

**THE MATTABASSETT DISTRICT**

For the year ended June 30, 2018  
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, 2018 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, 2018, 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  
December 26, 2018

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

**THE MATTABASSETT DISTRICT**  
Management's Discussion and Analysis  
For the year ended June 30, 2018

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, 2018.

**FINANCIAL HIGHLIGHTS**

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$125,486,535.
- The District's total net position increased by \$4,605,875. This increase is attributable to the expansion of the facility for the nitrogen treatment upgrade.
- The District's operating expenses in 2018 were \$304,616 less than 2017 due to decreased pension expense of \$26,679 as well as other operating, administrative, maintenance and utility costs.
- Operating revenues increased by \$126,124 due to an increase in sludge management offset by decreases in other revenues.
- The District paid \$4,099,573 and \$1,350,649 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 27 and 28) 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, 2018.

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.
- 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.

**THE MATTABASSETT DISTRICT**  
Management's Discussion and Analysis  
For the year ended June 30, 2018

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 Mattabasset District, assets exceed liabilities by \$125,486,535 at June 30, 2018.

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land, buildings and improvements, waste water 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, 2018

**Net Position**

	2018	2017
Current Assets	\$ 3,825,122	\$ 3,398,971
Capital Assets	177,920,026	177,549,267
Noncurrent Assets - Investments	<u>11,925,445</u>	<u>12,162,013</u>
Total Assets	193,670,593	193,110,251
Deferred outflows of resources	455,470	935,130
Current Liabilities	4,609,811	4,421,642
Noncurrent Liabilities	<u>63,891,998</u>	<u>68,557,705</u>
Total Liabilities	68,501,809	72,979,347
Deferred inflows of resources	137,719	185,374
Net Position		
Invested in Capital Assets (net of related debt)	112,608,174	103,542,820
Unrestricted Surplus/(Deficit)	<u>12,878,361</u>	<u>17,337,840</u>
Total Net Position	<u>\$ 125,486,535</u>	<u>\$ 120,880,660</u>

The District's net position increased by \$4,605,875 during the year ended June 30, 2018, 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, 2018

**Changes in Net Position**

	2018	2017
Operating Revenues:		
Assessments:		
Member Municipalities & Contractual Towns	\$ 11,947,889	\$ 11,974,057
Charges for Services:		
Septage/Liquids/Grease	186,730	186,122
Sludge Management	1,015,062	751,722
Other Revenues	288,214	399,870
Total Operating Revenues	13,437,895	13,311,771
Operating Expenses:		
Administration	1,183,955	1,103,135
Operating Expenses	2,979,735	3,552,935
Maintenance	1,529,195	1,512,830
Utilities	1,853,017	1,693,910
Depreciation	148,226	135,934
Total Operating Expenses	7,694,128	7,998,744
Operating Income	5,743,767	5,313,027
Nonoperating Revenue / (Expense):		
Interest Income	212,757	131,992
Interest Expense	(1,350,649)	(1,432,639)
Net Operating Revenue / (Expense)	(1,137,892)	(1,300,647)
Change in Net Position	4,605,875	4,012,380
Net Position. Beginning of year	120,880,660	116,868,280
Net Position. end of year	\$ 125,486,535	\$ 120,880,660

Operating income increased by \$430,740 during the year. The increase was the net effect of the following:

- Charges for services increased by \$151,684 in 2018 due to sludge management.
- Other revenues decreased in 2018 due to insurance proceeds received in 2017 of \$396,000 as a result of the GAC fire.
- Total Operating expenses decreased by \$304,616, due primarily to a net decrease in Municipal Employees' Retirement System ("MERS") pension expense. The pension expense consists of costs funded by the District totaling \$343,190, a decrease in the actuarial calculated pension liability of \$511,564 and a decrease in the deferred inflows related to pension of \$47,655, offset by decreases in the deferred outflows related to pension of \$479,660.

**THE MATTABASSETT DISTRICT**  
Management's Discussion and Analysis  
For the year ended June 30, 2018

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital Assets -The District's investment in capital assets as of June 30, 2018 amounts to \$177,955,026 (net of accumulated depreciation). This investment in capital assets includes land, waste water treatment facility, equipment, and vehicles. The total increase in the District's investment in capital assets for the current fiscal year was nine percent due mainly to the nitrogen upgrade project currently in progress.

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

New equipment cost of \$553,984, which are subject to depreciation, were purchased during the year.

