

TOWN OF LITTLETON, MASSACHUSETTS
LITTLETON MUNICIPAL WATER
DEPARTMENT

Financial Statements

June 30, 2018

(With Accountants' Report Thereon)

Giusti, Hingston and Company
Certified Public Accountants

36 Jackman St., Unit 1

Georgetown, MA 01833

(Tel) 978-352-7470

Town of Littleton, Massachusetts
Littleton Municipal Water Department
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INDEPENDENT AUDITORS' REPORT ON BASIC FINANCIAL STATEMENTS

Board of Water Commissioners
Town of Littleton, Massachusetts
Littleton Municipal Water Department
39 Ayer Road
P.O. Box 2406
Littleton, Massachusetts 01460

Report on the Financial Statements

We have audited the accompanying basic financial statements and the related notes to the financial statements of the Littleton Municipal Water Department, an enterprise fund of the Town of Littleton, Massachusetts, as of and for the year ended June 30, 2018.

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. 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Littleton Municipal Water Department, an enterprise fund of the Town of Littleton, Massachusetts, as of June 30, 2018, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Emphasis of Matter

The financial statements present only the Littleton Municipal Water Department and do not purport to, and do not present fairly the financial position of the Town of Littleton, Massachusetts, as of June 30, 2018, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Giusti, Hingston and Company

Giusti, Hingston and Company

Certified Public Accountants

February 23, 2019

***Town of Littleton, Massachusetts Municipal Water Department
Management's Discussion and Analysis
Required Supplementary Information
June 30, 2018***

As management of the Littleton, Massachusetts Municipal Water Department, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Town of Littleton, Massachusetts Municipal Water Department for the fiscal year ended June 30, 2018.

Financial Highlights

- The assets and deferred outflows of resources of the Littleton, Massachusetts Municipal Water Department exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$7,711,653 (*net position*).
- The Department's total net position increased by \$377,408 or 5.15% (not including the prior period adjustment).
- In fiscal year 2018, the Department implemented Governmental Accounting Standards Board Statement # 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The new standard requires reporting the entire Net OPEB **Liability**. Previous standards required reporting the liability over a thirty year "phase in" period. The resulting calculation was reported as the Net OPEB **Obligation**. Implementing the new standard required a prior period adjustment that reduced the Department's net position by \$580,971.
- At the end of the current fiscal year, the balance in the unrestricted net asset account was in a deficit balance of \$443,589. The change from the prior year is, primarily, a result of implementing GASB Statement #75.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the Littleton Water Department's basic financial statements.

Proprietary fund. The Town of Littleton, Massachusetts Municipal Water Department maintains one proprietary fund type. The Department uses an enterprise fund to account for its water operations.

Water rates are structured to cover most of the operating costs related to the Department.

Financial Analysis

Net Position

Net position may serve over time as a useful indicator of a government's financial position. The following table reflects the condensed net position for the past two fiscal years. The 2017 amounts were adjusted to reflect the prior period adjustment.

	<u>2018</u>	<u>2017</u>
Current Assets	\$ 1,600,726	\$ 1,758,508
Capital Assets	13,367,481	13,230,936
Total Assets	<u>14,968,207</u>	<u>14,989,444</u>
Deferred Outflows of Resources	<u>247,568</u>	<u>204,933</u>
Current Liabilities	461,023	1,336,108
Long Term Liabilities	6,911,552	6,524,024
Total Liabilities	<u>7,372,575</u>	<u>7,860,132</u>
Deferred Inflows of Resources	<u>131,547</u>	<u>-</u>
Net Position:		
Net Investment in Capital Assets	8,155,242	7,671,686
Unrestricted	(443,589)	(337,441)
Total Net Position	<u>\$ 7,711,653</u>	<u>\$ 7,334,245</u>

Changes in Net Position

The following condensed financial information was derived from the Department's Statement of Revenues, Expenses and Changes in Net Position. It reflects how the Department's Net Position has changed during the last two fiscal years.

Revenues	<u>2018</u>	<u>2017</u>
Operating:		
Metered Sales	\$ 1,843,356	\$ 1,865,871
Debt Service Fee	454,503	513,176
Non-Operating:		
Merchandising and Jobbing Revenue	589,069	600,997
Earnings on Investments	-	4,275
Intergovernmental	-	86,330
Contribution of Services by Light Department	300,555	269,350
Miscellaneous	11,733	27,681
Rental Revenue	133,682	116,041
Total Revenues	<u>3,332,898</u>	<u>3,483,721</u>

Changes in Net Position (Continued)

	Business-Type Activities	
	<u>2018</u>	<u>2017</u>
Expenses		
Operating Expenses:		
Operating	187,154	298,327
Maintenance	950,865	1,010,506
General and Administrative	1,099,194	990,482
Depreciation	579,440	557,156
Non-Operating:		
Interest Expense	138,837	144,250
Total Expenses	<u>2,955,490</u>	<u>3,000,721</u>
Increase (Decrease) in Net Position	<u>\$ 377,408</u>	<u>\$ 483,000</u>

Financial Analysis of the Department's Funds

Components of Net Position

The following table reflects the trend in all components of net position for the past ten years (after adjusting for prior period adjustments).

<u>Fiscal Year</u>	Invested in Capital Assets Net of Related	<u>Unrestricted</u>	Total
	<u>Debt</u>		<u>Net Position</u>
2009	\$ 6,015,610	\$ 619,094	\$ 6,634,704
2010	6,062,417	442,798	6,505,215
2011	7,247,071	385,482	7,632,553
2012	7,277,850	371,684	7,649,534
2013	7,191,497	599,907	7,791,404
2014	7,161,139	(461,403)	6,699,736
2015	6,930,804	3,562	6,934,366
2016	7,124,501	307,715	7,432,216
2017	7,671,686	(337,441)	7,334,245
2018	8,155,242	(443,589)	7,711,653

Capital Asset and Debt Administration

Capital assets. The Town of Littleton, Massachusetts Municipal Water Department's investment in capital assets (net of accumulated depreciation) as of June 30, 2018, amounts to \$13,367,481. This investment in capital assets includes land, buildings and improvements, infrastructure and machinery and equipment.

Major capital asset acquisitions during the year included the following:

Water Quality Equipment	\$122,612
Treatment Facilities	\$169,048
Wells	\$357,761

Capital Assets at June 30, 2018 and June 30, 2017 (Net of Accumulated Depreciation)

	Business-Type Activities	
	<u>2018</u>	<u>2017</u>
Land	\$ 934,228	\$ 934,228
Construction Work in Process	-	850,308
Maintenance Facilities	16,166	18,008
Pump Facilities	181,007	188,523
Treatment Facilities	4,459,201	4,467,033
Standpipes	933,685	1,005,409
Pumping Plant	648,107	683,231
Wells	927,851	605,423
Water Quality Equipment	552,937	609,036
Transmission and Distribution	3,300,292	2,563,079
Services	285,230	297,170
Customer Meters	781,719	685,384
Hydrants and Gates	117,464	118,568
SCADA & Communication Equipment	16,502	18,335
Vehicles	158,965	127,594
Laboratory Equipment	9,127	9,607
Miscellaneous Equipment	45,000	50,000
Total Capital Assets	<u>\$ 13,367,481</u>	<u>\$ 13,230,936</u>

Debt

The Department's long term debt increased by (\$503,298) or (10.69%). The Department issued \$890,900 new bonds and paid long term debt principal of \$425,000. \$43,451 new premium was added and \$6,053 old premium was amortized during fiscal year 2018. The outstanding balances for the past two years are noted below:

