

**GRAFTON, MASSACHUSETTS WATER DISTRICT**  
**Report on the Examination of Basic Financial Statements**  
**Fiscal Year Ended June 30, 2022**

**GRAFTON, MASSACHUSETTS WATER DISTRICT**  
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**For the Year Ended June 30, 2022**

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## **Independent Auditor's Report**

To the Commissioners  
Grafton Water District  
Grafton, Massachusetts

### ***Opinions***

We have audited the financial statements of the business-type activities and the aggregate remaining fund information of the Grafton Water District in Grafton, Massachusetts, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Grafton Water District in Grafton, Massachusetts' basic financial statements as listed in the table of contents.

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

### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Grafton Water District in Grafton, Massachusetts, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management for the Financial Statements***

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

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

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

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

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

## ***Required Supplementary Information***

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

## ***Supplementary Information***

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

Such information 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. The 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 accompanying Supplementary Schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Scanlon and Associates, LLC*

Scanlon & Associates, LLC  
South Deerfield, Massachusetts

November 3, 2022

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

As management of the Grafton, Massachusetts Water District (the Water District), we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2022. The District's performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

### **Financial Highlights**

- The Water District's assets exceeded its liabilities by \$21,045,456 (net position) at the close of the 2022 fiscal year. This compares to the previous year when assets exceeded its liabilities by \$20,486,168 or an increase of \$559,288 (3%).
- Total liabilities of the Water District decreased during the year by \$360,249 to \$2,124,564. This net change resulted mainly from decreases in accounts payable of \$35,555, in the Other Post-Employment Benefit (OPEB) liability of \$33,842 and in the long-term bonds payable of \$290,000 from the previous year.
- At June 30, 2022, the Water District's total current assets in the amount of \$2,489,619 exceeded its total current liabilities of \$696,535 by \$1,793,084. The relative value of the difference in those two amounts provides a good indication of the Water 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 Water District's basic financial statements. The Water 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 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 Net Position; a Statement of Cash Flows, a Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. 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 Net Position. This statement measures the success of the Water District's operations over the past year and can be used to determine whether the 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		
	2022	2021	Change
<b>Assets:</b>			
Current assets	\$ 2,489,619	\$ 1,995,226	\$ 494,393
Capital assets	20,680,401	20,975,755	(295,354)
<b>Total assets</b>	<b>23,170,020</b>	<b>22,970,981</b>	<b>199,039</b>
<b>Liabilities:</b>			
Current liabilities (excluding debt)	396,535	432,942	(36,407)
Current debt	300,000	290,000	10,000
Noncurrent liabilities (excluding debt)	113,029	146,871	(33,842)
Noncurrent debt	1,315,000	1,615,000	(300,000)
<b>Total liabilities</b>	<b>2,124,564</b>	<b>2,484,813</b>	<b>(360,249)</b>
<b>Net Position:</b>			
Net investment in capital assets	19,065,401	19,070,755	(5,354)
Unrestricted	1,980,055	1,415,413	564,642
<b>Total net position</b>	<b>\$ 21,045,456</b>	<b>\$ 20,486,168</b>	<b>\$ 559,288</b>



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

	2022	2021	Change
<b>Operating Revenues:</b>			
Charges for services - Rates	\$ 2,814,384	\$ 3,071,186	\$ (256,802)
Service and entrance fees	133,500	182,250	(48,750)
Miscellaneous fees	33,181	73,202	(40,021)
Other	56,060	171,004	(114,944)
<b>Total revenues</b>	<b>3,037,125</b>	<b>3,497,642</b>	<b>(460,517)</b>
<b>Expenses:</b>			
Salaries and wages	581,185	551,938	29,247
Employee benefits	224,327	141,436	82,891
Professional fees	50,031	71,939	(21,908)
Office expenses	42,319	36,312	6,007
Maintenance and operating	592,482	564,705	27,777
Depreciation	1,038,684	957,163	81,521
<b>Total expenses</b>	<b>2,529,028</b>	<b>2,323,493</b>	<b>205,535</b>
<b>Non-operating revenues (expenses):</b>			
Interest Income	1,424	3,794	(2,370)
Contributed Capital	125,000	248,640	(123,640)
Interest Expense	(75,233)	(86,283)	11,050
<b>Total non-operating revenues (expenses)</b>	<b>51,191</b>	<b>166,151</b>	<b>(114,960)</b>
<b>Change in net position</b>	<b>559,288</b>	<b>1,340,300</b>	<b>(781,012)</b>
<b>Net position - beginning of year</b>	<b>20,486,168</b>	<b>19,145,868</b>	<b>1,340,300</b>
<b>Net position - end of year</b>	<b>\$ 21,045,456</b>	<b>\$ 20,486,168</b>	<b>\$ 559,288</b>

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 position are general indicators of whether its financial health is improving or deteriorating. In addition to the relative change in net position, 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 \$21,045,456 at the close of fiscal year 2022.