Capital Assets - Net of Depreciation

	2018	2017
Land	\$ 100,000	\$ 100,000
Waste Water Treatment Facility	176,558,319	176,593,319
Equipment	1,094,150	665,266
Vehicles	167,557	190,683
 Total Capital Assets - Net of Depreciation	 \$ 177,920,026	 \$ 177,549,268

The District has adopted the modified approach (an alternative to depreciation) for the waste water 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, 2019 and June 30, 2020, payments of principal and interest on the Clean Water Fund Loans will be \$5,368,232 and \$5,286,240, respectively.

**THE MATTABASSETT DISTRICT**  
Management's Discussion and Analysis  
For the year ended June 30, 2018

All of these factors were considered when the annual assessment rates for the 2018-2019 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.

## **BASIC FINANCIAL STATEMENTS**

**THE MATTABASSETT DISTRICT**

## Statement of Net Position

For the year ended June 30, 2018

	Governmental Activities	Business- Type Activities	Total
<b>ASSETS</b>			
Cash and equivalents	\$ -	\$ 1,765,548	\$ 1,765,548
Investments	61,672	522,136	583,808
Receivables	-	223,106	223,106
Inventory	-	1,252,660	1,252,660
Noncurrent investments	-	11,925,445	11,925,445
Capital assets			
Nondepreciable	-	100,000	100,000
Depreciable, net of accumulated depreciation	-	<u>177,820,026</u>	<u>177,820,026</u>
 Total Assets	 <u>\$ 61,672</u>	 <u>\$ 193,608,921</u>	 <u>\$ 193,670,593</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charges related to pensions	<u>\$ -</u>	<u>\$ 455,470</u>	<u>\$ 455,470</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	\$ -	\$ 422,598	\$ 422,598
Non-current liabilities			
Due within one year	-	4,187,213	4,187,213
Due in more than one year	-	<u>63,891,998</u>	<u>63,891,998</u>
 Total Liabilities	 <u>\$ -</u>	 <u>\$ 68,501,809</u>	 <u>\$ 68,501,809</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to net pension liability	<u>\$ -</u>	<u>\$ 137,719</u>	<u>\$ 137,719</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	\$ -	\$ 112,608,174	\$ 112,608,174
Unrestricted	<u>61,672</u>	<u>12,816,689</u>	<u>12,878,361</u>
 Total Net Position	 <u><u>\$ 61,672</u></u>	 <u><u>\$ 125,424,863</u></u>	 <u><u>\$ 125,486,535</u></u>

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

**THE MATTABASSETT DISTRICT**  
Statement of Activities  
For the year ended June 30, 2018

<u>Functions/Programs</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>						
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Total Governmental Activities</u>	<u>Total Business-Type Activities</u>	<u>Total</u>
<b>Primary government</b>							
<b>Governmental activities</b>							
Maintance	\$ (2,913)	\$ -	\$ -	\$ -	\$ (2,913)	\$ -	\$ (2,913)
Total governmental activities	<u>(2,913)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,913)</u>	<u>-</u>	<u>(2,913)</u>
<b>Business-Type activities</b>							
Sewer usage	<u>(9,041,864)</u>	<u>13,149,681</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,107,817</u>	<u>4,107,817</u>
Total business-type activities	<u>(9,041,864)</u>	<u>13,149,681</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,107,817</u>	<u>4,107,817</u>
Total primary government	<u>\$ (9,044,777)</u>	<u>\$ 13,149,681</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(2,913)</u>	<u>4,107,817</u>	<u>4,104,904</u>
<b>General Revenues</b>							
Investment earnings					666	212,091	212,757
Other revenues					-	288,214	288,214
Transfers					<u>63,919</u>	<u>(63,919)</u>	<u>-</u>
Total General Revenues					<u>64,585</u>	<u>436,386</u>	<u>500,971</u>
Change in Net Position					61,672	4,544,203	4,605,875
Net Position - Beginning of Year					<u>-</u>	<u>120,880,660</u>	<u>120,880,660</u>
Net Position - End of Year					<u>\$ 61,672</u>	<u>\$ 125,424,863</u>	<u>\$ 125,486,535</u>

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

**THE MATTABASSETT DISTRICT**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2018**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 1,765,548
Investments	522,136
Accounts Receivable, net of allowance \$5,000	223,106
Inventory	<u>1,252,660</u>
<b>Total Current Assets</b>	<b>3,763,450</b>

**Capital Assets - Utility Plant, net**

Land	100,000
Waste Water Treatment Facility	176,558,319
Equipment, net	1,094,150
Vehicles, net	<u>167,557</u>
<b>Total Capital Assets - Utility Plant, net</b>	<b>177,920,026</b>