	<u>2018</u>	<u>2017</u>	<u>Change</u>
General Obligation Bonds	\$ 5,065,900	\$ 4,600,000	\$ 465,900
Premiums	146,339	108,941	37,398
Total Bonds Payable	<u>\$ 5,212,239</u>	<u>\$ 4,708,941</u>	<u>\$ 503,298</u>

Fiscal Year 2019 Budget

For the fiscal year 2019, the Water Department has a total budget of \$4,024,533 consisting of:

Salaries and Wages	\$893,000
General Operating Expenses	1,423,340
Debt-Principal and Interest	667,193
Reserve	200,000
Capital	<u>841,000</u>

Total	<u>\$4,024,533</u>
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Request for Information

This financial report is designed to provide a general overview of the Littleton Municipal Water Department'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:

Accounting/Business Manager
Littleton Municipal Water Department
39 Ayer Road
Littleton, Massachusetts 01460-3406

Littleton Municipal Water Department
Statement of Net Position
Proprietary Fund Type
June 30, 2018

	Proprietary Fund Type <u>Enterprise</u>
Assets	
Current:	
Cash and Cash Investments	\$ 1,037,852
Accounts Receivable:	
User Charges (Net of Allowance for Uncollectable)	211,608
Unbilled User Charges	279,791
Merchandising and Jobbing	4,404
Inventory	67,071
Noncurrent:	
Capital Assets Not Being Depreciated	934,228
Capital Assets Being Depreciated, Net	12,433,253
Total Assets	<u>14,968,207</u>
 Deferred Outflows of Resources	
Other Post Employment Benefits Payable	\$ 4,707
Pensions	242,861
Total Deferred Outflows of Resources	<u>247,568</u>
 Liabilities	
Current:	
Accrued Interest Payable	\$ 50,388
Compensated Absences Payable	24,993
Bonds Payable	385,642
Noncurrent:	
Compensated Absences Payable	58,318
Other Post Employment Benefits Payable	836,385
Net Pension Liability	1,190,252
Bonds Payable	4,826,597
Total Liabilities	<u>7,372,575</u>
 Deferred Inflows of Resources	
Pensions	<u>131,547</u>
 Net Position	
Net Investment in Capital Assets	8,155,242
Unrestricted	(443,589)
Total Net Position	<u><u>\$ 7,711,653</u></u>

Littleton Municipal Water Department
Statement of Revenues, Expenses and
Changes in Net Position
Proprietary Fund Type
For the Year Ended June 30, 2018

	Proprietary Fund Type <u>Enterprise</u>
Operating Revenues:	
Metered Sales	\$ 1,843,356
Debt Service Fee	454,503
Total Operating Revenues	<u>2,297,859</u>
Operating Expenses:	
Operating	187,154
Maintenance	950,865
General and Administrative	1,099,194
Depreciation	579,440
Total Operating Expenses	<u>2,816,653</u>
Operating Income	<u>(518,794)</u>
Non-operating Revenues (Expenses):	
Merchandising and Jobbing Revenue	589,069
Cell Tower Leasing	133,682
Contribution of Services by Light Department	300,555
Miscellaneous	11,733
Interest Expense	(138,837)
Total Non-Operating Revenues (Expenses)	<u>896,202</u>
Change in Net Position	<u>377,408</u>
Total Net Position July 1, 2017	<u>7,915,216</u>
Prior Period Adjustment	<u>(580,971)</u>
Total Net Position July 1, 2017, as Restated	<u>7,334,245</u>
Total Net Position June 30, 2018	<u><u>\$ 7,711,653</u></u>

Littleton Municipal Water Department
Statement of Cash Flows
Proprietary Fund Type
For the Year Ended June 30, 2018

	Proprietary Fund Type <u>Enterprise</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 2,347,077
Payments to Vendors and Employees	(1,966,824)
Net Cash Flow from Operating Activities	<u>380,253</u>
Cash Flows from Non Capital Related Financing Activities:	
Merchandising and Jobbing	595,507
Grant	40,000
Rental Income	133,682
Miscellaneous	11,733
Net Cash Flow from Non Capital Related Financing Activities	<u>780,922</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Fixed Assets	(715,985)
Interest Expense	(100,598)
Proceeds from Bond Anticipation Notes	847,000
Payments of Bond Anticipation Notes	(1,717,000)
Proceeds Long Term Debt	890,900
Principal Payments on Long Term Debt	(425,000)
Net Cash Flow from Capital and Related Financing Activities	<u>(1,220,683)</u>
Cash Flows from Investing Activities:	
Investment Income	-
Net Cash Flows from Investing Activities	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(59,508)
Cash and Cash Equivalents, July 1, 2017	<u>1,097,360</u>
Cash and Cash Equivalents, June 30, 2018	<u>\$ 1,037,852</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (518,794)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation Expense	579,440
Contribution of Services by Light Department	300,555
(Increase) Decrease in Assets:	
Accounts Receivable	49,218
Deferred Outflows of Resources	(42,635)
Increase (Decrease) in Liabilities:	
Payroll and Vendor Payables	728
Due to Municipal Light Department	(50,000)
Other Post Employment Benefits Payable	(21,161)
Compensated Absences Payable	4,581
Net Pension Liability	(53,226)
Deferred Inflows of Resources	131,547
Net Cash Provided by Operating Activities	<u>\$ 380,253</u>
Schedule of Noncash Capital and Related Financing Activities	<u>\$ -</u>

Town of Littleton, Massachusetts Municipal Water Department
Notes to Financial Statements
June 30, 2018

I. **Summary of Significant Accounting Policies**

The accounting policies for financial reporting purposes of the Town of Littleton, Massachusetts Municipal Water Department conform to accounting principles generally accepted in the United States of America for local governmental units. The Department applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The following is a summary of the more significant accounting policies:

A. **Reporting Entity**

The Department's financial statements include the operations of the Water Department only. The Water Department is an enterprise fund of the Town of Littleton, Massachusetts.

B. **Measurement Focus and Basis of Accounting**

i. **Fund Accounting**

The Department reports its financial activities in one proprietary fund type in order to comply with the limitations and restrictions placed on both the resources available and the services provided.

This fund is used to account for water operations that are financed and operated in a manner similar to private business enterprises where the costs of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

ii. **Basis of Accounting**

The accompanying financial statements have been prepared and presented on the accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when the related liability is incurred.

Revenue Recognition

Water user charges as presented are considered as revenue when they are committed for collection. Recognition has also been applied to used, but unbilled usage.

Expenses

Expenses are recorded during the year on an accrual basis.

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

i. Deposits and Investments

The Department's cash and cash equivalents are considered to be demand deposits and short term investments with original maturities of three months or less from the date of acquisition.

State and local statutes place certain limitations on the nature of deposits and investments available to the Department. Deposits allowed include demand deposits, term deposits and certificates of deposit. Investments can also 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, repurchase agreements guaranteed by such securities with maturity dates or no more than 90 days from the date of purchase, and units in the Massachusetts Municipal Depository Trust ("MMDT").

ii. Capital Assets

Capital assets including land, buildings and improvements, machinery and equipment and infrastructure assets are reported. Capital assets are currently defined by the Department as assets that have an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of the donation.

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend assets lives is not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

iii. Compensated Absences

Vacation Leave

All permanent full time employees are granted vacation leave based on years of employment. Vacation leave may only be carried forward to the subsequent fiscal year with the approval of the Supervisor and if appropriate within the terms of the employee's contract. The accumulated vacation leave benefit liability as of June 30, 2018 is reflected in the financial statements.

