Roselli, Clark & Associates
Certified Public Accountants

DENNIS
WATER DISTRICT
SOUTH DENNIS, MASSACHUSETTS

Report on Examination of the Basic
Financial Statements
and Additional Information Year Ended
June 30, 2021

RCA
CPA

DENNIS WATER DISTRICT

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YEAR ENDED JUNE 30, 2021

RCA CPA

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INDEPENDENT AUDITORS' REPORT

To the Board of Water Commissioners
Dennis Water District
South Dennis, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the activities of the Dennis Water District, (the "District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the activities of the District as of June 30, 2021, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the schedules listed under the required supplementary information section in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not 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.

Roselli Clark & Associates

Roselli, Clark & Associates
Certified Public Accountants
Woburn, Massachusetts

September 2, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

As the management of the District we offer readers of the financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with their review of the basic financial statements, notes to the financial statements, and required supplementary information as listed in the table of contents.

Financial Highlights

- The assets and deferred outflows of financial resources exceeded its liabilities and deferred inflows of financial resources at the close of the most recent fiscal year by almost $36.2 million (*total net position*).

- The District's total net position increased by nearly $1.8 million.

- The District's total long-debt decreased by almost $0.6 million due to regularly scheduled maturities.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, and 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements – The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. These financial statements are reported using the *economic resources measurement* focus and the *accrual basis of* accounting.

The *statement of net position* presents information on all of the District's assets, deferred outflows of financial resources, liabilities, and deferred inflows of financial resources, with the difference between those categories reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of revenues, expenses and changes in net position* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected user charges, earned but unused vacation leave, and earned future other postemployment benefits.)

The *statement of cash flows* presents information on the District's cash receipts, cash payments, and changes in cash resulting from operations, investments and financing activities.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's Fund Financial Statements are limited to a fiduciary fund.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information as listed under the required supplementary information section in the accompanying table of contents.

Government-wide Financial Analysis

The following is a condensed Statement of Net Position:

	2021	2020
Assets		
Currrent and other assets	$ 4,931,414	$ 4,703,936
Capital assets, net	42,877,192	42,223,737
Total assets	47,808,606	46,927,673
Deferred Outflows of Resources	491,992	62,452
Liabilities		
Long-term liabilities	8,411,121	10,750,973
Other liabilities	2,571,554	857,512
Total liabilities	10,982,675	11,608,485
Deferred Inflows of Resources	1,136,637	847,895
Net Position		
Net investment in capital assets	37,595,263	37,165,760
Unrestricted	(1,413,977)	(2,632,015)
Net Position	$ 36,181,286	$ 34,533,745

Net position reflects an accumulation of financial resources that may act as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of financial resources exceeded liabilities and deferred inflows of financial resources by nearly $36.2 million at the close of the most recent fiscal year.

Of the District's net position, the majority reflects its investment in capital assets (e.g. land, buildings, infrastructure, vehicles, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to the rate payers; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt 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.

A smaller amount reflects the District's unrestricted net position. The amount is a deficit as a result of the recognition of the net pension and net OPEB liabilities required under GASB 68 and 75. This trend is expected to continue into the foreseeable future

The following is a condensed Statement of Revenues, Expenses and Changes in Net Position:

	2021	2020
Revenues		
Program revenues:		
Charges for services	$ 5,693,098	$ 4,082,501
Solar income	98,720	142,727
Rental income	411,095	339,632
Other revenues	17,302	65,732
Total revenues	6,220,215	4,630,592
Expenses		
Salaries and wages	1,461,662	1,445,287
Employee benefits	496,459	658,307
Operations and maintenance	1,006,107	688,788
Utilities	397,457	363,355
Administrative and Office	210,090	194,644
Depreciation	762,325	760,685
Interest Expense	113,737	104,028
Total expenses	4,447,837	4,215,094
Increase (decrease) in net position	1,772,378	415,498
Net position, beginning of year	34,533,745	34,118,247
Prior period restatements	(124,837)	-
Net position, beginning of year, as restated	34,408,908	34,118,247
Net position, end of year	$ 36,181,286	$ 34,533,745

The District's total net position increased nearly $1.8 million.

Charges for services comprised approximately 91.5% of total revenues. This increased over the prior year due to increased consumption (about 10.4%) as a result of more users being grounded due to the pandemic. The District also implemented an account/base fee increase of $12 per customer. Changes in the calculation of earned but not billed made up the difference in the large change. Other revenue types were either not significant, consistent with the prior year, or their fluctuations were not material.

Salaries and wages comprised approximately 32.9% of total expenses, which was consistent with the prior year. Operations and maintenance comprised approximately 22.6% of total expenses. The increase of over $0.3 million over the prior year was due primarily to District Meeting articles related to maintenance.

Capital Asset and Debt Administration

Capital Assets – The District's investment in capital assets as of June 30, 2021 amounts to almost $42.9 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, vehicles, machinery and equipment and infrastructure (water delivery system components).

During the year, the District invested nearly $1.4 million in capital asset acquisitions and installations, a majority of which related to land purchase and water tank repainting.

Additional information on the District's capital assets can be found in Note II. C. of this report.

Long-Term Debt – At the end of the current fiscal year, the District had nearly $3.5 million of long term debt outstanding.