**NON CURRENT ASSETS**

Investments	<u>11,925,445</u>
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**TOTAL ASSETS**

193,608,921

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Outflows Related to Pension	<u>455,470</u>
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**TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

\$ 194,064,391

**LIABILITIES**

**CURRENT LIABILITIES**

Accounts Payable	\$ 395,632
Accrued Payroll Liabilities	26,966
Accrued Compensated Absences, Current	87,640
Clean Water Fund Loan Payable, current portion	<u>4,099,573</u>
	4,609,811

**NON-CURRENT LIABILITIES**

Accrued Compensated Absences, non current	350,560
Clean Water Fund Loan Payable	61,212,279
Net Pension Liability	<u>2,329,159</u>
	<u>63,891,998</u>

**TOTAL LIABILITIES**

68,501,809

**DEFERRED INFLOWS OF RESOURCES**

Deferred Inflows Related to Pension	137,719
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**NET POSITION**

Net Investment in Capital Assets	112,608,174
Unrestricted	<u>12,816,689</u>

**TOTAL NET POSITION**

125,424,863

**TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET ASSETS**

\$ 194,064,391

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, 2018**

Operating Revenues:	
Assessments:	
Member Municipalities & Contractual Towns	\$ 11,947,889
Charges for Services:	
Septage/Liquids/Grease	186,730
Sludge Management	1,015,062
Other Revenues	<u>288,214</u>
Total Operating Revenues	13,437,895
 Operating Expenses:	
Administration	1,183,955
Operating	2,979,735
Maintenance	1,526,282
Utilities	1,853,017
Depreciation	<u>148,226</u>
Total Operating Expenses	<u>7,691,215</u>
 Operating Income	5,746,680
 Nonoperating Revenue / (Expense)	
Transfers out	(63,919)
Interest Income	212,091
Interest Expense	<u>(1,350,649)</u>
Net Operating Revenue / (Expense)	<u>(1,202,477)</u>
 Change in Net Position	<u>4,544,203</u>
 Net Position, beginning of year	<u>120,880,660</u>
 Net Position, end of year	<u>\$ 125,424,863</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, 2018**

<b>Cash Flows from Operating Activities</b>	
Receipts from customers	\$ 1,201,792
Receipts from Member and Contractual Towns	11,864,622
Payments to suppliers	(5,115,356)
Payments to employees	<u>(3,722,266)</u>
<b>Net cash provided by operating activities</b>	<u>4,228,792</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Principal paid on Clean Water Fund debt	(4,099,573)
Interest paid	(1,350,649)
Acquisition of capital assets	<u>(553,984)</u>
<b>Net Cash Used by Capital and Related Financing Activities</b>	<u>(6,004,206)</u>
<b>Cash Flows from Investing Activities</b>	
Investment Activity, net	(294,081)
Net change in pension	1,411,956
Investment income / Late charges	<u>212,091</u>
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>1,329,966</u>
Net (decrease) in cash and cash equivalents	(445,448)
Cash and cash equivalents, beginning of year	<u>14,623,578</u>
Cash and cash equivalents, end of year	<u>14,178,130</u>
Reconciliation to cash:	
Cash and Cash Equivalents per Above	14,178,130
Cash and Cash Equivalents Reported as Investments	<u>12,447,581</u>
Cash	<u>\$ 1,730,549</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>	
Operating income (loss)	\$ 4,544,203
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation Expense	148,226
Changes in Assets and Liabilities:	
Receivables	(83,267)
Inventories	(434,411)
Deferred outflows of resources	432,005
Net pension liability	(511,564)
Payables and Accrued Liabilities	<u>133,599</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 4,228,791</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, 2018**

**ASSETS**

**CURRENT ASSETS**

Investments \$ 61,672

Total Current Assets 61,672

**TOTAL ASSETS** \$ 61,672

**FUND BALANCE**

Assigned for capital projects \$ 61,672

**TOTAL FUND BALANCE** \$ 61,672

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, 2018**

**REVENUES**

Investment earnings \$ 666

**TOTAL REVENUES** 666

**EXPENDITURES**

Maintnance capital outlay 2,913

**TOTAL EXPENDITURES** 2,913

Excess (Deficiency) of Revenues over Expenditures (2,247)

**OTHER FINANCING SOURCES (USES)**

Transfers in 63,919

FUND BALANCE - BEGINNING OF YEAR -

FUND BALANCE - END OF YEAR \$ 61,672

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, 2018**

**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 waste water 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, 2018**

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 or 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

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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, 2018 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 \$2,000 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 waste water 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**  
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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.

