June 30, 2015, the District's only investments were in the MMDT in the amount of \$2,294,247.

Custodial Credit Risks - Investments

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the District's investments all are in the MMDT and thus are exempt from collateralization. The District has a policy on custodial credit risk.

Interest Rate Risk - Investments

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - Investments

The District does not have any exposure to credit risk as of June 30, 2015.

Concentration of Credit Risk - Investments

District places no limit on the amount the District may invest in one issuer.

GRAFTON, MASSACHUSETTS WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

B. Receivables

At June 30, 2015, receivables including the applicable allowances for uncollectible accounts are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
User charges	\$ 619,070	\$ (11,441)	\$ 607,629
Betterment receivable	86,093	-	86,093
Due from other governments	39,879	-	39,879
	<u>\$ 745,042</u>	<u>\$ (11,441)</u>	<u>\$ 733,601</u>

The composition of amounts due from other governments as of June 30, 2015 for business-type funds is a solar panel reimbursement from the National Grid and Capital Dynamics; which passes through the Town of Grafton in the amount of \$39,879.

C. Capital Assets

Capital asset activity for the year ended June 30, 2015, is as follows:

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 986,098	\$ -	\$ -	\$ 986,098
Construction in progress	233,061	202,687	(233,060)	202,688
Total capital assets not being depreciated	1,219,159	202,687	(233,060)	1,188,786
Capital assets being depreciated:				
Buildings and renovations	278,076	-	-	278,076
Machinery, equipment and other	147,946	35,956	(22,414)	161,488
Infrastructure	28,525,101	515,193	-	29,040,294
Total capital assets being depreciated	28,951,123	551,149	(22,414)	29,479,858
Less accumulated depreciation for:				
Buildings and renovations	216,899	11,123	-	228,022
Machinery, equipment and other	113,982	35,202	(22,414)	126,770
Infrastructure	10,893,210	818,638	-	11,711,848
Total accumulated depreciation	11,224,091	864,963	(22,414)	12,066,640
Total capital assets being depreciated, net	17,727,032	(313,814)	-	17,413,218
Total business-type activities capital assets, net	<u>\$ 18,946,191</u>	<u>\$ (111,127)</u>	<u>\$ (233,060)</u>	<u>\$ 18,602,004</u>

Depreciation expense as charged to the District and recorded on the Statement of Activities resulting from water operations is \$864,963.

GRAFTON, MASSACHUSETTS WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

D. Long Term Debt

General Obligation Bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for the business-type activities.

General obligation bonds currently outstanding of the business-type activities are as follows:

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2015
Outside Debt:					
General Obligation Bond	4.1%	6/1/2007	6/1/2027	\$ 5,370,000	\$ 3,710,000
U.S.D.A. Rural Development Note 91-08	4.5%	1/27/2004	1/27/2043	1,400,000	1,206,621
Total Business-type debt					<u>\$ 4,916,621</u>

Future Debt Service

The annual principal and interest payments to retire all general obligation long-term debt outstanding as of June 30, 2015, are as follows:

Year	Principal	Interest	Total
2016	\$ 267,499	\$ 203,450	\$ 470,949
2017	278,512	192,637	471,149
2018	289,570	181,379	470,949
2019	305,675	169,674	475,349
2020	316,831	157,318	474,149
2021-2025	1,783,388	583,956	2,367,344
2026-2030	936,150	238,995	1,175,145
2031-2035	238,208	145,812	384,020
2036-2040	296,850	87,170	384,020
2041-2043	203,938	26,323	230,261
	<u>\$ 4,916,621</u>	<u>\$ 1,986,714</u>	<u>\$ 6,903,335</u>

**GRAFTON, MASSACHUSETTS WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

A summary of the changes in long term debt during the year is as follows:

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Amounts Due within One Year
Business-type activities:					
Bonds Payable:					
General obligation bonds	\$ 3,950,000	\$ -	\$ 240,000	\$ 3,710,000	\$ 245,000
Rural development notes	1,228,303	-	21,682	1,206,621	22,499
OPEB liability obligation	121,630	56,725	-	178,355	-
Governmental activity					
Long-term liabilities	<u>\$ 5,299,933</u>	<u>\$ 56,725</u>	<u>\$ 261,682</u>	<u>\$ 5,094,976</u>	<u>\$ 267,499</u>

Loans Authorized and Unissued - Memorandum Only

Under the general laws of the Commonwealth of Massachusetts a District must authorize debt at a District meeting. This authorized debt does not have to be actually issued at that time and remains authorized until the debt is actually issued or District meeting votes to rescind the authorized debt.

Loan authorizations that have not been issued as of June 30, 2015 and are not reflected in the District's financial statements are as follows:

Date District Meeting Authorized	Purpose	Amount
4/30/2013	Perform pumping testing on land off Trinity Drive	\$ 150,000
4/30/2013	Purchase of Doris Drive land	150,000
4/29/2014	Construct Trinity Avenue pumping station	1,500,000
		<u>\$ 1,800,000</u>

3. OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The District has obtained a variety of commercial liability insurance policies which passes the risk of loss listed above to independent third parties.

Settlement claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

GRAFTON, MASSACHUSETTS WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

B. Contingent Liabilities

Litigation

Litigation is subject to many uncertainties, and the outcome of individual matters is not always predictable. Although the amount of the liability, if any, at June 30, 2015, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2015. The outcome of lawsuits is not expected to materially affect the financial condition of the District.

C. Other Post Employment Benefits Payable

GASB Statement No. 45

The cost of post employment benefits generally should be associated with the periods in which costs occur rather than in the future year when it will be paid. The District adopted the requirements of GASB Statement No. 45 during the year ended June 30, 2010, and thus recognizes the cost of post employment benefits in the year when the employee services are received, reports the accumulated liability from prior years and provides information useful in assessing potential demands on the District's future cash flows.

Plan Description

The District offers continued medical coverage through the District's medical plan carrier, a single-employer defined benefit, to employees who retire from the District at age 55 or older with a minimum of 10 years of service. The District provides 50 percent (plus an additional 10 percent for each additional year of service at retirement in excess of 10 years – not to exceed 100 percent) of the cost for medical coverage. This plan is authorized and may be amended by the Board of Directors. This plan is included in the District financial statements, thus separate financial statements are not issued. The benefits, benefit levels, employee and employer contributions are governed by Massachusetts General Law chapter 32. As of the actuarial valuation date there are approximately eight active employees that meet the eligibility requirements.

Funding Policy

The actual contribution is based on projected pay-as-you-go requirements. For the fiscal year ended June 30, 2015, the District did not contribute current premiums toward the OPEB obligation.

Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years on a closed basis.

GRAFTON, MASSACHUSETTS WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

The annual OPEB cost and the net OPEB obligation at June 30, 2015 is as follows:

Normal Cost	\$ 43,838
Amortization of unfunded actuarial accrued liability	12,887
Annual required contribution	56,725
Contributions made during the fiscal year	-
Increase in net OPEB obligation	56,725
Net OPEB Obligation - beginning of year	121,630
Net OPEB Obligation - end of year	\$ 178,355

The District's annual OPEB cost, the percentage of annual OPEB cost contributed, and the net obligation for the fiscal year ended June 30, 2015 and the two preceding fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Contributions Made	Percentage Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	\$ 56,725	\$ -	0.00%	\$ 178,355
6/30/2014	\$ 69,644	\$ -	0.00%	\$ 121,630
6/30/2013	\$ 34,915	\$ -	0.00%	\$ 51,986

Funding Status and Funding Progress

As of July 1, 2014, the most recent valuation date, the plan is 0.0% funded. The actuarial liability for benefits is \$243,425, and the actuarial value of assets is \$0.0, resulting in an unfunded actuarial accrued liability (UAAL) of \$243,425. The covered payroll (annual payroll of active employees covered by the plan) and the ratio of the UAAL to the covered payroll are not provided.