The District has not received a credit rating in over 10 years.

Additional information on the District's debt can be found in Note II. D. and E. of this report.

Economic Factors and Next Year's Budgets and Rates

In May 2021, the District's proposed budget was adopted by the users of the District. Assumptions in preparing the budget were as follows:

- Minor increases in operating expenses were assumed consistent with cost-of-living increases. These reflect salary and other costs.

- A consistent portion of the budget continues to be used for the allocation of resources to capital improvements.

These factors were considered in preparing the District's budget for the 2022 fiscal year which was adopted at the District's annual meeting held in May 2021.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Dennis Water District, Office of the Clerk/Treasurer, 80 Old Bass River Road, South Dennis, Massachusetts, 02660.

DENNIS WATER DISTRICT

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2021

	Business-Type Activities Enterprise Fund - Water Services
Assets:	
Current Assets:	
Cash and cash equivalents	$ 3,697,673
Receivables, net of allowance	
User charges	1,233,741
Total Current Assets	4,931,414
Noncurrent assets:	
Capital assets, not being depreciated	14,862,139
Capital assets, net of accumulated depreciation	28,015,053
Total noncurrent assets	42,877,192
Total Assets	47,808,606
Deferred Outflows of Resources:	
Related to net pension liability	268,587
Related to net other postemployment benefits liability	223,405
Total deferred outflows	491,992
Liabilities:	
Current liabilities:	
Warrants and accounts payable	37,945
Accrued payroll and related liabilities	54,283
Other liabilities	13,901
Bond anticipation notes	1,825,000
Bonds and notes payable	555,866
Compensated absences	84,559
Total current liabilities	2,571,554
Noncurrent liabilities:	
Bonds and notes payable	2,901,063
Compensated absences	84,558
Net pension liability	2,773,281
Net other postemployment benefits liability	2,652,219
Total noncurrent liabilities	8,411,121
Total Liabilities	10,982,675
Deferred Inflows of Resources:	
Related to net pension liability	490,872
Related to net other postemployment benefits liability	645,765
Total deferred outflows	1,136,637
Net Position:	
Net investment capital assets	37,595,263
Unrestricted	(1,413,977)
Total Net Position	$ 36,181,286

See accompanying notes to basic financial statements.

DENNIS WATER DISTRICT

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2021

	Business-Type Activities
	Enterprise Fund - Water Services
Operating Revenues:	
Water rate charges	$ 5,693,098
Penalties and interest	1,302
Total Operating Revenues	5,694,400
Operating Expenses:	
Salaries and wages	1,461,662
Employee benefits	496,459
Operations and maintenance	1,006,107
Utilities	397,457
Administrative and Office	210,090
Depreciation	762,325
Total Operating Expenses	4,334,100
Operating Income (Loss)	1,360,300
Nonoperating Revenues (Expenses):	
Solar income	98,720
Rental income	411,095
Interest income	7,173
Other income	8,827
Interest expense	(113,737)
Total Nonoperating Revenues (Expenses)	412,078
Changes in Net Position	1,772,378
Total Net Position - Beginning, as restated	34,408,908
Total Net Position - Ending	$ 36,181,286

See accompanying notes to basic financial statements.

DENNIS WATER DISTRICT

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021

	Business-Type Activities Enterprise Fund - Water Services
Cash Flows from Operating Activities:	
Receipts from users	$ 5,355,197
Payments to employees and vendors	(3,874,239)
Net Cash Provided by Operating Activities	1,480,958
Cash Flows from Capital and Related Financing Activities:	
Solar revenue	98,720
Rental income	411,095
Other	8,827
Acquisition and construction of capital assets	(1,415,780)
Issuance of bonds and notes	1,825,000
Principal payments on bonds and notes	(1,805,866)
Interest expense	(113,737)
Net Cash Used for Capital and Related Financing Activities	(991,741)
Cash Flows from Investing Activities:	
Interest income	7,173
Net Cash Provided by Investing Activities	7,173
Net Change in Cash and Cash Equivalents	496,390
Cash and Cash Equivalents:	
Beginning of year	3,201,283
End of year	$ 3,697,673
Reconciliation of Operating Income to Net Cash Provided By (Used For) Operating Activities:	
Operating income (loss)	$ 1,360,300
Depreciation expense	762,325
Changes in assets and liabilities:	
Receivables	(339,203)
Compensated absences	5,638
Deferred inflows and outflows	(306,408)
Accounts payable and accrued expenses	(1,694)
Net Cash Provided by (Used for) Operating Activities	$ 1,480,958

See accompanying notes to basic financial statements.

DENNIS WATER DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2021

	Other Postemployment Benefits Trust Fund
Assets	
Cash and cash equivalents	$ 4,074
Equity	131,207
Fixed income	109,134
Massachusetts Municipal Deposit Trust	89,531
Total Assets	333,946
Net Position	
Held in trust for other postemployment benefits	333,946
Total Net Position	$ 333,946

See accompanying notes to basic financial statements.

DENNIS WATER DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2021

	Other Postemployment Benefits Trust Fund
Additions	
Contributions:	
Employer	$ 172,684
Total contributions	172,684
Investment income:	
Interest and dividends	53,761
Net investment earnings	53,761
Total Additions	226,445
Deductions	
Benefits paid	105,872
Total Deductions	105,872
CHANGE IN NET POSITION	120,573
Net Position at Beginning of Year	213,373
Net Position at End of Year	$ 333,946

See accompanying notes to basic financial statements.