Net position of \$19,065,401 (91%) reflects its investment in capital assets (e.g., infrastructure); less any related debt used to acquire those assets that are still outstanding. The Water 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 \$1,980,055 (9%) and may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Water 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 \$559,288 (3%) during the current fiscal year. This change was mainly due to operating revenues exceeding current operating costs by \$508,097, interest income of \$1,424, contributed capital of \$125,000 and interest expense of \$75,233. Operating revenues decreased by \$460,517 (13%) while operating expenses increased by \$205,535 (9%) from the prior year.

### **Capital Asset and Debt Administration**

**Capital Assets.** The Water District's investment in capital assets as of June 30, 2022 amounts to \$20,680,401.

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:

- Infrastructure improvements for \$743,331.

**Debt Administration.** The Water District's outstanding governmental debt as of June 30, 2022, totaled \$1,615,000 for various water projects.

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

### **Next Year's Annual District Meeting**

The Water District operates under the "Open Meeting" concept where each registered voter has an equal vote in the adopting of Water District's budgets and appropriations. The financial statements for June 30, 2022 do not reflect the fiscal year 2023 Water District meeting. The annual Water District meeting on April 26, 2022 authorized a fiscal year 2023 operating budget as follows:

From Water receipts	<u>\$ 2,354,946</u>
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### **Requests for Information**

The financial report is designed to provide a general overview of the Water 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 01519.

## **BASIC FINANCIAL STATEMENTS**

**GRAFTON, MASSACHUSETTS WATER DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

	<b>Business-Type Activity Enterprise Fund</b>
	<b>Water Fund</b>
<b>ASSETS</b>	
CURRENT:	
Cash and Cash Equivalents	\$ 1,088,579
Investments	402,703
Receivables, net of allowance for uncollectibles:	
User Charges	726,224
Betterment Receivable	23,489
Due from Other Governments	21,560
Other - Solar Credit	227,064
Total current assets	2,489,619
NONCURRENT:	
Capital Assets, net of accumulated depreciation	
Nondepreciable	1,386,387
Depreciable	19,294,014
Total noncurrent assets	20,680,401
<b>Total Assets</b>	<b>23,170,020</b>
<b>LIABILITIES</b>	
CURRENT:	
Accounts Payable	391,037
Other	115
Accrued Interest	5,383
Bonds Payable	300,000
Total current liabilities	696,535
NONCURRENT:	
Net Other Post Employment Benefits Liability	113,029
Bonds Payable	1,315,000
Total noncurrent liabilities	1,428,029
<b>Total Liabilities</b>	<b>2,124,564</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	19,065,401
Unrestricted	1,980,055
<b>Total Net Position</b>	<b>\$ 21,045,456</b>

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

**GRAFTON, MASSACHUSETTS WATER DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Business-Type Activity Enterprise Fund</b>
	<b>Water Fund</b>
<b>Operating Revenues:</b>	
Charges for Services - Rates	\$ 2,814,384
Service and Entrance Fees	133,500
Miscellaneous Fees	33,181
Other	56,060
<b>Total Operating Revenues</b>	<b>3,037,125</b>
<b>Operating Expenses:</b>	
Salaries & Wages	581,185
Employee Benefits	224,327
Professional Fees	50,031
Office Expenses	42,319
Maintenance and Operating	592,482
Depreciation	1,038,684
<b>Total Operating Expenses</b>	<b>2,529,028</b>
<b>Operating Income (Loss)</b>	<b>508,097</b>
<b>Non-Operating Revenues (Expenses):</b>	
Interest Income	1,424
Contributed Capital	125,000
Interest Expense	(75,233)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>51,191</b>
<b>Change in Net Position</b>	<b>559,288</b>
<b>Net Position at Beginning of Year</b>	<b>20,486,168</b>
<b>Net Position at End of Year</b>	<b>\$ 21,045,456</b>

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

**GRAFTON, MASSACHUSETTS WATER DISTRICT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Business-Type Activity Enterprise Fund</b>
	<b>Water Fund</b>
<b>Cash Flows From Operating Activities:</b>	
Receipts from Customers and Users	\$ 3,020,258
Payments to Vendors	(919,112)
Payments to Employees	(581,185)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>1,519,961</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Acquisition and Construction of Capital Assets	(677,659)
Principal Payments on Bonds and Notes	(290,000)
Interest Expense	(76,200)
<b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b>	<b>(1,043,859)</b>
<b>Cash Flows from Investing Activities:</b>	
Investment Income	1,424
Sale of Investments	498,695
<b>Net Cash Provided by (Used for) Investing Activities</b>	<b>500,119</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>976,221</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>\$112,358</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 1,088,579</b>