Actuarial valuations of an ongoing plan involved estimates of the values of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. 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 below presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Other Post Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Aid (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
7/1/2014	\$ -	\$ 243,425	\$ 243,425	0%	N/A	N/A
7/1/2013	\$ -	\$ 435,213	\$ 435,213	0%	N/A	N/A
7/1/2012	\$ -	\$ 360,948	\$ 360,948	0%	\$ 397,257	90.86%

GRAFTON, MASSACHUSETTS WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

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 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 short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The District's actuarial valuation as of July 1, 2014, used the Entry Age Normal actuarial cost method. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date and a salary increase rate of 3.3 percent. The annual healthcare cost trend rate is 8%, reduced by .5% annually to an ultimate rate of 5% after seven years.

The unfunded actuarial accrued liability is being amortized as a level percent of payroll over 30 years. The remaining amortization period at June 30, 2015 is 25 years.

REQUIRED SUPPLEMENTARY INFORMATION

GRAFTON WATER DISTRICT
Schedule of Revenues and Expenditures - Budgetary Basis (Non-GAAP) -
Budget and Actual - General Fund
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		Actual Budgetary Amounts	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Charges for Services - Water	\$ 1,919,700	\$ 1,919,700	\$ 2,607,509	\$ 687,809
Service and Entrance Fees	40,000	40,000	203,500	163,500
Miscellaneous Fees	-	-	37,447	37,447
Investment Income	1,000	1,000	8,226	7,226
Total Revenues	<u>1,960,700</u>	<u>1,960,700</u>	<u>2,856,682</u>	<u>895,982</u>
Expenditures:				
Current:				
Salaries and wages	426,800	426,800	409,289	17,511
Operations and maintenance	402,500	402,500	492,575	(90,075)
Professional fees	58,500	58,500	34,024	24,476
Office expenses	55,700	55,700	37,378	18,322
Employee and Pension Benefits	160,200	160,200	157,014	3,186
Capital Outlay	831,000	831,000	520,776	310,224
Debt Service:				
Principal	261,000	261,000	261,682	(682)
Interest	215,000	215,000	213,867	1,133
Total Expenditures	<u>2,410,700</u>	<u>2,410,700</u>	<u>2,126,605</u>	<u>284,095</u>
Excess of Revenues Over (Under) Expenditures	<u>(450,000)</u>	<u>(450,000)</u>	<u>730,077</u>	<u>1,180,077</u>
Net Change in Budgetary Fund Balance	<u>(450,000)</u>	<u>(450,000)</u>	<u>\$ 730,077</u>	<u>\$ 1,180,077</u>
Other Budgetary Items:				
Fund Balance - Free Cash	450,000	450,000		
Total Other Budgetary Items	<u>450,000</u>	<u>450,000</u>		
NET BUDGET	<u>\$ -</u>	<u>\$ -</u>		

See Notes to the Required Supplementary Information.

GRAFTON WATER DISTRICT
Notes to Schedule of Revenues and Expenditures – Budget and Actual
For the Year Ended June 30, 2015

4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Pursuant to the Massachusetts General Laws, the Water District adopts an annual budget for all of its Business-type Activities.

All portions of the annual budget are prepared under the direction of the Superintendent and Treasurer. The budget must be approved by the Water District's residents at the annual meeting.

The Statement of Revenues, Expenditures and Changes in Fund Balances – Budget (Non-GAAP) Basis and Actual presented for the General Fund is displayed on the budgetary basis to provide a meaningful comparison of actual results with the budget.