Sick Leave

All permanent full time employees are granted sick leave based on length of service. Employees with five or more years of service for the Department and five or fewer sick days used in the immediate prior year must elect to either accumulate unused sick time for future use or have any portion of the immediate prior year's unused sick days redeemed at the rate of one day's salary for every two days redeemed. The accumulated sick leave benefit liability as of June 30, 2018 is reflected in the financial statements.

iv. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Department's financial statements include deferred outflows of resources related to pensions and to debt refundings.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Department's financial statements include deferred inflows of resources related to pensions.

v. Net Position

Net position is reported in two accounts. "Net Investment in Capital Assets" is used as an offset account to capital assets net of accumulated depreciation and any related outstanding debt. Unrestricted net position is used to account for the residual portion of net position that is not externally restricted.

v. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

vi. Pensions

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

II. Stewardship, Compliance and Accountability

A. Budgetary Information

i. General Budget Policies

Budget requests are submitted to the Commissioners for review during January, February and March of each year. The Commissioners have until May (which is when the annual Town meeting is held) to make any changes to the budget. The Water Department's budget must be approved at the annual Town meeting.

III. Detailed Notes

A. Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Department's deposits may not be returned. The Department's deposits are pooled with the deposits of the Town of Littleton, Massachusetts. As a result, the custodial credit risk of the Department is intermingled with the custodial credit risk of the Town. The Town has a formal deposit policy that addresses custodial credit risk.

Key sections of the policy are detailed below:

- Bank accounts or Certificate of Deposit accounts (CD's) with no limit to the length of maturity from the date of purchase may be made for unlimited amounts if the depository institution is a member of the Depository Insurance Fund (DIF) or the Share Insurance Fund (SIF). These funds insure all deposits held at a member Massachusetts state chartered savings bank or co-operative bank, respectively.
- Bank accounts, Certificate of Deposit accounts (CD's) and/or brokered CD's with no limit to the length of maturity from the date of purchase up to the FDIC coverage limits. All account balances in a single depository institution are considered in the aggregate to determine FDIC coverage limits.
- Bank accounts or Certificate of Deposit accounts (CD's) with no limit to the length of maturity from the date of purchase may be made for unlimited amounts if the deposit is fully collateralized by a third party agreement or securities owned by a depository institution that have been segregated from the day-to-day assets of the institution in order to provide collateralization.

- Uninsured or unsecured bank accounts or Certificate of Deposit accounts (CD's) with a final maturity no greater than one year from the date of purchase are allowed to be held by the Town subject to the following limitations:
 - The aggregate uninsured portion of deposits held at any one institution cannot exceed 5% of the institutions total deposits reflected on the bank's last filed FDIC Call Report.
 - No more than 10% of the Town's funds, applicable to this section, may be held in uninsured accounts.
 - The credit worthiness of the depository will be tracked by Treasurer utilizing the Veribac rating report.

B. Investments

i) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town's policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates is as follows:

- Short-term investments for funds covered in Section I are by statute limited to one year or less in maturity with all securities held to maturity.
- Longer term investments, other than trust funds under the direction of the Commissioners of Trust Funds, will be made for periods not longer than five years, maintaining an average maturity no greater than three years for the portfolio.

ii) Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town's policy relating to credit risk is as follows.

- Longer term investments in fixed income securities, other than trust funds under the direction of the Commissioners of Trust Funds, will be made principally for capital preservation and income potential. Corporate debt must be rated "A" or better by either S&P or Moody's rating services. If a security falls below the "A" rating, the security will be monitored by the Treasurer and advisor, if applicable. The security will be noted as an exception to policy if held in the portfolio. The Treasurer and/or advisor may sell the security if a further decline in value is expected.

iii) Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Town's policy relating to concentration of credit risk is as follows:

- The Town will minimize any concentration of credit risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. Specific investment amounts and/or issuer limitations are addressed in the policy.

iv) Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment or deposit. The Town's policy states that it will not invest in any instrument exposed to foreign currency risk.

Fair Value Measurement

Statement #72 of the Government Accounting Standards Board ("GASB") *Fair Value Measurements and Application*, sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB 72 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Department has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the Departments' own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Department's own data.

The Department holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Department's mission, the Department determined that the disclosures related to those investments only need to be disaggregated by major type. Since the Department's investments are pooled with the Town and Light Department's investments, the exact amount of each type of investment cannot be determined. However, all of the Town's (and therefore the Department's) investments are considered Level 1.

The investments classified in Level 1 of the fair value hierarchy were valued using prices active markets for those securities.

C. Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

<u>Assets</u>	<u>Cost</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Cost</u> <u>June 30, 2018</u>	<u>Accumulated</u> <u>Depreciation</u> <u>July 1, 2017</u>	<u>Depreciation</u>	<u>Depreciation on</u> <u>Contributed Assets</u> <u>or (Reversed</u> <u>Depreciation)</u>	<u>Accumulated</u> <u>Depreciation</u> <u>June 30, 2018</u>	<u>Net Book</u> <u>Value</u>
Capital Assets Not Being Depreciated:									
Land	\$ 934,228	\$ -	\$ -	\$ 934,228	\$ -	\$ -	\$ -	\$ -	\$ 934,228
Construction Work in Process	850,308	-	(850,308)	-	-	-	-	-	-
Total Capital Assets Not Being Depreciated	1,784,536	-	(850,308)	934,228	-	-	-	-	934,228
Capital Assets Being Depreciated:									
Maintenance Facilities	60,896	-	-	60,896	42,888	1,842	-	44,730	16,166
Pump Facilities	248,549	-	-	248,549	60,026	7,516	-	67,542	181,007
Treatment Facilities	5,849,435	169,049	-	6,018,484	1,382,402	176,881	-	1,559,283	4,459,201
Standpipes	2,371,906	-	-	2,371,906	1,366,497	71,724	-	1,438,221	933,685
Pumping Plant	1,161,528	-	-	1,161,528	478,297	35,124	-	513,421	648,107
Wells	1,168,439	357,761	-	1,526,200	563,016	35,333	-	598,349	927,851
Water Quality Equipment	1,855,185	-	-	1,855,185	1,246,149	56,099	-	1,302,248	552,937
Transmission and Distribution	4,207,785	864,453	-	5,072,238	1,644,706	127,240	-	1,771,946	3,300,292
Services	476,305	2,463	-	478,768	179,135	14,403	-	193,538	285,230
Customer Meters	868,976	122,612	-	991,588	183,592	26,277	-	209,869	781,719
Hydrants and Gates	229,111	5,824	-	234,935	110,543	6,928	-	117,471	117,464
Office Equipment	17,907	-	-	17,907	17,907	-	-	17,907	-
SCADA & Communication Equipment	86,684	-	-	86,684	68,349	1,833	-	70,182	16,502
Tools	63,782	-	-	63,782	63,782	-	-	63,782	-
Vehicles	332,871	44,131	-	377,002	205,277	12,760	-	218,037	158,965
Laboratory Equipment	140,516	-	-	140,516	130,909	480	-	131,389	9,127
Miscellaneous Equipment	174,740	-	-	174,740	124,740	5,000	-	129,740	45,000
Total Capital Assets Being Depreciated:	19,314,615	1,566,293	-	20,880,908	7,868,215	579,440	-	8,447,655	12,433,253
Total Capital Assets	\$ 21,099,151	\$ 1,566,293	\$ (850,308)	\$ 21,815,136	\$ 7,868,215	\$ 579,440	\$ -	\$ 8,447,655	\$ 13,367,481

D. Accounts Receivable

The accounts receivable on the balance sheet are listed below:

User Charges:

Water Rates	\$ 211,608
Unbilled Water Rates	\$ 279,791
Merchandising and Jobbing	\$ 4,404

E. Debt

i Bond Anticipation Notes Payable

The Department's short term borrowng activity for the year ended June 30, 2018, is as follows:

<u>Purpose</u>	Balance Beginning <u>of Year</u>	<u>Issued</u>	<u>Redeemed</u>	Balance End <u>of Year</u>
<u>Bond Anticipation Notes</u>				
Route 119 Project	\$ 870,000	\$ 847,000	\$ (1,717,000)	\$ -

E. Debt (Continued)

ii Long Term Debt

General obligation bonds outstanding at June 30, 2018, bear interest at various rates.

