

**THE MATTABASSETT DISTRICT**

For the year ended June 30, 2020  
Independent Auditors' Report

**THE MATTABASSETT DISTRICT**

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## **INDEPENDENT AUDITORS REPORT**

Board of Directors  
The Mattabassett District  
Cromwell, Connecticut

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and business-type activities of The Mattabassett District (the "District") as of and for the year ended June 30, 2020 and the related notes to the financial statements, which 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the governmental activities and business-type activities of the District, as of June 30, 2020, and the changes in net 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 beginning on page 6, assets using the modified approach on page 34, budgetary comparison information beginning on page 35, and GASB 68 pension disclosures on page 37 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.

*MAWC, LLC*

Killingworth, Connecticut  
September 4, 2020

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**THE MATTABASSETT DISTRICT**  
Management's Discussion and Analysis  
For the year ended June 30, 2020

As management of The Mattabassett District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2020.

**FINANCIAL HIGHLIGHTS**

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$131,915,835.
- The District's total net position increased by \$2,408,202. This increase is attributable to the expansion of the facility for the nitrogen treatment upgrade.
- The District's operating expenses in 2020 were \$2,089,335 more than 2019 predominately due to increased operating expenses of \$1,762,590 mainly due to increased pension expense, maintenance expense of \$441,301 offset by decreases in utilities of \$131,537.
- Operating revenues increased by \$426,415 predominately due to an increased assessment.
- The District paid \$4,099,573 and \$1,186,667 for principal and interest, respectively, on their Clean Water Fund loans.

**OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to The Mattabassett District's financial statements. The District's financial statements comprise two components: government-wide financial statements and the notes to the financial statements. This report also contains other supplementary information in addition to the financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements (see pages 13 and 14) are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns which add to a total for the Primary Government. The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to be similar to bottom line results for the District and its governmental activities. This statement combines and consolidates the governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations. The Statement of Activities combines all of the District's revenues and expenses in a single statement for the fiscal year ended June 30, 2020.

The two government-wide statements report the District's net position and how they have changed. Net position (the District's assets plus deferred outflows of resources, less liabilities, and deferred inflows of resources), is one way to measure the District's financial health or position and to see the direction the District is heading.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

**THE MATTABASSETT DISTRICT**  
Management's Discussion and Analysis  
For the year ended June 30, 2020

- To assess the overall health of the District you need to consider additional factors such as changes in the District's proprietary fund customer base and usage patterns, as well as the conditions of the District's infrastructure assets.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities* - The governmental activities column consists of the District's general fund. District general fund activities are financed through the generation of investment income and from transfers from both the water and electric proprietary funds.
- *Business-type activities* – The District has two business-type activities that consist of retail water and electric service.

#### Fund Financial Statements

Traditional users of governmental financial statements will find the fund financial statement presentation more familiar. The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major funds" – not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending.

#### The District has two types of funds:

- *Governmental funds* - The governmental activities column consists of the District's capital projects fund. Capital projects fund activities are financed through the generation of investment income and from transfers from the proprietary fund. Capital projects fund expenditures consist of capital maintenance costs.
- *Proprietary funds* – Services for which the District charges customers are reported in proprietary funds. Proprietary funds are reported in the same way as in the government-wide statements. In fact, the District's *enterprise funds* (a type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows.

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

### **FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. In the case of The Mattabassett District, assets exceed liabilities by \$131,915,835 at June 30, 2020.

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land, buildings and improvements, wastewater treatment facility and general plant, equipment, and vehicles); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to customer; consequently, these assets are not available for future spending.

**THE MATTABASSETT DISTRICT**  
Management's Discussion and Analysis  
For the year ended June 30, 2020

**Net Position**

	2020	2019
Current Assets	\$ 4,251,093	\$ 4,818,421
Capital Assets	177,897,819	177,988,997
Noncurrent Assets - Investments	<u>10,871,866</u>	<u>10,645,114</u>
Total Assets	193,020,778	193,452,532
Deferred outflows of resources	2,407,726	2,813,196
Current Liabilities	4,544,516	4,591,591
Noncurrent Liabilities	<u>58,922,570</u>	<u>62,074,321</u>
Total Liabilities	63,467,086	66,665,912
Deferred inflows of resources	45,583	92,183
Net Position		
Invested in Capital Assets (net of related debt)	120,785,113	116,776,718
Unrestricted Surplus/(Deficit)	<u>11,130,722</u>	<u>12,730,915</u>
Total Net Position	<u>\$ 131,915,835</u>	<u>\$ 129,507,633</u>

The District's net position increased by \$2,408,202 during the year ended June 30, 2020, the amount to which increases in revenues have exceeded increases in expenses.