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

<b>Operating Income (Loss)</b>	\$ 508,097
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</b>	
Depreciation	1,038,684
Change in Assets and Liabilities:	
Increase (Decrease) in Accounts Payable	23,774
Increase (Decrease) in Other Liability	115
Increase (Decrease) in Other Post Employment Benefits Payable	(33,842)
Decrease (Increase) in Due from Other Governments	2,141
Decrease (Increase) in Other Asset	(56,060)
Decrease (Increase) in User Charges Receivable	37,052
<b>Total Adjustments</b>	<b>1,011,864</b>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ 1,519,961</b>

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

**GRAFTON, MASSACHUSETTS WATER DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2022**

	<b>Other Post Employment Benefits Trust Fund</b>
<b>ASSETS</b>	
Investments	\$ 418,184
<b>Total Assets</b>	418,184
<b>NET POSITION</b>	
Restricted for Other Postemployment Benefits	\$ 418,184

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

**GRAFTON, MASSACHUSETTS WATER DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Other Post Employment Benefits Trust Fund</b>
<b>Additions:</b>	
Contributions:	
Employer Contributions	\$ 51,786
Investment Income	(73,694)
<b>Total Additions</b>	<b>(21,908)</b>
<b>Deductions:</b>	
Employee Benefits and Insurance	1,786
<b>Total Deductions</b>	<b>1,786</b>
<b>Change in Net Position</b>	<b>(23,694)</b>
<b>Net Position at Beginning of Year</b>	<b>441,878</b>
<b>Net Position at End of Year</b>	<b>\$ 418,184</b>

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



**GRAFTON, MASSACHUSETTS WATER DISTRICT**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying basic financial statements of the Grafton, Massachusetts Water District (the Water 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 Water District accounting policies are described herein.

**A. Reporting Entity**

The 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 governed by an elected three-member Board of Water Commissioners. The Water District is a separate governmental unit granted independent authority by the Commonwealth of Massachusetts to allow the Water District's Board to set rates, fees, and charges.

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 2022, it was determined that no entities met the required GASB-39 and GASB-61 criteria for component units. The Water 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. The activities of the Water District are considered to be business-type and fiduciary 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**  
**Year Ended June 30, 2022**

**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.

Additionally, the Water District reports the following fund type:

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

The *Other Post-Employment Benefit Trust Fund (OPEB)* accounts for the activities of the District's OPEB plan, which accumulates resources for retiree medical and life insurance benefits.

**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**

The Water District maintains investments according to Massachusetts General Laws and adopted policies. Investments are reported according to the fair value hierarchy established by generally accepted accounting principles. Investments are defined as securities or other assets that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The hierarchy is based upon valuation inputs, which are assumptions that market participants would use when pricing an asset or a liability, including assumptions about risk.

Level 1 inputs are quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 inputs are directly observable for an asset or a liability (including quoted prices for similar assets or liabilities), as well as inputs that are indirectly observable for the asset or liability.

Level 3 inputs are unobservable for the asset or liability.

Certain investments, such as money market investments and 2a7-like external investment pools, are reported at amortized cost. 2a7-like pools are external investment pools that operate in conformity with the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended and should be measured at the net asset value per share provided by the pool.

Additional investment disclosures are presented in these Notes.

**GRAFTON, MASSACHUSETTS WATER DISTRICT**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

**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.

**Other – Solar Credits**

The District sub-leased a portion of the land for the construction of a large scale, 1.7 Megawatt ground-mounted solar array. National Grid applies solar credits at various intervals throughout the year.

**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:

<b>Capital Asset Type</b>	<b>Years</b>
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.

**GRAFTON, MASSACHUSETTS WATER DISTRICT**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

**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**

In the financial statements, the difference between the Water District's total assets and total liabilities represents net position. Net position in the proprietary fund financial statements is 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.

**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, 2022 were \$1,086,681. Of these, none are 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.

**GRAFTON, MASSACHUSETTS WATER DISTRICT**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

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. The MMDT is an external investment pool that meets the criteria established under GASB Statement No. 79 to report its investments at amortized cost. MMDT's fair value is measured at amortized cost.