(a) Changes in Long Term Debt - the following is a summary of bond transactions for the year ended June 30, 2018:

<u>General Obligation Bond</u>	<u>Sale Date</u>	<u>Original Borrowing</u>	<u>Interest Rates to Maturities</u>	<u>Final Maturity</u>	<u>Balance Beginning of Year</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance End of Year</u>
Land Acquisition - Nashoba Rd - Water	2005	\$ 350,000	3.98%	2018	\$ 110,000	\$ -	\$ (110,000)	\$ -
Water Mains - Capital	2010	191,088	3.49%	2029	120,000	-	(10,000)	110,000
Water Equipment - Ozone Generator	2010	86,099	1.82%	2018	5,000	-	(5,000)	-
Water Tank-Refunding	2013	652,000	1.31%	2023	360,000	-	(65,000)	295,000
Water Capital Improvement	2015	274,200	3.00%-3.25%	2035	245,000	-	(15,000)	230,000
Well Redevelopment	2015	3,720,000	3.00%-3.25%	2035	3,340,000	-	(190,000)	3,150,000
Water Cobbs Well	2015	178,800	3.00%	2032	150,000	-	(10,000)	140,000
Water Capital Improvement Well #2	2015	118,300	3.00%	2027	100,000	-	(10,000)	90,000
Well #2 Design	2015	194,700	3.00%-3.25%	2034	170,000	-	(10,000)	160,000
Land Acquisition - Nashoba Rd - Water	2018	87,000	2.00% - 4.00%	2023	-	87,000	-	87,000
Route 119 Bond	2018	803,900	3.00% - 5.00%	2038	-	803,900	-	803,900
				Total	<u>\$ 4,600,000</u>	<u>\$ 890,900</u>	<u>\$ (425,000)</u>	<u>5,065,900</u>

E. Debt
(Continued)

(b) Summary of Debt Service Requirements to Maturity

	<u>Long Term Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$370,900	\$154,153
2020	360,000	144,682
2021	360,000	134,483
2022	350,000	123,182
2023	350,000	112,183
2024	280,000	101,332
2025	280,000	92,033
2026	280,000	82,732
2027	280,000	73,433
2028	270,000	64,282
2029	270,000	55,283
2030	260,000	47,082
2031	255,000	39,358
2032	255,000	31,707
2033	245,000	23,951
2034	245,000	16,069
2035	235,000	8,329
2036	40,000	3,900
2037	40,000	2,620
2038	<u>40,000</u>	<u>1,320</u>
Total	<u>\$5,065,900</u>	<u>\$1,312,114</u>

(c) Bond Authorizations

There are not any long-term debt authorizations voted by the Department/Town which were not issued or rescinded as of June 30, 2018

iii Refunding of Long Term Debt

On March 29, 2018, the Town of Littleton issued general obligation bonds in the amount of \$4,177,000 of which \$87,000 related to the Water Department. The water bonds had interest rates ranging from 2.0% to 4.0%. All of the Water Department's portion was issued to advance refund \$90,000 of term bonds with an average interest rate of 3.98%. The term bonds of the Water Department had a maturity date of May 15, 2023. The Water portion of the general obligation bonds were issued with a net premium of \$3,362. After paying issuance costs and other costs, the net proceeds of the Department were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust (co-mingled with the Town's obligation) with an escrow agent to provide debt service payments until the term bonds are matured in May of 2023. The advance refunding met the requirements of an in-substance debt defeasance and the refunded term bonds were removed from the Department's financial statements.

As a result of the advance refunding, the Department reduced its total debt service cash flow requirements by \$4,784 which resulted in an economic gain (difference between the present value of the debt service payment on the old and new debt) of \$4,292.

E. Debt (Continued)

Prior Year Defeased Debt

In prior years, the government defeased general obligation bonds by placing the proceeds of the new bonds into an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's financial statements. At June 30, 2018, \$380,000 of defeased bonds remain outstanding.

iv Changes in Long Term Debt

Changes in the government's long-term liabilities for the year ended June 30, 2018 are as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Current Portion
<u>Long Term Obligations</u>					
General Obligation Bonds	\$ 4,600,000	\$ 890,900	\$ (425,000)	\$5,065,900	\$370,900
Premium	<u>108,941</u>	<u>43,451</u>	<u>(6,053)</u>	<u>146,339</u>	<u>14,742</u>
Total Bonds Payable	4,708,941	934,351	(431,053)	5,212,239	385,642
Compensated Absences	78,730	63,629	(59,048)	83,311	24,993
Other Post Employment Benefits	857,546	4,707	(25,868)	836,385	-
Net Pension Liability	<u>1,243,478</u>	<u>78,321</u>	<u>(131,547)</u>	<u>1,190,252</u>	<u>-</u>
Total Long Term Obligations	<u>\$ 6,888,695</u>	<u>\$ 1,081,008</u>	<u>\$ (647,516)</u>	<u>\$ 7,322,187</u>	<u>\$ 410,635</u>

IV. **Other Information**

A. **Pension Plans**

a. **General Information about the Pension Plan**

The Department provides pension benefits to eligible employees by contributing to the Middlesex County Retirement System, a cost sharing multiple-employer defined benefit pension plan administered by the Middlesex County Retirement System. The System is administered by a five member board on behalf of all eligible current employees and retirees. The system provides retirement benefits, cost of living adjustments, disability benefits and death benefits.

The system is a member of the Massachusetts Contributory Retirement System and is governed by Chapter 32 of the Massachusetts General Laws (M.G.L.). The authority to establish and amend benefit provisions requires a statutory change to Chapter 32. The Middlesex County Retirement System issues a stand-alone financial report that is available to the public at: <https://middlesexretirement.org/wp-content/uploads/2018/08/FINAL-MCRS-Audit-Report-of-Financial-Statements-12-31-2017.pdf> or by writing to the Middlesex County Retirement System, 25 Linnell Circle, P.O. Box 160, Billerica, Massachusetts 01865.

Benefits Provided

The Middlesex County Retirement System provides retirement, disability and death benefits as detailed below:

Retirement Benefits

Employees covered by the Contributory Retirement Law are classified into one of four groups depending on job classification. Group 1 comprises most positions in state and local government. It is the general category of public employees. Group 4 comprises mainly police and firefighters. Group 2 is for other specified hazardous occupations. (Officers and inspectors of the State Police are classified as Group 3).

For employees hired prior to April 2, 2012, the annual amount of the retirement allowance is based on the member's final three-year average salary multiplied by the number of years and according to the table below based on the age of the member at retirement.