I. Summary of Significant Accounting Policies

The basic financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to state and local governments. GAAP is prescribed by the Governmental Accounting Standards Board (GASB), which is the primary standard-setting body for state and local governmental entities. The following is a summary of the more significant policies and practices used by the District:

A. Reporting Entity

The District was incorporated in 1945 as a political subdivision of the Commonwealth of Massachusetts by a special act of the Massachusetts General Court and is governed by an elected Board of Water Commissioners; it is a special purpose government engaged in only a business type activity. The Commissioners are elected to staggered three-year terms and the day-to-day operations of the District are managed by a Superintendent and Clerk/Treasurer appointed by the Commissioners. The District provides water service to over 14,000 residential and business accounts in the Town of Dennis.

Component units, while separate entities, are in substance part of the governmental operations if the significance of their operations and/or financial relationship with the District meet certain criteria. Pursuant to these criteria there are no component units required to be included in the financial statements nor is the District a component unit of any other entity.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governmental units.

The following are the accounting and reporting policies of the District:

Basis of Presentation – The District's financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as specified by the Governmental Accounting Standards Board's ("GASB") requirements for an enterprise fund.

Under this method, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. User fees are recognized as revenues in the year in which they are used, as either assessed or unbilled.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing or delivering goods in connection with a proprietary fund's principal ongoing operations.
The principal operating revenues are user charges and fees associated with water distribution which are assessed periodically to users throughout the year, while operating expenses consist of salaries, ordinary maintenance, and depreciation.

Fiduciary fund financial statements are used to account for assets held in a trustee capacity for others that may not be used for governmental programs.

The District reports the following fiduciary fund:

Other Postemployment Benefits Trust Fund – is used to accumulate funds for future payments of other postemployment benefits for retirees, such as health and life insurance.

Taxes – The District is exempt from all federal and state income taxes and real estate taxes.

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

Deposits and Investments – The District's cash and cash equivalents are generally considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Other short-term investments may also be classified as cash and cash equivalents due to their highly liquid nature.

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Inventories and Prepaid Items – Inventories, which are not material to the basic financial statements, are considered to be expenses at the time of purchase. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

Capital Assets – Capital assets, which include land, buildings and their improvements, plant facilities, vehicles and equipment, are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. Net interest incurred during the construction phase of capital assets, if material, is included as part of the capitalized value of the assets constructed.

All purchases and construction costs in excess of $5,000 are capitalized at the date of acquisition or construction, respectively, with expected lives of greater than two years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets (excluding land and construction-in-process) are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	20-40 years
Machinery and equipment	5-10 years
Vehicles	5-10 years
Infrastructure	40-50 years

Compensated Absences – It is the District's policy to permit employees to accumulate and carryover up to 240 hours of sick leave benefits. Provisions of the policy have grandfathered long-term employees who at the time of the policy change had exceeded this amount of carry over. Amounts in excess of the above limits are bought back from the employee by the District at the end of each fiscal year. Additionally, the District's vacation leave benefit is based on a calendar year and has a use it or lose it policy. The unused vacation leave balances as of June

30th and accumulated sick leave are recorded as an expense and a liability as benefits accrue to employees.

Debt Obligations – Long-term debt is reported as liabilities in the statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bond anticipation notes payable are reported net of the applicable bond premium or discount.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of financial resources. This separate financial statement element 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 District has two types of items that are reported on the statement of net position which relate to outflows from changes in the net pension liability and changes in the net other postemployment benefit liability. The deferred pensions and other postemployment benefit liability items will be recognized in pension expense and benefits expense in future years as more fully described in Note III, subsections A and C.

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 financial 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 deferred pensions and other postemployment benefit liability items will be recognized in pension expense and benefits expense in future years as more fully described in Note III, subsections A and C.

Net Position – Net position reported as "net investment in capital assets" includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital related debt.

Net position is reported as restricted when amounts are not available for appropriation or are legally restricted by outside parties for a specific use. The District does not report restricted net position.

Net position that does not meet the definition of *invested in capital assets* or *restricted* are reported as *unrestricted net position*.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources, as they are needed.

Stabilization Funds – The unrestricted net position balance contains a general stabilization fund that has been established by the District. These funds may be further appropriated by the District upon a two-thirds vote of the District Meeting. As of June 30, 2021, the District reports a $204,094 stabilization fund balance within the general ledger.

D. 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 the revenues and expenses during the fiscal year. Actual results could vary from estimates that were used.

II. Detailed Notes to All Funds

A. Deposits and Investments

A cash and investment pool is maintained that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as "cash and cash equivalents." The deposits and investments of trust funds are held separately from those of other funds.

The State Treasurer's investment pool (the "Pool") meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust, or MMDT, which was established by the Treasurer of the Commonwealth who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares.

Custodial Credit Risk: Deposits - In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk relative to cash holdings. At year-end, the carrying amount of the District's deposits was $3,058,893 and the bank balance was $3,209,453. Of the District's bank balances, $2,307,614 was insured by either federal depository insurance corporation or depositors insurance fund and the remaining $901,831 was uninsured.