**THE MATTABASSETT DISTRICT**  
Management's Discussion and Analysis  
For the year ended June 30, 2020

**Changes in Net Position**

	<u>2020</u>	<u>2019</u>
Operating Revenues:		
Assessments:		
Member Municipalities & Contractual Towns	\$ 12,586,124	\$ 12,089,955
Charges for Services:		
Septage/Liquids/Grease	201,538	196,513
Sludge Management	946,383	1,001,571
Other Revenues	<u>46,420</u>	<u>66,011</u>
Total Operating Revenues	<u>13,780,465</u>	<u>13,354,050</u>
Operating Expenses:		
Administration	1,217,266	1,205,474
Operating Expenses	4,596,901	2,834,311
Maintenance	2,694,842	2,253,541
Utilities	1,846,839	1,978,376
Depreciation	<u>166,479</u>	<u>161,290</u>
Total Operating Expenses	<u>10,522,327</u>	<u>8,432,992</u>
Operating Income	<u>3,258,138</u>	<u>4,921,058</u>
Nonoperating Revenue / (Expense):		
Interest Income	336,731	368,698
Interest Expense	<u>(1,186,667)</u>	<u>(1,268,658)</u>
Net Operating Revenue / (Expense)	<u>(849,936)</u>	<u>(899,960)</u>
Change in Net Position	<u>2,408,202</u>	<u>4,021,098</u>
Net Position. Beginning of year	<u>129,507,633</u>	<u>125,486,535</u>
Net Position. end of year	<u>\$ 131,915,835</u>	<u>\$ 129,507,633</u>

Operating income increased by \$426,415 during the year. The increase was the net effect of the following:

- Charges for services remained consistent in 2020.
- Other revenues decreased in 2020 due to less nitrogen credits received from the state.
- Total Operating expenses increased by \$2,089,335, due primarily to increased pension expense of \$1,419,626, increased maintenance expense of \$441,301 as well as increases of administrative costs offset by decreases in utility expenses of \$131,537. The increase in maintenance expense is due to the decrease in the capitalization of maintenance costs.

**THE MATTABASSETT DISTRICT**  
 Management's Discussion and Analysis  
 For the year ended June 30, 2020

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital Assets -The District's investment in capital assets as of June 30, 2020 amounts to \$177,897,819 (net of accumulated depreciation). This investment in capital assets includes land, wastewater treatment facility, equipment, and vehicles. The total increase in the District's investment in capital assets for the current fiscal year was less than one percent.

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

New equipment costs of \$75,301 were capitalized during the year ended June 30, 2020.

Capital Assets - Net of Depreciation

	2020	2019
Land	\$ 100,000	\$ 100,000
Waste Water Treatment Facility	176,669,459	176,669,459
Equipment	899,169	958,078
Vehicles	<u>229,191</u>	<u>261,460</u>
Total Capital Assets - Net of Depreciation	<u>\$ 177,897,819</u>	<u>\$ 177,988,997</u>

The District has adopted the modified approach (an alternative to depreciation) for the wastewater treatment facility. Under this approach, the District implements a program to maintain assets at a certain condition level and, therefore, is not required to record depreciation expense on these assets. Details on the assets being accounted for under the modified approach can be found in the Required Supplementary Information.

Economic Factors and Next Year's Budgets and Rates

- Inflationary trends in the region compare favorably to national indices.
- The DEEP Clean Water Fund activity related to the Nitrogen Upgrade Engineering Design was completed on June 30, 2012.
- The Construction Phase or Phase Two of the Nitrogen Upgrade and Capacity Expansion's Bids came in at \$93,487,320. Work began in mid-April 2012 and was substantially completed by June 2015.
- For fiscal years ending June 30, 2021 and June 30, 2022, payments of principal and interest on the Clean Water Fund Loans will be \$5,204,248 and \$5,122,257, respectively.
- The COVID-19 outbreak may impact future revenues and expenses due to less tax revenues generated from our communities served, lower investment returns and additional labor costs due to employee absences. In addition, savings on long term debt maybe realized through debt restructuring.

**THE MATTABASSETT DISTRICT**  
Management's Discussion and Analysis  
For the year ended June 30, 2020

All of these factors were considered when the annual assessment rates for the 2020-2021 fiscal year were set.

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 requests for additional financial information should be addressed to the Executive Director, The Mattabasset District, 245 Main Street, Cromwell, CT 06416.

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**BASIC FINANCIAL STATEMENTS**

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**THE MATTABASSETT DISTRICT**

## Statement of Net Position

For the year ended June 30, 2020

	Governmental Activities	Business- Type Activities	Total
<b>ASSETS</b>			
Cash and equivalents	\$ -	\$ 2,266,888	\$ 2,266,888
Investments	63,651	540,340	603,991
Receivables	-	123,340	123,340
Inventory	-	1,256,874	1,256,874
Noncurrent investments	-	10,871,866	10,871,866
Capital assets			
Nondepreciable	-	100,000	100,000
Depreciable, net of accumulated depreciation	-	<u>177,797,819</u>	<u>177,797,819</u>
 Total Assets	 <u>\$ 63,651</u>	 <u>\$ 192,957,127</u>	 <u>\$ 193,020,778</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charges related to pensions	\$ -	\$ 2,407,726	\$ 2,407,726
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	\$ -	\$ 356,478	\$ 356,478
Non-current liabilities			
Due within one year	-	4,188,038	4,188,038
Due in more than one year	-	<u>58,922,570</u>	<u>58,922,570</u>
 Total Liabilities	 <u>\$ -</u>	 <u>\$ 63,467,086</u>	 <u>\$ 63,467,086</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to net pension liability	\$ -	\$ 45,583	\$ 45,583
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	\$ -	\$ 120,785,113	\$ 120,785,113
Unrestricted	<u>63,651</u>	<u>11,067,071</u>	<u>11,130,722</u>
 Total Net Position	 <u>\$ 63,651</u>	 <u>\$ 131,852,184</u>	 <u>\$ 131,915,835</u>

The accompanying notes are an integral part of the financial statements.