*Net Position*

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

**THE MATTABASSETT DISTRICT**  
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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, 2018.

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, 2018 through December 26, 2018, 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, 2018, \$13,801,125 of the District's bank balance of \$14,273,998 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 13,222,145
Uninsured and collateral held by the pledging banks Trust department, not in District's name	<u>578,980</u>
Total amount subject to custodial risk	<u><u>\$ 13,801,125</u></u>



**THE MATTABASSETT DISTRICT**  
**Notes to the Financial Statements**  
**For the Year ended June 30, 2018**

At June 30, 2018, the District's investments consisted of the following types and maturities. Specific identification was used to determine the maturities.

Type of Investment	Fair Value	Investment Maturities Less than 1 Year
Certificates of Deposit - Cash	\$ 11,925,445	\$ 11,925,445
Pooled Fixed Income	76,414	76,414
Money Market	507,394	507,394
	583,808	583,808
Total	\$ 12,509,253	\$ 12,509,253

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**  
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**For the Year ended June 30, 2018**

**NOTE 3 -CAPITAL ASSETS**

	Beginning Balance <u>July 1, 2017</u>	Increases	Decreases	Ending Balance <u>June 30, 2018</u>
Capital Assets, not being depreciated:				
Land and Land Rights	\$ 100,000	\$ -	\$ -	\$ 100,000
Wastewater Treatment Facility	<u>176,593,319</u>	-	<u>(35,000)</u>	<u>176,558,319</u>
Total Capital Assets, not being depreciated	176,693,319	-	(35,000)	176,658,319
Capital Assets, being depreciated:				
Equipment	1,156,401	553,984	-	1,710,385
Vehicles	<u>346,378</u>	-	-	<u>346,378</u>
Total Capital Assets, being depreciated	1,502,779	553,984	-	2,056,763
 Total Capital Assets	 178,196,098	 553,984	 (35,000)	 178,715,082
Less: Accumulated Depreciation:				
Equipment	(491,135)	(125,100)	-	(616,235)
Vehicles	<u>(155,695)</u>	<u>(23,126)</u>	-	<u>(178,821)</u>
Total Accumulated Depreciation	<u>(646,830)</u>	<u>(148,226)</u>	-	<u>(795,056)</u>
Total Capital Assets Being Depreciated – Net	<u>855,949</u>	<u>405,758</u>	-	<u>1,261,707</u>
Capital Assets – Net	<u>\$ 177,549,268</u>	<u>\$ 405,758</u>	<u>\$(35,000)</u>	<u>\$177,920,026</u>

**NOTE 4 – COMPENSATED ABSENCES**

	Balance at <u>June 30, 2017</u>	Increases	Decreases	Balance at <u>June 30, 2018</u>	Current Portion
Compensated Absences	<u>\$ 405,129</u>	<u>\$ 298,143</u>	<u>\$ 265,073</u>	<u>\$ 438,199</u>	<u>\$ 87,640</u>

**THE MATTABASSETT DISTRICT**  
**Notes to the Financial Statements**  
**For the Year ended June 30, 2018**

**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, 2018**

*Funding Policy*

Covered employees are required by state statute to contribute 2.25% of earnings upon which Social Security tax is paid plus 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>	
2016	\$ 269,470
2017	\$ 273,890
2018	\$ 273,890

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

At June 30, 2018, the District has a recorded liability of \$2,329,160 for their proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of June 30, 2018 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 2016 reported payroll of \$2,510,447 relative to the total reported payroll applicable to our specific type of employees of \$128,997,421 from all participating employers. At June 30, 2017, the District's proportionate share was 1.946123%.

For the year ended June 30, 2018, the District recognized a pension expense of \$500,636, their proportionate share of the total pension expense.

At June 30, 2018, the District reported deferred outflows and inflows of resources from the following sources related to MERS pension benefits:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings	455,470	137,719
District contributions subsequent to measurement date	-	-
Total	<u>\$ 455,470</u>	<u>\$ 137,719</u>
 Net amount of deferred inflows and outflows excluding District contributions subsequent to measurement date		 <u>\$ 317,751</u>

**THE MATTABASSETT DISTRICT**  
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**For the Year ended June 30, 2018**

The \$455,470 reported as deferred outflows of resources and the \$137,719 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 30, 2019 through 2022.