Custodial Credit Risk: Investments - In the case of investments, this is the risk that in the event of the invested party not being able to provide required payments to investors, ceasing to exist, or filing for bankruptcy protection, the District may not be able to recover the full amount of its principal investment and/or investment earnings. The District's investment in the MMDT of $642,880 that is not included in the above deposits is not exposed to custodial credit risk because its existence is not evidenced by securities that exist in physical or book entry form.

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 District 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 Districts' 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 District's own data.

The District holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the District's mission, the District determined that the disclosures related to these investments only need to be disaggregated by major type. The District chooses a tabular format for disclosing the levels within the fair value hierarchy.

In addition, the District is a participant in Massachusetts Municipal Depository Trust (MMDT) a pooled investment trust established by the Commonwealth of Massachusetts. MMDT offers a cash portfolio and a short term bond portfolio. The pool meets the criteria of an external investment pool. The investments of the pool are measured at amortized cost.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of an 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. The following table identifies the Groups investments by Level at:

		Fair Value Measurements Using		
	6/30/21	**Level 1**	**Level 2**	**Level 3**
Investments by fair value level				
Debt securities:				
Fixed income securities - mutual funds	$ 146,028	$ -	$ 146,028	$ -
Total debt securities	146,028	-	146,028	-
Equity securities:				
Common stock	183,818	183,818	-	-
Total equity securities	183,818	183,818	-	-
Total investments by fair value level	$ 329,846	$ 183,818	$ 146,028	$ -

Interest Rate Risk: Deposits – The District does not have formal investment policies that limit investment maturities as a way of managing its exposure to fair value losses arising from rising interest rates. However, such risk is reduced by the fact that the District maintains such funds in highly liquid bank accounts; thereby, allowing for timely re-allocation of such holdings should the need arise.

Interest Rate Risk: Investments – This is the risk that changes in interest rates will adversely affect the market value of an investment, particularly fixed income securities. The District manages the duration of its fixed income investments to better mitigate interest rate risk.

The following table presents the District's investments with maturities at June 30, 2021:

		Time Until Maturity (Years)		
Investment Type	**Fair Value**	**Less Than 1**	**1-5**	**6-10**
Fixed income securities - mutual funds	$ 146,028	$ -	$ 46,143	$ 99,885
District investments with maturities	146,028	$ -	$ 46,143	$ 99,885
Other Investments:				
State investment pool	642,880			
Equities	183,818			
District investments without maturities	826,698			
Total District investments	972,726			

Concentration of Credit Risk – The District does not place a limit on the amount that may be invested in any one issuer. During the fiscal year, the District did not maintain balances in any single investment that would represent more than 5% of the District's total investments. The District maintains all bank accounts within seven separate banking institutions.

Credit Risk – The District has not adopted a formal policy related to credit risk. However, Massachusetts General Law and regulations require the District to invest funds only in pre-approved investment instruments which include but are not necessarily limited to bank deposits, money markets, certificates of deposit, U.S. obligations, repurchase agreements, and the Pool. In addition, the statutes impose various limitations on the amount and length of investments and deposits. Repurchase agreements cannot be for a period of over ninety days, and the underlying security must be a United States obligation.

B. Receivables

Receivables as of June 30, 2021, totaled $1,233,741 with the majority of this amount related to water usage charges. There was no provision for uncollectible accounts recorded.

C. Capital Assets

Capital asset activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 14,162,139	$ 700,000	$ -	$ 14,862,139
Total capital assets not being depreciated	14,162,139	700,000	-	14,862,139
Capital assets being depreciated:				
Buildings and improvements	265,911	-	-	265,911
Infrastructure	42,487,335	625,215	-	43,112,550
Machinery and equipment	1,956,877	65,985	-	2,022,862
Vehicles	720,283	24,580	-	744,863
Total capital assets being depreciated	45,430,406	715,780	-	46,146,186
Less accumulated depreciation for:				
Buildings and improvements	(192,946)	(6,648)	-	(199,594)
Infrastructure	(14,899,633)	(619,581)	-	(15,519,214)
Machinery and equipment	(1,776,865)	(56,713)	-	(1,833,578)
Vehicles	(499,364)	(79,383)	-	(578,747)
Total accumulated depreciation	(17,368,808)	(762,325)	-	(18,131,133)
Total capital assets being depreciated, net	28,061,598	(46,545)	-	28,015,053
Total capital assets, net	$ 42,223,737	$ 653,455	$ -	$ 42,877,192

Total depreciation expense was charged to operations was as follows:

Water operations	$ 762,325

D. Temporary Debt

The District is authorized to borrow on a temporary basis to fund the following:

Current Operating Costs – Prior to the collection of revenues, expenses may be financed through the issuance of revenue anticipation notes (RANS).

Capital Projects and Other Approved Costs – Projects may be temporarily funded through the issuance of bond anticipation notes (BANS) or state aid anticipation notes (SANS).

In certain cases, prior to the issuance of these temporary notes, the governing body must take the necessary legal steps to authorize the issuance of the general obligation bonds. Temporary notes may not exceed the aggregate amount of bonds authorized or the grant award amount.