**THE MATTABASSETT DISTRICT**  
Statement of Activities  
For the year ended June 30, 2020

Functions/Programs	Net (Expense) Revenue and Changes in Net Position						
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Total Business-Type Activities	Total
<b>Primary government</b>							
<b>Governmental activities</b>							
Maintance	\$ (94,143)	\$ -	\$ -	\$ -	\$ (94,143)	\$ -	\$ (94,143)
Total governmental activities	(94,143)	-	-	-	(94,143)	-	(94,143)
<b>Business-Type activities</b>							
Sewer usage	(11,614,851)	13,734,045	-	-	-	2,119,194	2,119,194
Total business-type activities	(11,614,851)	13,734,045	-	-	-	2,119,194	2,119,194
Total primary government	<u>\$ (11,708,994)</u>	<u>\$ 13,734,045</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(94,143)</u>	<u>2,119,194</u>	<u>2,025,051</u>
<b>General Revenues</b>							
Investment earnings					829	335,902	336,731
Other revenues					-	46,420	46,420
Transfers					94,143	(94,143)	-
Total General Revenues					<u>94,972</u>	<u>288,179</u>	<u>383,151</u>
Change in Net Position					829	2,407,373	2,408,202
Net Position - Beginning of Year					<u>62,822</u>	<u>129,444,811</u>	<u>129,507,633</u>
Net Position - End of Year					<u>\$ 63,651</u>	<u>\$ 131,852,184</u>	<u>\$ 131,915,835</u>

The accompanying notes are an integral part of the financial statements.

**THE MATTABASSETT DISTRICT**

## Statement of Net Position

## Proprietary Funds

June 30, 2020

**ASSETS****CURRENT ASSETS**

Cash and Cash Equivalents	\$ 2,266,888
Investments	540,340
Accounts Receivable, net of allowance \$5,000	123,340
Inventory	<u>1,256,874</u>
<b>Total Current Assets</b>	<b>4,187,442</b>

**Capital Assets - Utility Plant, net**

Land	100,000
Waste Water Treatment Facility	176,669,459
Equipment, net	899,169
Vehicles, net	<u>229,191</u>
<b>Total Capital Assets - Utility Plant, net</b>	<b>177,897,819</b>

**NON CURRENT ASSETS**

Investments	<u>10,871,866</u>
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**TOTAL ASSETS**192,957,127**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Outflows Related to Pension	<u>2,407,726</u>
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**TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**\$ 195,364,853**LIABILITIES****CURRENT LIABILITIES**

Accounts Payable	\$ 310,203
Accrued Payroll Liabilities	46,275
Accrued Compensated Absences, Current	88,465
Clean Water Fund Loan Payable, current portion	<u>4,099,573</u>
	4,544,516

**NON-CURRENT LIABILITIES**

Accrued Compensated Absences, non current	353,861
Clean Water Fund Loan Payable	53,013,133
Net Pension Liability	<u>5,555,576</u>
	<u>58,922,570</u>

**TOTAL LIABILITIES**

63,467,086

**DEFERRED INFLOWS OF RESOURCES**

Deferred Inflows Related to Pension	45,583
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**NET POSITION**

Net Investment in Capital Assets	120,785,113
Unrestricted	<u>11,067,071</u>

**TOTAL NET POSITION**131,852,184**TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET ASSETS**\$ 195,364,853

The accompanying notes are an integral part of the financial statements.

**THE MATTABASSETT DISTRICT**

Statement of Changes in Net Position

Proprietary Funds

For the Year ended June 30, 2020

Operating Revenues:	
Assessments:	
Member Municipalities & Contractual Towns	\$ 12,586,124
Charges for Services:	
Septage/Liquids/Grease	201,538
Sludge Management	946,383
Other Revenues	<u>46,420</u>
Total Operating Revenues	13,780,465
Operating Expenses:	
Administration	1,217,266
Operating	4,596,901
Maintenance	2,600,699
Utilities	1,846,839
Depreciation	<u>166,479</u>
Total Operating Expenses	<u>10,428,184</u>
Operating Income	3,352,281
Nonoperating Revenue / (Expense)	
Transfers out	(94,143)
Interest Income	335,902
Interest Expense	<u>(1,186,667)</u>
Net Operating Revenue / (Expense)	<u>(944,908)</u>
Change in Net Position	<u>2,407,373</u>
Net Position, beginning of year	<u>129,444,811</u>
Net Position, end of year	<u>\$131,852,184</u>

The accompanying notes are an integral part of the financial statements.

**THE MATTABASSETT DISTRICT**

Statement of Cash Flow

Proprietary Funds

For the Year ended June 30, 2020

**Cash Flows from Operating Activities**

Receipts from customers	\$ 1,147,921
Receipts from Member and Contractual Towns	12,586,124
Payments to suppliers	(4,537,649)
Payments to employees	<u>(5,410,941)</u>
<b>Net cash provided by operating activities</b>	<u>3,785,455</u>

**Cash Flows from Capital and Related Financing Activities**

Principal paid on Clean Water Fund debt	(4,099,573)
Interest paid	(1,186,667)
Acquisition of capital assets	<u>(75,301)</u>
<b>Net Cash Used by Capital and Related Financing Activities</b>	<u>(5,361,541)</u>

**Cash Flows from Investing Activities**

Investment Activity, net	(491,305)
Net change in pension	1,261,684
Investment income / Late charges	<u>335,902</u>
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>1,106,281</u>

Net (decrease) in cash and cash equivalents	(469,805)
Cash and cash equivalents, beginning of year	<u>14,148,899</u>
Cash and cash equivalents, end of year	<u><u>13,679,094</u></u>

Reconciliation to cash:

Cash and Cash Equivalents per Above	13,679,094
Cash and Cash Equivalents Reported as Investments	<u>11,412,206</u>
Cash	<u><u>\$ 2,266,888</u></u>

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

Operating income (loss)	\$ 2,407,373
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation Expense	166,479
Changes in Assets and Liabilities:	
Receivables	53,945
Inventories	(101,959)
Deferred outflows of resources	358,870
Net pension liability	902,814
Payables and Accrued Liabilities	<u>(2,067)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u><u>\$ 3,785,455</u></u>

The accompanying notes are an integral part of the financial statements.