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

Investment Type	Fair Value
Other Investments:	
Equity mutual funds	\$ 418,184
MMDT	402,703
	\$ 820,887

**Custodial Credit Risks - Investments**

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Water 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 Water District's \$820,887 in investments, none are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department but not in the Water District's name. The Water District has no policy on custodial credit risk.

**Interest Rate Risk**

The Water 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**

The District does not have any exposure to credit risk as of June 30, 2022.

**Concentration of Credit Risk**

The Water District places no limit on the amount the Water District may invest in one issuer. The Water District does not have more than 5 percent of the Water District's investments in one issuer.

**Fair Value of Investments**

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

**GRAFTON, MASSACHUSETTS WATER DISTRICT**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

The Water District has the following recurring fair value measurements as of June 30, 2022:

Investment Type	Fair Value	Fair Value Measurement		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
Equity mutual funds	\$ 418,184	\$ 418,184	\$ -	\$ -
Investments Measured at Amortized Cost:				
External Investment Pools (MMDT)	402,703			
Total Investments	<u>\$ 820,887</u>			

Investments classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets for those securities.

**B. Receivables**

At June 30, 2022, receivables including the applicable allowances for uncollectible accounts are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
User charges	\$ 726,224	\$ -	\$ 726,224
Betterment receivable	23,489	-	23,489
Due from other governments	21,560	-	21,560
	<u>\$ 771,273</u>	<u>\$ -</u>	<u>\$ 771,273</u>

The composition of amounts due from other governments as of June 30, 2022 for business-type funds is a solar panel reimbursement from National Grid and Capital Dynamics; which passes through the Town of Grafton in the amount of \$21,560.

**C. Other – Solar Credits**

The Grafton Water District leases approximately 10 acres of land on Follette Street from the Town of Grafton, in exchange, the Town is provided with free water for its' public municipal facilities within the District's boundaries. The primary purpose for the lease was for the placement of a public water supply well, which has been installed and has been actively providing water to the District's customers since 1992. The District subsequently sub-leased a portion of the land for the construction of a large scale, 1.7 Megawatt ground-mounted solar array. In November 2012, the District signed a 20-year Net Metering Power Purchase Agreement with National Grid and Capital Dynamics which included an escalation of power costs and a termination agreement. This agreement between the provider and the District continues to be successful with no power production, maintenance or billing errors. The District also sells a portion of the power to the Town of Grafton at an escalated 10 percent markup charge. The Town has been prompt in paying those bills on a monthly basis. National Grid applies solar credits at various intervals throughout the year. The total solar credits of \$227,064 is available as of June 30, 2022.

**GRAFTON, MASSACHUSETTS WATER DISTRICT**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

**D. Capital Assets**

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

<b>Business-Type Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 1,035,105	\$ -	\$ -	\$ 1,035,105
Construction in progress	3,167,735	507,515	(3,323,968)	351,282
Total capital assets not being depreciated	4,202,840	507,515	(3,323,968)	1,386,387
Capital assets being depreciated:				
Buildings and renovations	278,076	-	-	278,076
Machinery, equipment and other	183,101	-	-	183,101
Infrastructure	33,787,279	3,559,783	-	37,347,062
Total capital assets being depreciated	34,248,456	3,559,783	-	37,808,239
Less accumulated depreciation for:				
Buildings and renovations	278,076	-	-	278,076
Machinery, equipment and other	172,894	10,207	-	183,101
Infrastructure	17,024,571	1,028,477	-	18,053,048
Total accumulated depreciation	17,475,541	1,038,684	-	18,514,225
Total capital assets being depreciated, net	16,772,915	2,521,099	-	19,294,014
Total business-type activities capital assets, net	\$ 20,975,755	\$ 3,028,614	\$ (3,323,968)	\$ 20,680,401

Depreciation expense as charged to the Water District and recorded on the Statement of Activities resulting from water operations is \$1,038,684.

**E. Long Term Debt**

**General Obligation Bonds**

The Water 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:

	<b>Interest Rate</b>	<b>Date Issued</b>	<b>Final Maturity Date</b>	<b>Original Amount Issued</b>	<b>Outstanding June 30, 2022</b>
<b>Outside Debt:</b>					
General Obligation Bond	1.83%	10/17/2017	6/1/2027	\$ 2,985,000	<u>\$ 1,615,000</u>

**GRAFTON, MASSACHUSETTS WATER DISTRICT**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

**Future Debt Service**

The annual principal and interest payments to retire all general obligation long-term debt outstanding as of June 30, 2022, are as follows:

Year	Principal	Interest	Total
2023	\$ 300,000	\$ 64,600	\$ 364,600
2024	310,000	52,600	362,600
2025	320,000	40,200	360,200
2026	335,000	27,400	362,400
2027	350,000	14,000	364,000
	\$ 1,615,000	\$ 198,800	\$ 1,813,800

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

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Amounts Due within One Year
<b>Business-type activities:</b>					
<b>Bonds Payable:</b>					
General obligation bonds	\$ 1,905,000	\$ -	\$ 290,000	\$ 1,615,000	\$ 300,000
<b>Net OPEB liability</b>	146,871	-	33,842	113,029	-
Governmental activity					
Long-term liabilities	\$ 2,051,871	\$ -	\$ 323,842	\$ 1,728,029	\$ 300,000

**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. The District has no loan authorizations that have not been issued as of June 30, 2022.