Temporary notes are general obligations of the District and carry maturity dates not in excess of one year and are interest bearing and will be paid through future issuance of general obligation bonds.

The following is a summary of temporary notes outstanding during the year ended June 30, 2021:

Type	Interest Rate	Maturity Date	Beginning Balance	Additions	Retirements	Ending Balance
BAN	2.00%	matured	$1,250,000	$ -	$(1,250,000)	$ -
BAN	0.59%	09/08/21	-	1,125,000	-	1,125,000
BAN	0.95%	09/08/21	-	700,000	-	700,000
Total Short Term Notes Payable			$1,250,000	$1,825,000	$(1,250,000)	$1,825,000

On September 8, 2021, the District paid down the $1,825,000 outstanding and reissued bond anticipation notes in the amount of $1,630,000 relating to this land acquisition project. The District authorized an additional $725,000 at the April 26, 2022 Annual District Meeting for the painting of the interior and exterior of the Old Bass River Water Tank.

E. Long–Term Obligations

The District issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. Additionally, the District incurs various other long-term obligations relative to employee benefits. The District has begun to accumulate resources to provide for these obligations. The following reflects the activity in the long-term liability accounts:

Description of Items	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
General Obligation Bonds	$ 495,000	$ -	$ (165,000)	$ 330,000	$ 165,000
Notes from direct borrowings and placements	3,517,795	-	(390,866)	3,126,929	390,866
Compensated absences	163,479	87,378	(81,740)	169,117	84,559
Net pension liability	3,085,562	479,203	(791,484)	2,773,281	-
Net other postemployment benefits liability	2,476,360	1,059,397	(883,538)	2,652,219	-
Total	$ 9,738,196	$ 1,625,978	$ (2,312,628)	$ 9,051,546	$ 640,425

The following is a summary of outstanding long-term debt obligations for the year ended June 30, 2021:

Debt Description	Maturing Fiscal Year	Interest Rate	Beginning Balance	Additions	Maturities	Ending Balance
General Obligation Bonds	2023	4.125 - 4.250%	$ 495,000	$ -	$ (165,000)	$ 330,000
MCWT Note	2029	2.00%	3,517,795	-	(390,866)	3,126,929
Total Long-Term Bond and Note Indebtedness			$ 4,012,795	$ -	$ (555,866)	$ 3,456,929

The following table represents the District's future maturities of outstanding debt:

Year Ending	General Obligation Bonds		Direct Borrowings and Placements	
June 30	Principal	Interest	Principal	Interest
2022	$ 165,000	$ 10,395	$ 390,866	$ 58,630
2023	165,000	3,465	390,866	50,813
2024	-	-	390,866	42,995
2025	-	-	390,866	35,178
2026	-	-	390,866	27,361
2027-2031	-	-	1,172,599	35,178
Total	$ 330,000	$ 13,860	$3,126,929	$250,155

The District had no authorized and unissued debt as of June 30, 2021.

III. Other Information

A. Retirement System

Plan Description – The District contributes to the Barnstable County Retirement Association (the System), a cost-sharing multiple-employer defined benefit pension plan established under Chapter 32 of the Commonwealth of Massachusetts General Laws (MGL) and administered by the Barnstable County Retirement Board. Stand-alone audited financial statements for the year ended December 31, 2020 were issued and may be obtained by writing to the Barnstable County Retirement Association, 750 Attucks Lane, Hyannis MA 02601, or at the following website https://barnstablecountyretirement.org/documents.

Membership – Membership in the System as of December 31, 2020, was as follows:

Retired participants and beneficiaries receiving benefits	3,466
Inactive participants entitled to a return of their employee contributions	969
Active participants	4,763
Total	9,198

Benefit Terms – The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund directly. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

Membership in the System is mandatory for all full-time employees and non-seasonal, part-time employees who, in general, regularly work more than twenty hours per week. Members of the System do not participate in the federal Social Security retirement system.

Massachusetts contributory retirement system benefits are uniform from retirement system to retirement system. The System provides for retirement allowance benefits up to a maximum of 80% of a participant's highest three-year or five-year average annual rate of regular compensation, depending on the participant's date of hire.

Benefit payments are based upon a participant's age, length of creditable service, level of compensation and job classification.

Contributions Requirements – The System has elected provisions of Chapter 32, Section 22D (as amended) of Massachusetts General Laws, which require that a funding schedule be established to fully fund the pension plan by June 30, 2040.

Under provisions of this law, participating employers are assessed their share of the total retirement cost based on the entry age, normal actuarial cost method.

The District contributed $279,251 to the System in fiscal year 2021, which was the actuarially determined contribution requirement for the fiscal year and represented 21.7% of covered payroll.

Net Pension Liability – At June 30, 2021, the District reported a liability of $2,773,281 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020.

The District's proportion of the net pension liability is based on a projection of the District's long-term share of contributions to the System relative to the projected contributions of all employers. The District's proportion was approximately 0.40% at December 31, 2020.

Pension Expense – The District recognized $210,616 in pension expense in the statement of activities in fiscal year 2021.

Discount Rate – The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed plan member contributions were made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates and the member rate.