<u>Benefit %</u>	<u>Group 1</u>	<u>Group 2</u>	<u>Group 4</u>
<u>Hired on or before April 1 2012</u>			
2.50%	65+	60+	55+
2.40%	64	59	54
2.30%	63	58	53
2.20%	62	57	52
2.10%	61	56	51
2.00%	60	55	50
1.90%	59	N/A	49
1.80%	58	N/A	48
1.70%	57	N/A	47
1.60%	56	N/A	46
1.50%	55	N/A	45

For employees hired on April 2, 2012 or later, the annual amount of the retirement allowance is based on the member's final five-year average salary multiplied by the number of years and full months of creditable service at the time of retirement and multiplied by a percentage according to the tables below based on the age and years of creditable service of the member at retirement:

<u>Benefit %</u>	<u>Group 1</u>	<u>Group 2</u>	<u>Group 4</u>
<u>Hired on after April 1 2012</u>			
2.50%	67+	62+	57+
2.35%	66	61	56
2.20%	65	60	55
2.05%	64	59	54
1.90%	63	58	53
1.75%	62	57	52
1.60%	61	56	51
1.45%	60	55	50

For all employees, the maximum annual amount of the retirement allowance is 80 percent of the member's final average salary. Any member who is a veteran also receives an additional yearly retirement allowance of \$15 per year of creditable service, not exceeding \$300. The veteran allowance is paid in addition to the 80 percent maximum.

Retirement Benefits - Superannuation

Members of Group 1, 2 or 4 hired prior to April 2, 2012 may retire upon the attainment of age 55. For retirement at ages below 55, twenty years of creditable service is required.

Members hired prior to April 2, 2012 who terminate before age 55 with ten or more years of creditable service are eligible for a retirement allowance upon the attainment of age 55 (provided they have not withdrawn their accumulated deductions from the Annuity Savings Fund of the System).

Members of Group 1 hired April 2, 2012 or later may retire upon the attainment of age 60. Members of Group 2 or 4 hired April 2, 2012 or later may retire upon the attainment of age 55. Members of Group 4 may retire upon attainment of age 50 with ten years of creditable service.

Members hired April 2, 2012 or later who terminate before age 55 (60 for members of Group 1) with ten or more years of creditable service are eligible for a retirement allowance upon the attainment of age 55 (60 for members of Group 1) provided they have not withdrawn their accumulated deductions from the Annuity Savings Fund of the System.

Ordinary Disability Benefits

A member who is unable to perform his or her job due to a non-occupational disability will receive a retirement allowance if he or she has ten or more years of creditable service and has not reached age 55. The annual amount of such allowance shall be determined as if the member retired for superannuation at age 55 (age 60 for Group 1 members hired on or after April 2, 2012), based on the amount of creditable service at the date of disability. For veterans, there is a minimum benefit of 50 percent of the member's most recent year's pay plus an annuity based on his or her own contributions.

Accidental Disability Benefit

For a job-connected disability, the benefit is 72 percent of the member's most recent annual pay plus an annuity based on his or her own contributions, plus additional amounts for surviving children. Benefits are capped at 75 percent of annual rate of regular compensation for employees who become members after January 1, 1988.

Death Benefits

In general, the beneficiary of an employee who dies in active service will receive a refund of the employee's own contributions. Alternatively, if the employee were eligible to retire on the date of death, a spouse's benefit will be paid equal to the amount the employee would have received under Option C. The surviving spouse of a member who dies with two or more years of credited service has the option of a refund of the employee's contributions or a monthly benefit regardless of eligibility to retire, if they were married for at least one year. There is also a minimum widow's pension of \$500 per month, and there are additional amounts for surviving children.

If an employee's death is job-connected, the spouse will receive 72 percent of the member's most recent annual pay, in addition to a refund of the member's accumulated deductions, plus additional amounts for surviving children. However, in accordance with Section 100 of Chapter 32, the surviving spouse of a police officer, firefighter or corrections officer who is killed in the line of duty will be eligible to receive an annual benefit equal to the maximum salary held by the member at the time of death. Upon the death of a job-connected disability retiree who retired prior to November 7, 1996 and could not elect an Option C benefit, a surviving spouse will receive an allowance of \$9,000 per year if the member dies for a reason unrelated to cause of disability.

Contributions

Active members of the Middlesex County Retirement System contribute either 5%, 7%, 8% or 9% of their gross regular compensation depending on the date upon which their membership began. An additional 2% is required from employees for earnings in excess of \$30,000. The Department is required to pay an actuarially determined rate. The contribution requirement of plan members is determined by M.G.L. Chapter 32. The contribution requirements are established by and may be amended by the Middlesex County Retirement System with the approval of the Public Employee Retirement Administration Commission.

The Town's contractually required contribution rate for the year ended June 30, 2018 was 30.42% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$3,555,064 (the Water Department contributed \$106,617) for the year ending June 30, 2018.

b. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the Town reported a liability of \$21,432,789 for its proportionate share of the net pension liability (**the Water Department's share was \$1,190,252**). The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Accordingly, update procedures were utilized to roll forward the liability to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2017, the Town's proportion was 1.510218% (the Water Department is 5.553% of that percentage).

For the year ended June 30, 2018, the Town recognized pension expense of \$2,832,568 (the Water Department recognized \$147,010). At June 30, 2018, the Town and Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Town of Littleton, Massachusetts

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 72,277	\$ 109,453
Change in assumptions	2,048,718	-
Net differences between projected and actual earnings on pension plan investments	-	582,154
Changes in proportion and differences between contributions and proportionate share of contributions	2,558,410	1,843,015
Contributions subsequent to the measurement date	-	-
	<u>\$ 4,679,405</u>	<u>\$ 2,534,622</u>

Littleton Water Department

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,751	\$ 5,681
Change in assumptions	106,328	-
Net differences between projected and actual earnings on pension plan investments	-	30,214
Changes in proportion and differences between contributions and proportionate share of contributions	132,782	95,652
Contributions subsequent to the measurement date	-	-
	<u>\$ 242,861</u>	<u>\$ 131,547</u>

Contributions made subsequent to the measurement date (deferred outflows of resources) are recognized as a reduction of the net pension liability in the next fiscal year. The Town/Department did not have any deferred outflows of resources for contributions made subsequent to the measurement date. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Town of Littleton, Massachusetts	Year ended June 30:	Amount
	2019	\$ 913,814
	2020	898,493
	2021	458,993
	2022	(126,517)
	Total	<u>\$ 2,144,783</u>

Littleton Water Department	Year ended June 30:	Amount
	2019	\$ 47,427
	2020	46,632
	2021	23,822
	2022	(6,567)
	Total	<u>\$ 111,314</u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement that was updated to December 31, 2017:

Valuation date	January 1, 2018
Actuarial Cost Method	Entry age normal cost method
Amortization Method	Prior year's total contribution increased by 6.5% for fiscal year 2018 through fiscal year 2024, and thereafter the remaining unfunded liability will be amortized on a 4.0% annual increasing basis; ERI Liability amortized in level payments.
Remaining Amortization Period	As of July 1, 2018, 1 year remaining for the 2002 ERI liability; 2 years remaining for the 2003 ERI liability; 4 years remaining for the 2010 ERI liability and 17 years for the remaining unfunded liability.
Asset Valuation Method	The difference between the expected return and the actual investment return on a market value basis is recognized over a five-year period. Asset value is adjusted, as necessary, to be within 20% of market value.
Investment Rate of Return/Discount Rate	7.5% net of pension plan investment expense, including inflation (7.75% in previous valuation)
Inflation Rate	3.25% (3.5% in previous valuation)
Projected Salary Increases	Varies by length of service with ultimate rates of 4.00% for Group 1, 4.25% for Group 2 and 4.50% for Group 4
Cost of Living Adjustments	3.00% of first \$14,000
Rates of Retirement	Varies based upon age for general employees, police and fire employees.
Rates of Disability	For general employees, it was assumed that 45% of all disabilities are ordinary (55% are service connected). For police and fire employees, 10% of all disabilities are assumed to be ordinary (90% are service connected).