**3. OTHER INFORMATION**

**A. Risk Management**

The Water 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 Water 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**  
**Year Ended June 30, 2022**

**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, 2022, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the District at June 30, 2022.

The District has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under the terms of the grant. The amount, if any, of expenditures which may be disallowed cannot be determined at this time, although, based on prior experience, District management believes such disallowances, if any, will not be material.

**C. COVID-19**

The Covid-19 pandemic in the United States and across the globe has resulted in economic uncertainties. The disruption was expected to be temporary, but there remains considerable uncertainty around the duration and scope. The United States Federal Government and State of Massachusetts established funding through various sources; the Coronavirus Aid, Relief and Economic Security (CARES) Act and the American Rescue Plan Act (ARPA) in addition to several other federal and state grants. The extent of the impact of Covid-19 on our operational and financial performance will depend on certain developments, including the duration and spread of outbreak, impact on our customers, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the full extent to which Covid-19 may impact our financial condition or results of operations remains uncertain.

**D. Subsequent Events**

Management has evaluated subsequent events through the date the financial statements were available to be issued.

**E. Other Post-Employment Benefits Payable**

**GASB Statement No. 74 and GASB Statement No. 75**

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 Water District recognizes the cost of Post-Employment Benefits in the year when the employee services are received and provides information useful in assessing potential demands on the Water District's future cash flows.

**GRAFTON, MASSACHUSETTS WATER DISTRICT**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

**Plan Description**

The Water District offers continued medical coverage through the Water District's medical plan carrier, a single-employer defined benefit, to employees who retire from the Water District at age 55 or older with a minimum of 10 years of service. The Water District provides 50 percent (plus an additional 10 percent for each additional 5 years of service at retirement – not to exceed 100 percent) of the cost for medical coverage. This plan is authorized and may be amended by the Board of Commissioners. This plan is included in the Water District financial statements. 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 9 active and retired employees, and spouses that meet the eligibility requirements. The plan does not issue a separate financial report.

**Funding Policy**

The contribution requirements of plan members and the District are established pursuant to applicable collective bargaining and employment contracts. The required contribution is based on the projected pay-as-you-go financing requirements. For the 2022 fiscal year, the District premiums plus implicit costs for the retiree medical program are \$1,786. The District also made a contribution to an OPEB Trust of \$50,000 for the 2022 fiscal year for a total contribution of \$51,786 towards the annual OPEB cost, comprised of benefit payments made on behalf of retirees (net of reinsurance), administrative expenses and reinsurance payments, and net of retiree contributions.

**Investment Policy**

The District's policy in regard to the allocation of invested assets is established and may be amended by the Board of Water Commissioners by majority vote of its members. The Water District did establish a trust fund in order to contribute funds to reduce the future OPEB liability. As of June 30, 2022, the trust balance is \$418,184.

**Measurement Date**

GASB Statement No. 74 and GASB Statement No. 75 require the net OPEB liability to be measured as of the OPEB Plan's most recent fiscal year-end. Accordingly, the net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022.

**Plan Membership:**

Current active members		6
Current retirees, beneficiaries and dependents		3
Total		9

**GRAFTON, MASSACHUSETTS WATER DISTRICT**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

**Net OPEB Liability**

The components of the net OPEB liability are as follows:

	<b>6/30/2022</b>
Total OPEB liability	\$ 531,213
Less: Plan fiduciary net position	(418,184)
District's Net OPEB liability	\$ 113,029
Plan fiduciary net position as a percentage of the total OPEB liability	78.7%

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified;

Valuation date	June 30, 2022
Actuarial cost method	Entry Age Actuarial Cost Method
Discount rate	3.00% annually
Participant salary increases	3.00% annually
Healthcare cost trend rates	to an Ultimate trend rate of 4.0% annually in the second year
Mortality rates	Life expectancy by gender comes from the <i>Life Expectancy Table</i> from the National Center for Health Statistics updated in 2015.