**THE MATTABASSETT DISTRICT**  
Capital Projects Fund  
Balance Sheet  
For the Year ended June 30, 2020

**ASSETS**

**CURRENT ASSETS**

Investments \$ 63,651

Total Current Assets 63,651

**TOTAL ASSETS** \$ 63,651

**FUND BALANCE**

Assigned for capital projects \$ 63,651

**TOTAL FUND BALANCE** \$ 63,651

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The accompanying notes are an integral part of the financial statements.

**THE MATTABASSETT DISTRICT**  
Capital Projects Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
For the Year ended June 30, 2020

**REVENUES**

Investment earnings \$ 829

**TOTAL REVENUES** 829

**EXPENDITURES**

Maintenance capital outlay 94,143

**TOTAL EXPENDITURES** 94,143

Excess (Deficiency) of Revenues over Expenditures (93,314)

**OTHER FINANCING SOURCES (USES)**

Transfers in 94,143

FUND BALANCE - BEGINNING OF YEAR 62,822

FUND BALANCE - END OF YEAR \$ 63,651

The accompanying notes are an integral part of the financial statements.

## THE MATTABASSETT DISTRICT

Notes to the Financial Statements

For the Year ended June 30, 2020

### NOTE 1 -ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### History and Organization

The Mattabassett District is a unique institution originally formed by the State Legislature in 1961 to provide wastewater treatment in a more efficient and cost-effective manner to its three constituent communities, New Britain, Berlin and Cromwell, than they could have independently, as well as adjoining communities in its watershed. Currently this includes portions of Farmington, Middletown, Newington, and Rocky Hill.

In addition to its headquarters and wastewater treatment facility located at 245 Main Street in Cromwell, Connecticut, the District has an 8.5-mile trunk sewer, which collects all the communities' waste and transports it to the treatment facility; an ash landfill; and a state-of-the-art outfall and diffuser system in the Connecticut River.

The District's connection to the communities is the volunteer Board of Directors, appointed by the current four constituent towns served by the District: New Britain, Berlin, Cromwell, and Middletown. This 15-member Board meets monthly to provide guidance, oversight, and financial control to the operation. The Board has five standing committees (Finance, Engineering, Human Resource, Nominating and Property Management) that interact regularly with the management staff and report back to the full Board.

#### Basis of Presentation

Financial statement presentation follows the requirements of the Governmental Accounting Standards Board ("GASB") which is the accepted standard setting body for establishing governmental fund accounting and financial reporting principles. The more significant policies of the District are described below:

#### Government-wide Financial Statements

The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position report information on all the District's activities. The Mattabassett District is a business-type activity, which relies on member assessment fees and charges for services.

The Statement of Revenues, Expenses and Changes in Net Position demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.

#### Measurement Focus Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

## THE MATTABASSETT DISTRICT

Notes to the Financial Statements

For the Year ended June 30, 2020

Private-sector standards of accounting and financial reported issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The District has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

Capital projects funds are utilized to provide for future capital projects.

The principal operating revenues of the District are assessments (user fees) to member towns, charges to contractual towns and charges for sludge, septage, liquid and grease disposal. Operating expenses for the District include the cost of operations, maintenance, utilities, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use unrestricted resources first then restricted resources as they are needed.

### Governmental Fund Balance

In accordance with Governmental Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the District classifies governmental fund balances as follows:

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District through formal vote of the District Electors and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund Balance may be assigned by the District Commissioners.
- Unassigned - includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories.

### Assets, Liabilities and Net Position

#### *Cash and Investments*

The District's cash and cash equivalents consist of cash on hand, demand deposits, money market accounts and short-term investments with original maturities of three months or less from the date of acquisition.

The District's eligible investments are governed by State of Connecticut statutes which, in general, allow the District to invest in obligations of the United States of America, or United States government

## THE MATTABASSETT DISTRICT

Notes to the Financial Statements

For the Year ended June 30, 2020

sponsored corporation, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust (as defined), in obligations of any State or political subdivision, rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three ratings categories of any national recognized rating service.

Investments for the District are reported at fair value. State Treasurers Investment Fund is an investment pool managed by the State of Connecticut, Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statute's 3-27c-3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

### *Accounts Receivables*

Accounts receivables are shown net of an allowance for uncollectible. The allowance percentage for June 30, 2020 was approximately two percent of outstanding receivable balances, calculated based upon prior collections.

### *Capital Assets*

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 for equipment, and an estimated useful life more than 2 year. Such assets are recorded at historical or estimated historical cost whether purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. 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.

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

Equipment and vehicles of the District are depreciated using the straight-line method over the following useful lives:

<u>Asset Type</u>	<u>Years</u>
Equipment	5 - 20
Vehicles	10 - 18

The District has adopted the modified approach (an alternative to depreciation) for the wastewater treatment facility. Under this approach, the District implements a program to maintain assets at a certain level and, therefore, is not required to record depreciation expense. Details on the assets being accounted for under the modified approach can be found in the Required Supplementary Information.