	Operating and Non-Operating Revenues	Operating and Non-Operating Expenditures
Statement of Revenues and Expenditures	\$ 2,856,682	\$ 2,266,530
<i>Adjustments:</i>		
Eliminate depreciation	-	(864,963)
Capital assets acquired through budgeted appropriations	-	520,776
Change in other post-employment benefit liability	-	(56,725)
Principal payment of long-term debt	-	261,682
Change in accrued interest on long-term debt	-	(695)
Budgetary Basis	\$ 2,856,682	\$ 2,126,605

GRAFTON, MASSACHUSETTS WATER DISTRICT
Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
Other Post-Employment Benefit Plan
Year Ended June 30, 2015

Schedule of Funding Progress

Other Post Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Liability (AAL) Entry Aid (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
7/1/2014	\$ -	\$ 243,425	\$ 243,425	0%	N/A	N/A
7/1/2013	\$ -	\$ 435,213	\$ 435,213	0%	N/A	N/A
7/1/2012	\$ -	\$ 360,948	\$ 360,948	0%	\$ 397,257	90.86%

Schedule of Contribution Funding

Fiscal Year Ended	Annual OPEB Cost	Actual Contributions Made	Percentage Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	\$ 56,725	\$ -	0.00%	\$ 178,355
6/30/2014	\$ 69,644	\$ -	0.00%	\$ 121,630
6/30/2013	\$ 34,915	\$ -	0.00%	\$ 51,986

The information presented in the above Required Supplementary Schedule was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation can be found in the Notes to Basic Financial Statements.

Actuarial Methods:

Valuation date July 1, 2014
Actuarial cost method Simplified Version of the Entry Age Actuarial Cost Method
Amortization method 30-year amortization payments

Actuarial Assumptions:

Investment rate 4.0%
Projected salary increases 3.3%
Medical/drug cost trend rate 8.0% reduced by .5% annually to a 5.0% ultimate trend rate per year

Plan Membership:

Current active members

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SUPPLEMENTARY SCHEDULE

GRAFTON, MASSACHUSETTS WATER DISTRICT
SCHEDULE OF ACCOUNTS RECEIVABLE
JULY 1, 2014 TO JUNE 30, 2015

Accounts Receivable July 1, 2014	Accounts Billed	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Accounts Receivable June 30, 2015	Accounts Receivable Per Detail June 30, 2015
\$ 517,246	\$ 2,700,518	\$ 92,509	\$ 2,506,185	\$ 619,070	\$ 619,182
\$ 10,406	-	-	3,318	\$ 7,088	\$ 7,088
58,425	-	(2,183)	10,538	50,070	50,070
32,206	-	-	3,271	28,935	28,935
\$ 101,037	-	\$ (2,183)	\$ 17,127	\$ 86,093	\$ 86,093

Water Rates

Betterments:
North Street
Stonebrook
Cold Spring

MARY E. BASSETT

Attorney at Law

of counsel to:

McWalter, Barron & Boisvert, P.C.
30 Monument Square
Concord, MA 01742

Telephone: 978-369-2252

Fax: 978-369-6989

Email: Mary@marybassetlaw.com

March 3, 2016

Board of Water Commissioners
Grafton Water District
44 Millbury Street
Grafton, MA 01519

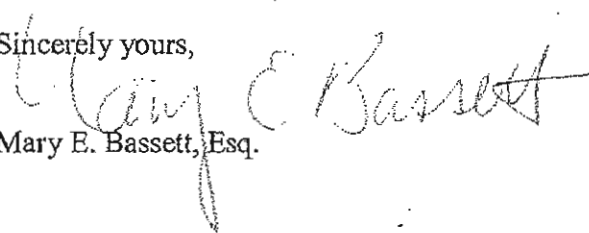
RE: Legal Services

Dear Members of the Board:

Once again, I have been honored to serve as District Counsel to the Grafton Water District this past year. Although I have consulted with you and the District Manager on several legal matters, I am pleased to report to you that, to my knowledge, there are no pending or threatened legal actions.

Thank-you for the opportunity to serve you and I remain ready to act in accordance with your direction as District Counsel.

Sincerely yours,


Mary E. Bassett, Esq.