**Rate of Return**

For the year ended June 30, 2022, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was not provided.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 3.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that member employer contributions will be made in accordance Massachusetts General Law Chapter 32. Based on those assumptions, the OPEB plan fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**GRAFTON, MASSACHUSETTS WATER DISTRICT**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

**Changes in the Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Total OPEB Liability
Balances at June 30, 2021	\$ 588,749	\$ 441,878	\$ 146,871
Service cost	35,965	-	35,965
Interest	17,662	-	17,662
Changes in benefit terms	-	-	-
Changes in assumptions	-	-	-
Difference between actual and expected experience	(109,377)	-	(109,377)
Net investment income	-	(73,694)	73,694
Employer contributions to Trust	-	51,786	(51,786)
Total benefit payments including implicit cost	(1,786)	(1,786)	-
Net change in total OPEB liability	(57,536)	(23,694)	(33,842)
Balances at June 30, 2022	\$ 531,213	\$ 418,184	\$ 113,029

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the District's net OPEB liability as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.00%) or 1-percentage-point higher (4.00%) than the current rate:

1% Decrease (2.00%)	Current Discount Rate (3.00%)	1% Increase (4.00%)
\$ 166,438	\$ 113,029	\$ 62,784

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rates**

The following presents the District's net OPEB liability as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

1% Decrease	Healthcare Cost Trend Rates	1% Increase
\$ 54,081	\$ 113,029	\$ 181,118

**Summary of Significant Accounting Policies**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the Plan

**GRAFTON, MASSACHUSETTS WATER DISTRICT**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

and additions to or deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts (repurchase agreements) that have a maturity at the time of purchase of one year, which are reported at cost.

**Expense, Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2022, the GASB Statement No. 75 reporting period and fiscal year ending date, the District recognized an OPEB expense of \$69,006 and reported deferred outflows of resources related to OPEB of \$0 and deferred inflows of resources related to OPEB of \$0.

**F. Implementation of New GASB Pronouncements**

The GASB issued Statement No. 87, *Leases*, for implementation in fiscal year 2022. The adoption of this standard did not have a material impact on the District's financial statements.

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, for implementation in fiscal year 2022. The adoption of this standard did not have a material impact on the District's financial statements.

The GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*, for implementation in fiscal 2022. The adoption of this standard did not have a material impact on the District's financial statements.

The GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, for implementation in fiscal year 2021 and 2022. The adoption of this standard did not have a material impact on the District's financial statements.

The GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*, for implementation in fiscal year 2022. The adoption of this standard did not have a material impact on the District's financial statements.

**G. Future GASB Pronouncements**

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

The GASB issued Statement No. 91, *Conduit Debt Obligations*, for implementation in fiscal year 2023.

The GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, for implementation in fiscal year 2023.

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, for implementation in fiscal year 2023.

The GASB issued Statement No. 100, *Accounting Changes and Error Corrections—An Amendment of GASB 62*, for implementation in fiscal year 2024.

The GASB issued Statement No. 101, *Compensated Absences*, for implementation in fiscal year 2025.

**REQUIRED SUPPLEMENTARY INFORMATION**

**GRAFTON, MASSACHUSETTS WATER DISTRICT**  
**Schedule of Revenues and Expenditures - Budgetary Basis (Non-GAAP) -**  
**Budget and Actual - General Fund**  
**For the Year Ended June 30, 2022**