**THE MATTABASSETT DISTRICT**  
Notes to the Financial Statements  
For the Year ended June 30, 2020

In order to utilize the modified approach, the District is required to:

- Maintain an asset management system that includes up-to-date inventory of eligible infrastructure assets.
- Perform condition assessments of eligible assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the assets at the condition level established and disclosed by the District.
- Document that the assets are being preserved approximately at, or above, the established condition level.

*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 or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows related to pension in the statement of net position. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

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 or periods and so will not be recognized as an inflow of resources (revenue) until that time. The District reports a deferred inflow of resources related to pensions. A deferred inflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

*Compensated Absences*

Employees of the District earn sick leave, which can accumulate, and vacation leave based on the provisions of negotiated contracts or other personnel policies.

Vacation leave vests with the employee, and sick time is payable only upon retirement up to specific limits.

*Inventory*

Inventory, which consists of supplies and materials, is valued at moving weighted average cost.

## THE MATTABASSETT DISTRICT

Notes to the Financial Statements

For the Year ended June 30, 2020

### *Net Position*

In the government-wide financial statements, net position is classified into the following categories:

**Investment in Capital Assets, Net of Related Debt** - This category represents the net assets that reflect capital assets net of only the debt applicable to the acquisition or construction of these assets. Debt issued for non-capital purposes is excluded

**Restricted Net Position** - This category represents the net position restricted by external parties (creditors, granters, contributors or laws and regulation). This amount is restricted for capital and nonrecurring expenses. The District had no restricted net position at June 30, 2020.

**Unrestricted Net Position** - This category represents the net position of the District, which is not restricted.

### Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year.

### Subsequent Events Measurement Date

The District monitored and evaluated any subsequent events for footnote disclosures or adjustments required in its financial statements for fiscal year-ended June 30, 2020 through September 4, 2020, the date on which financial statements were available to be issued.

## **NOTE 2 -CASH AND INVESTMENTS**

### *Deposits - Custodial Credit Risk*

Custodial credit risk is risk that, in the event of a bank failure, the District's deposits may not be returned. FDIC deposit insurance remains at \$250,000 per institution. As of June 30, 2020, \$12,758,064 of the District's bank balance of \$13,758,064 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 12,758,064
Uninsured and collateral held by the pledging banks Trust department, not in District's name	<u>603,991</u>
Total amount subject to custodial risk	<u>\$ 13,362,055</u>

**THE MATTABASSETT DISTRICT**

Notes to the Financial Statements

For the Year ended June 30, 2020

At June 30, 2020, the District's investments consisted of the following types and maturities. Specific identification was used to determine the maturities.

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Investment Maturities Less than 1 Year</u>
Certificates of Deposit - Cash	\$ 10,871,866	\$ 10,871,866
Pooled Fixed Income	78,964	78,964
Money Market	<u>525,027</u>	<u>525,027</u>
	603,991	603,991
Total	<u>\$ 11,475,857</u>	<u>\$ 11,475,857</u>

Fair value of investments - The District measures and records its investments using fair value measurement guidelines established by accounting principles generally accepted in the United States of America. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted prices; and
- Level 3: Unobservable inputs

The District has no investments at year end subject to the levels described above.

Interest rate risk- The District does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk - The District has no investment policy that would limit its investment choices due to credit risk other than state statutes governing investments in obligations of any state or political subdivision or in obligations of the State of Connecticut or political subdivision. The District's pooled fixed income has a rating of AAA by Standard & Poor.

Custodial credit risk - Custodial credit risk is the risk that, in the event of the failure of the counter party, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District's investments presented above are not subject to custodial credit risk.

**THE MATTABASSETT DISTRICT**

Notes to the Financial Statements

For the Year ended June 30, 2020

**NOTE 3 - CAPITAL ASSETS**

	Beginning Balance			Ending Balance
	<u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2020</u>
Capital Assets, not being depreciated:				
Land and Land Rights	\$ 100,000	\$ -	\$ -	\$ 100,000
Wastewater Treatment Facility	<u>176,669,459</u>	<u>-</u>	<u>-</u>	<u>176,669,459</u>
Total Capital Assets, not being depreciated	176,769,459	-	-	176,769,459
Capital Assets, being depreciated:				
Equipment	1,710,385	75,301	-	1,785,686
Vehicles	<u>465,499</u>	<u>-</u>	<u>-</u>	<u>465,499</u>
Total Capital Assets, being depreciated	2,175,884	75,301	-	2,251,185
Total Capital Assets	178,945,343	75,301	-	179,020,644
Less: Accumulated Depreciation:				
Equipment	(752,307)	(134,210)	-	(886,517)
Vehicles	<u>(204,039)</u>	<u>(32,269)</u>	<u>-</u>	<u>(236,308)</u>
Total Accumulated Depreciation	<u>(956,346)</u>	<u>(166,479)</u>	<u>-</u>	<u>(1,122,825)</u>
Total Capital Assets Being Depreciated – Net	<u>1,219,538</u>	<u>(91,178)</u>	<u>-</u>	<u>1,128,360</u>
Capital Assets – Net	<u>\$ 177,988,997</u>	<u>\$ (91,178)</u>	<u>\$ -</u>	<u>\$177,897,819</u>

**NOTE 4 – COMPENSATED ABSENCES**

	Balance at <u>June 30, 2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance at <u>June 30, 2020</u>	Current <u>Portion</u>
Compensated Absences	<u>\$ 386,066</u>	<u>\$ 133,473</u>	<u>\$ 77,213</u>	<u>\$ 442,326</u>	<u>\$ 88,465</u>

## THE MATTABASSETT DISTRICT

Notes to the Financial Statements

For the Year ended June 30, 2020

### NOTE 5 - RISK MANAGEMENT

The District is exposed to various risks of loss including torts; theft of, damage to and destruction of assets; errors and omissions; and injuries to employees; natural disaster; and officer and director liability. The District generally obtains commercial insurance for these risks.