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 allocations and best estimates of arithmetic real returns for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Expected Investment Rate of Return
Domestic Equity	22.00%	6.28%
International Equity	12.00%	7.00%
International Emerging Markets	5.00%	8.82%
Core fixed income	15.00%	3.80%
High Yield Fixed Income	8.00%	2.97%
Real Estate	10.00%	3.50%
Commodities	4.00%	3.45%
Hedge Fund, GTAA, Risk Parity	10.00%	2.35%
Private Equity	14.00%	10.11%
	100.00%	

Actuarial Valuation – The measurement of the System's total pension liability is developed by an independent actuary. The latest actuarial valuation was performed as of January 1, 2020 and included the following significant assumptions:

Investment rate of return	Full prefunding: 7.15% per year, net of investment expenses
Discount Rate	7.150%
Inflation	3.00%
Salary Increases	3.25%
Cost of Living Adjustment	3% of first $18,000
Pre-Retirement Mortality	RP-2014 Employee Mortality Table projected generationally with Scale MP - 2017
Post-Retirement Mortality	RP-2014 Healthy Annuitant Mortaility Table projected generationally with Scale MP-2017
Disabled Mortality	RP-2014 Healthy Annuitant Mortaility Table set forward one year projected generationally with Scale MP-2017

There were no significant changes in assumption between fiscal year 2021 and 2020.

Based on those assumptions, the Retirement System'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.

Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflows of Resources	Inflows of Resources
Differences between expected and actual earnings	-	323,605
Changes in assumptions	243,905	-
Changes in proportion differences	24,682	-
Differences between expected and actual experience	-	15,184
Changes in proportion differences	-	152,083
	$ 268,587	$ 490,872

The deferred outflows of resources and deferred inflows of resources are expected to be recognized in the District's pension expense as follows:

Year Ended June 30,	Amount
2022	$ (69,563)
2023	11,772
2024	(124,399)
2025	(29,210)
2026	(10,885)
Total	$ (222,285)

Sensitivity Analysis – The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15% as well as the District's proportionate share of the net pension liability using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Discount Rate			
	Current Rate	1% lower	Current	1% greater
Net Pension Liability	7.150%	$ 3,750,953	$ 2,773,281	$ 1,286,893

B. Risk Financing

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The amount of claim settlements has not exceeded insurances coverage in any of the previous three years.

The District is a part of a premium-based self-insurance group which insures for worker's compensation, and general and personal liability, through the Massachusetts Inter-Local Insurance Association (MIIA). The Trust offers a variety of premium based plans to its members with each participating governmental unit charged a premium for coverage based on rates established by the Group.

The District is obligated to pay the Trust its required premiums and, in the event the group is terminated, it proportionate share of a deficit, should one exist. The District essentially transfers its risk through payment of its annual assessment which is adjusted according to the District's experience history.

C. Other Postemployment Benefits

The District administers a single employer defined benefit healthcare plan (the "OPEB Plan"). The OPEB Plan provides health, dental and life insurance benefits (other postemployment benefits) to current and future retirees, their dependents and beneficiaries in accordance with Section 20 of Massachusetts General Law Chapter 32B.

Specific benefit provisions and contribution rates are established by the Water Commissioners in accordance with the adopted Commonwealth statute that promulgates such activity. All benefits are provided through the District's premium-based insurance program. The OPEB Plan does not issue an audited stand-alone financial report and is presented as a fiduciary fund in the District's financial statements.

Employees Covered by Benefit Terms – The following employees were covered by the benefit terms as of June 30, 2021:

Active employees	16
Inactive employees	16
Total	32

Contributions – The contribution requirements of OPEB Plan members and the District are established and may be amended by the District. Retirees contribute 25% of the set premium for medical insurance. The remainder of the cost is funded by general revenues of the District.

The District currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the OPEB Plan are paid by the District. For the year ended June 30, 2021, the District's average contribution rate was approximately 11.1% of covered payroll.

Net OPEB Liability – The District's net OPEB liability was measured as of June 30, 2021 using an actuarial valuation as of July 1, 2020. The components of the net OPEB liability of the District as of June 30, 2021 were as follows:

Total OPEB Liability	$	2,986,165
Plan fiduciary net position		(333,946)
Net OPEB liability	$	2,652,219
Plan fiduciary net position as a percentage of the total OPEB liability		11.2%

The total OPEB liability in the most recent actuarial valuation was determined using the following key actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Investment rate of return	6.5%, net of OPEB plan investment expense including inflation.
Discount Rate	6.5%, net of OPEB plan investment expense including inflation.
Inflation	3.25% annually
Health Care Trend Rate	6.75% decreasing to 4.5%
Salary Increases	3.25% annually
Pre-Retirement Mortality	RP-2014; blue collar for general and white collar for teachers
Post-Retirement Mortality	RP-2014; blue collar for general and white collar for teachers
Disabled Mortality	RP-2014; blue collar for general and white collar for teachers
Actuarial Cost Method	Individual entry age normal

Discount Rate – The discount rate used to measure the total OPEB liability was 6.5%. There were no significant changes in assumptions from the prior year.