Year Ending June 30,	Pension expense reduction	Pension expense inclusion	Net Pension expense (reduction)
2019	\$ 138,946	\$ 34,430	\$ 104,516
2020	278,948	34,430	244,518
2021	128,835	34,430	94,405
2022	<u>(91,259)</u>	<u>34,429</u>	<u>(125,688)</u>
Total	<u>\$ 455,470</u>	<u>\$ 137,719</u>	<u>\$ 317,751</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 2012.

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

Measurement date	June 30, 2016
Valuation Date	June 30, 2016
Expected Return on Investments	8.00%, net of investment expense
Inflation	3.25%
Future Salary Increases	4.25%-11.00%, depending on service, including inflation
Cost-of-Living Increases	2.50%-6.00%
<i>Mortality Assumptions</i>	
Annuitants and Non-Annuitants	RP-2000 Mortality Table set forward one year for males and set back one year for females
Changes in Actuarial Assumptions and Methods	There were no changes in actuarial assumptions or methods for the June 30, 2017 valuation. The June 30, 2016 actuarial assumptions are based on the June 30, 2014 actuarial valuation.
Fiduciary Net Position	MERS issues a publicly available financial report that can be obtained at <a href="http://www.osc.ct.gov/rbsd/cmers/plandoc/index.html">www.osc.ct.gov/rbsd/cmers/plandoc/index.html</a>

**THE MATTABASSETT DISTRICT**  
**Notes to the Financial Statements**  
**For the Year ended June 30, 2018**

*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>
Large Cap Equity	16%	5.80%
Developed non-US equities	14%	6.60%
Emerging Markets(non-US)	7%	8.30%
Core fixed income	8%	1.30%
Inflation linked bond fund	5%	1.00%
Emerging bond fund	8%	3.70%
High yield bonds	14%	3.90%
Real estate	7%	5.10%
Private equity	10%	7.60%
Alternative investments	8%	4.10%
Liquidity fund	<u>3%</u>	0.40%
	<u>100%</u>	

*Discount Rate*

The discount rate used to measure the total pension liability was 8.00 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, 2018**

*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 8.0% is presented as well as the net pension liability using a discount rate that is 1.00% lower (7.0%) or 1.0% higher (9.0%) than the current rate.

<b>Sensitivity of Net Pension Liability to Changes in the Discount Rate</b>			
		Current	
	1% Decrease (7.00%)	Discount Rate (8.00%)	1% Increase (9.00%)
Proportionate share of Net Pension Liability	\$ 4,244,180	\$ 2,329,159	\$ 711,961

**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 waste water 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, 2018. \$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, 2018 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.	\$ 2,173,092	\$ 173,848	\$ 1,999,244
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.	\$ 63,138,760	\$ 3,925,726	\$ 59,213,035
	\$ 65,311,852	\$ 4,099,574	\$ 61,212,279

**THE MATTABASSETT DISTRICT**  
**Notes to the Financial Statements**  
**For the Year ended June 30, 2018**

The future minimum payments based on the outstanding balances as of June 30, 2018 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 4,099,573	\$ 1,268,659	\$ 5,368,232
2020	4,099,574	1,186,666	5,286,240
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>\$ 65,311,852</u>	<u>\$ 10,480,888</u>	<u>\$ 75,792,740</u>

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



**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>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Plant Equipment	98%	98%	98%	98%
Trunk Sewer and Outfall	92%	93%	93%	95%

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

<b>Equipment Type</b>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Plant Equipment	2%	2%	2%	2%
Trunk Sewer and Outfall	8%	7%	7%	5%

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Estimated	\$ 520,800	\$ 469,800	\$ 461,500	\$ 524,000
Actual	\$ 733,718	\$ 664,143	\$ 570,187	\$ 561,459