### NOTE 6 - PENSION PLAN

#### Municipal Employees' Retirement Fund

##### *Plan Description*

All employees of the District participate in the Municipal Employees' Retirement System (MERS). MERS is a cost-sharing, multiple employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits for the employees of participating municipalities. MERS is a part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a Pension Trust Fund. The MERS issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State of Connecticut Retirement and Benefit Services Division, Office of the State Controller, 55 Elm Street, Hartford, CT 06106.

##### *Plan Provisions*

Plan provisions are set by statute of the State of Connecticut. MERS provides retirement benefits, as well as death and disability benefits. All normal or early retired members receive a cost of living increase adjustment effective July 1<sup>st</sup> of each year ranging from 2.5% to 6%. Annual cost of living increases between 3% and 5% are paid to disabled members. All benefits vest after 5 years of continuous service. Members who retire after age 55 with 5 years of continuous service or after 25 years of service, irrespective of age, are entitled to an annual retirement benefit, payable monthly for life.

The pension amount paid to employees is based on the following:

2% of the average of earnings for the 3 highest paid years of service multiplied by length of service.

**THE MATTABASSETT DISTRICT**

Notes to the Financial Statements

For the Year ended June 30, 2020

*Funding Policy*

Covered employees are required by state statute to contribute 5.5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute the amounts necessary to finance the remaining costs of plan.

The required and actual employer contributions for the past 3 years were as follows:

	<u>Year Ending June 30,</u>
2020	\$ 339,106
2019	\$ 326,969
2018	\$ 273,890

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

At June 30, 2020, the District has a recorded liability of \$5,555,580 for their proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of June 30, 2019 and determined by an actuarial valuation as of that date. The District's proportionate share of the total net pension liability was based on the ratio of 2019 reported payroll of \$2,826,572 relative to the total reported payroll applicable to our specific type of employees of \$135,136,239 from all participating employers. At June 30, 2019, the District's proportionate share was \$2.091646%.

For the year ended June 30, 2020, the District recognized a pension expense of \$1,687,751, their proportionate share of the total pension expense.

At June 30, 2020, the District reported deferred outflows and inflows of resources from the following sources related to MERS pension benefits:

	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows of</u>	<u>Inflows of</u>
	<u>Resources</u>	<u>Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings	2,407,726	45,583
District contributions subsequent to measurement date	-	-
Total	<u>\$2,407,726</u>	<u>\$ 45,583</u>

Net amount of deferred inflows and outflows excluding	
District contributions subsequent to measurement date	<u>\$ 2,362,143</u>

**THE MATTABASSETT DISTRICT**

Notes to the Financial Statements

For the Year ended June 30, 2020

The \$2,407,726 reported as deferred outflows of resources and the \$45,583 reported as deferred inflows of resources to pensions resulting from differences between projected and actual earnings will be recognized as a reduction to the net pension liability in the years ended June 20, 2021 through 2024.

	Net Pension expense <u>(reduction)</u>
Year Ending June 30,	
2021	\$ 870,066
2022	638,666
2023	755,823
2024	<u>97,588</u>
Total	<u>\$ 2,362,143</u>

Actuarial valuation of MERS involves estimates of the reported amount and assumptions about profitability of occurrence of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The last experience study was conducted in 2019.

Significant actuarial assumptions and other inputs used to measure the total pension liability:

Measurement date	June 30, 2019
Valuation Date	June 30, 2019
Expected Return on Investments	7.00%, net of investment expense
Inflation	2.50%
Future Salary Increases	3.50%-10.00%, depending on service, including inflation
Cost-of-Living Increases	2.50%-6.00%
<i>Mortality Assumptions</i>	
Annuitants and Non-Annuitants	For the period after retirement and for dependent beneficiaries, mortality rates were based on the RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for General Employees and the RP-2014 Blue Collar Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for Police and Fire. For disabled retirees, the RP-2014 Disabled Mortality Table projected with Scale BB to 2020 was used. The static projection produces sufficient margin in the mortality rates to reflect future improvement in our judgement.

## THE MATTABASSETT DISTRICT

Notes to the Financial Statements

For the Year ended June 30, 2020

Fiduciary Net Position

MERS issues a publicly available financial report that can be obtained at

[www.osc.ct.gov/rbsd/cmers/plandoc/index.html](http://www.osc.ct.gov/rbsd/cmers/plandoc/index.html)

### *Expected Rate of Return*

The long-term expected rate of return on pension plan investments was determined using a long-normal distribution analysis in which best-estimated 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 and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	<u>MERS Target Allocation</u>	<u>MERS Long-Term Expected Real Rate of Return</u>
Domestic equity	20%	5.30%
Developed Market International	11%	5.10%
Emerging Market International	9%	7.40%
Core fixed income	16%	1.60%
Inflation linked bond	5%	1.30%
Emerging market debt	5%	2.90%
High yield bonds	6%	3.40%
Real estate	10%	4.70%
Private equity	10%	7.30%
Alternative investments	7%	3.20%
Liquidity fund	<u>1%</u>	0.90%
	<u>100%</u>	

### *Discount Rate*

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the actuarially determined rates in future years. 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.