Mortality Rates were based on the tables noted below:

Pre-Retirement	The RP-2014 Blue Collar Mortality Table projected generationally with Scale MP-2017 (previously RP-2000 Employee Mortality Table projected generationally from 2009 with Scale BB2D)
Healthy Retiree	The RP-2014 Blue Collar Health Annuitant Mortality Table projected generationally with Scale MP-2017 (previously RP-2000 Health Annuitant Mortality Table projected generationally from 2009 with Scale BB2D)
Disabled	The RP-2014 Blue Collar Health Annuitant Mortality Table set forward one year and projected generationally with Scale MP-2017 (previously RP-2000 Health Annuitant Mortality Table projected generationally from 2015 using Scale BB2D)

In performing the actuarial valuation, various assumptions are made regarding mortality, retirement, disability and withdrawal rates as well as salary increases and investment returns. The mortality tables listed in the assumption table were determined to contain provisions appropriate to reasonably reflect future mortality improvement, based on a review of the mortality experience of the plan.

Changes in Assumptions

The following assumption changes were reflected in the January 1, 2018 actuarial valuation:

- The mortality tables for healthy participants were changed from the RP-2000 Employee and Healthy Annuitant Mortality Tables projected generationally using Scale BB2D from 2009 to the RP-2014 Blue Collar Employee and Healthy Annuitant Mortality Tables projected generationally using Scale MP-2017.
- The mortality tables for disabled participants were changed from the RP-2000 Healthy Annuitant Mortality Table projected generationally using Scale BB2D from 2015 to the RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward 1 year projected generationally using Scale MP-2017.
- The long-term salary increase assumption was lowered by 0.25%, to 4.00% for Group 1 participants, 4.25% for Group 2 participants, and 4.50% for Group 4 participants.
- The investment rate of return assumption was reduced from 7.75% to 7.50%. The inflation rate was reduced to 3.25% from the previous rate of 3.50%.

Changes in Plan Provisions

There were not any changes in the Plan provisions.

Investment Policy

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected

inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	Target <u>Allocation</u>	Long Term Expected <u>Rate of Return</u>
Domestic Equity	17.50%	6.15%
International Developed Markets Equit	15.50%	7.11%
International Emerging Markets Equity	6.00%	9.41%
Core Fixed Income	12.00%	1.68%
High-Yield Fixed Income	10.00%	4.13%
Real Estate	10.00%	4.90%
Commodities	4.00%	4.71%
Hedge Funds, GTAA, Risk Parity	13.00%	3.84%
Private Equity	12.00%	10.28%
	<u>100.00%</u>	

Rate of Return

The annual money-weighted rate of return on pension plan investments for December 31, 2017 (net of investment expenses) was 17.25%. (7.35% for December 31, 2016). The money-weighted rate of return expresses investment performance, net of pension plan investment expense, is adjusted for the changing amounts actually invested, measured monthly.

Discount Rate

The discount rate used to measure the total pension liability was 7.50% (7.75% in the previous valuation). The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the Middlesex County Retirement System contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Department's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Middlesex County Retirement System, calculated using the discount rate of 7.5%, as well as what the Middlesex

County System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.55%) than the current rate:

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Town's proportionate share of the Net Pension Liability	\$ 26,305,162	\$ 21,432,789	\$ 17,324,720
Department's proportionate share of the Town's Net Pension Liability (5.553%)	\$ 1,460,726	\$ 1,190,252	\$ 962,042

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Middlesex County Retirement System financial report. The System issues a stand-alone financial report is available that can be obtained through the System's website at:

<https://middlesexretirement.org/wp-content/uploads/2018/08/FINAL-MCRS-Audit-Report-of-Financial-Statements-12-31-2017.pdf>.

B. Other Postemployment Benefits (OPEB) Disclosures

The Governmental Accounting Standards Board (GASB) issued Statement #74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (which became effective for the June 30, 2017 reporting period) and Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (effective for the June 30, 2018 reporting period). GASB Statements #74 and #75 relate to reporting requirements of the Department's OPEB Trust fund and the Department's OPEB liability. The net other post-employment benefits **liability** reported in the Department's statement of net position under the new standards differs from the net other post-employment benefits **obligation** amount previously reported (in accordance with the prior standards guided by GASB Statement #45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Under GASB Statement #45, the reporting of the Department's net other post-employment benefits liability was "phased in" over a thirty-year period. The new standards eliminate the thirty-year phase in period and require reporting the entire other post-employment benefits liability.

Summary of Significant Accounting Policies (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Department's Plan and additions to/deductions from 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 that have a maturity at the time of purchase of one year or less, which are reported at cost.

General Information About the Plan

Plan Description

Plan Administration: The Town administers all activity related to the other post-employment benefits plan - a single employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all eligible employees of the Department. Management of the plan is vested in the Town's Board of Selectmen and the Town's Treasurer. The Town's Board of Selectmen has the authority to establish and amend benefit terms.

Plan Membership: At June 30, 2018, the plans membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	7
Inactive plan members entitled to, but, not yet receiving benefit payments	0
Active Plan Members	<u>10</u>
Total	17

Benefits Provided: The Department provides retired employees and their spouses and dependents with payments for a portion of their health care and life insurance benefits. Benefits are provided through a third-party insurer.

Contributions. For employees hired prior to July 1, 2010, the Department will contribute 70% of the premiums. The retiree or surviving spouse will be responsible for the remaining 30%. For employees hired after July 1, 2010, the Department will contribute 50% of the premium. The retiree or surviving spouse will be responsible for the remaining 50%. Benefits paid by the Department are on a pay-as-you-go basis. However, contributions are made to an OPEB Trust. The contribution requirements of plan members and the Department are established by contractual negotiations and may be amended from time to time.

Net OPEB Liability

The Department's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Total OPEB Liability	\$1,241,074
Plan Fiduciary Net Position	<u>(404,689)</u>
Net OPEB Liability	<u><u>\$836,385</u></u>

Plan fiduciary net position as a percentage of the total OPEB liability	32.61%
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Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3%
Investment Rate of Return	7.50%
Health Cost Trend Rates	8.0%, decreasing by 1% per year to an ultimate rate of 5%.
Mortality Rates were based on the tables noted below:	
Healthy:	
Pre-Retirement	RP-2000 Employees Mortality Table, base year 2009, projected with generational mortality improvement using scale BB.
Post-Retirement	RP-2000 Healthy Annuitant Mortality Table, base year 2009, projected with generational mortality improvement using scale BB.

Investments

Investment Policy: The plan's policy in regard to the allocation of invested assets is approved and may be amended by the Treasurer with the approval of the Selectmen. The policy pursues an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocations and best estimates of arithmetic real rates of return for each major asset class summarized in the target asset allocation as of June 30, 2018, are summarized in the table below:

	Target <u>Allocation</u>	Long Term Expected <u>Rate of Return</u>
Domestic Equity	35%	6.11%
International Equity	20%	2.78%
Domestic Bond	20%	3.82%
Alternative	20%	3.67%
International Bond	5%	3.94%
Cash & Dquivalents	0%	0.00%
	<u>100.00%</u>	

Concentrations

The OPEB plan did not hold investments in any one organization that represent 5% or more of the OPEB plan's fiduciary net position.

Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 5.90%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate: The discount rate used to measure the total OPEB liability was 7.5% (6.7% in the prior valuation). The projection of cash flows used to determine the discount rate assumed that Department contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in Net OPEB Liability

		Increase (Decrease)		
		Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
<u>Town</u>				
Balances 6/30/17	\$	23,823,488	\$ 7,109,137	\$ 16,714,351
Service cost		887,514	-	887,514
Interest		1,818,827	-	1,818,827
Changes of benefit terms		-	-	-
Difference between expected and actual experience		-	-	-
Changes in assumptions		-	-	-
Contributions - employer		-	2,352,890	(2,352,890)
Net investment income		-	461,845	(461,845)
Benefit payments		(919,952)	(919,952)	-
Net changes		<u>1,786,389</u>	<u>1,894,783</u>	<u>(108,394)</u>
Balances 6/30/18	\$	<u>25,609,877</u>	\$ <u>9,003,920</u>	\$ <u>16,605,957</u>
<u>Water Department</u>				
Balances 6/30/18	\$	<u>1,241,074</u>	\$ <u>404,689</u>	\$ <u>836,385</u>

Sensitivity of the net OPEB liability to changes in the discount rate: The following presents the net OPEB liability of the Department, as well as what the Department's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	Decrease <u>6.50%</u>	Rate <u>7.50%</u>	Increase <u>8.50%</u>
Net OPEB Liability (asset)	\$1,024,964	\$836,385	\$682,775

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates: The following presents the net OPEB liability of the Department, as well as what the Department'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 <u>4.00%</u>	Healthcare Cost Trend <u>5.00%</u>	1% Increase <u>6.00%</u>
Net OPEB Liability (asset)	\$637,212	\$836,385	\$1,098,545

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the Department recognized OPEB expense of \$82,716. At June 30, 2018, the Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Change in assumptions	-	-
Net differences between projected and actual earnings on OPEB plan investments	4,707	-
	<u>\$ 4,707</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	Amount
2019	\$ 1,177
2020	1,177
2021	1,177
2022	1,176
Total	<u>\$ 4,707</u>

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in the Town of Littleton's financial statements.

C. Subsequent Year's Authorization

At the May 1, 2017 annual Town meeting, the Town adopted the fiscal year 2019 budget for the Water Department. The \$4,024,533 budget will be funded by water user charges and other revenues generated by the Department.

D. Prior Period Adjustment

Governmental Accounting Standards Board Statement #45 (*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*) required reporting the net Other Post Employment Benefits (OPEB) liability over a thirty year phase in period. Beginning in fiscal year 2018, the implementation of Governmental Accounting Standards Board Statement #75 (*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*) eliminated the phase in period and the entire net Other Post Employment Benefits (OPEB) liability must be reported. As a result, a prior period adjustment was required to reflect the entire net OPEB liability at the beginning of the fiscal year. The net position prior to the adjustment, the prior period adjustment and the net position after the prior period adjustment are as follows:

	Business Type
	<u>Activities</u>
Net Position Prior to Adjustment	\$ 7,915,216
Prior Period Adjustment	(580,971)
Net Position After the Adjustment	<u>\$ 7,334,245</u>

E. Implementation of New GASB Pronouncements

During fiscal year 2018, the following GASB pronouncements were implemented:

- The GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is required to be implemented in reporting periods beginning after June 15, 2017. The implementation of this standard required reporting the entire net OPEB liability in the financial statements. In addition, the standard required significant note disclosures and additional required supplementary information.
- The GASB issued Statement No 81, *Irrevocable Split-Interest Agreements*, which is required to be implemented in reporting periods beginning after December 15, 2016. The implementation of this pronouncement did not impact the financial statements.

- The GASB issued Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73* which is required to be implemented in fiscal year 2018. This Statement amends Statements 67 and 68 to require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure. The statement was implemented.
- The GASB issued Statement No. 85, *Omnibus 2017* which is required to be implemented in reporting periods beginning after June 15, 2017. The implementation of this pronouncement did not impact the financial statements.
- The GASB issued Statement No. 86, *Certain Debt Extinguishment Issues* which is required to be implemented in reporting periods beginning after June 15, 2017. The implementation of this pronouncement did not impact the financial statements.

The following GASB pronouncements will be implemented in future fiscal years:

- The GASB issued Statement No. 83, *Certain Asset Retirement Obligations* which is required to be implemented for reporting periods beginning after June 15, 2018.
- The GASB issued Statement No. 84, *Fiduciary Activities* which is required to be implemented in reporting periods beginning after December 15, 2018.
- The GASB issued Statement No. 87, *Leases* which is required to be implemented in reporting periods beginning after December 15, 2019.
- The GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* which is required to be implemented in reporting periods beginning after June 15, 2018.
- The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* which is required to be implemented in reporting periods beginning after December 15, 2019.
- The GASB issued Statement No. 90 *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61* which is required to be implemented in reporting periods beginning after December 15, 2018.

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

Required Supplementary Information

Required Supplementary Information
Schedule of the Town of Littleton Massachusetts' Proportionate Share of the Net Pension Liability
Middlesex County Retirement System
Last Ten Fiscal Years**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Town's proportionate share of net pension liability (asset) (%)	1.510218%	1.690981%	1.658682%	1.583397%	<i>This schedule is intended to show information for 10 years, Additional years' information will be displayed as it becomes available.</i>					
Town's proportionate share of net pension liability (asset) (\$)	\$21,432,789	\$23,959,114	\$21,397,309	\$19,021,595						
Town's covered payroll	\$11,686,136	\$11,081,928	\$10,782,598	\$10,367,883						
Town's proportionate share of net pension liability (asset) as a percentage of its covered payroll	183.40%	216.20%	198.44%	183.47%						
Plan fiduciary net position as a percentage of the pension liability	49.27%	45.49%	46.13%	47.65%						
Littleton Water Department's proportionate share of net pension liability (asset) (\$)	\$1,190,252	\$1,243,478	1,031,350	\$913,744						

** The amounts presented for each fiscal year were determined as of December 31.

See Notes to the Required Supplementary Information

Required Supplementary Information
Schedule of the Town of Littleton, Massachusetts' Contributions
Middlesex County Retirement System
Last Ten Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contribution	\$ 2,054,283	\$ 1,875,271	\$ 1,762,316	\$ 1,711,410	<i>This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.</i>					
Contributions in relation to the contractually required contribution	<u>(3,555,064)</u>	<u>(2,575,271)</u>	<u>(1,762,316)</u>	<u>(1,711,410)</u>						
Contribution deficiency (excess)	<u>\$ (1,500,781)</u>	<u>\$ (700,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	11,686,136	11,081,928	10,782,598	10,367,883						
Contributions as a percentage of covered payroll	30.42%	23.24%	16.34%	16.51%						
Littleton Water Department's Contributions	<u>\$ 106,617</u>	<u>\$ 133,657</u>	<u>\$ 84,751</u>	<u>\$ 101,662</u>						

See Notes to the Required Supplementary Information

Littleton Municipal Water Department
 Required Supplementary Information
 Schedule of Changes in the Net OPEB Liability and Related Ratios (GASB 75 - Employer Reporting)
 June 30, 2018
 Last 10 Fiscal Years

<u>Town of Littleton</u>	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total OPEB liability										
Service cost	\$ 887,514	<i>This Schedule is intended to be a ten year schedule. Additional years' information will be displayed as it becomes available</i>								
Interest	1,818,827									
Changes of benefit terms	-									
Difference between expected and actual experience	-									
Changes in assumptions	-									
Benefit payments	(919,952)									
Net change in total OPEB liability	1,786,389									
Total OPEB liability - beginning	23,823,488									
Total OPEB liability - ending (a)	<u>\$ 25,609,877</u>									
Plan Fiduciary net position										
Contributions - employer	\$ 2,352,890									
Net investment income	461,845									
Benefit payments	(919,952)									
Administrative expense	-									
Net change in plan fiduciary net position	1,894,783									
Plan fiduciary net position - beginning	7,109,137									
Plan fiduciary net position - ending (b)	<u>\$ 9,003,920</u>									
Towns's net OPEB liability - ending (a) - (b)	<u>\$ 16,605,957</u>									
Plan fiduciary net position as a percentage of the total OPEB liability	35.16%									
Covered payroll	\$ 19,528,449									
Town's's net OPEB liability as a percentage of covered payroll	85.03%									
<u>Water Department</u>										
Department's total OPEB liability June 30, 2018	\$ 1,241,074									
Department's Plan fiduciary net position June 30, 2018	404,689									
Department's total OPEB liability June 30, 2018	<u>836,385</u>									