Investment Custody – In accordance with Massachusetts General Laws, the District Treasurer is the custodian of the OPEB Plan and by a vote of the users, the District Treasurer is also the Trustee and as such is responsible for the general supervision of the management, investment and reinvestment of the OPEB Plan assets. OPEB Plan assets may be invested and reinvested by the custodian consistent with the prudent investor rule established in Chapter 203C and may, with the approval of the State Retiree Benefits Trust Fund Board of Trustees, be invested in the State Retiree Benefits Trust Fund established in Section 24 of Chapter 32A. OPEB Plan assets must be segregated from other funds and not be subject to the claims of any general creditor of the District.

Investment Policy – The OPEB Plan follows the same investment policies that apply to all other District Trust funds. Notably it can be invested in accordance with State Statutes that govern Trust investments including PRIM which is an external investment pool managed by the State.

Investment Rate of Return – For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 19.65%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Long Term Expected Rate of Return – 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 OPEB 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 were as reflected in the following table:

Asset Class	Expected Investment Rate of Return
Domestic Equity	6.28%
Interntional Equity - Developed Market	7.00%
Interntional Equity - Emerging Market	8.82%
Domestic Fixed Income	0.38%
High yield fixed income	2.97%
Real Estate	3.50%
Commodities	3.45%
Hedge fund, GTAA, Risk parity	2.35%
Private equity	10.11%

Sensitivity Analyses – 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% lower or 1% higher than the current discount rate as well as if the healthcare cost trend rates are 1% lower or higher than the current healthcare cost trend rates:

	Discount Rate			
	Current	1% Decrease	Current Rate	1% Increase
Net OPEB Liability	6.50%	$ 3,058,141	$ 2,652,219	$ 2,316,501

	Healthcare Trend Rate			
	Current	1% Decrease	Current Trend	1% Increase
Net OPEB Liability	6.75% decreasing to 4.5%	$ 2,274,893	$ 2,652,219	$ 3,116,581

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – For the year ended June 30, 2021, the District recognized OPEB income of $56,089. Deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2021 were reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ -	$ 625,354
Differences between projected and actual earnings	-	20,248
Differences between actual and expected experience	223,405	9,163
	$ 223,405	$ 654,765

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

June 30		
2022	$	(272,757)
2023		(200,799)
2024		8,575
2025		5,561
2026		28,060
thereafter		-
	$	(431,360)

<u>Changes in the Net OPEB Liability</u> – The following table summarizes the changes in the net OPEB liability for the year ended June 30, 2021:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2020	$ 2,689,733	$ 213,373	$ 2,476,360
Changes for the year:			
Service cost	46,079	-	46,079
Interest	187,864	-	187,864
Investment income	-	53,761	(53,761)
Change in assumptions	(99,725)	-	(99,725)
Difference between expected and actual experience	268,086	-	268,086
Employer contributions	-	172,684	(172,684)
Benefit payments withdrawn	-	(105,872)	105,872
Benefit payments	(105,872)	-	(105,872)
Net changes	296,432	120,573	175,859
Balances at June 30, 2021	$ 2,986,165	$ 333,946	$ 2,652,219

D. Commitments and Contingencies

<u>Legal Issues</u> – There are no legal actions or claims pending against the District.

<u>Other</u> – The District is subject to certain Federal arbitrage laws in accordance with long-term borrowing agreements. Failure to comply with the rules could result in the payment of penalties. The amount of penalties, if any, cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

E. Implementation of New GASB Pronouncements

Current Year Implementations –

In January 2017, the GASB issued GASB Statement No. 84, *Fiduciary Activities*. The objective of the Statement was to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. As amended, the provisions of this Statement became effective for financial reporting periods beginning after December 15, 2019 (fiscal year 2021). The adoption of this standard did not have an impact on the District's financial statements.

In August 2018, the GASB issued GASB Statement No. 90, *Majority Equity Interest – An Amendment of GASB Statements No. 14 and No. 61*. The objective of this Statement was to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. As amended, the provisions of this Statement became effective for financial reporting periods beginning after December 15, 2019 (fiscal year 2021). The adoption of this standard did not have an impact on the District's financial statements.

In March 2020, the GASB issued GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement was to address accounting and financial reporting implications that result from the replacement of an interbank offered rate. This Statement eliminates the use of LIBOR as an appropriate benchmark interest rate for derivative instruments that hedge interest rate risk of taxable debt for reporting periods after December 31, 2021. The reporting provisions of this Statement are effective for financial reporting periods beginning after June 15, 2020 (fiscal year 2021). The adoption of this standard did not have an impact on the District's financial statements.

Future Year Implementations

In June 2017, the GASB issued GASB Statement No. 87, *Leases*. This Statement redefines the manner in which long-term leases are accounted and reported. As amended, the provisions of this Statement are effective for financial reporting periods beginning after June 15, 2021 (fiscal year 2022). The District is currently evaluating whether adoption will have a material impact on the financial statements.

In June 2018, the GASB issued GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This statement establishes accounting requirements for interest costs incurred before the end of a construction period. As amended, the provisions of this Statement are effective for financial reporting periods beginning after December 15, 2020 (fiscal year 2022). The District is currently evaluating whether adoption will have a material impact on the financial statements.

In May 2019, the GASB issued GASB Statement No. 91, *Conduit Debt Obligations*. The objective of this Statement is to standardize the reporting of conduit debt obligations by issuers by clarifying the existing definition of conduit debt obligation, among other matters. As amended, the provisions of this Statement are effective for financial reporting periods beginning after December 15, 2021 (fiscal year 2023). The District is currently evaluating whether adoption will have a material impact on the financial statements.