**THE MATTABASSETT DISTRICT**

Notes to the Financial Statements

For the Year ended June 30, 2020

*Discount Rate Sensitivity*

The sensitivity of the district's net pension liability to changes in the discount rate is presented below. The District's net pension liability calculated using the current discount rate of 7.0% is presented as well as the net pension liability using a discount rate that is 1.00% lower (6.0%) or 1.0% higher (8.0%) than the current rate.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Plan Total Pension Liability (Asset)			
Proportionate share of Net Pension Liability	\$ 8,178,919	\$ 5,555,576	\$ 3,352,230

**NOTE 7 -GRANTS AND LOANS**

The Mattabassett District received funding for the detailed design of the Nitrogen Removal Upgrade and related improvement to the existing wastewater treatment facility. Construction of this upgrade to the facility will allow "The District" to comply with EPA/DEEP 2014 Long Island Sound Nitrogen Removal Standards. Phase One (Engineering Design) was completed in August 2011. Phase Two (Construction) was started in 2012 and was substantially complete by June 30, 2015. Total project costs, construction, engineering oversight, inspection, and legal were \$106,054,856 through the year ended June 30, 2020. \$24,270,322 of the project was funded by a Clean Water Fund Grant, and \$79,950,607 was covered by two Clean Water Fund Loans at 2% over 20 years. \$1,833,927 was paid for out of the District's reserves.

The composition of the two loans as of June 30, 2020 is as follows:

	Total Loan	Current Portion	Long Term Portion
DEEP Clean Water Fund, Project 567-D 2% loan maturing in December of 2030, payable in monthly principal payments of \$14,487 plus related interest.	\$ 1,825,398	\$ 173,848	\$ 1,651,550
DEEP Clean Water Fund, Project 367-C 2% loan maturing in July of 2034, payable in monthly principal payments of \$327,144 plus related interest.	\$ 55,287,308	\$ 3,925,725	\$ 51,361,583
	<u>\$ 57,112,706</u>	<u>\$ 4,099,573</u>	<u>\$ 53,013,133</u>

**THE MATTABASSETT DISTRICT**  
Notes to the Financial Statements  
For the Year ended June 30, 2020

The future minimum payments based on the outstanding balances as of June 30, 2020 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	4,099,573	1,104,675	5,204,248
2022-2026	20,497,867	4,293,501	24,791,368
2027-2031	20,410,944	2,244,081	22,655,025
2032-2034	<u>12,104,321</u>	<u>383,306</u>	<u>12,487,627</u>
Totals	<u>\$ 57,112,705</u>	<u>\$ 8,025,563</u>	<u>\$ 65,138,268</u>

The District does not exceed the legal debt limitations as required by Connecticut general statutes.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**THE MATTABASSETT DISTRICT**  
 Required Supplementary Information  
 Assets Using the Modified Approach  
 Wastewater Treatment Plant and Collection System

The District manages its wastewater treatment facility, trunk sewer and outfall systems using Dude Solutions, the District's Computerized Maintenance Management System ("CMMS").

The condition rating is based upon the manufacturer's recommended life expectancy versus age of equipment, hours of operation, visual observations, and repair frequency. The trunk sewer and outfall are considered deficient when they no longer can, respectfully, carry the required raw wastewater and treated effluent. The wastewater treatment facility is considered in need of upgrade when its current technology becomes outdated, its capacity needs to be increased to accommodate increased wastewater flows from its served communities, and/or the Connecticut Department of Energy & Environmental Protection directs it to provide a higher level of treatment (i.e., provide nitrogen removal treatment to protect Long Island Sound).

It is the District's policy to maintain the wastewater treatment facility's equipment, trunk sewer, and outfall at good or better condition. The most recent condition assessments show that the condition of the wastewater treatment facility, trunk sewer, and outfall systems follows the District's policy.

**CONDITION ASSESSMENT FOR SEWER TREATMENT SYSTEM PERCENTAGE OF SEWER TREATMENT SYSTEM IN GOOD OR BETTER CONDITION**

<b>Equipment Type</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Plant Equipment	97%	98%	98%	98%
Trunk Sewer and Outfall	91%	92%	92%	93%

**PERCENTAGE OF SEWER TREATMENT SYSTEM IN SUB-STANDARD CONDITION**

<b>Equipment Type</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Plant Equipment	3%	2%	2%	2%
Trunk Sewer and Outfall	9%	8%	8%	7%

**COMPARISON OF ESTIMATED-TO-ACTUAL MAINTNANCE/PRESERVATION**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Estimated	\$ 575,000	\$ 576,263	\$ 520,800	\$ 469,800
Actual	\$ 449,135	\$ 673,313	\$ 733,718	\$ 664,143

**THE MATTABASSETT DISTRICT**  
**Required Supplementary Information**  
**Schedule of Expenditures – Budget to Actual**  
**For the Year Ended June 30, 2020**