**THE MATTABASSETT DISTRICT**  
Required Supplementary Information  
Schedule of Expenditures – Budget to Actual  
For the Year Ended June 30, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
Administrative Expenditures:			
Insurance	\$ 155,300	\$ 145,157	\$ (10,143)
Engineering	146,000	132,498	(13,502)
Legal	75,000	70,563	(4,437)
Accounting	30,000	19,480	(10,520)
Training	29,000	39,618	10,618
Board	28,200	22,493	(5,707)
Legislative Payment - Cromwell	100,000	100,000	-
Business Services	135,000	130,993	(4,007)
Permit Fees	22,500	16,883	(5,617)
Office Supplies	19,000	14,822	(4,178)
Miscellaneous	<u>10,400</u>	<u>13,551</u>	<u>3,151</u>
Total Administrative Expenditures.	<u>750,400</u>	<u>706,058</u>	<u>(44,342)</u>
Employee Expenditures:			
Salaries & Wages	2,717,621	2,619,985	(97,636)
Overtime & Meals	106,821	82,328	(24,493)
Shift Differential	43,206	35,232	(7,974)
Workers' Comp	65,000	66,961	1,961
Medical & Dental, etc.	501,293	526,252	24,959
Life	9,600	14,368	4,768
Unemployment	8,000	-	(8,000)
Retirement Benefits	451,052	343,190	(107,862)
Miscellaneous Employee Benefits	<u>34,341</u>	<u>35,381</u>	<u>1,040</u>
Total Employee Expenditures	<u>3,936,934</u>	<u>3,723,697</u>	<u>(213,237)</u>
DEPARTMENT EXPENDITURES			
Operations Department:			
Operations Supplies	34,000	30,574	(3,426)
Cleaning Supplies	16,000	18,489	2,489
Chemicals	425,500	369,707	(55,793)
Electricity	1,872,000	1,654,603	(217,397)
Fuel: Natural Gas & Oil	158,500	104,666	(53,834)
Gasoline & Diesel	9,500	7,289	(2,211)
Potable Water	75,000	59,756	(15,244)
Sludge Disposal	30,000	27,609	(2,391)
Ash Handling	<u>100,000</u>	<u>89,340</u>	<u>(10,660)</u>
Total Operations Department	<u>\$ 2,720,500</u>	<u>\$ 2,362,033</u>	<u>\$ (358,467)</u>

**THE MATTABASSETT DISTRICT**  
Required Supplementary Information  
Schedule of Expenditures – Budget to Actual  
For the Year Ended June 30, 2018

	Original and Final Budget	Actual	Variance with Budget
Maintenance Department:			
Plant Maintenance Supplies	\$ 217,000	\$ 134,253	\$ (82,747)
Lubricants	35,000	36,231	1,231
Plant Maintenance Services	157,000	95,750	(61,250)
Buildings & Grounds	111,800	118,647	6,847
Capital Outlay/ Loss on Disposal	<u>-</u>	<u>348,837</u>	<u>348,837</u>
Total Maintenance Department	<u>520,800</u>	<u>733,718</u>	<u>212,918</u>
Laboratory Department:			
Laboratory Supplies	19,500	21,775	2,275
Laboratory Services	<u>28,000</u>	<u>15,739</u>	<u>(12,261)</u>
Total Laboratory Department	<u>47,500</u>	<u>37,514</u>	<u>(9,986)</u>
Debt Payment:			
Debt Payment	<u>5,450,222</u>	<u>5,450,222</u>	<u>-</u>
Contingencies:			
Contingencies	<u>130,000</u>	<u>-</u>	<u>(130,000)</u>
Capital Expenditures:			
Capital Outlay, General, Solids, Incinerator	1,584,729	574,721	(1,010,008)
Nitrogen Upgrade and Facility	<u>275,000</u>	<u>377,314</u>	<u>102,314</u>
Total Capital Expenditures	<u>1,859,729</u>	<u>952,035</u>	<u>(907,694)</u>
Total Expenditures	<u>\$ 15,416,085</u>	<u>\$ 13,965,277</u>	<u>\$ (1,450,808)</u>
Reconciliation to Audited Financial Statements:			
Total Expenditures per Above		\$ 13,965,277	
Depreciation Expense		148,226	
Loss on disposal of assets		6,649	
Reclass of Debt Payment to Notes Payable Principal		(4,099,573)	
Reclass of Debt Interest Expense		(1,350,649)	
Capital Asset Additions Capitalized from Capital Outlay Above		(517,625)	
Capital Asset Additions Capitalized from Nitrogen Upgrade and Facility		(434,411)	
Reclass of MERS pension payment to deferred outflow		(479,660)	
Reclass of MERS pension payment to deferred inflow		(47,655)	
To record pension expense per MERS actuarial report		<u>500,636</u>	
Total Operating Expenses Per Financial Statement June 30, 2018		<u>\$ 7,691,215</u>	

**THE MATTABASSETT DISTRICT**  
 Required Supplementary Information  
 Schedule of District's Proportionate Share of the Net Pension Liability  
 June 30, 2018

<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>
6/30/2018	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>Actual Employer Contribution</u>	<u>Contribution Excess/Deficiency</u>	<u>Actual Covered Member Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
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%

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