**COMMONWEALTH OF MASSACHUSETTS
GRAFTON WATER DISTRICT
WARRANT**

Worcester, ss:

To the Clerk of the Grafton Water District, in the County of Worcester:

Greetings:

In the name of the Commonwealth of Massachusetts, you are directed to notify and warn the voters of the territory included within the boundaries of that Grafton Water District in the Town of Grafton, as established by Chapter 135 of the Acts of 1984 and amended by Chapter 427 of the Acts of 1987, to meet at the office of the Grafton Water District, 44 Millbury Street, Grafton, MA on Tuesday the 26th day of April 2016, at seven thirty o'clock, p.m., to act on the following articles hereinafter mentioned.

Article 1. To see if the District will accept the Annual Report of the District Commissioners or take any action relative thereto.

Article 2. To see if the District will accept the Annual Report of the District Treasurer or take any action relative thereto.

Article 3. To see if the District will vote to appropriate from the income of the District and accept the sum of two million, ninety nine thousand, two hundred and seventy eight dollars and no cents (\$2,099,278.00) as the Fiscal 2017 budget as printed in the Annual Report or take any action relative thereto.

Article 4. To see if the District will vote to appropriate from the income of the District the sum of forty thousand dollars (\$40,000.00) to hire an independent consult/engineer to conduct a water audit of the District or take any action relative thereto.

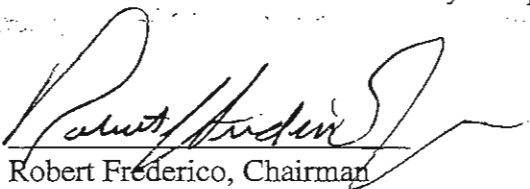
Article 5. To see if the District will vote to authorize the Treasurer, with the approval of the Board of Water Commissioners, to borrow in anticipation of revenue under MGL Chapter 44, Section 4, a sum or take any action relative thereto.

Article 6. To see if the District will vote to authorize the Board of Water Commissioners to make pre-payments against existing loans or take any action relative thereto.

And you are directed to serve the warrant by posting attested copies thereof in two or more public places in the territory of the Grafton Water District at least fourteen days before the time of said meeting.

Hereof fail not, and making due return of this warrant, with your doings thereon, to the Commissioners of the Grafton Water District before the opening of said meeting.

Given under our hands this 5th day of April in the year two thousand and sixteen.



Robert Frederico, Chairman

Kenneth Grew, Commissioner



Michael Corda, Commissioner

**Grafton Water District
Annual Budget**

	2015-2016 Budget	2016-2017 Proposal	Change
Maintenance & Operation			
Salaries	\$ 440,407	\$ 451,428	2.5%
Benefits**	201,891	\$ 266,200	31.9%
Maintenance	235,100	\$ 234,650	-0.2%
Utilities	112,000	\$ 112,000	0.0%
Chemicals	57,500	\$ 57,500	0.0%
Engineering Services	30,000	\$ 30,000	0.0%
Miscellaneous	3,700	\$ 3,700	0.0%
Sub Total	\$ 1,080,598	\$ 1,155,478	6.9%
Administrative Expenses			
Office & Supplies	\$ 49,500	\$ 49,500	0.0%
Insurance	15,500	\$ 15,500	0.0%
Accounting	10,000	\$ 8,000	-20.0%
Legal	6,000	\$ 6,000	0.0%
Officers Fee	3,500	\$ 3,500	0.0%
Moderator's Fee	300	\$ 300	0.0%
Treasurer's Fee	13,000	\$ 10,000	-23.1%
Sub-Total	\$ 97,800	\$ 92,800	-5.1%
Debt Service	\$ 471,000	\$ 471,000	0.0%
Capital			
Gen. System Improvements	\$ 336,000	\$ 325,000	-3.3%
Vehicle		\$ 50,000	
Meters	5,000	5,000	0.0%
Sub-Total	\$ 341,000	\$ 380,000	11.4%
Total Expenditures	\$ 1,990,398	\$ 2,099,278	5.5%
Total Revenue(Anticipated)	\$ 2,141,000	\$ 2,200,000	2.8%

** Increase due to 1 time OPEB funding of \$50,000 extra.