In March 2020, the GASB issued GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issued related to public-private and public-public partnership arrangements. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2022 (fiscal year 2023). The District is currently evaluating whether adoption will have a material impact on the financial statements.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements.* The objective of this Statement is to address accounting for subscription-based information technology arrangements to government end users based on the standards established in Statement No. 87, as amended. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2022 (fiscal year 2023). The District is currently evaluating whether adoption will have a material impact on the financial statements.

In June 2020, the GASB issued GASB 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.* The objective of this Statement is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2021 (fiscal year 2022). The District is currently evaluating whether adoption will have a material impact on the financial statements.

IV. Prior Period Restatement

A prior period restatement was required to properly adjust for several errors made in the prior year financial statements as issued. The impact of this restatement is illustrated in the table below:

	Business-type Activities	Fiduciary Funds
Prior year as presented	$ 34,533,745	$ -
Restatements:		
Pension adjustments	231,869	-
OPEB adjustments	225,276	213,373
Compensated absences	26,133	-
Unbilled water revenue	(608,115)	-
As restated	$ 34,408,908	$ 213,373

DENNIS WATER DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS
YEAR ENDED JUNE 30, 2021

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	Year Ended June 30					
	2021	2020	2019	2018	2017	2016
District's proportion of the net pension liability (asset)	0.40%	0.41%	0.41%	0.43%	0.42%	0.46%
District's proportionate share of the net pension liability (asset)	$ 2,773,281	$ 3,085,562	$ 3,241,500	$ 2,920,800	$ 2,946,514	$ 2,878,161
District's covered payroll *	$ 1,286,893	$ 1,263,110	$ 1,217,527	$ 1,221,797	$ 1,186,560	$ 1,267,569
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	215.5%	244.3%	266.2%	239.1%	248.3%	227.1%
Plan fiduciary net position as a percentage of the total pension liability	66.8%	62.3%	57.6%	61.9%	57.3%	58.1%

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS TO PENSION PLAN

(dollar amounts are in thousands)

	Year Ended December 31					
	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 279,251	$ 270,407	$ 262,578	$ 260,915	$ 242,197	$ 251,501
Contributions in relation to the actuarially determined contribution	279,251	271,534	262,578	260,915	242,197	251,501
Contribution deficiency (excess)	$ -	$ (1,127)	$ -	$ -	$ -	$ -
District's covered payroll *	$ 1,286,893	$ 1,263,110	$ 1,217,527	$ 1,221,797	$ 1,186,560	$ 1,267,569
Contributions as a percentage of covered payroll	21.7%	21.5%	21.6%	21.4%	20.4%	19.8%

* Covered employee payroll as reported in the actuarial valuation report.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years in which information is available.

See accompanying independent auditors' report.

DENNIS WATER DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED
YEAR ENDED JUNE 30, 2021

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS

	June 30	
	2021	2020
Total OPEB liability:		
Service cost	$ 46,079	$ 46,028
Interest	187,864	185,382
Changes in benefit terms	-	-
Change in assumptions	(99,725)	(91,214)
Differences between expected and actual experience	268,086	-
Benefit payments	(105,872)	(105,197)
Net change in total OPEB liability	296,432	34,999
Total OPEB liability - beginning of year	2,689,743	2,654,744
Total OPEB liability - end of year (a)	$ 2,986,175	$ 2,689,743
Plan fiduciary net position:		
Contributions - employer	$ 172,684	$ 105,197
Net investment income	53,761	(127)
Benefit payments	(105,872)	(105,197)
Net change in Plan fiduciary net position	120,573	(127)
Plan fiduciary net position - beginning of year	213,373	213,500
Plan fiduciary net position - end of year (b)	$ 333,946	$ 213,373
Net OPEB liability - end of year (a) - (b)	$ 2,652,229	$ 2,476,370
Plan fiduciary net position as a percentage of the total OPEB liability	11.18%	7.93%
Covered payroll	$ 1,286,893	$ 1,263,110
Net OPEB liability as a percentage of covered-employee payroll	206.10%	196.05%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years in which information is available.

DENNIS WATER DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED
YEAR ENDED JUNE 30, 2021

SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS

	June 30	
	2021	2020
Actuarially-determined contribution	$ 95,312	$ 123,307
Contributions in relation to the actuarially-determined contribution	(82,509)	(87,316)
Contribution deficiency (excess)	$ 12,803	$ 35,991
Covered-employee payroll	$ 1,286,893	$ 1,263,110
Contribution as a percentage of covered payroll	6.41%	6.91%

Valuation Date	July 1, 2020
Amortization Period	26 years
Investment rate of return	6.50%
Single Equivalent Discount Rate	6.50%
Inflation	3.25%
Healthcare cost trend rates	6.75% decreasing to 4.50%
Salary increases	3.25%
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value of Assets as of R

SCHEDULE OF INVESTMENT RETURNS
LAST 10 FISCAL YEARS

	June 30	
	2021	2020
Annual money-weighted rate of return, net of	19.65%	0.00%

Note: These schedules are presented to illustrate the requirement to show information for 10 y full 10-year trend is compiled, information is presented for those years in which informa

See independent auditors' report.