	<u>Budgeted</u>			<u>Budgeted Amounts</u>		
	<u>Amounts</u>			<u>Actual</u>	<u>Amounts</u>	<u>Variance with</u>
	<u>Carried</u>	<u>Original</u>	<u>Final</u>			
	<u>Forward from</u>	<u>Budget</u>	<u>Budget</u>	<u>Amounts</u>	<u>Forward to</u>	<u>Positive</u>
	<u>Prior Year</u>				<u>Next Year</u>	<u>(Negative)</u>
<b>Revenues:</b>						
Charges for Services - Water	\$ -	\$ 2,750,000	\$ 2,750,000	\$ 2,849,770	\$ -	\$ 99,770
Service and Entrance Fees	-	50,000	50,000	133,500	-	83,500
Miscellaneous Fees	-	-	-	33,181	-	33,181
Investment Income	-	10,000	10,000	1,424	-	(8,576)
<b>Total Revenues</b>	<b>-</b>	<b>2,810,000</b>	<b>2,810,000</b>	<b>3,017,875</b>	<b>-</b>	<b>207,875</b>
<b>Expenditures:</b>						
Current:						
Salaries and wages	-	581,900	581,900	581,185	-	715
Operations and maintenance	-	568,004	568,004	574,014	-	(6,010)
Professional fees	-	62,296	62,296	50,031	-	12,265
Office expenses	-	42,750	42,750	42,319	-	431
Employee and Pension Benefits	-	291,900	291,900	258,169	-	33,731
Capital Outlay	382,265	685,000	1,067,265	636,799	199,693	230,773
Debt Service:						
Principal	-	290,000	290,000	290,000	-	-
Interest	-	76,200	76,200	76,200	-	-
<b>Total Expenditures</b>	<b>382,265</b>	<b>2,598,050</b>	<b>2,980,315</b>	<b>2,508,717</b>	<b>199,693</b>	<b>271,905</b>
<b>Excess of Revenues Over</b>						
<b>(Under) Expenditures</b>	<b>(382,265)</b>	<b>211,950</b>	<b>(170,315)</b>	<b>509,158</b>	<b>(199,693)</b>	<b>479,780</b>
<b>Other Financing Sources (Uses):</b>						
Operating Transfers In (Out)	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Budgetary Fund Balance</b>	<b>(382,265)</b>	<b>211,950</b>	<b>(170,315)</b>	<b>\$ 509,158</b>	<b>\$ (199,693)</b>	<b>\$ 479,780</b>
<b>Other Budgetary Items:</b>						
Budgeted Surplus	-	(461,950)	(461,950)			
Use of Fund Balance - Capital	-	250,000	250,000			
Prior Year Encumbrances	382,265	-	382,265			
<b>Total Other Budgetary Items</b>	<b>382,265</b>	<b>(211,950)</b>	<b>170,315</b>			
<b>NET BUDGET</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>			

See Notes to the Required Supplementary Information.

**GRAFTON, MASSACHUSETTS WATER DISTRICT**  
**Notes to Schedule of Revenues and Expenditures – Budget and Actual**  
**For the Year Ended June 30, 2022**

**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**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 and Expenditures – Budgetary Basis (Non-GAAP) – Budget and Actual presented for the General Fund is displayed on the budgetary basis to provide a meaningful comparison of actual results with the budget.

	<b>Operating and Non-Operating Revenues</b>	<b>Operating and Non-Operating Expenditures</b>
<b>Statement of Revenues, Expenditures and Changes in Net Position</b>	\$ 3,198,935	\$ 2,604,261
<i>Adjustments:</i>		
Eliminate depreciation	-	(1,038,684)
Change in other post-employment benefit liability	-	33,842
Eliminate other-solar credits	(56,060)	-
Eliminate contributed capital	(125,000)	618,331
Principal payment of long-term debt	-	290,000
Change in accrued interest on long-term debt	-	967
<b>Budgetary Basis</b>	\$ 3,017,875	\$ 2,508,717



**GRAFTON, MASSACHUSETTS WATER DISTRICT**  
**Required Supplementary Information**  
**Other Post-Employment Benefit Plan Schedules**  
**For the Year Ended June 30, 2022**

**Schedule of Changes in the Net OPEB Liability:**

	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
<b>Total OPEB liability</b>					
Service cost	\$ 35,965	\$ 33,277	\$ 37,664	\$ 24,533	\$ 20,681
Interest on net OPEB liability	17,662	20,279	15,487	18,211	18,271
Changes in Benefit terms	-	-	-	-	-
Changes in Assumptions	-	-	-	-	-
Difference between expected and actual experience	(109,377)	(40,101)	83,768	(55,541)	(59,693)
Benefit payments, including refunds of member contributions	(1,786)	(4,115)	-	-	-
Net change in total OPEB liability	<u>(57,536)</u>	<u>9,340</u>	<u>136,919</u>	<u>(12,797)</u>	<u>(20,741)</u>
Total OPEB liability-beginning	<u>588,749</u>	<u>579,409</u>	<u>442,490</u>	<u>455,287</u>	<u>476,028</u>
<b>Total OPEB liability-ending (a)</b>	<u>\$ 531,213</u>	<u>\$ 588,749</u>	<u>\$ 579,409</u>	<u>\$ 442,490</u>	<u>\$ 455,287</u>
<b>Plan fiduciary net position</b>					
Net investment income	(73,694)	82,802	7,924	15,792	\$ 7,043
Employer contributions to Trust	51,786	54,115	50,000	50,000	100,000
Benefit payments, including refunds of member contributions	(1,786)	(4,115)	-	-	-
Net change in plan fiduciary net position	<u>(23,694)</u>	<u>132,802</u>	<u>57,924</u>	<u>65,792</u>	<u>107,043</u>
Total fiduciary net position-beginning	<u>441,878</u>	<u>309,076</u>	<u>251,152</u>	<u>185,360</u>	<u>78,317</u>
<b>Total fiduciary net position-ending (b)</b>	<u>\$ 418,184</u>	<u>\$ 441,878</u>	<u>\$ 309,076</u>	<u>\$ 251,152</u>	<u>\$ 185,360</u>
<b>District's net OPEB liability (a-b)</b>	<u>\$ 113,029</u>	<u>\$ 146,871</u>	<u>\$ 270,333</u>	<u>\$ 191,338</u>	<u>\$ 269,927</u>