See Notes to the Required Supplementary Information

Littleton Municipal Water Department
Required Supplementary Information
Schedule of Contributions - Other Post Employment Benefits (GASB 75 - Employer Reporting)
June 30, 2018

Last 10 Fiscal Years

Town of Littleton

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarial determined contribution	\$ 2,383,507	<i>(This Schedule is intended to be a ten year schedule. Additional years' information will be displayed as it becomes available)</i>								
Contributions in relation to the actuarially determined contribution	2,352,890									
Contribution deficiency (excess)	<u>\$ 30,617</u>									
Covered payroll	\$ 19,528,449									
Contributions as a percentage of covered payroll	12.05%									

Water Department

Contributions in relation to the actuarially determined contribution	<u>\$ 108,584</u>
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Notes to Schedule

Valuation date: 7/1/2016

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost
Amortization method	Level Dollar
Amortization period	30 years closed
Asset valuation method	Market Value
Inflation	3.0% per year
Healthcare cost trend rates	8.0%, decreasing by 1% per year to an ultimate rate of 5%
Investment rate of return	7.50%

Mortality

Healthy:

Pre-Retirement RP-2000 Employees Mortality Table, base year 2009,
projected with generational mortality improvement using scale BB.

Post-Retirement RP-2000 Healthy Annuitant Mortality Table, base year 2014,
projected with generational mortality improvement using scale BB.

See Notes to the Required Supplementary Information

Littleton Municipal Water Department
Notes to the Required Supplementary Information
June 30, 2018

I Pension Plans

a. Plan Description

The Department provides pension benefits to eligible employees by contributing to the Middlesex County Retirement System, a cost sharing multiple-employer defined benefit pension plan administered by the Middlesex County Retirement System. The System is administered by a five member board on behalf of all eligible current employees and retirees. The system provides retirement benefits, cost of living adjustments, disability benefits and death benefits.

The Department is a member of the Massachusetts Contributory Retirement System and is governed by Chapter 32 of the Massachusetts General Laws (MGL). The authority to establish and amend benefit provisions requires a statutory change to Chapter 32. The Middlesex County Retirement System issues a stand-alone financial report that is available to the public at <https://middlesexretirement.org/wp-content/uploads/2018/08/FINAL-MCRS-Audit-Report-of-Financial-Statements-12-31-2017.pdf> or by writing to the Middlesex County Retirement System, 25 Linnell Circle, P.O. Box 160, Billerica, Massachusetts 01865.

b. Funding Plan

Active members of the Middlesex County Retirement System contribute either 5%, 7%, 8% or 9% of their gross regular compensation depending on the date upon which their membership began. An additional 2% is required from employees for earnings in excess of \$30,000. The Department is required to pay an actuarially determined rate. The contribution requirements of plan members are determined by M.G.L. Chapter 32. The Department's contribution requirement is established and may be amended by the Middlesex County Retirement System with the approval of the Public Employee Retirement Administration Commission.

c. Change in Assumptions

The following assumption changes were reflected in the January 1, 2018 actuarial valuation:

- The mortality tables for healthy participants were changed from the RP-2000 Employee and Healthy Annuitant Mortality Tables projected generationally using Scale BB2D from 2009 to the RP-2014 Blue Collar Employee and Healthy Annuitant Mortality Tables projected generationally using Scale MP-2017.
- The mortality tables for disabled participants were changed from the RP-2000 Healthy Annuitant Mortality Table projected generationally using Scale BB2D from 2015 to the RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward 1 year projected generationally using Scale MP-2017.

- The long-term salary increase assumption was lowered by 0.25%, to 4.00% for Group 1 participants, 4.25% for Group 2 participants, and 4.50% for Group 4 participants.
- The investment rate of return assumption was reduced from 7.75% to 7.50%. The inflation rate was reduced to 3.25% from the previous rate of 3.50%.

Changes in Plan Provisions

There were not any changes in the Plan provisions.

d. Schedule of Town's Proportionate Share of the Net Pension Liability - Middlesex County Retirement System

The schedule details the Town's percentage of the collective net pension liability, the proportionate amount of the collective net pension liability, the Town's covered-employee payroll, the Town's proportionate share of the collective net pension liability as a percentage of the Town's covered payroll and the fiduciary net position of the plan as a percentage of the total pension liability. The schedule, also, displays the Water Department's proportionate share of the Net pension liability. As more information becomes available, this will be a ten year schedule.

e. Schedule of the Town's Contributions - Middlesex County Retirement System

The schedule details the Town's contractually required contributions, the contributions made by the Town, the deficiency/(excess) of contributions made by the Town, the Town's covered payroll and the Town's contributions as a percentage of covered payroll. The schedule, also, displays Water Department's contributions. As more information becomes available, this will be a ten year schedule.

II Other Postemployment Benefits (OPEB) Disclosures

The Governmental Accounting Standards Board (GASB) issued Statement #74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (which became effective for the June 30, 2017 reporting period) and Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (effective for the June 30, 2018 reporting period). GASB Statements #74 and #75 relate to reporting requirements of the Department's OPEB Trust fund and the Department's OPEB liability. The net other post-employment benefits **liability** reported in the Department's statement of net position under the new standards differs from the net other post-employment benefits **obligation** amount previously reported (in accordance with the prior standards guided by GASB Statement #45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*). Under GASB Statement #45, the reporting of the Department's net other post-employment benefits liability was "phased in" over a thirty-year period. The new standards eliminate the thirty-year phase in period and require reporting the entire other post-employment benefits liability.

Plan Description

Plan Administration: The Town administers all activity related to the other post-employment benefits plan - a single employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all eligible employees of the Department. Management of the plan is vested in the Town's Board of Selectmen and the Town's Treasurer. The Town's Board of Selectmen has the authority to establish and amend benefit terms.

Benefits Provided: The Department provides retired employees and their spouses and dependents with payments for a portion of their health care and life insurance benefits. Benefits are provided through a third-party insurer.

Contributions. For employees hired prior to July 1, 2010, the Department will contribute 70% of the premiums. The retiree or surviving spouse will be responsible for the remaining 30%. For employees hired after July 1, 2010, the Department will contribute 50% of the premium. The retiree or surviving spouse will be responsible for the remaining 50%. Benefits paid by the Department are on a pay-as-you-go basis. However, contributions are made to an OPEB Trust. The contribution requirements of plan members and the Department are established by contractual negotiations and may be amended from time to time.

a. Schedule of Net OPEB Liability and Related Ratios

The schedule provides information about the changes in the Town's OPEB liability and the changes in the fiduciary net position of the plan. The schedule, also, provides the plan fiduciary net position as a percentage of the total OPEB liability, the covered payroll and the Town's net OPEB liability as a percentage of covered payroll. The schedule, also, displays the Water Department's total OPEB liability, plan fiduciary net position and net OPEB liability as of June 30, 2018.

b. The Schedule of Contributions - Other Post Employment Benefits

The schedule details the Town's actuarially required contributions, the contributions made by the Town, the deficiency/(excess) of contributions made by the Town, the Town's covered payroll and the Town's contributions as a percentage of covered payroll. The schedule, also, displays the Water Department's contributions in relation to the actuarially determined contribution.