	Original and Final Budget	Actual	Variance with Budget
<b>Administrative Expenditures:</b>			
Insurance	\$ 141,000	\$ 140,737	\$ (263)
Engineering	161,000	102,094	(58,906)
Legal	77,000	66,341	(10,659)
Accounting	25,000	20,720	(4,280)
Training	43,500	40,466	(3,034)
Board	27,250	20,919	(6,331)
Legislative Payment - Cromwell	100,000	100,000	-
Business Services	144,000	132,478	(11,522)
Permit Fees	24,000	19,354	(4,646)
Office Supplies	16,000	11,453	(4,547)
Transfer to Towns	14,000	14,487	487
Miscellaneous	<u>14,000</u>	<u>13,660</u>	<u>(340)</u>
<b>Total Administrative Expenditures.</b>	<u><b>786,750</b></u>	<u><b>682,709</b></u>	<u><b>(104,041)</b></u>
<b>Employee Expenditures:</b>			
Salaries & Wages	2,954,692	2,874,700	(79,992)
Overtime & Meals	129,000	128,699	(301)
Shift Differential	43,206	33,856	(9,350)
Workers' Comp	75,000	60,541	(14,459)
Medical & Dental, etc.	583,056	538,570	(44,486)
Life	16,500	12,265	(4,235)
Unemployment	8,000	-	(8,000)
Retirement Benefits	488,967	1,732,857	1,243,890
Miscellaneous Employee Benefits	<u>37,020</u>	<u>33,284</u>	<u>(3,736)</u>
<b>Total Employee Expenditures</b>	<u><b>4,335,441</b></u>	<u><b>5,414,772</b></u>	<u><b>1,079,331</b></u>
<b>DEPARTMENT EXPENDITURES</b>			
<b>Operations Department:</b>			
Operations Supplies	35,500	24,863	(10,637)
Cleaning Supplies	18,000	18,038	38
Chemicals	380,000	393,192	13,192
Electricity	1,867,020	1,655,883	(211,137)
Fuel: Natural Gas & Oil	126,000	130,801	4,801
Gasoline & Diesel	8,500	5,590	(2,910)
Potable Water	65,000	54,566	(10,434)
Sludge Disposal	65,000	20,151	(44,849)
Ash Handling	<u>110,000</u>	<u>84,210</u>	<u>(25,790)</u>
<b>Total Operations Department</b>	<u><b>\$ 2,675,020</b></u>	<u><b>\$ 2,387,294</b></u>	<u><b>\$ (287,726)</b></u>

**THE MATTABASSETT DISTRICT**  
Required Supplementary Information  
Schedule of Expenditures – Budget to Actual  
For the Year Ended June 30, 2020

	Original and Final Budget	Actual	Variance with Budget
Maintenance Department:			
Plant Maintenance Supplies	\$ 190,000	76,613	\$ (113,387)
Lubricants	35,000	32,207	(2,793)
Plant Maintenance Services	150,000	145,511	(4,489)
Buildings & Grounds	<u>200,000</u>	<u>194,804</u>	<u>(5,196)</u>
Total Maintenance Department	<u>575,000</u>	<u>449,135</u>	<u>(125,865)</u>
Laboratory Department:			
Laboratory Supplies	27,000	26,798	(202)
Laboratory Services	<u>42,000</u>	<u>21,268</u>	<u>(20,732)</u>
Total Laboratory Department	<u>69,000</u>	<u>48,066</u>	<u>(20,934)</u>
Debt Payment:			
Debt Payment	<u>5,286,529</u>	<u>5,286,240</u>	<u>(289)</u>
Contingencies:			
Contingencies	<u>120,000</u>	-	<u>(120,000)</u>
Capital Expenditures:			
Capital Outlay, General, Solids, Incinerator	1,593,233	1,216,411	(376,822)
Nitrogen Upgrade and Facility	<u>63,300</u>	<u>63,318</u>	<u>18</u>
Total Capital Expenditures	<u>1,656,533</u>	<u>1,279,729</u>	<u>(376,804)</u>
Total Expenditures	<u>\$ 15,504,273</u>	\$ 15,547,945	<u>\$ 43,672</u>
Reconciliation to Audited Financial Statements:			
Total Expenditures per Above		\$ 15,547,945	
Depreciation Expense		166,479	
Reclass of Debt Payment to Notes Payable Principal		(4,099,573)	
Reclass of Debt Interest Expense		<u>(1,186,667)</u>	
Total Operating Expenses Per Financial Statement June 30, 2020		<u>\$ 10,428,184</u>	

**THE MATTABASSETT DISTRICT**  
 Required Supplementary Information  
 Schedule of District's Proportionate Share of the Net Pension Liability  
 June 30, 2020

<u>Year Ended</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Actual Covered Member Payroll</u>	<u>Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Fiduciary Net Position as a Percentage of Total Pension Liability</u>
6/30/2020	2.09%	\$ 5,555,576	\$ 2,826,572	196.55%	72.69%
6/30/2019	1.99%	4,652,762	2,806,831	165.77%	73.60%
6/30/2018	1.95%	2,329,159	2,510,447	92.78%	91.68%
6/30/2017	1.95%	2,840,723	2,510,447	113.16%	88.29%
6/30/2016	1.57%	1,718,155	1,993,031	86.21%	86.21%
6/30/2015	1.57%	1,178,532	1,993,031	59.13%	90.48%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

<u>Year Ended</u>	<u>Statutorily Required Contribution</u>	<u>Actuarial Employer Contribution</u>	<u>Contribution Excess/Deficiency</u>	<u>Actuarial Covered Member Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
6/30/2020	\$ 339,106	\$ 339,106	\$ -	\$ 2,826,572	12.00%
6/30/2019	326,969	326,969	-	2,806,831	11.65%
6/30/2018	273,890	273,890	-	2,510,447	10.91%
6/30/2017	273,890	273,890	-	2,510,447	10.91%
6/30/2016	269,470	269,470	-	1,993,031	13.52%
6/30/2015	295,113	295,113	-	1,993,031	14.81%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.