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

**GRAFTON, MASSACHUSETTS WATER DISTRICT**  
**Required Supplementary Information**  
**Other Post-Employment Benefit Plan Schedules**  
**For the Year Ended June 30, 2022**

**Schedule of Net OPEB Liability:**

	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Total OPEB liability	\$ 531,213	\$ 588,749	\$ 579,409	\$ 442,490	\$ 455,287
Less: Plan fiduciary net position	(418,184)	(441,878)	(309,076)	(251,152)	(185,360)
District's Net OPEB liability	<u>\$ 113,029</u>	<u>\$ 146,871</u>	<u>\$ 270,333</u>	<u>\$ 191,338</u>	<u>\$ 269,927</u>
Plan fiduciary net position as a percentage of the total OPEB liability	78.7%	75.1%	53.3%	56.8%	40.7%
District's share of covered employee payroll	\$ 548,091	\$ 535,492	\$ 545,209	\$ 492,936	\$ 462,078
Participating employer net OPEB liability (asset) as a percentage of covered-employee payroll	20.6%	27.4%	49.6%	38.8%	58.4%

**Schedule of Contributions:**

	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Actuarially determined contribution	\$ 1,786	\$ 4,115	\$ -	\$ -	\$ -
Less: Contributions in relation to the actuarially determined contribution	(51,786)	(54,115)	(50,000)	(50,000)	(100,000)
Contribution deficiency (excess)	<u>\$ (50,000)</u>	<u>\$ (50,000)</u>	<u>\$ (50,000)</u>	<u>\$ (50,000)</u>	<u>\$ (100,000)</u>
District's share of covered employee payroll	\$ 548,091	\$ 535,492	\$ 545,209	\$ 492,936	\$ 462,078
Contributions percentage of covered-employee payroll	9.4%	10.1%	9.2%	10.1%	21.6%
Annual money-weighted rate of return net of investment expense	N/A	N/A	N/A	N/A	N/A

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

**GRAFTON, MASSACHUSETTS WATER DISTRICT**  
**Required Supplementary Information**  
**Other Post-Employment Benefit Plan Schedules**  
**For the Year Ended June 30, 2022**

**Schedule of Funding Progress:**

<b>Other Post Employment Benefits</b>							
<b>Measurement Date</b>	<b>Actuarial Fiduciary Net Position (A)</b>	<b>Actuarial Total OPEB Liability (B)</b>	<b>Actuarial Net OPEB Liability (B-A)</b>	<b>Actuarial Funded Ratio (A/B)</b>	<b>Actuarial Covered Payroll (C)</b>	<b>Actuarial Percentage of Covered Payroll ((B-A)/C)</b>	
6/30/2022	\$ 418,184	\$ 531,213	\$ 113,029	78.7%	\$ 548,091	20.6%	
6/30/2021	\$ 441,878	\$ 588,749	\$ 146,871	75.1%	\$ 535,492	27.4%	
6/30/2020	\$ 309,076	\$ 579,409	\$ 270,333	53.3%	\$ 545,209	49.6%	
6/30/2019	\$ 251,152	\$ 442,490	\$ 191,338	56.8%	\$ 492,936	38.8%	
6/30/2018	\$ 185,360	\$ 455,287	\$ 269,927	40.7%	\$ 462,078	58.4%	

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

**SUPPLEMENTARY SCHEDULE**

**GRAFTON, MASSACHUSETTS WATER DISTRICT  
SCHEDULE OF ACCOUNTS RECEIVABLE  
JULY 1, 2021 TO JUNE 30, 2022**

	Accounts Receivable July 1, 2021	Amounts Billed	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Accounts Receivable June 30, 2022	Accounts Receivable Per Detail June 30, 2022
<b>Water Rates</b>	\$ 763,276	\$ 2,814,483	\$ -	\$ 2,851,535	\$ 726,224	\$ 726,224
<b>Betterments:</b>						
<b>North Street</b>	\$ 3,944	\$ -	\$ -	\$ -	\$ 3,944	\$ 3,944
<b>Stonebrook</b>	19,545	-	-	-	19,545	19,545
	<u>\$ 23,489</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,489</u>	<u>\$ 23,489</u>